

Fresno, Merced get tax breaks to spur more jobs

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Fresno

April 24, 2014

Fresno and Merced, along with Riverside, have been chosen for a new tax-incentives program designed to generate more jobs, Gov. Jerry Brown announced on Thursday.

"The state's economy is steadily improving and more than a million Californians are back to work after the massive mortgage meltdown," Brown said. "These tax credits will spur new jobs and help communities hardest hit by the recession."

The New Employment Credit is a hiring credit for businesses in California communities with the highest rates of unemployment and poverty.

Fresno Mayor Ashley Swearengin said the program is good news for the local economy.

"While the rest of California may be seeing the benefits of an improving economy, cities like Fresno are still struggling to deal with chronic unemployment," Swearengin said. "This announcement is an important indication that the governor is keenly aware of our struggles and recognizes that tax relief will create more job opportunity for Fresno's unemployed."

Areas in the city where the hiring credit could be applied are those adjoining freeways -- 99, 180 and 41 -- as well as near Fresno Yosemite International Airport, west Fresno and the southeast.

Assembly Member Jim Patterson (R-Fresno) said the tax reductions are a much-needed opportunity for employers.

"It is essential that we make our state a more competitive place to do business," Patterson said. "It is about time California takes seriously the lessons learned from other states like Texas, Florida and Ohio. I hope this is just the beginning of a growing effort by California to change the way we do business."

The credit is part of Brown's Economic Development Initiative that was passed in 2013. Under the legislation, the Governor's Office of Business and Economic Development (GO-Biz) will oversee the credit and may designate up to five pilot areas.

In selecting the first round of pilot areas, GO-Biz evaluated employment, poverty and wage data to identify areas of the state that would benefit the most from the expanded hiring credit.

The designation as a pilot area is effective immediately, applicable for four years and may be extended by GO-Biz for an additional three years.

Brown's Economic Development Initiative is funded by redirecting approximately \$750 million annually from the state's Enterprise Zone program, deemed by the governor to be outdated and ineffective. The initiative includes a statewide sales tax exemption on qualifying manufacturing equipment and research and development equipment purchases for biotech and manufacturing companies.

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