



**LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION**

September 3, 2009

The Honorable Sam Blakeslee  
State Capitol  
PO Box 942849  
Sacramento, CA 94249

**Re: Assembly Bill 1111 – Support**

Dear Assemblyman Blakeslee:

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), an organization dedicated to promoting job growth, economic expansion, and preserving the overall global competitiveness of Los Angeles County, I am writing to express our support for Assembly Bill 1111 (“AB 1111”), which modifies provisions related to the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) mission by including as a project eligible for exclusion from the Sales and Use Tax Law, machinery or equipment that is utilized for the design, technology transfer, manufacture, production, assembly, distribution, or service of an alternative source component.\*

Under CAEATFA’s authorizing statute, CAEATFA has expansive authority to provide financial assistance for renewable energy projects that reduce air pollution and stimulate economic growth and job creation. This authority includes developing a program that applies sales and use tax exemptions (STE) to a broad category of energy efficiency, alternative energy projects and manufacturing and distributed generation projects.

At the LAEDC, we believe that California’s efforts to reduce greenhouse gas (GHG) emissions do not have to mean making a choice between a healthy environment *or* economic growth. Rather – with real incentives such as expansion of the STE program – measures to reduce GHG emissions may present us with a great opportunity to create a clean, healthy environment *and* generate new wealth and jobs throughout the state, which is particularly important during what is widely considered the worst economic downturn in over six decades. We believe AB 1111 represents an extremely important step to ensure that environmental sustainability and economic opportunity are, in fact, compatible state goals.

In short, we believe AB 1111 would help facilitate the following:

- Ensure that more of the money used to meet renewable energy, GHG emission, and climate change goals is kept within state lines where it can facilitate the continued development of our nascent clean tech sector into a leading global export industry;
- Catalyze the state’s clean technology sector by providing sales tax relief (and thus cutting the cost of doing business) for those alternative energy companies negatively impacted by the current economic situation and the decreased capital financing options brought on by such;
- Encourage the purchase of machinery and equipment by a diverse set of key job-generating manufacturing and installation projects throughout the state of California;

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\* For example, the use of solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, or any other source of energy, the efficient use of which will reduce the use of fossil and nuclear fuels.

- Help California's clean technology manufacturers remain competitive with out-of-state and foreign firms and thus serve as a valuable tool to retain and grow high-value, middle class manufacturing jobs in the state; and
- Help California achieve its renewable energy, climate change and long-term emission reduction goals.

First and foremost, the state needs to create jobs. With the state's unemployment rate continuing to rise, hitting 11.9 percent in July – its highest level on-record, now – more than ever – we must make sustainable economic growth and job creation our highest priorities. We have all witnessed first-hand the severe impacts of California's worsening economy. With an increasing number of businesses closing their doors and more workers losing their jobs, we have seen a precipitous decline in state revenues which has led to steep and abrupt cuts in everything from health care and education to prisons and infrastructure investment.

With this as our backdrop, the question remains: what is the state doing to grow our economic pie by attracting, retaining and growing jobs and businesses in California? With some of the highest business taxes, an overly burdensome regulatory environment, and one of the highest costs of doing business anywhere on the planet, California is fast becoming less known for being the center of creativity, innovation and entrepreneurship, but for having an exceptionally inhospitable climate for businesses. In fact, a recent article in the *Economist* described California's devolving economic situation best by stating: "high taxes, coupled with intrusive regulation of business and greenery taken to silly extremes, have gradually strangled what was once America's most dynamic state economy."

We believe that programs like the STE incentive program proposed by AB 1111 are absolutely necessary to combat California's "business unfriendly" reputation – whether perceived or real. By ensuring that the money and know-how required to achieve fast-approaching and aggressive environmental regulations can also serve to capitalize and unleash the entrepreneurial power of our state's private sector to develop innovative technologies, we believe the state can also help create thousands of new jobs in California's clean tech sector. To do so, however, the state must make it a legitimate *policy* priority to encourage the attraction and growth of clean technology companies. We believe that AB 1111 is an important first-step to doing so. For all the above reasons, the LAEDC supports AB 1111.

We look forward to working with your office, other members of the State legislature, the Governor and CAEFTA to ensure that important economic development incentive programs such as proposed by AB 1111, which help facilitate economic growth and job creation, continue to be considered, adopted and implemented in a way where they can create jobs, strengthen the state's economy, and preserve our overall quality of life.

Sincerely,



William C. Allen  
President & CEO  
LAEDC

cc: Governor Arnold Schwarzenegger  
California Business, Transportation and Housing Secretary Dale Bonner  
Members of the Assembly Appropriations Committee