

February 3, 2009

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For immediate release

## **Record Year for Enterprise Zone Hiring Credits Shows Long Beach is One of the Most Business Friendly Cities in Southern California**

Demonstrating its strength as one of Southern California's most business friendly cities, the City of Long Beach Enterprise Zone (EZ) issued a record 5,850 hiring tax credits with a potential one-year value of \$78 million to local businesses in 2008.

The extensive use of Enterprise Zone hiring credits is a powerful tool for recruiting manufacturing and other targeted industries to the City. Businesses within the zone are eligible for tax and investment incentives that can promote economic growth and generate new jobs.

"Businesses understand that the tax credits go right to the bottom line, and in difficult economic times, the EZ program provides powerful incentives that offer significant dollar and cent value," said Robert Swayze, Manager of Economic Development and Cultural Affairs for the City. "I strongly encourage business to explore EZ tax credits that could reduce their future labor and capital investment costs, especially during this recession."

In addition to hiring credits, Enterprise Zones also provide certain business expense deductions; tax credits on the cost of qualified equipment or parts; and reductions in the amount of taxable income generated within the Enterprise Zone for 15 years. Furthermore, lenders may deduct net interest earned on loans to Enterprise Zone businesses, and Enterprise Zone companies can earn preference points on State contracts.

According to Craig Johnson, project manager for the Long Beach EZ effort, every hiring voucher results in a potential five-year tax credit up to \$37,000. "A firm can take up to 50 percent in the first year – and can carry those tax credits forward indefinitely."

The number of hiring credit vouchers issued in 2008 exceeds the previous best year by over 1,500, a 34 percent increase. Swayze credits the increase to effective marketing and the expansion of the zone in 2007.

"We are marketing this program through each City Council office and with all our partners, including the Chamber of Commerce, the Business Improvement

Districts and neighborhood organizations,” said Johnson. “Our goal is to keep increasing the number of Long Beach businesses that take advantage of the program and use the program to attract new firms to our low-tax City.”

Possible storm clouds for the program do exist, according to Swayze. “In the closing days of the last session, the legislature reduced some of the EZ tax credits, and there are proposals to cut back on the program even further,” said Swayze. “The timing could not be worse; in a very difficult economic environment, the last thing you want to do is reduce the benefits for the best economic development program the state offers.”

Blake Christian, Chairman of the Long Beach Chamber of Commerce, agrees. “With California having some of the highest personal and business tax rates in the country, our state legislators must recognize that over 40 other states have various tax incentive programs and the California EZ program must be retained and promoted to retain jobs in California. The EZ program is very, very important to businesses in California – and particularly here in Long Beach. The fact that the City issued a record number of hiring credits last year shows its growing popularity and impact.”

For more information on the Long Beach Enterprise Zone, contact Craig Johnson [craig\\_Johnson@longbeach.gov](mailto:craig_Johnson@longbeach.gov) or at 562.570.3842.

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