



## **Enterprising Solutions to Help Businesses Expand in LA**

By Mitch Englander

A common phrase heard during this severe economic recession is that until we see significant job creation, we can't talk about recovery.

Here in our community, we have worked hard and that effort is paying off with the second expansion this year of the State Enterprise Zone, adding more E.Z. acreage in San Fernando Valley.

This is exactly where we need to see economic growth. According to the National Association of Manufacturing (NAM), every dollar's worth of manufactured goods creates another \$1.43 of activity in other sectors of the economy, twice the benefit of the service sector.

That is why we have worked to help expand the Enterprise Zone so that so that more companies in our District and Valley-wide can benefit from it, thrive, expand, stay in Los Angeles and keep creating jobs and revenue for our economy.

As Chief of Staff to Councilman Greig Smith, I have worked closely on our pieces of legislation that cut red tape, reduce bureaucracy and reduce the tax burden on businesses. I have also been closely involved in our on-the-ground efforts to reach out to the industrial, high-tech and clean-tech companies in our district and offer them information and connect them to resources and assistance, by working in conjunction with our utilities and business development agencies like L.A. Economic Development Corp.

Our efforts range from helping folks navigate a Small Business Administration grant application, to connecting them with water or energy-saving programs through DWP, to helping them qualify for government incentive programs.

We also worked on passing the Business Tax Reform, a 15% cut in the City's Gross Receipts Tax which has provided \$60 million of relief for L.A. businesses and eliminated all business taxes for companies with gross revenues under \$500,000 per year, in addition to passage of critical legislation to allow local businesses to be able to write-off their bad debt.

Our goal throughout has been to reverse L.A.'s reputation of being a business-unfriendly City. If our economy is to recover and create jobs, we need to create an environment in which private companies can be healthy, active and competitive.

The expansions of the California Enterprise Zone Program are expected to save 4,000 jobs and generate another 15,000 in the next five years.

A 20-year study of 8,000 Enterprise Zones in 43 states showed that the zones lowered unemployment rates by 1.6%, poverty rates by 5.4% and increased household income. In California alone, the zones pushed down unemployment by 2.2%.

Businesses in the Enterprise Zone can receive a range of financial incentives to expand and improve facilities and hire new employees.

Companies can receive up to \$37,500 in tax credits for hiring new employees and a 35% reduction in utility rates from DWP over five years. They will also get sales and tax income credits for buying machinery or equipment, fee waivers, lower interest on expansion loans, and priority to bid on State contracts.

These incentives can mean a big difference in a company's bottom line.

They can also offer L.A. advantages in competing with other cities and states that routinely offer incentives to lure L.A.-based companies out of town. Working with Councilman Smith, we have advocated for expanding the Enterprise Zone for years as part of our office's ongoing efforts to reach out to and assist industrial companies in our community.

An earlier expansion of the Enterprise Zone in the East Valley made the difference in at least six industrial companies staying in the Valley instead of relocating and taking their jobs out of L.A.

It is particularly valuable to the Chatsworth and Northridge areas of our District, one of the largest clean-industrial zones in the City.

We are proud to have over 1,000 companies employing tens of thousands of people, including 3M, ISET, Capstone Turbine, Nestle Food, and wide range of companies producing everything from vitamins to solar panels.

We must not be left behind as the overall economy begins to pick up steam and recover from the recession. A jobless recovery is no recovery – and most new jobs are created by small and local businesses. They are the backbone of our economy and it is crucial to our community as a whole to help them compete.

*Mitch Englander is Chief of Staff to Councilman Greig Smith*