



March 4, 2008

TO: YUBA CITY - CITY COUNCIL

FROM: Mary A. Hansen, Zone Manager

SUBJECT: ADOPT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY  
IDENTIFYING AND APPROVING THE CENSUS TRACTS COMPRISING TARGETED  
EMPLOYMENT AREAS IN THE CITY OF YUBA CITY

Recommendation:

Adopt "Resolution of the City Council of the City of Yuba City Identifying and Approving the Census Tracts Comprising Targeted Employment Areas for the Yuba-Sutter Enterprise Zone."

Background:

Section 7072(l) of the Government Code defines "Targeted Employment Area" as an area within a city, county, or city and county that is composed solely of those census tracts that have at least 51 percent of its residents of low-or moderate-income levels." The purpose is to encourage businesses in an enterprise zone to hire eligible residents from these geographic areas. The incentive for these businesses is the availability of a tax credit for hiring residents who reside in a TEA.

Discussion:

The "old" zone designation had two census tracts that were eligible, one in Yuba County and one in Yuba City. Recent legislation, Assembly Bill 1550, requires that enterprise zones, which obtained a TEA prior to the availability of the 2000 U.S. Census, review and update their TEA boundaries. In addition, new zones are required to establish a TEA.

Sutter County and the cities of Live Oak and Yuba City, which includes the community of Sutter, have the opportunity based on the new legislation to establish **census tracts within Sutter County and the cities of Live Oak and Yuba City** to be designated a Targeted Employment Area. All census tracts are eligible with the exception of Tracts 504, 505.04, and 506.01. Yuba County and the cities of Marysville and Wheatland are establishing similar area in their jurisdictions. The resolutions to establish the Targeted Employment Areas are the first set of final documents for designation to be approved by each jurisdiction of the Yuba-Sutter Enterprise Zone. Attached is an overview of the tax credit that businesses located in the new zone will be able to receive based on their use of the zone program and the new Targeted Employment Area (referred to as the zone's TEA). The County of Yuba passed Resolution No. 2008-09 on January 22, 2008, establishing all census tracts in Yuba County as a Targeted Employment Area.

*As a result of this action, both new and existing businesses located in the Yuba-Sutter Enterprise Zone will automatically be eligible for a state tax credit if they hire an individual residing in the TEA. The new Targeted Employment Area will remain effective until the next formal census. A new area will necessarily need to be established at that time per new state law requirements.*

Fiscal Impact:

There are no costs associated with this agenda item that would impact the General Fund.

Attachments

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
YUBA CITY IDENTIFYING AND APPROVING THE CENSUS TRACTS  
COMPRISING TARGETED EMPLOYMENT AREAS FOR THE  
YUBA-SUTTER ENTERPRISE ZONE**

**WHEREAS**, the cities of Yuba City, Wheatland, Live Oak, Marysville, and the counties of Yuba and Sutter have each separately and jointly taken significant steps to coordinate their economic development efforts and to concentrate their respective resources in ways that would generate additional long-term employment in the private sector; and

**WHEREAS**, the cities of Yuba City and Marysville and the counties of Yuba and Sutter have worked cooperatively in marketing and managing the Yuba-Sutter Enterprise Zone over the past 20 years as a single labor market area without regard to jurisdictional boundaries; and

**WHEREAS**, on October 14, 2006, the Yuba-Sutter Enterprise Zone designation ended, and was replaced as of October 15, 2006, with a new conditionally approved 15-year zone designation, adding the cities of Wheatland and Live Oak as new partners; and

**WHEREAS**, Assembly Bill 1550 requires enterprise zones which obtained a Targeted Employment Area (TEA) prior to the availability of the 2000 U.S. Census data, review and update their TEA boundaries; and

**WHEREAS**, the previously approved TEA under the original zone will be replaced upon final designation of the Yuba-Sutter Enterprise Zone with a new TEA established through this resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Yuba City, as follows:

1. The following census tracts within the territorial jurisdictions of the City of Yuba City and/or the County of Sutter, having been determined to have at least 51 percent of its residents at

low- or moderate-income levels, are hereby identified as those census tracts which are in the most need of employment targeting pursuant to Government Code Section 7072(i):  
Census Tract Nos. 501.01, 501.02, 502.01, 502.02, 503.01, 503.02, 505.01, 505.03, 506.03, and 506.04.

2. A Targeted Employment Area composed of the above-specified census tracts and having the boundaries as shown on Exhibit A, attached hereto and incorporated herein, is hereby approved.

The foregoing resolution was introduced, passed, and adopted by the Council of the City of Yuba City, at a regular meeting thereof held on the \_\_\_\_ day of March, 2008:

AYES:

NOES:

ABSENT:

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Mayor

ATTEST:

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City Clerk

## ENTERPRISE ZONE HIRING TAX CREDIT

A business located in the Yuba-Sutter Enterprise Zone may reduce its state income tax by the amount of wages paid to one or more qualified employees. The business has the potential to earn \$37,440 or more in tax credits per qualifying employee over a five-year period. There is no residency requirement; however, at least 50 percent of the employee's work must be performed inside the enterprise zone boundaries.

### EXAMPLE:

On January 1, 2008, you hire an employee who is eligible or enrolled in a job training program or residing in a Targeted Employment Area (TEA). The employee works the entire year at your enterprise zone business as a full-time employee (2,080 hours) and is paid \$12.00 per hour. (A business can pay more or less than the cap which is currently \$12.00 per hour, but only receive the credit for the actual wages paid to a maximum of \$12.00 per hour; the maximum wages paid has no upper limit.) Your hiring credit would be calculated as follows:

<u>YEAR ONE</u> \$12.00 X 2,080 HOURS = \$24,960 X 50% =	<u>CREDIT</u> \$12,480
<u>YEAR TWO</u> \$12.00 x 2,080 HOURS = \$24,960 X 40% =	<u>CREDIT</u> \$9,984
<u>YEAR THREE</u> \$12.00 x 2,080 HOURS = \$24,960 X 30%	<u>CREDIT</u> \$7,488
<u>YEAR FOUR</u> \$12.00 X 2,080 HOURS = \$24,960 X 20%	<u>CREDIT</u> \$4,992
<u>YEAR FIVE</u> \$12.00 x 2,080 HOURS = \$24,960 X 10%	<u>CREDIT</u> \$2,496

**TOTAL VALUE OF HIRING CREDIT \$37,440**

NOTE: Minimum wage increased to \$8.00 as of January 1, 2008;  
\$12.00 is the credit cap value (1.5 x min. wage)

