



ALLIANCE

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July 27, 2009

Presiding Judge Jack M. Jacobson
Superior Court-Stanislaus County
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Judge Jacobson,

On June 30, 2009 I received the final report from the Civil Grand Jury related to the Stanislaus Economic Development and Workforce Alliance (the Alliance).

While there were no findings identified against the Alliance, there were nevertheless "recommendations" suggested by the Grand Jury and I will attempt to respond to them.

Recommendation 1

"The Civil Grand Jury recommends that the Alliance fully educate business to avoid sources of conflict regarding qualification for this tax credit."

Response to Recommendation 1

Since the inception of the Stanislaus County Enterprise Zone (Zone 40) in November 2005, the Alliance has conducted in the neighborhood of 60 information sessions throughout the county for businesses, attorneys, accountants, and bankers to obtain information about the use of Enterprise Zone tax credits. These sessions were widely promoted and advertised and hundreds of companies and individuals attended. At each session detailed information was provided about eligibility for the zone, the process to apply for tax credits and company responsibility for documentation of data submitted in support of the voucher requests. The Alliance, as the appointed administrator of Zone 40 is obligated to continue to aggressively market the benefits of the zone to businesses in Stanislaus County for the remaining period of time that the zone is in effect.

Recommendation 2

"The Civil Grand Jury recommends that businesses seek the advice of tax counsel when considering these tax credits."

Response to Recommendation 2

While the Alliance certainly has no control over individual businesses and how they manage their fiscal matters, since November 2005, attendees at our information sessions and companies that contact the Alliance individually for information about enterprise zone tax credits are informed that the California Franchise Tax Board has the final approval for issuing tax credits and the companies are advised each and every time to obtain direction and guidance from their tax consultants before submitting vouchers for credit.

Recommendation 3

“The Civil Grand Jury recommends that the two involved state agencies, Housing and Community Development and the Franchise Tax Board, work together to develop definitive criteria regarding the qualification of employers for these tax credits.”

Response to Recommendation 3

The Alliance has no ability to influence the workings or policy of state agencies and has learned first hand that these two agencies do not react to suggestions that conflict or attempt to alter existing law.

Sincerely,



Bill Bassitt CEO