

TO CAPITOL 47

SACRAMENTO, CA TO WASHINGTON D.C.

ECONOMIC DEVELOPMENT TEAM EXECUTIVE SUMMARY

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REGULATORY REVIEW, REFORM AND ROLLBACK

Requested Action: Review, reform, and rollback regulatory overreach in the areas of air quality, flood control, food and agriculture, land use and natural resources, transportation and water resources to better allow the California's Capital Region's economy to further develop.

Summary of Background: Whether it is creating jobs and ensuring employers have the workforce to fill those jobs, or building and maintaining the infrastructure that keeps people safe and allows business to deliver goods and services, or developing civic amenities for people to enjoy, federal regulation can be a major impediment to economic development. Although many regulations are important to ensure the safety and security of our region, many regulations are overly broad and leave too much to the discretion of regulators who do not recognize the effect of their decisions and the circumstances of different regions.

MAINTAINING FEDERAL TAX EXEMPTION FOR MUNICIPAL BONDS

Requested Action: Support the continued use of tax-exempt municipal bonds to finance local and regional infrastructure projects. Oppose any effort to tax the interest paid on municipal bonds and, as a result, impede infrastructure investments by increasing the cost of financing those investments.

Summary of Background: Municipal bonds are an important and efficient financing tool for infrastructure projects. Investors purchase these bonds because they offer an advantage; interest from municipal bonds is exempt from the federal income tax. To change that tax treatment would significantly chill the market for these bonds, making all municipal bonds, and therefore all infrastructure projects, more costly.

SUPPORTING EXPORTERS THROUGH IMPROVED U.S. TRADE NEGOTIATIONS

Requested Action: Support trade agreements that enhance Capital Region export opportunities, strengthen rules against mercantilist activities, and reduce the U.S. trade deficit. Leverage the high quality of California business standards – enabling reforms to emerging markets that sustain consumer protections, lower costs and improve access to goods and services.

Summary of Background: California’s Capital Region strongly supports continued negotiations with Asian, American, and European markets, with the possibility of newly negotiated trade deals (bilateral or otherwise), to support U.S. company trade goals while protecting the U.S. against the potential downsides of such agreements; losing out to locations with cheaper labor and materials, reduced quality, and extended supply chains. The opportunity to restart trade negotiations allows the U.S. to revisit concerns that we have over international trade practices. We look to improve the position of our business community in the global market.

ACCESS TO CAPITAL FOR ENTREPRENEURS

Requested Action: Support incentives for U.S. corporations to repatriate overseas profits for reinvestment in the U.S., and support the renewal of the EB-5 visa program to encourage foreign direct investment in small, job-creating companies.

Summary of Background: Small, entrepreneurial firms are key to job growth. From 1980 to 2005, firms less than five years old accounted for ALL net job growth in the U.S. This has continued since the recession in 2008, when the Small Business Administration estimates that seven million of the 11 million jobs created during the recovery from the recession until 2015 were generated by startups and small enterprises. Small enterprises and startup companies need capital to grow. It is important that Congress agree to support efforts to encourage corporations to repatriate money, giving enterprises and startups greater access to capital. Further, foreign investment, including through the EB-5 program, allows small enterprises and startups to access additional capital that may otherwise not be available. It also allows foreign investors the ability to gain permanent residency in the United States and eventually become long-term sources of capital in needy regions.