
Senator Robert Dutton eNewsletter, June 7, 2011

By **BOB DUTTON**

B *In case you missed it, this piece was published in the June 5th edition of the Riverside Press Enterprise.*

Enterprise zones are proven job creators, help small businesses expand and save the state's general fund millions of dollars each year. Gov. Jerry Brown's proposal to eliminate the program was misguided, and his new idea to "reform" it is equally devastating to the tens of thousands of Californians desperate to find work during this recession.

The enterprise-zone program was created by the Legislature to give employers incentives to hire people receiving government assistance or who, for some reason, have difficulty finding employment. Enterprise zones empower people by giving them a private-sector job, taking them off taxpayer-funded services and giving them long-term job stability.

According to Brown, eliminating the program would save the state \$93 million.

But by getting people back to work and off unemployment and food stamps, the enterprise-zone program actually saves the state more than \$120 million each year.

Eliminating the program would actually cost the general fund more money. This is just another example of shortsighted state budgeting.

Employers are also eligible for the tax credit if they hire recently released felons. California has an abysmal recidivism rate of nearly 70 percent. But a stable job is one of the key factors that helps keep former inmates from reoffending.

At a time when our state is on the brink of releasing thousands of convicted felons from prison, shouldn't we ensure that these individuals have every incentive possible to keep them from re-offending?

Enterprise-zone opponents have made much ado about a report by the legislative analyst, which was critical of the program.

However, other analyses done with better and more precise economic indicators have proven that enterprise zones help bring entire neighborhoods out of poverty by increasing wages and encouraging businesses to invest in blighted areas.

Enterprise zones are a key component of our state's continued economic recovery. But the governor's wavering on this program has already caused several businesses to pack up and leave town.

While he has abandoned his attempts to eliminate the program, the governor's proposal of so-called reforms decimates the program's benefits and undermines the intent of the original legislation.

The governor's "reforms" would allow a business to claim a hiring credit when it creates a new position and hires a new employee. By limiting the credit to new jobs, not new hires, the governor is undermining the very important need to retain jobs.

At a time when businesses are struggling just to keep their doors open, job retention is as important as job creation. Let's not make our unemployment problem any worse.

Moreover, Brown's new proposal is still a significant

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and retroactive tax increase on businesses both large and small currently relying on the enterprise-zone program.

Instead of crippling businesses' ability to start, grow or retain employees, we should be focused on improving our state's economic climate to encourage companies to stay or relocate in California instead of moving off to more business-friendly states.

Eliminating the enterprise-zone program or attempting to pass deceptive reforms is a significant step back in our shaky economic recovery.

We need state government to make it easier to create jobs and get people back to work.

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