




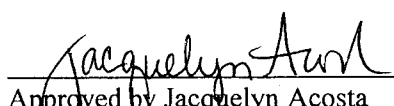
City of Carson

Report to Mayor and City Council

July 2, 2013
New Business Consent

SUBJECT: CONSIDER RESOLUTION NO. 13-063 SUPPORTING SENATE BILL NO. 434 (HILL) REGARDING PERSONAL INCOME AND CORPORATION TAXES: HIRING CREDITS IN ENTERPRISE ZONES


Submitted by Clifford W. Graves
Director of Community Development


Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

This item is on the agenda at the request of Mayor Dear.

Senate Bill No. 434 (SB 434) by Assemblymember Jerry Hill (D- San Mateo) would provide more effective tax incentives for economic growth and job creation in existing economic development locations.

II. RECOMMENDATION

REFER consideration of Senate Bill No. 434 to the City Council Policy Subcommittee.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Current state law provides special tax incentives for taxpayers conducting business activities within an Economic Development Area. A hiring credit, sales or use tax credit, business expense deduction, and special net operating loss treatment are some of the incentives. Other enticements include net interest deduction for businesses that make loans to businesses within Economic Development Areas and a credit to taxpayers that are employees working in an Enterprise Zone.

SB 434 would limit the credit for a taxpayer that employs a qualified employee in an enterprise zone to only those qualified employees who first commence employment with the taxpayer before January 1, 2014 and that the credit would remain in effect until December 1, 2019. This bill would, for taxable years beginning on or after January 1, 2014, and before January 1, 2019 for wages paid to qualified employees who first commence employment with the taxpayer after January 1, 2014, instead allow a credit for a taxpayer that has a net increase in qualified full-time employees, as specified. A person would be prohibited from charging a contingent fee, as defined, for services rendered in connection with a tax credit relating to enterprise zones, Local Agency Military Base Recovery Areas, manufacturing enhancement areas, or targeted tax areas and would impose a penalty for the violation of the prohibition. Upon request of the Franchise Tax

Board, a person rendering these services provide, under penalty of perjury, a written certification that a fee for those services does not include a contingent fee. By expanding the definition of an existing crime, this bill would impose a state-mandated local program. Statutory provisions establish procedures for making reimbursements to local agencies and school districts for certain costs mandated the state. A change in the state statute would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and this would require for passage the approval of 2/3 of the membership of each house of the Legislature.

SB 434 would take effect immediately as a tax levy. Adoption of Resolution No. 13-063 (Exhibit No. 1) will demonstrate the City Council's support of SB 434.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. DRAFT Resolution No. 13-063. (pgs. 3-4)

Prepared by: Denise Marrufo, Analyst

TO: Rev06-19-2013

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date_____ Action_____

DRAFT

RESOLUTION NO. 13-063

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, URGING LEGISLATURE TO AMENDED SB 434, WHICH ALLOWS FOR CREDITS FOR HIRING EMPLOYEES BASED ON QUALIFIED WAGES IN AN ENTERPRISE ZONE, TO APPLY STATEWIDE

WHEREAS, SB 434 (Hill) is a bill amending and repealing sections of the Revenue and Taxation code relating to taxation ; and

WHEREAS, on May 201, 2013, SB 434 authored by Senator Jerry Hill (D-San Mateo) passed the from committee; and

WHEREAS, the bill would limit the credit for a taxpayer that employees a qualified employee in an enterprise zone to only those qualified employees who first commence employment with the taxpayer before January 1, 2014 and that the credit would remain in effect until December 1, 2019; and

WHEREAS, for taxable years beginning on or after January 1, 2014, and before January 1, 2019 for wages paid to qualified employees who first commence employment with the taxpayer after January 1, 2014, instead allow a credit for a taxpayer that has a net increase in qualified full-time employees, as specified; and

WHEREAS, a person would be prohibited from charging a contingent fee, as defined, for serviced rendered in connection with a tax credit relating to enterprise zones, LAMBRAs, manufacturing enhancement areas, or targeted tax areas and would impose a penalty for the violation of the prohibition; and

WHEREAS, upon request of the Franchise Tax Board, a person rendering these services provide, under penalty of perjury, a written certification that a fee for those services does not include a contingent fee; and

WHEREAS, by expanding the definition of an existing crime, this bill would impose a state-mandated local program; and

WHEREAS, statutory provisions establish procedures for making reimbursements to local agencies and school districts for certain costs mandated the state; and

WHEREAS, no reimbursement is required by this act for a specified reason; and

WHEREAS, a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and this would require for passage the approval of 2/3 of the membership of each house of the Legislature; and

WHEREAS, SB 434 would be applicable statewide; and

WHEREAS, SB 434 would take effect immediately as a tax levy.

NOW, THEREFORE, BE IT RESOLVED, the City Council hereby strongly supports SB 434.

PASSED, APPROVED and ADOPTED this 18th day of June, 2013.

Mayor Jim Dear

ATTEST:

City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

City Attorney



