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GARY TOEBBEN  
Los Angeles Area Chamber of Commerce

JIM WUNDERMAN  
Bay Area Council

April 4, 2013

The Honorable Chris Holden  
California State Assembly  
State Capitol, Room 5119  
Sacramento, CA 95814

**RE: AB 294 (Holden) – SUPPORT**

Dear Assemblymember Holden:

On behalf of the Regional Economic Association Leaders of California (R.E.A.L.)—an association of 21 of California's most influential business and economic development associations, representing more than 11,000 employers providing more than three million jobs across the state—we want to express our strong support for Assembly Bill (AB) 294 (Holden), which is a measure that would leverage the Educational Revenue Augmentation Fund (ERAF) portion of tax increment generated within infrastructure financing districts to increase the bonding capacity within those districts, allowing them to finance even more critical infrastructure development and realize even greater job gains. This is especially important for local communities, providing them with a much-needed tool, as they struggle greatly with the demise of Redevelopment Agencies (RDA) to find legitimate and effective vehicles to spur job creation, reduce blight, and invigorate neighborhoods.

As you know, Infrastructure Financing Districts (IFDs) provide an opportunity for local governments to fund public infrastructure (such as highways, transit facilities, and libraries) by using bond proceeds that are repaid through property tax increment. While IFDs have been authorized in statute since 1990, overly complex and onerous barriers (such as the requirement of two-thirds voter approval for both the creation of the IFD and issuance of bonds associated with it) have prevented its full utilization. Though several efforts have been made to apply IFDs to specific local areas—such as San Francisco with AB 1199 (Ammiano) in 2010 and San Diego with SB 207 (Peace) in 1999—only a handful of projects have been delivered using this broader statutory authority in over 20 years. This is why we also strongly support SB 33 (Wolk) to remove some of the most onerous barriers associated with the creation of and issuance of bonds tied to IFDs, as a way to activate their improved use and to accelerate our state's jobs recovery.

We see AB 294 as a complementary effort to IFD law reform bills like SB 33 that can really increase the value and usefulness of a district for economic development purposes. Specifically, AB 294 does the following to add more financing power and bonding capacity to IFDs, while providing for additional layers of accountability:

- Authorizes IFDs—whether in their current statute or improved through efforts like SB 33—to utilize the ERAF portion of incremental tax revenue, after certain conditions have been met.<sup>1</sup>
- Provides that if an IFD wants to utilize the ERAF portion of tax increment that they include this intention in their statutorily required financing plan, obtain an economic analysis, and submit this economic analysis for approval to the California Infrastructure and Economic Development Bank (I-Bank). In order to receive I-Bank approval, the economic analysis must show that there is a “reasonable probability” that the development would result in a net increase to the state’s General Fund (i.e., a net value that is greater than the amount of ERAF diversion).
- Allows for IFDs to finance brownfield cleanup that promotes infill development.

With the elimination of RDA, local governments are in critical need of additional tools—like IFDs and this additional ERAF source to bring much-needed infrastructure development and jobs to our regions and throughout the State of California. And so, we want to thank you for your leadership on this and other economic development efforts, and we want to offer our formal support for AB 294—a bill we see as critical to strengthening our economy and providing local governments with needed tools to support California communities after redevelopment’s demise.

Sincerely,



Lucy Dunn  
President & CEO  
Orange County Business Council



Carl Guardino  
President and CEO  
Silicon Valley Leadership Group



Ron Addington  
President & CEO  
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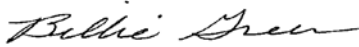
<sup>1</sup> Note: this does not reduce funding for schools but rather shifts the responsibility for funding the ERAF portion of education payments from local governments to the state where approved (meaning the state is obligated to meet its Prop 98 education funding obligations regardless).



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President & CEO  
Long Beach Area Chamber of Commerce



Paul Granillo  
President & CEO  
Inland Empire Economic Partnership



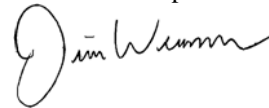
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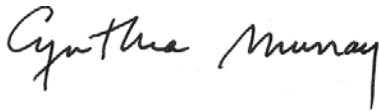
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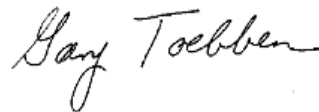
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