



Date: October 15, 2003

To: Inter-Regional Partnership Members

From: IRP Staff

RE: AB 723 Update

Background

AB 723 is modeled after the original Infrastructure Financing District (IFD) legislation SB 308 (Seymour, 1990), as well as SB 207 (Steve Peace, 1999), which was chaptered in October of 1999. SB 207 created tax increment financing districts in the border area near Mexico.

AB 723, sponsored by Assemblywoman Barbara Matthews, would allow for the creation of similar tax increment financing districts in opportunity zones created by the Inter-Regional Partnership. In order to give employers and home builders an incentive to locate in the zones, the bill would allow cities and counties to form tax increment financing districts in their respective zones. Revenues raised would be used to develop infrastructure that would improve the competitive position of the zones relative to other states and regions, and make the zones more attractive to prospective employers and developers.

Discussion

AB 723 was reviewed by Michael Wong of consulting firm of Keyser Marston Associates Inc. (KMA). The firm of KMA was instrumental in establishing the first Infrastructure Financing District (IFD), which is now referred to as Lego Land in Carlsbad California.

The IRP economic development working group met on August 13, 2003 and was satisfied with the recommendations proposed. The final draft report of the AB 723 review analysis is anticipated to be completed by Mr. Wong by October 17, 2003.

The proposed modification to AB 723 will continue to be reviewed by Assemblywoman Barbara Matthews' staff during the week of October 6, 2003 in order to develop their legislative package. Assemblywoman Matthews' staff continues to be optimistic regarding the success of passing the bill.

The Senate will not be reviewing any new bills until January 2004. Barbara Matthews' staff will continue to be working with IRP staff and the legislative Counsel to incorporate recommended changes to the bill.

Next Steps

IRP staff will embark on the following activities in the coming months to move AB 723 forward:

- IRP Zone representatives will meet to review recommendations prepared by KMA and consultant with Michael Wong of KMA to go over amendments.
- IRP Staff will meet with Assemblywoman Barbara Matthews to finalize amendments.
- Assemblywoman Matthews' staff will introduce amendments to Legislative Council to incorporate changes into the bill.

Recommended Actions

This item is information only. There is no recommended action for the IRP.