



April 10, 2006

CALIFORNIA

Governor Announces 577,000 New Jobs Created Since November 2003

Governor Arnold Schwarzenegger (R) kicked off a weeklong statewide push to highlight accomplishments made during his Administration in strengthening California's economy and creating jobs for Californians.

Prior to the Governor taking office, California's employment slipped by over 360,000 from January 2001 to July 2003 despite adding almost one million residents. California's unemployment rate grew by almost 50 percent during this period. Since the Governor took office in November 2003, California has added 577,000 jobs and the unemployment rate has dropped from 6.8 percent to 5 percent.

Governor's Executive Order to Aid Small Business

As part of his overall strategy to bolster support for small businesses, Governor Schwarzenegger also launched the California Business Portal (www.calbusiness.ca.gov), a website aimed at helping entrepreneurs start small businesses in California.

The California Business Portal is sponsored by the California Economic Development Partnership, comprised of the Labor & Workforce Development Agency, the Business, Transportation & Housing Agency, and the California Department of Food and Agriculture. The Partnership is an inter-agency collaborative initiative in Governor Schwarzenegger's Administration, which brings together state resources and investments for economic development and job creation.

SB 1414 Vote Delayed

The California Business Properties Association (CBPA) is opposing state legislation that places a new health care mandate on large employers as part of a nationwide effort by organized labor to increase costs of non-union employers. Statewide business organizations participated in a press conference with the California Chamber of Commerce to express opposition to SB 1414, sponsored by Senator Carole Migden (D-San Francisco).

SB 1414 requires companies with more than 10,000 employees in California to spend the equivalent of eight percent of their total payroll on health care or pay the equivalent amount to Medi-Cal. The bill was heard by the Senate Health Committee, however, a vote on the measure was delayed.

PPIC Poll Shows Strong Support for Infrastructure Bond

According to a recent poll by the Public Policy Institute of California (PPIC), Californians approve of the major infrastructure measures that state leaders recently proposed. According to the poll, Californians overwhelmingly support Governor Schwarzenegger's plan to restore and expand the state's deteriorating infrastructure by spending \$222 billion over 10 years – and public approval is as high today as it was when he announced the plan in January. There is also strong majority support for the governor's proposal to issue \$70 billion in state bonds, as part of his larger infrastructure package. Approval for both plans crosses all party and regional lines.

Request to De-Publish Favorable Prevailing Wage Decision Denied

The California Supreme Court has denied a request to de-publish a California Appellate Court Ruling which clarified that certain types of public contributions do not make a development project a "public work" – thus triggering the need to pay prevailing wages for the entire project.

At issue in *Greystone Homes, Inc. v. Cake*, 37 Cal. Rptr. 3d 183 (2005), was whether a 134-unit housing development project constituted a "public work," and thus required the payment of prevailing wages. The Court of Appeal held that because the Agency's three contributions of public funds were not for costs associated with "construction, alteration, demolition, or repair work," the project was not a "public work." As for the conveyance of the parcel of land, this was for the land upon which the homes were built. It was not a payment for actual construction costs. As for the Traffic Impact Mitigation Fee, this was intended to cover costs arising as a result of the construction (heavier traffic), not for actual construction itself. Lastly, the reimbursement amounts were expressly earmarked as being for the developer's land acquisition costs - not actual construction costs.

COLORADO

Indemnification Legislation Moves Forward

HB 1077, sponsored by Representative Michael Garcia (D) and Senator Jennifer Veiga (D), which is a compromise bill eliminating broad form indemnification but maintaining the right of general contractors to use intermediate indemnification, passed the final vote in the Senate is on its way to Governor Bill Owens (R).

HB 1148, sponsored by Representative Valentin Vigil (D) and Senator Abel Tapia (D), which eliminates all forms of indemnification, is headed that direction as well, as the House agreed to amendments made in the Senate.

With both bills before Gov. Owens, it is yet to be seen what will happen next. Last year, the Governor vetoed a bill with language almost identical to HB 1148, and it is highly possible the legislation will meet the same fate this year. ICSC will be asking the Governor for a veto on HB 1148. With the development industry supporting HB 1077, it is more likely to become law. However, the Governor's stated reasoning behind last year's veto involves the right to contract, an argument that can be made against HB 1077 as well.

Eminent Domain Legislation Passes Committee

House Concurrent Resolution 1001, introduced by Representative Al White (R) addressing the taking of private property, has become the frontrunner in the battle to serve as legislative vehicle for eminent domain in Colorado. The resolution, which would not allow private property to be taken strictly for economic development purposes, passed the House State, Veterans and Military Affairs committee and is waiting to be heard on the House floor.

Representative White has made it known that there is an identical citizen ballot initiative ready to go if his legislation fails or does not pass in a form acceptable to him.

MASSACHUSETTS

assistance they need to comply with the waste bans," said MassDEP Commissioner Robert W. Gollidge, Jr. "But we are also prepared to take enforcement action if we find evidence of widespread or willful violations."

The agency wants to hold all parties equally accountable for complying with the waste bans, because throwing recyclables away puts a strain on the state's already limited waste disposal capacity and also hurts manufacturers that rely on recycled feedstock. Diverting material from trash dumpsters to recycling bins also saves businesses money in most cases, Gollidge said.

For additional information about the Massachusetts waste disposal bans, see the MassDEP Web site (www.mass.gov/dep/recycle/solid/regs0201.htm) or contact the agency's commercial waste reduction hotline at 617-348-4002.

NEW YORK

2006-07 Budget Enacted

The legislature enacted an on-time state budget this month, making the 2006-07 budget the second on-time budget in a row, ending a streak of 20 years of late budgets in the state.

In addition to Governor George Pataki's (R) original budget proposal of \$110.6 billion, the legislature has added a significant amount of funds, restoring many cuts to health care and education, making the final budget total nearly \$115 billion.

The extra funds have been allocated for economic development purposes, including a "photovoltaic technology center," a convention center for Albany and various research and development projects around the state.

Furthermore, after several years of extenders, the legislature finally agreed to make permanent the sales tax exemption on clothing and footwear costing \$110 or less. Beginning this month, the state will eliminate the 4 percent statewide sales tax on applicable purchases. Up until now New York shoppers could enjoy this tax exemption during two "tax holiday" weeks in September and January. Overall, the exemption has been celebrated by retailers, despite worries that some smaller retailers will not be ready for the change relative to programming and coding of merchandise.

OHIO

Eminent Domain Panel Issues Initial Report

A task force reviewing use of eminent domain for private economic development recommended on April 3 in an initial 28-page report that the General Assembly consider creating a statewide standard of blight for such projects. The 24-member panel said legislators also should weigh making use of eminent domain for economic development or urban renewal subject to a minimum standard of that blight definition in the area to be redeveloped.

The report acknowledged it is unlikely that members would reach unanimous conclusions regarding the application of eminent domain, given the diverse views of individuals who serve. The panel said a major difference of opinion exists among members over the definition of blight, whether a percentage of blight should be defined at all, and if so, where to set the percentage.

"While a majority of Task Force members do believe that it is the best policy to restrict the use of eminent domain for economic development purposes to some standard of blight, there is a clear difference among members as to whether the current definition is adequate," the report said.

The final report to the legislature is due by August of this year.

TEXAS

Governor Calls Special Session

Governor Rick Perry (R) announced March 17 that he will call the legislature into a special session scheduled to begin April 17. As it stands, the legislature is only set to address property tax issues and education reforms.

In a press release March 21, the Governor stated that it was necessary for Texas to have a tax system that treated all businesses fairly. He also said that the property tax issue is number one on his agenda for this special session but, "If the speaker and lieutenant governor can bring me a school reform bill that both chambers agree on, I will gladly add it to the call once the tax issue is resolved."

UPCOMING MEETINGS

Alliance Programs

- Southern Virginia Alliance Luncheon Blacksburg, VA April 19
- Texas Alliance Program Irving, TX April 26
- West Tennessee Alliance Program & Luncheon Jackson, TN April 27
- Southern Division Alliance Program Louisville, KY September 5 - 6
- Northern California Alliance Program San Ramon, CA September 13
- Connecticut Alliance Program Rocky Hill, CT November 2

University of Shopping Centers

The School of Economic Development had record attendance at last month's University of Shopping Centers. The 2007 session will be Monday, March 5 through Wednesday, March 7 on the campus of The Wharton School of the University of Pennsylvania. The Preliminary Program will be mailed to ICSC members in mid-June. In 2007, ICSC will begin its 11th school of study: the School of Mixed-Use Development.

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