

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: January 20, 2015

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations
Committee

FROM: Sharon M. Tso *HEK*
Chief Legislative Analyst

Council File No:
Assignment No: 14-12-0876

SUBJECT: Economic and Workforce Development Department Recommendations for the 2015-
2016 State and Federal Legislative Programs.

CLA RECOMMENDATIONS:

1. Adopt the attached Resolutions to include in the City's 2015-2016 Federal Legislative Program positions to SPONSOR and/or SUPPORT the Modernizing American Manufacturing Bonds Act or similar legislation to modernize Industrial Development Bonds (IDB) including an expanded definition of manufacturing and an increase in bond and capital expenditure limitations; the continuation of the EB-5 Visa Program beyond September 2015; and, legislation to establish within the US Department of Treasury a Youth Jobs Fund, with adequate funding appropriation to support summer youth programs.
2. Adopt the attached Resolutions to include in the City's 2015-2016 State Legislative Program positions to SPONSOR and/or SUPPORT the establishment of Community Revitalization and Investment Authorities and/or any similar legislation to provide financing and implementation tools to address blighting conditions within the City of Los Angeles, and a California New Markets Tax Credit program that is allocated to local clearing houses similar to the federal program.

SUMMARY

On December 1, 2014, the Economic and Workforce Development Department (EWDD) forwarded several proposals for inclusion in the 2015-2016 Federal and State legislative programs. For the Federal Legislative Program, EWDD recommends support for H.R. 5319, the Modernizing American Manufacturing Bonds Act (MAMBA), support and/or sponsorship for legislation to continue the EB-5 Visa Program, and support and/or sponsorship for legislation to establish a Youth Employment fund.

For the State Legislative program, EWDD recommends support and/or sponsorship for legislation to establish Community Revitalization and Investment Authorities (CRIA) and support and/or sponsorship for legislation establishing a California New Markets Tax Credit.

Upon review, this Office has prepared the attached Resolutions in support of these proposals inasmuch as they provide additional tools and/or financing to the City for economic development purposes.

BACKGROUND

Federal

The Modernizing American Manufacturing Bonds Act

EWDD is proposing support for federal legislation that would modernize qualified small issue manufacturing bonds, more commonly known as Industrial Development Bonds (IDB). IDBs provide a source of finance to businesses for the purchase of land, facilities, and equipment. A previously-introduced bill entitled the Modernizing American Manufacturing Bonds Act (MAMBA) (H.R. 5319) was introduced by Congressman Randy Hultgren in 2014. This bill proposed the following four reforms for IDBs:

1. Expand the definition of manufacturing to include both tangible and intangible manufacturing production;
2. Eliminate restrictions on “Functionally Related and Subordinate Facilities”;
3. Increase the maximum bond size limitation from \$10 million to \$30 million; and
4. Increase the capital expenditure limitation from \$20 million to \$40 million.

According to EWDD, MAMBA, or similar legislation to update IDBs would update the current IRS provisions to assist the expansion of manufacturing in Los Angeles and therefore create new jobs. The legislation proposed to remove many barriers for traditional businesses to finance their acquisition with tax-exempt IDBs by permitting non-traditional intangible product developers (such as intellectual property and biotechnology) to access IDBs as a financing tool. MAMBA would remove restrictions on facility use by removing the 15 percent restriction on non-manufacturing space that can be financed with bond proceeds. In addition, it would allow bond financing, for the first time since the inception of the IDBs, to keep pace with inflation to reflect a realistic sizing of IDBs and capital expenditure allowance as prescribed by the IRS. MAMBA would increase the total bond amount and allow a higher amount of capital improvement to be made over a six-year span (three years before and three years after proposed bond financing); and would render the investment more attractive to credit enhanced or privately placed bond purchasers.

According to EWDD, changes proposed under MAMBA, or similar changes to IDBs, will help facilitate businesses in Los Angeles by raising the amount of financing available to amounts that are congruous with today’s market pricing and by updating the types of businesses that are eligible. This will complement and enhance the City’s economic development goals. An attached resolution supports the reintroduction of the Modernizing American Manufacturing Bonds Act or similar legislation to update Industrial Development Bonds including an expanded definition of manufacturing and an increase in bond and capital expenditure limitations.

EB-5 Visa Program

The EB-5 program, a Federal program which was created in 1990 to attract foreign investment to the U.S. economy, is scheduled to expire in September 2015. The program provides a method of obtaining a visa for foreign nationals who invest a minimum of \$1,000,000 (or \$500,000 in a “Targeted Employment Area” with high unemployment), and through that investment create or preserve at least 10 jobs for United States workers. According to EWDD, this program has proven beneficial to Los Angeles by attracting additional foreign capital and thereby stimulating economic development activity

and employment. The program has provided financing for new commercial enterprises in the highest unemployment areas of the city. EWDD notes that in 2014, approximately 10,000 visas were issued nationally, resulting in over \$5 billion in investments in low-income communities and that a majority of these investments were made in California.

According to EWDD, the EB-5 program is an additional tool to provide economic development investment in Los Angeles. With the recent loss of both the California State Enterprise and the Federal Empowerment Zone programs, which offered businesses significant tax credits to operate in some of the most economically challenged areas with some of the highest unemployment in the city, the continuation of the EB-5 incentive program is vital to the Los Angeles economy. With the mandate to create or preserve 10 full time jobs, and with the unemployment rate in Los Angeles still nearly three percent higher than the national average, EWDD finds it crucial that the EB-5 program be supported and continued. An attached resolution supports legislation extending the EB-5 Visa Program beyond September 2015.

Youth Employment

The City of Los Angeles and its Youth Workforce Development system, administered by the City's Economic and Workforce Development Department has operated summer youth employment programs for over 20 consecutive years. As of January 7, 2015, no funds from the State or Federal level were identified to support low-income summer youth employment for the summer of 2015. In past Federal budgets, \$1 billion has been allocated nationally to such programs. According to EWDD, the City of Los Angeles has a well-established, competitively procured Youth Workforce delivery system that is ready to accept funds and deliver summer youth employment programs immediately.

The teen unemployment rates in the City of Los Angeles area are as high as 35 percent in some of the poorest communities. The high-school drop-out rate in the City of Los Angeles averages 50 percent. The availability of funds to support summer youth employment for low-income youth will support the City's goal to recover high school drop-outs and return them to school while connecting them to meaningful work experience.

EWDD requests sponsorship of legislation that would:

1. Establish within the U.S. Department of Treasury a Youth Jobs Fund with adequate appropriation.
2. Require the Secretary of Labor to make fund allocations to each state with an approved workforce investment system to provide summer and year-round employment opportunities for unemployed low-income youth, with corresponding work-related and educational strategies and activities.
3. Require award allocations and competitive grants to local entities for work-based training and other work-related and educational strategies and activities of demonstrated effectiveness to provide unemployed, low-income young adults and low-income youths with skills that will lead to employment. Activities funded under this legislation should be subject to Federal Labor Standards and nondiscrimination protections.

An attached resolution supports legislation to establish within the U.S. Department of Treasury a Youth Jobs Fund, with adequate funding appropriation to support summer youth programs.

Community Revitalization and Investment Authorities (CRIA)

EWDD recommends support for legislation that would create Community Revitalization and Investment Authorities (CRIA), or a similar structure that would provide implementation and financing tools for the provision of investments in the most disadvantaged communities. Qualified CRIA investment programs would include infrastructure, affordable housing, and economic revitalization. The legislation should provide for the financing of these activities by, among other means, the issuance of bonds serviced by tax increment revenues collected within defined areas called community revitalization and investment areas.

Since the dissolution of redevelopment, numerous economic development proposals have been introduced which focus on different approaches and policy priorities. While many of the proposals under consideration have merit, the proposed CRIA legislation would fill a void among them by offering a tool that can be used in the state's disadvantaged poorer areas and neighborhoods, which was the original focus of redevelopment. Similar legislation was introduced in 2014 and vetoed by the Governor. The Governor's veto indicated a desire to craft a revised bill that would provide an alternative legislative solution outside of Redevelopment Law.

EWDD notes that while the Enhanced Infrastructure Finance District (EIFD) legislation passed in 2014 with the intention of providing additional revitalization tools, EIFDs still require a vote of the residents in order to bond and have a complicated initiation and legislative oversight process. A CRIA, or similar structure, would provide more control and oversight to the City as well as a simplified process for adoption. An attached resolution supports legislation establishing Community Revitalization and Investment Authorities and/or any other similar legislation to provide financing and implementation tools to address blighting conditions within the City of Los Angeles.

California New Markets Tax Credit

EWDD recommends support for legislation that would establish a state New Markets Tax Credit (NMTC) program that would complement the existing federal NMTC program. The state program would parallel the existing federal NMTC by providing funds to qualified Community Development Entities (CDEs) to facilitate commercial and service-oriented economic development in economically distressed communities. The proposed California NMTC would provide new competitive income streams for such projects. Investors receive a deferral tax credit in exchange for making equity investments in CDEs. In Los Angeles, the Los Angeles Development Fund (LADF), a qualified CDE, was formed in 2006 to apply for and manage an allocation of NMTC. LADF has received allocations totaling \$125 million and awarded these funds to projects located throughout the City.

Since 2000, states have used NMTCs to assist state efforts for local economic development, including job creation, by providing matching funds for small businesses and business-related real estate ventures in low-income areas. Although the federal tax credit is available to investors without the creation or existence of a state program, a parallel state program would help attract national pools of investment capital into California communities. Between 2001 and 2012, eleven states that established state matching programs leveraged an average of thirteen dollars in combined federal and private monies for every state dollar allocated to fund the tax credit. The NMTC model is a proven economic development tool in states that have created statewide programs.

EWDD recommends that NMTC legislation incorporate strict guidelines on the nature of investments that may be made, limiting investments to those that demonstrate a positive revenue impact on the state, and use nationally recognized assessment models. EWDD recommends that NMTC legislation also ensure that the program be allocated to local clearing houses such as LADF similar to the federal program and not be processed through the Governor's Office of Business and Economic Development (Go-Biz). EWDD states that the current State tax credit program allocations that are processed through Go-Biz have favored companies and developments in Northern California, and that Go-Biz does not possess sufficient local/regional knowledge to determine which projects would be most impactful.

Similar legislation, with an overall limit of \$200 million statewide, was introduced in 2014 (A.B. 1399). The bill was vetoed by the Governor. The veto message stated a preference that this program be considered along with other priorities during the annual state budget process. An attached resolution supports legislation establishing a California New Markets Tax Credit program that is allocated to local clearing houses similar to the federal program.



Matt W. Mason
Legislative Analyst

SMT: mwm

Attachment: Resolution supporting Modernizing American Manufacturing Bonds Act
Resolution supporting EB-5 Visa Program
Resolution supporting a Youth Jobs Fund
Resolution supporting Community Revitalization and Investment Authorities
Resolution supporting California New Market Tax Credit
2015-2016 Economic Workforce Development Department (EWDD) Legislative Proposals

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the manufacturing sector is an important sector of the economy and a key source of employment in the City of Los Angeles; and

WHEREAS, federal Industrial Development Bonds have provided an important source of finance to manufacturing businesses looking to expand or invest in existing infrastructure and have proven to be an essential economic development tool for the City of Los Angeles; and

WHEREAS, the manufacturing sector has evolved over time to include intangible products in industries such as biotechnology, energy generation, software, design and formula development, and intellectual property as well as traditional tangible products; and

WHEREAS, federal regulations for Industrial Development Bond financing have not kept pace with inflation or changes in the products produced or in the facilities required by the modern manufacturing sector; and

WHEREAS, the "Modernizing American Manufacturing Bonds Act," previously introduced as H.R. 5319 (Hultgren), would have expanded the definition of manufacturing to include both tangible and intangible manufacturing production, modify restrictions on manufacturing facilities, increase the maximum bond size limitation from \$10 million to \$30 million, and increase the capital expenditure limitation from \$20 million to \$40 million; and

WHEREAS, the "Modernizing American Manufacturing Bonds Act," would have accounted for inflation and address changes within the manufacturing sector to allow for greater reinvestment in the manufacturing sector in the City of Los Angeles;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 Federal Legislative Program SUPPORT and/or SPONSORSHIP of the Modernizing American Manufacturing Bonds Act or similar legislation to update Industrial Development Bonds including an expanded definition of manufacturing and an increase in bond and capital expenditure limitations.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 1990, Congress created the EB-5 Visa Program to benefit the U.S. economy by attracting investments from qualified foreign investors, including incentives for investment in defined areas of high unemployment; and

WHEREAS, the EB-5 program provides a method of obtaining a visa for foreign nationals who invest \$1,000,000 or at least \$500,000 in a "Targeted Employment Area" of high unemployment; and

WHEREAS, the EB-5 program has proven beneficial to the City of Los Angeles by stimulating economic development activity and employment, and providing new commercial enterprises in the highest unemployment areas of the city; and

WHEREAS, the EB-5 program expires in September 2015; and

WHEREAS, with the recent loss of both the California State Enterprise and the Federal Empowerment Zone programs, which had offered businesses significant tax credits to operate in some of the most economically challenged and highest unemployment in the city, the continuation of the EB-5 incentive program is vital to the Los Angeles economy; and

WHEREAS, the continuation of the EB-5 program would provide for continued foreign investment in economic development projects within the City of Los Angeles, including in areas of high unemployment;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 Federal Legislative Program SUPPORT and/or SPONSORSHIP of legislation to extend the EB-5 program beyond September 2015.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the teen unemployment rates in the City of Los Angeles are as high as 35 percent in some of the poorest communities and the high-school drop-out rate averages 50 percent across the city; and

WHEREAS, the City of Los Angeles and its Youth Workforce Development System administered by the City's Economic and Workforce Development Department (EWDD) has operated summer youth employment programs for well over 20 consecutive years and has a well-established, competitively procured Youth Workforce Delivery System that is ready to accept funds for such summer youth employment programs and implement summer youth employment programs immediately; and

WHEREAS, the summer youth employment programs provided jobs for 10,935 low-income teens and young adults in the summer of 2014; and

WHEREAS, no federal or state funding has been provided to support low-income youth and young adults employment for the summer of 2015; and

WHEREAS, legislation should target award allocations and competitive grants to local entities for work-based training and other work-related and educational strategies and activities of demonstrated effectiveness to provide unemployed, low-income young adults and low-income youths with skills that will lead to employment; and

WHEREAS, legislation should require activities to be subject to Federal Labor Standards and nondiscrimination protections; and

WHEREAS, the identification of funds to support summer youth employment for low-income youth will support the City's efforts to recover high school drop-outs and return them to school while connecting them to meaningful work experience;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 Federal Legislative Program SUPPORT and/or SPONSORSHIP of legislation to establish within the U.S. Department of Treasury a Youth Jobs Fund, with adequate funding appropriation to support summer youth programs.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 1948 the California State Legislature authorized the formation of community redevelopment agencies as a tool to revitalize blighted communities; and

WHEREAS, in the summer of 2011 the California State Legislature enacted measure AB1X 26, which dissolved redevelopment agencies; and

WHEREAS, the City of Los Angeles was left without the financing and other tools necessary to address persistent blighting conditions present in the most disadvantaged communities of the city; and

WHEREAS, proposed state legislation would allow for the creation of Community Revitalization and Investment Authorities within defined community revitalization and investment areas in order to provide financing tools for investments in infrastructure, affordable housing, and economic revitalization; and

WHEREAS, the proposed Community Revitalization and Investment Authorities, or a similar structure would provide the City of Los Angeles with additional financing and implementation tools to address conditions of blight within certain communities;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT and/or SPONSORSHIP of legislation to create Community Revitalization and Investment Authorities and/or any other similar legislation to provide financing and implementation tools to address blighting conditions within the City of Los Angeles.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, since 2000, the Federal New Markets Tax Credits program has assisted state efforts for local economic development, including job creation by providing matching funds for small businesses and business-related real estate ventures in low-income areas; and

WHEREAS, a State of California New Markets Tax Credit program to match the federal program would help attract national pools of investment capital into California communities; and

WHEREAS, the New Markets Tax Credit model is a proven economic development tool in states that have created statewide programs; and

WHEREAS, between 2001 and 2012, eleven states that established state matching programs leveraged an average of \$13.00 in combined federal and private monies for every \$1.00 allocated by the state to fund the tax credit; and

WHEREAS, local clearing houses such as the Los Angeles Development Fund have been effective in administering the federal New Markets tax credit; and

WHEREAS, existing State of California tax credit program allocations that are processed through the Governor's Office of Business and Economic Development (Go-Biz) have favored companies and developments in Northern California, and Go-Biz lacks sufficient local/ regional knowledge to determine which projects would be most impactful; and

WHEREAS, the establishment of a State of California New Markets Tax Credit program will provide new competitive income streams for commercial and service-oriented development projects in the City's low-income communities; and

WHEREAS, the City of Los Angeles supported previous legislation (AB 1399) to establish a state New Markets Tax Credit;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT and/or SPONSORSHIP of legislation to establish a California New Markets Tax Credit program that is allocated to local clearing houses similar to the federal program.

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: December 1, 2014

TO: Sharon Tso,
Chief Legislative Analyst

FROM: Jan Perry, General Manager
Economic and Workforce Development Department

SUBJECT: 2015-16 ECONOMIC AND WORKFORCE DEVELOPMENT
DEPARTMENT (EWDD) LEGISLATIVE PROPOSALS



In response to correspondence from the Office of Council President Herb Wesson, Jr. dated October 15, 2014, requesting information on legislative proposals and issues which would benefit the department and the work we do, EWDD has prepared five Bill Response Reports.

If you have any questions or need any additional information, please contact our Departmental Liaison, Michael Cole, at 213-744-9084.

JP:mdc
Enclosure

cc: Cecilia Cabello, Office of External Affairs, Mayor's Office
John Wickham, Office of the Chief Legislative Analyst

CITY OF LOS ANGELES

BILL RESPONSE REPORT

DEPARTMENT Economic and Workforce Development Department (EWDD)		BILL NO. H.R. 5319	AUTHOR Randy Hultgren (R-IL)
PREPARED BY Michael Cole	EXT. 213-744-9084	DATE 11-26-14	AMENDED DATE

BILL SUBJECT/TITLE: **Modernizing American Manufacturing Bonds Act (MAMBA)**

I. Describe the impact this bill will have on your department or the City, its program(s), and/or its constituency (state existing law or practice, a summary of the effect the bill will have on existing department operations, etc.).

SUPPORT H.R. 5319, which aims to modernize qualified small issue manufacturing bonds, more commonly known as Industrial Development Bonds (IDB). This bill proposes the following four reforms for IDBs:

- 1. Expand the definition of manufacturing to include both tangible and intangible manufacturing production;**
- 2. Eliminate restrictions on "Functionally Related and Subordinate Facilities";**
- 3. Increase the maximum bond size limitation from \$10 million to \$30 million; and**
- 4. Increase the capital expenditure limitation from \$20 million to \$40 million.**

Passage of this bill will allow bond financing, for the first time since the inception of the IDBs, to keep pace with inflation to reflect a realistic sizing of IDBs and capital expenditure allowance as prescribed by the IRS. The changes proposed under H.R. 5319 will help facilitate businesses in Los Angeles to expand and create new jobs by financing land, building and equipment acquisition with bond proceeds for amounts that are congruous with today's market pricing; by removing the 15% restriction on non-manufacturing space that can be financed with bond proceeds; and including intellectual and intangible properties as eligible collateral for IDBs. This will complement and enhance the City's economic development goals.

II. Give estimate of cost or savings to your department (include SB 90 reimbursements, if applicable).

No direct cost or savings anticipated to the Department at this time.

III. Arguments both For and Against this bill.

For:

This bill will update the current IRS provisions and enable manufacturing concerns to expand in Los Angeles and create new jobs. This legislation would remove many barriers for traditional businesses to finance their acquisition with tax-exempt IDBs; permit non-traditional intangible/intellectual developers to access IDBs as a financing tool; increase the total bond amount; allow a higher amount of capital improvement to be made over a 6-year-span (3 years before and 3 years after proposed bond financing); and renders the investment more attractive to credit enhanced or privately placed bond purchasers.

Against: Potential loss of revenues to the Federal government due to the tax-exemption on interests earned on these investments.

FOR CLA USE ONLY

Position Noted _____ Committee _____

Analyst _____ Council _____

IV. Recommended position and justification:

No Position **Support** Oppose Amend

Describe reasons for recommended position (include relevant existing City legislative policy, and any proposed amendments in underline and ~~strike-out~~ format).

See Sections I and III above.

V. Interested Parties:

Indicate any interest other departments or organizations may have on the bill. Also, list any contacts you made in preparing this information.

The Industrial Development Authority, which administers the tax-exempt bond program in the City, would be an interested party.

CITY OF LOS ANGELES

BILL RESPONSE REPORT

DEPARTMENT Economic and Workforce Development Department (EWDD)		BILL NO.	AUTHOR
PREPARED BY Michael Cole	EXT. 213-744-9084	DATE 11-26-14	AMENDED DATE

BILL SUBJECT/TITLE: **Community Revitalization and Investment Authorities (CRIA)**

I. Describe the impact this bill will have on your department or the City, its program(s), and/or its constituency (state existing law or practice, a summary of the effect the bill will have on existing department operations, etc.).

SPONSOR and SUPPORT legislation to authorize certain local agencies to form a community revitalization authority within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. This would provide a financing tool for economic development efforts and community investment in our most disadvantaged communities. The legislation should provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues.

Similar legislation was introduced in 2014 and vetoed by the Governor because the bill “vests” the proposed program in redevelopment law. The governor’s veto indicated a desire to craft a revised bill that would provide an alternative legislative solution. The City should support efforts to re-introduce revised/alternative legislation this year.

II. Give estimate of cost or savings to your department (include SB 90 reimbursements, if applicable).

No direct cost or savings anticipated to the Department at this time.

III. Arguments both For and Against this bill.

For:
Since the dissolution of redevelopment, numerous economic development proposals have been introduced focused on different approaches and policy priorities. While many of the proposals under consideration have merit, this proposed legislation would fill a void among them by offering a tool that can be used in the state’s disadvantaged poorer areas and neighborhoods, which was the original focus of redevelopment. The City should support efforts to revive similar legislation next year. Although the Enhanced Infrastructure Finance District (EIFD) legislation passed in 2014, EIFD’s still require a vote of the residents in order to bond and have a convoluted initiation and legislative oversight process. A CRIA provides more control and oversight to the City and a simplified process for adoption.

Against:

FOR CLA USE ONLY

Position Noted _____	Committee _____
Analyst _____	Council _____
Program No. _____	Position _____

IV. Recommended position and justification:

No Position Support Oppose Amend

Describe reasons for recommended position (include relevant existing City legislative policy, and any proposed amendments in underline and ~~strike-out~~ format).

See Sections I and III above.

V. Interested Parties:

Indicate any interest other departments or organizations may have on the bill. Also, list any contacts you made in preparing this information.

The Housing and Community Investment Department and Public Works Department should be interested and supportive as funds can be expended on affordable housing and infrastructure.

CITY OF LOS ANGELES

BILL RESPONSE REPORT

DEPARTMENT Economic and Workforce Development Department (EWDD)		BILL NO.	AUTHOR
PREPARED BY Michael Cole	EXT. 213-744-9084	DATE 11-26-14	AMENDED DATE

BILL SUBJECT/TITLE: **California New Markets Tax Credit**

I. Describe the impact this bill will have on your department or the City, its program(s), and/or its constituency (state existing law or practice, a summary of the effect the bill will have on existing department operations, etc.).

SPONSOR and SUPPORT New Markets Tax Credit legislation. Since 2000, the New Markets Tax Credit has assisted state efforts for local economic development, including job creation, by providing matching funds for small businesses and business-related real estate ventures in low-income areas. Although the federal tax credit is available to investors without the creation or existence of a state program, the benefit of creating a state program is that it helps attract national pools of investment capital into California communities. Between 2001 and 2012, eleven states that established state matching programs leveraged an average of \$13.00 in combined federal and private monies for every state dollar allocated to fund the tax credit. The New Markets Tax Credit model is a proven economic development tool in states that have created statewide programs. Legislation should incorporate strict guidelines on the nature of investments that may be made, limit investments to those that demonstrate a positive revenue impact on the state, and use nationally recognized assessment models. Legislation should ensure that the program be allocated to local clearing houses similar to the federal program – not through Go-Biz. The current State tax credit program allocations that run through Go-Biz have favored companies and developments in Northern California, and Go-Biz does not have enough local/regional knowledge to vet which projects would be most impactful.

Similar legislation was introduced in 2014 but was vetoed by Governor Brown. The City should support efforts to re-introduce revised/alternative legislation this year.

II. Give estimate of cost or savings to your department (include SB 90 reimbursements, if applicable).

No direct cost or savings anticipated to the Department at this time.

III. Arguments both For and Against this bill.

For:

This bill will provide new competitive income streams for commercial and service-oriented development projects in the City's low-income communities.

Against: Potential loss of revenues to the State government due to the tax-exemption on Personal/Corporate Income Tax.

FOR CLA USE ONLY

Position Noted _____	Committee _____
Analyst _____	Council _____
Program No. _____	Position _____

IV. Recommended position and justification:

No Position **Support** Oppose Amend

Describe reasons for recommended position (include relevant existing City legislative policy, and any proposed amendments in underline and ~~strike-out~~ format).

See Sections I and III above

V. Interested Parties:

Indicate any interest other departments or organizations may have on the bill. Also, list any contacts you made in preparing this information.

League of Cities has been following the bill. LADF will be interested.

CITY OF LOS ANGELES

BILL RESPONSE REPORT

DEPARTMENT Economic and Workforce Development Department (EWDD)		BILL NO.	AUTHOR
PREPARED BY Michael Cole	EXT. 213-744-9084	DATE 11-26-14	AMENDED DATE

BILL SUBJECT/TITLE: **EB-5 Visa Program**

I. Describe the impact this bill will have on your department or the City, its program(s), and/or its constituency (state existing law or practice, a summary of the effect the bill will have on existing department operations, etc.).

SPONSOR and SUPPORT legislation to continue the EB-5 program. The EB-5 program is a Federal program which provides a method of obtaining a visa for foreign nationals who invest \$1,000,000 (or at least \$500,000 in a "Targeted Employment Area" - high unemployment or rural area), and through that investment create or preserve at least 10 jobs for United States workers. This program has proven beneficial to Los Angeles by stimulating economic development activity and employment, and providing new commercial enterprises in the highest unemployment areas of the city and should be continued.

II. Give estimate of cost or savings to your department (include SB 90 reimbursements, if applicable).

No direct cost or savings anticipated to the Department at this time.

III. Arguments both For and Against this bill.

For:

The EB-5 program provides an incentive for economic development investment in Los Angeles. With the recent loss of both the California State Enterprise and the Federal Empowerment Zone programs, which had offered businesses significant tax credits to operate in some of the most economically challenged and highest unemployment in the city, the continuation of the EB-5 incentive program is vital to the Los Angeles economy. With the mandate to create or preserve 10 full time jobs, and with the unemployment rate in Los Angeles still nearly 3% higher than the national average, it is crucial that the EB-5 program be supported and continued.

Against:

FOR CLA USE ONLY	
Position Noted _____	Committee _____
Analyst _____	Council _____
Program No. _____	Position _____

IV. Recommended position and justification:

No Position Support Oppose Amend

Describe reasons for recommended position (include relevant existing City legislative policy, and any proposed amendments in underline and ~~strike-out~~ format).

See Sections I and III above.

V. Interested Parties:

Indicate any interest other departments or organizations may have on the bill. Also, list any contacts you made in preparing this information.

CITY OF LOS ANGELES

BILL RESPONSE REPORT

DEPARTMENT Economic and Workforce Development Department (EWDD)		BILL NO.	AUTHOR
PREPARED BY Michael Cole	EXT. 213-744-9084	DATE 11-26-14	AMENDED DATE

BILL SUBJECT/TITLE:	Youth Employment
---------------------	-------------------------

I. Describe the impact this bill will have on your department or the City, its program(s), and/or its constituency (state existing law or practice, a summary of the effect the bill will have on existing department operations, etc.).

SPONSOR and SUPPORT legislation to establish in the US Department of Treasury a Youth Jobs Fund, with adequate funding appropriation, and require the Secretary of Labor to make fund allocations to each state with an approved workforce investment system to provide summer and year-round employment opportunities for unemployed low-income youth, with corresponding work-related and educational strategies and activities. Legislation should require award allocations and competitive grants to local entities for work-based training and other work-related and educational strategies and activities of demonstrated effectiveness to provide unemployed, low-income young adults and low-income youths with skills that will lead to employment. Subject activities funded under this legislation should be subject to Federal labor standards and nondiscrimination protections.

II. Give estimate of cost or savings to your department (include SB 90 reimbursements, if applicable).
No direct cost or savings anticipated to the Department at this time.

III. Arguments both For and Against this bill.

For:

The City of Los Angeles and it's Youth Workforce Development system administered by the City's Economic and Workforce Development Department has operated summer youth employment programs for well over 20 consecutive years. As of today, November 18, 2014, zero funds from the State or Federal level have been identified to support low-income youth and young adults ages 14-24 summer youth employment for the summer of 2015. The City of Los Angeles has a well established, competitively procured Youth Workforce delivery system that is ready to accept funds for such summer youth employment programs and deliver summer youth employment programs immediately. The teen unemployment rates in the City of Los Angeles are as high as 35% in some of the poorest communities. The high-school drop-out rate in the City of Los Angeles averages 50%. The availability of funds to support summer youth employment for low-income youth will support the City's efforts to recover high school drop outs and return them to school while connecting them to meaningful work experience.

Against:

FOR CLA USE ONLY	
Position Noted _____	Committee _____
Analyst _____	Council _____
Program No. _____	Position _____

IV. Recommended position and justification:

No Position **Support** Oppose Amend

Describe reasons for recommended position (include relevant existing City legislative policy, and any proposed amendments in underline and ~~strike-out~~ format).

See Sections I and III above.

V. Interested Parties:

Indicate any interest other departments or organizations may have on the bill. Also, list any contacts you made in preparing this information.