

# **A REVIEW OF CALIFORNIA'S NEW FINANCIAL INCENTIVES REPLACING THE ENTERPRISE ZONES PROGRAM**

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## **ABSTRACT**

California Enterprise Zones (EZ), also known as Empowerment Communities (EC) programs, were designed to encourage economic and social development in designated poor areas by offering entrepreneurs and other investors tax breaks and other financial incentives and less government regulations if they start a new business in those areas. It was hoped that these financial incentives would increase the chances that those businesses would be successful and profitable, therefore, creating new employment opportunities and improved living conditions, not only for area residents but also to those living in neighboring communities. However, these programs were under attack due to their high cost, an estimated \$750 million a year to the state in lost tax revenues. This paper will review California new financial incentives designed to replace the Enterprise Zones program to take effect on January 1, 2014.