

# Ordinance Fact Sheet

**TO:** CITY COUNCIL

**DATE:** December 15, 2014

**FROM:** CITY ATTORNEY

**SUBJECT: AN ORDINANCE OF THE CITY OF PASADENA AMENDING PASADENA MUNICIPAL CODE TITLE 4, CHAPTER 4.19 AND TITLE 8, CHAPTER 8.16, TO REMOVE PROVISIONS ALLOWING FINANCIAL INCENTIVES FOR SPECIFIC TYPES OF BUSINESSES WITHIN THE PASADENA LOCAL DEVELOPMENT AREA AND REPEALING A SERIES OF UNCODIFIED ORDINANCES ALL REGARDING FINANCIAL INCENTIVES FOR THE PASADENA ENTERPRISE ZONE AND THE PASADENA LOCAL DEVELOPMENT AREA.**

## **TITLE OF PROPOSED ORDINANCE**

**AN ORDINANCE OF THE CITY OF PASADENA AMENDING CHAPTER 4.19 AND CHAPTER 8.16 OF THE PASADENA MUNICIPAL CODE TO REMOVE PROVISIONS ALLOWING FINANCIAL INCENTIVES FOR SPECIFIC TYPES OF BUSINESSES WITHIN THE PASADENA LOCAL DEVELOPMENT AREA AND REPEALING THOSE UNCODIFIED ORDINANCES NUMBERED 6131, 6140, 6312, 6588, 6883, 7098, AND 7236, ALL REGARDING FINANCIAL INCENTIVES FOR THE PASADENA ENTERPRISE ZONE AND THE PASADENA LOCAL DEVELOPMENT AREA**

## **PURPOSE OF ORDINANCE**

At its meeting of October 20, 2014, the City Council directed the City Attorney's Office to prepare this Ordinance. This Ordinance is required to update the Municipal Code to remove provisions that depended on the State Enterprise Zone Program's existence for funding and to repeal financial incentives formerly offered to certain businesses through the Enterprise Zone Program.

## **REASON WHY LEGISLATION IS NEEDED**

The Enterprise Zone Program generated revenue through fees the City was able to charge for administering part of the State program. This revenue partially offset the cost of providing the

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local incentives that were continued after the State Program ended. After December 31, 2014, this revenue will be eliminated as part of the State's discontinuation of the program leaving the City without a revenue source to continue the local incentives or a formal State Enterprise Zone Boundary to reference.

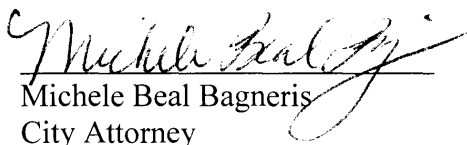
**PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED**

The State's Enterprise Zone Program utilized state tax credits along with City provided local incentives to encourage private investment in disadvantaged areas. For those enterprises that were able to take advantage of the Enterprise Zone Program, loss of the Program incentives will return business license fees, entitlement fees, and many of the City fees associated with building permits to standard City-wide rates.

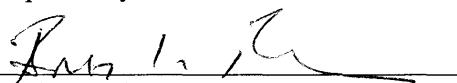
**FISCAL IMPACT**

The City's inability to collect Enterprise Zone administration revenue after December 31, 2014, will result in a loss of approximately \$218,000 annually (based on a six year average). Continuation of the local incentives after December 31, 2014, would result in an estimated cost of \$530,000 annually to the City's General Fund. Adoption of this ordinance and discontinuation of these local incentives reduces this cost to zero.

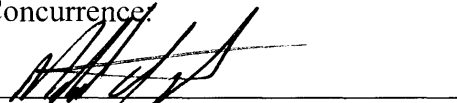
Respectfully submitted,

  
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Concurrence:

  
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Enterprise Zone Repeal Ordinance fact sheet