



California Association for Local Economic Development

May 10, 2018

The Honorable Senator Jean Fuller
Vice Chair, Senate Business, Professions And Economic Development Committee
State Capitol, Room 4048
Sacramento, CA, 95814

RE: Support AB 1547

Dear Senator Fuller,

The California Association for Local Economic Development (CALED) is in strong support of AB 1547. This is a bill aimed at helping California businesses by making several changes for economic development financing programs operated by the State Treasurer's Office. One of those changes is to eliminate the California Industrial Development Financing Advisory Commission (CIDFAC).

Currently, CIDFAC creates a barrier that disincentives small manufacturers to expand in California. This is contrary to California's message that we want to encourage manufacturers to invest and grow here. Local issuers have expressed that CIDFAC is problematic because it requires manufacturers to be subjected to a duplicative review process and adds a .25% fee to the principal amount of bonds issued (e.g. a \$10 million issued bond incurs a \$25,000 fee). This ultimately reduces manufacturers' interest in Industrial Development Bonds (IDBs).

The elimination of CIDFAC creates streamlined access to capital, via IDBs, for California manufacturers to expand. This change makes the process more efficient for manufacturers to apply for IDBs. It also significantly reduces the fees associated with the process, while ensuring projects still meet a public benefit requirement. We applaud California Treasurer John Chiang and Assemblymember Sharon Quirk-Silva for addressing and championing this issue. By making the IDB program more accessible to manufacturers, it helps them finance land, equipment and buildings at a lower cost – often making it possible for manufacturers to create permanent homes for their businesses in California. Finally, better access to financing can encourage growth & revitalization of manufacturing in California.

With over 800 members practicing economic development in California, CALED is the voice for the profession and is invested in keeping California competitive nationally and globally. CALED urges you to support AB 1547.

Sincerely,

Gurbax Sahota
President & CEO

The California Association for Local Economic Development (CALED) is the premier statewide professional economic development organization dedicated to advancing its members' ability to achieve excellence in delivering economic development services to their communities and business clients.