

TO: Workforce Investment Board (WIB)

DATE: 11/18/10

FROM: WIB Staff

For Action

For Discussion

For Information

SUBJECT: Enterprise Zone State Fee - Increase Hiring Tax Credit Voucher Application

PROPOSED MOTION(S): For Information Only.

DISCUSSION: On October 19, 2010 the governor signed Senate Bill 856 as an urgent measure of the State's budget increasing the State's required Enterprise Zone Hiring Tax Credit Vouchers Application fee from \$10 to \$15 for all Enterprise Zones. This fee allows the State to continue administering the Enterprise Zone Program.

The State's fee was retroactive to October 19, 2010; however, the California Department of Housing and Community Development (HCD) has arranged a delayed implementation of the fee increase until December 1, 2010 to allow zones time to change their procedures. The fee as of December 1, 2010 for Merced County will be \$75 (consisting of a State fee of \$15 and a Merced Regional County Fee of \$60) in accordance with Ordinance Number 1829, an ordinance under Merced County Code Title 5, Revenue and Finance Chapter Section 5.52.020, User Charge Rate.

ATTACHMENT(S): Ordinance Number 1829

ORDINANCE NO. 1829

**AN ORDINANCE UNDER MERCED COUNTY CODE TITLE 5, REVENUE AND FINANCE, CHAPTER 5.52., CHARGING A FEE FOR THE ENTERPRISE ZONE/LAMBRA VOUCHER APPLICATION PROCESS FOR EMPLOYERS THROUGH THE DEPT. OF WORKFORCE INVESTMENT
(AMENDS CHAPTER 5.52 OF THE MERCED COUNTY CODE).**

THE BOARD OF SUPERVISORS OF THE COUNTY OF MERCED, STATE OF CALIFORNIA, ORDAINS AS FOLLOWS:

Chapter 5.52 of the Merced County Code, entitled "Enterprise Zone/LAMBRA Vouchering Application Processing Fee for Business through the Department of Workforce Investment," is hereby amended to read in its entirety as follows:

SECTION 5.52.010, PURPOSE: The purpose of this ordinance is to provide for the imposition and collection of fees to cover, in whole or in part, the cost of providing the Enterprise Zone/LAMBRA Vouchering application process in Merced County. The Enterprise Zone/LAMBRA programs target economically distressed areas throughout California. The purposes of the Enterprise Zone/LAMBRA programs are to provide tax incentives to businesses and allow private sector market forces to revive the local economy. Enterprise Zone/LAMBRA companies are eligible for substantial tax credits and benefits. With Hiring Tax Credits a business can earn up to \$31,544 in state tax credits for each qualified employee hired. Merced County has areas that have been designated Enterprise Zone/LAMBRA areas. The Merced County Department of Workforce Investment (WI) is the designated vouchering agent in Merced County that provides this service to employers.

SECTION 5.52.020, AUTHORIZATION: The Workforce Investment Act of 1998 Section 195(7)(A) states, "Income under any program administered by a public or private nonprofit entity may be retained by such entity only if such income is used to continue to carry out the program." WI will be charging a fee to pay for staff costs and overhead incurred through the Enterprise Zone/LAMBRA Voucher application process.

SECTION 5.52.030, USER CHARGE RATE ESTABLISHMENT: The users will be charged a fee of \$60 per application submitted to WI. The estimated cost per application for FY 2007-08 is based on staff time which is \$60.00. Expedited processing is available for an additional fee of \$25.00 per Voucher. Currently, a Voucher request is processed within 45 days; an expedited request will be given priority over standard requests, reducing processing time (typically one week). This fee does not include any State imposed fees that would have to be passed on to the business requesting this service. In FY 2007-08 and in subsequent years the cost will be determined based on actual costs for staff providing services in the Enterprise Zone/LAMBRA application process during the preceding year.

In its sole discretion, the Board of Supervisors may waive the payment of initial fees for a new business that the Board finds will create 50 or more jobs in the County. The fee waiver is available to the new business only during the first six months it is in operation.

Fees for service will be ongoing and will be reviewed annually to determine actual costs for providing this service and possible adjustment of fees.

SECTION 5.52.040, VALIDITY: If any section, subsection, sentence, clause, word or phrase of the

ordinance is held to be unconstitutional or otherwise invalid for any reason, such decision shall not affect the validity of the remainder of this ordinance. The Board of Supervisors hereby declares that they would have passed this ordinance, and each section, subsection, sentence, clause, word or phrase thereof, irrespective of the fact that one or more section, subsection, sentence, clause, word, or phrase be declared invalid or unconstitutional.

SECTION 5.52.050, ENACTMENT: This ordinance shall become effective and be in full force on and after thirty (30) days of its passage and adoption, and prior to the expiration of fifteen (15) days from the passage and adoption thereof, shall be published in a newspaper of general circulation printed and published in the County of Merced, State of California, together with names of the members of the Board of Supervisors voting for and against the same.

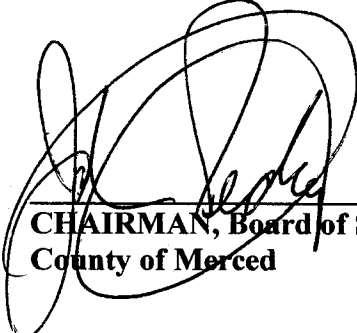
The foregoing ordinance was passed and adopted by the Board of Supervisors of the County of Merced, State of California, at a regular meeting thereof, held on the 11th day of December, 2007 by the following vote:

SUPERVISORS

AYES: John Pedrozo, Kathleen M. Crookham, Mike Nelson, Deidre F. Kelsey,
Jerry O'Banion

NOES: None

ABSENT: None

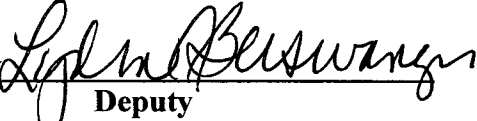


**CHAIRMAN, Board of Supervisors
County of Merced**

ATTEST:

DEMITRIOS O. TATUM

**Clerk of the Board of Supervisors
County of Merced, State of California**

By 

Deputy

**APPROVED AND TO LEGAL FORM
AND EFFECT;
MERCED COUNTY COUNCIL**

By 