



## Make all of California an Enterprise Zone

By George Runner

The budget recently proposed by Governor Jerry Brown contains difficult, but much-needed spending cuts. It more or less seeks to balance revenues with expenses—a challenging task for a state confronting a \$25.4 billion budget gap.

That being said, Brown's budget is foolish. Why? Because it does nothing to improve California's dismal jobs climate. Instead it would make California even less competitive in the battle for jobs.

For six straight years, California has ranked dead last in an annual survey asking CEOs which state is the best for business. A growing number of businesses are fleeing the state or choosing to expand elsewhere. It should come as no surprise that California's double digit unemployment rate continues to be among the worst in the nation. We are losing the battle for jobs.

As jobs go, so go state revenues. But most policymakers and academics in Sacramento don't seem to understand that in order to have revenues, we need a healthy, vibrant economy that creates well-paying jobs for Californians. Tax hikes only serve to worsen California's long-term budget woes. Voters instinctively understand this, which is why they've rejected every proposed tax increase on the state's ballot since 2004.

As the newest elected member of the Board of Equalization, a state entity that collects more than \$48 billion annually in taxes and fees and handles tax appeals relating to enterprise zones, among other matters, I'm particularly concerned about the Governor's proposal to eliminate enterprise zones.

Enterprise zones are one of California's only remaining public policy measures specifically aimed at attracting and retaining jobs. These zones—there are currently 42 statewide—target economically distressed areas of the state with special state and local incentives to encourage business investment and promote the creation of new jobs. Since 1984 these tax incentives have been attracting new investment and allowing private sector market forces to revive local economies and create jobs.

It makes no sense to eliminate these vital economic development zones—we should be expanding them instead. Better yet, we should make all of California an enterprise zone. After all, the entire state is now economically distressed.

Making the whole state an enterprise zone would boost California's economic competitiveness, which has languished in recent years as a result of ever mounting

regulations, taxes and fees. It's a tough sell to attract employers when the only thing good about our climate is the weather.

A statewide zone would also do much to silence the critics who view job creation as a zero sum game; these folks think any job created by an enterprise zone is a job stolen from elsewhere in the state.

They're wrong, but let's remove all doubt. Let's enact a budget that makes all of California competitive. Then let's steal some jobs back from Texas. If the Governor wants bipartisanship, this is a cause that should unite Republicans, Democrats and anyone else who claims to care about the more than two million Californians who need a job.

Budgets reflect priorities. California's greatest need right now is for private sector jobs. Our future will be bright as soon as the Governor and Legislature make it their priority to attract those jobs rather than drive them away.

*Elected in November 2010, taxpayer advocate Senator George Runner represents the Second District of the Board of Equalization. Prior to his election to the Board, Runner served twelve years in the State Legislature. As a thoughtful conservative, his legislative priorities included improving the economy, business growth, education excellence, and public safety for all Californians. As a member of the Senate Revenue and Taxation Committee, Runner consistently led the fight against tax increases and supported tax relief for families and businesses. For more information, visit [www.boe.ca.gov/Runner](http://www.boe.ca.gov/Runner).*