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California Association for Local Economic Development

January 24, 2019

The Honorable Jim Beall
California State Senate
State Capitol, Room 2082
Sacramento, California 94249

RE: Support Senate Bill 128 (Beall)

Dear Senator Beall:

I am writing on behalf of the California Association for Local Economic Development (CALED) to express our support and sponsorship for your bill, Senate Bill 128, which removes the vote requirement for issuing Enhanced Infrastructure Financing District (EIFD) bonds. Thank you for introducing this important legislation to help California communities with their economic development efforts.

EIFDs are an important economic development finance tool since their structure and use allow jurisdictions to move economic development projects forward that would otherwise remain inactive due to the loss of redevelopment. EIFDs provide local governments a way to finance needed projects with tax increment financing (TIF).

Currently, EIFDs require a 55% vote approval to issue bonds. The vote requirement is burdensome for implementing the key purpose of EIFDs—issuing bonds for infrastructure projects. It adds an element of uncertainty that makes it difficult for communities to commit to forming an EIFD.

We feel strongly that it is necessary to eliminate the vote requirement to issue bonds so that EIFDs mirror other TIF tools such as Community Revitalization and Investment Authorities (CRIAs), which do not require a vote for bond issuance. Moreover, the property taxes allocated to EIFDs are not new taxes or special assessments, and therefore not subject Proposition 13 voting requirements for issuing bonds. Public oversight and transparency are built into the EIFD process.

SB 128 streamlines the EIFD tool, making it a more practical and attractive tool for economic growth. With over 750 members practicing economic development in California, CALED is the voice for the profession, and we are invested in keeping California competitive nationally and globally. CALED thanks you for your leadership in introducing SB 128. Please feel free to contact me if you have any questions.

Sincerely,

Gurbax Sahota
President & CEO