



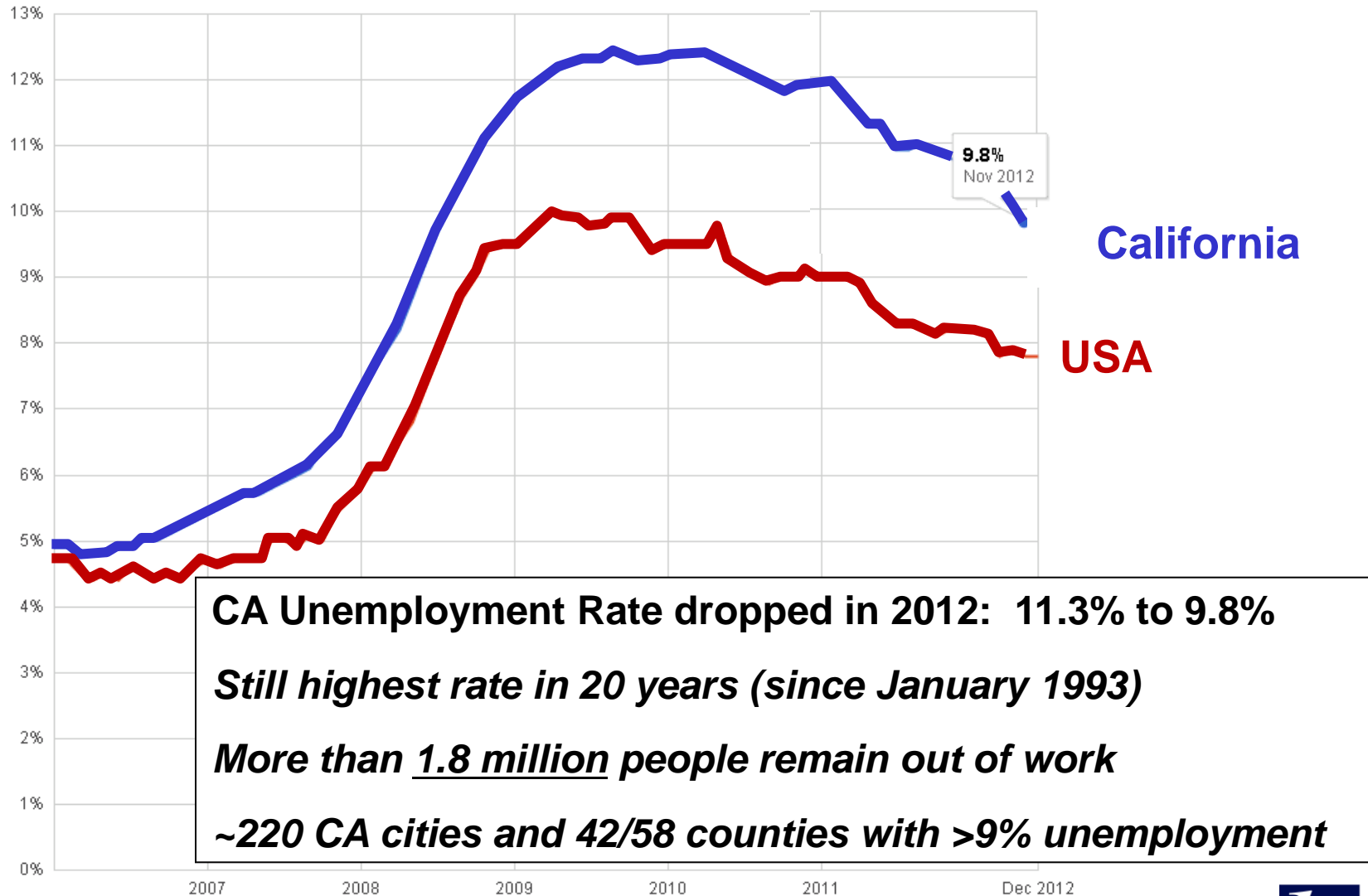
Question:

How can we get Californians back to work, reduce the State budget gap and avoid a future version of Prop 30?

Answer:

AB 690
The California
JO**B**S** Act**

UNEMPLOYMENT IS THE NEW BLIGHT



AB690 - The California **JOBS** Act

Q. Why does California need this Jobs Act?

A. Because **UNEMPLOYMENT** is the “new blight”

- Many cities suffer from double digit unemployment yet there are no local financing tools to directly entice job creation
 - **Tax Increment Financing is gone**
- State budget is broken, pension system is short by 3B per year, and general fund doesn't receive enough sales & income taxes (hence the urgent pleas for passage of Prop 30)
 - **~1.8 million jobs are still lost**
- If the State **restores Tax Increment Financing** and give cities & counties the tools in AB690 to induce **new private sector jobs**, ongoing tax increases can be avoided

NEW JOBS, NOT MORE TAXES, IS A BETTER FIX FOR THE STATE

TAX INCREMENT FINANCING (TIF) IS KEY TO JOBS

Tax Increment Financing is a tool that can be geared to job creation:

- When the State tossed RDAs it also discarded TIF
- California is now one of only 3 states without this vital tool
- Without TIF, CA has no consistent funding stream for economic development
- Without TIF, *California does not compete effectively for business and jobs.*
- Without new private sector jobs, State and cities will rely on higher taxes & more service cuts to balance future budgets
- Without TIF, **California will continue to spend Billions annually to be in the Unemployment Business**

Solution—1) *Bring back TIF via CA Jobs Act to induce job creation*

2) *New jobs generate sales & personal income tax*

3) **~85% of State General Fund is from income & sales tax**

2013: MULTIPLE TIF BILLS HAVE BEEN INTRODUCED

AB 1080 (Alejo)	New form of Redevelopment Designed to serve disadvantaged areas	R D
SB 1 (Steinberg)	Create Sustainable Communities Authority Reintroduction of last year's SB1156	A
AB 243 (Dickinson)	Infrastructure Financing District reform (IFD) Similar to AB2144	
AB 229 (Perez)	IFD Reform Military Base Reuse Authorities	I F D
AB 294 (Holden)	IFD Reform using State Infrastructure Banks Also uses school share of property tax	
SB 33 (Wolk)	IFD Reform-removes vote threshold/other fixes	
AB 690 (Campos)	California Jobs Act IFD Reform that uses TIF for <u>Job Creation</u> <i>"Unemployment is the New Blight"</i>	J O B S

CALIFORNIA JOBS ACT: HOW IT WORKS

Cities/counties create districts that must adopt a JOBS GENERATION PLAN in order to use Tax Increment Financing as a financing tool to create new jobs & provide training

Example:

Problem: Community has 16% unemployment

Solution:

- Jobs & Infrastructure District (JIDs) created to reduce unemployment to National Average (7.8%) or less
- JIDs use TIF to create public-private transactions that yield 10 new jobs for every \$1 million invested
- Construction jobs count (must be prevailing wage)
- TIF to be used for job training and education as well

The focus of the Jobs Act is unemployment (not blight)

JID INVESTMENT FORMULA → JOB CREATION

JID projects required to produce direct & indirect job creation using objective formula (similar to Federal EB-5 program)*

- Jobs formula – 10 full time jobs created for \$1 million invested
- Jobs must create within 2 years of start of construction

Focus on jobs means owners and tenants can benefit as well as labor and local communities

- Prevailing wage construction jobs required
- Communities with high unemployment benefit (no urban vs. suburban bias)
- Applies to former military base sites
- Install local infrastructure in collaboration with jobs
- Improve California's business reputation

* Source: US Citizenship & Immigration Service - Employment Based 5 (EB-5 Program)

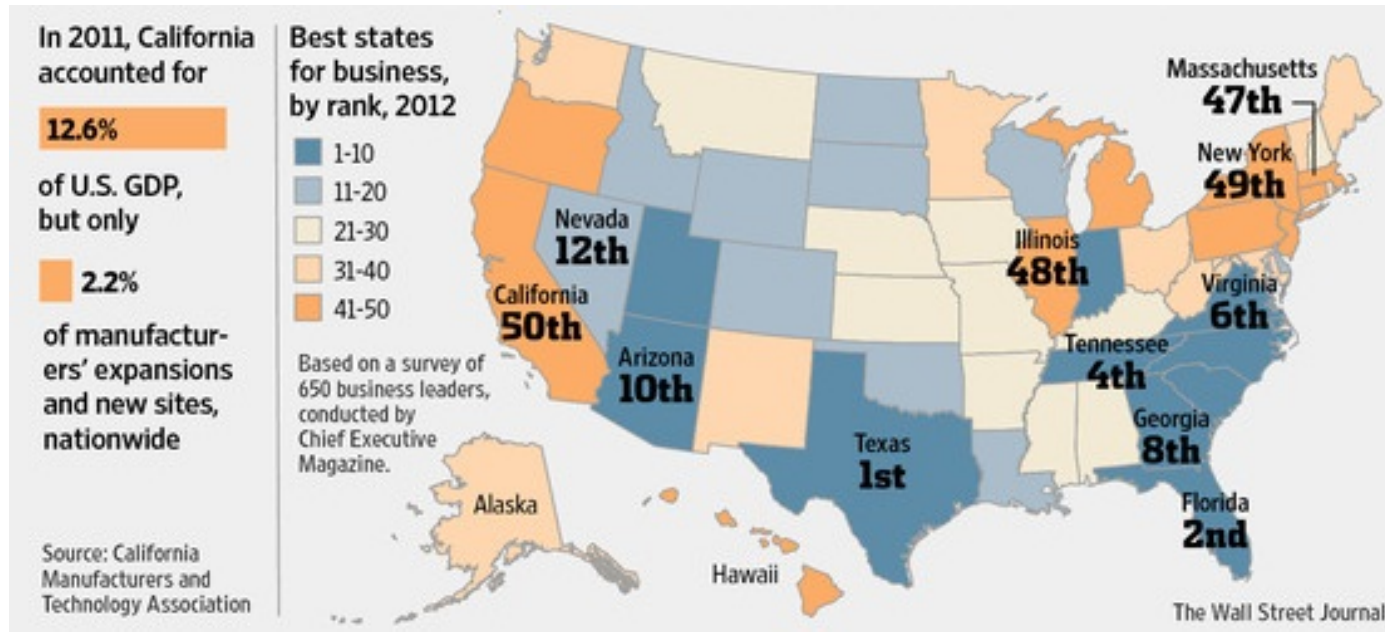
Q: Why should the State pass AB690?

A: Because JIDs can help fix State's general fund budget gap without new taxes

CHOICE: MORE TAXES OR MORE JOBS?

Business Friendliness: Based on a Survey of 650 CEOs and other top execs conducted by Chief Executive Magazine:

California 50th. Texas 1st.



CREATING JOBS FIXES BUDGET

85% of State's budget is comprised of Personal Income & Sales Tax:

CALIFORNIA'S GENERAL FUND BUDGET SOURCES

Personal Income Tax:	~64%
Sales Tax:	~21%
Other Sources:	~15%

- State makes the “highest return on tax revenues” from a new job
- Each job yields personal income and sales tax from new wage earners
- The State can restore TIF by enabling redirection of Property Tax to Jobs & Infrastructure Districts that induce new jobs in private sector
- Property tax increment \$\$ invested in job producing projects could pay the State back approx. **11 to 1** in sales & income taxes
- New jobs will help balance the State budget & revive local communities

NEW JOBS = NEW STATE & LOCAL TAXES

- **The average new private sector California job paying \$54,345 generates ~\$3,123 in income & sales tax to the State***
- **Approx. 320,000 jobs = approx. \$1B in new State annual revenue*,
*thus...***
- **If State lets cities attract private sector investment by using property tax based TIF as inducements to create 1 million jobs, it could replace much of temporary money raised from Prop 30 with long term revenue**
- **CA would be on business friendly path...not current path of taxation**
- **Ultimately, more companies would invest without assistance**

WHAT CALIFORNIA AND ITS CITIES ARE DOING NOW

More State Taxes (mostly temporary source; expiring in 4-7 seven years)

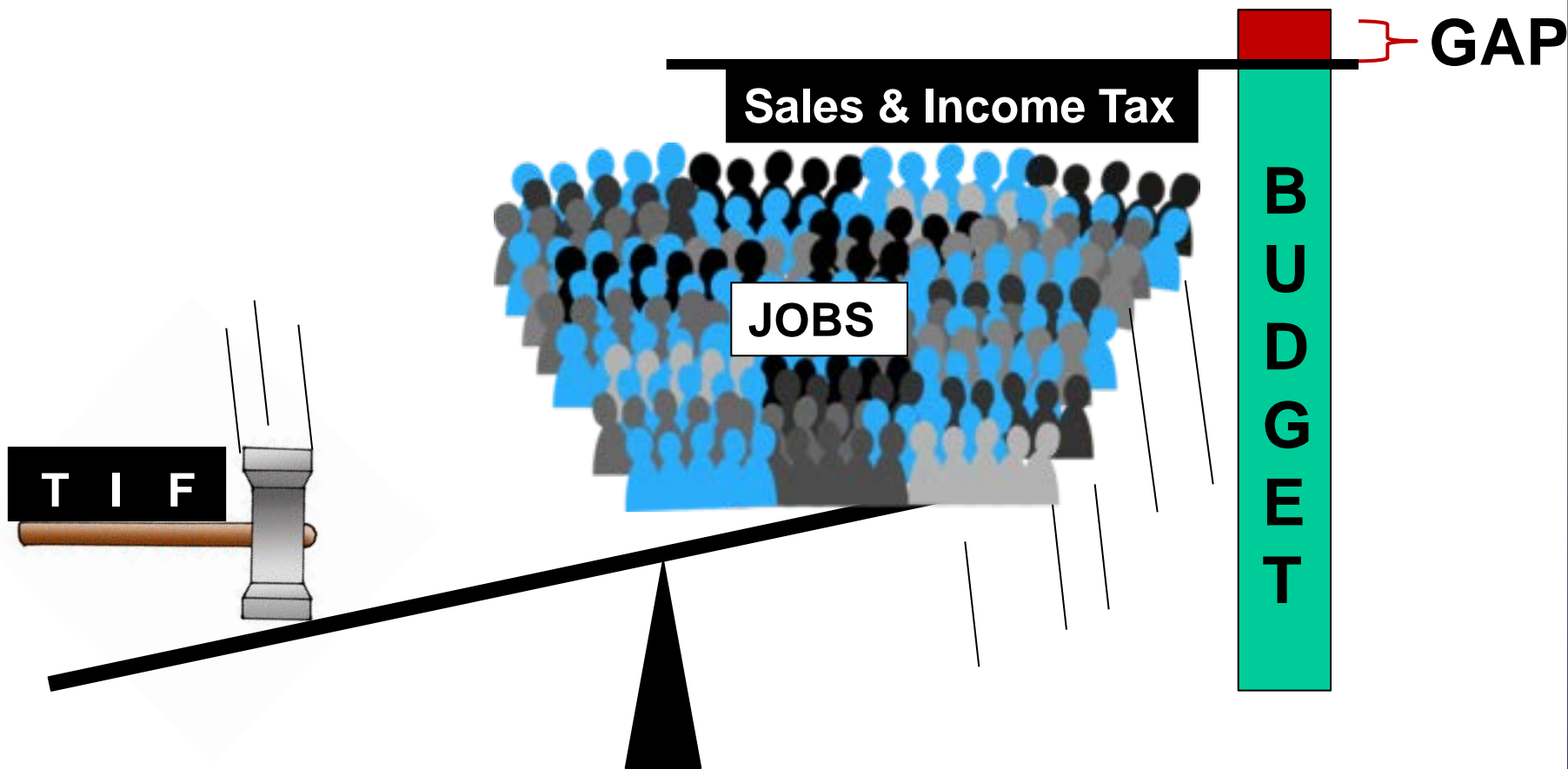
PROP #	SYNOPSIS	PASS / FAIL
30	Gov. Brown's Tax Increase for Education & General Fund	PASS
39	Income Tax Increase for Multi-State Business	PASS

More Cities & County Taxes but Cal cities are already highest cost*

Nov. (1 st Tues)	On the ballot	Passed	Failed	Pass Rate
2012	124	82	42	66%
2011	47	33	14	70%
2010	122	63	59	51%
2009	52	26	26	50%
2008	122	79	43	65%
5-yr Total	467	283	184	65%

* Kosmont-Rose Institute Cost of Doing Business Survey 2012
(Table includes local sales, business, utility user, parcel and hotel tax ballot measures)

PUTTING CA TO WORK SHRINKS STATE BUDGET GAP



\$1 in new Prop. Tax Increment Invested → ~\$11 Income & Sales Tax

CALIFORNIA JOBS ACT - A CALL TO ACTION

- **The California JOBS Act seeks to reduce unemployment by using TIF to induce private investment that creates new jobs**
- **With over 220 communities at over 9% unemployment... unemployment is “California's blight”**
- **If California applies AB690 to reduce unemployment, it can restore local economies & help fix State’s general fund budget**



We have a golden opportunity to restart the stalled engines of economic development and restore the State’s competitiveness

FOR FURTHER INFORMATION

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