

# FEDERAL ENTERPRISE ZONE PROPOSALS: INCENTIVES TO REVIVE OUR DECAYING INNER CITIES

The enterprise zone concept represents a new urban policy based upon tax incentives rather than federal funds. The primary objective of this concept is to promote business and thereby stop the social decay of our urban centers. To achieve this objective, enterprise zone legislation contains a package of incentives premised upon simplicity.

The chief components of this package are tax incentives for employers to establish businesses and create jobs in the enterprise zone area. These incentives also encourage unemployed individuals to accept jobs and increase their work effort. In sum, these incentives reduce the risk involved in starting up a business in the inner city.

The enterprise zone concept is a bold departure from past solutions to our inner city problems. The zone concept requires no new federal bureaucracies nor the appropriation of federal dollars. Instead, the zone concept relies upon the ingenuity of private entrepreneurs willing to risk their own money on the recovery of inner cities. Dr. Stuart Butler<sup>1</sup> most aptly defines the enterprise zone concept as “a geographic area with specified boundaries that would offer special government (central and local) incentives to owners of land and capital stock in the zone, with the aim of stimulating private investment in the zone.”<sup>2</sup> A comparative definition elaborates that “the enterprise zone concept is based on utilizing the market to solve urban problems, relying primarily on private sector institutions. The idea is to create a productive free market environment in economically depressed areas by reducing taxes, regulations and other government burdens on economic activity. The removal of these burdens will create and expand economic opportunity within the zone areas, allowing private sector firms and entrepreneurs to create jobs—particularly for disadvantaged workers—and expand economic activity.”<sup>3</sup> In theory, the American enterprise zone concept creates an open market where economic activity can flourish.

## A BRIEF HISTORY OF ENTERPRISE ZONES

The concept of enterprise zones originated in England in the late 1970's.<sup>4</sup> Professor Peter Hall, after viewing the entrepreneurial activity

1. Dr. Butler, former Executive Secretary of the Adam Smith Institute of London, is a policy analyst with the Heritage Foundation. CONG. RESEARCH SERV., LIB. OF CONG., REP. NO. 81-84E, ENTERPRISE ZONES AS A CONCEPT 3 n.2 (1981) [hereinafter cited as CRS REPORT].
2. *Id.* at 3 n.3.
3. President's March 23, 1982 message to Congress accompanying his proposed Enterprise Zone Tax Act of 1982 in 1982 U.S. CODE CONG. & AD. NEWS D40 (March 25, 1982).
4. CRS REPORT, *supra* note 1, Abstract.

in Hong Kong and Taiwan, sought to create zones in depressed English cities that would be free of taxes and government regulation. The general purpose of these zones would be to stimulate business investment and create jobs in problem urban areas. The original proponents were aware of the zones' experimental status and suggested that initial application be tested on a small scale.

Hong Kong has the characteristics necessary to support a successful enterprise zone: low tax rates, few government regulations, and a specified life which draws large numbers of investors. The enterprise zone in Hong Kong has resulted in a six percent per year rise in per capita income and an unusually low hourly wage for its production workers in manufacturing.<sup>5</sup> The increased standard of living in the targeted areas clearly benefits all urban dwellers and users.

The Congressional bills supporting implementation of these zones in the United States have arisen out of the Federal Government's need to reduce unemployment, promote urban renewal, and offer job training programs. Under the enterprise zone theory, industries are encouraged by tax rate reductions at the federal and local levels to play a leading role in the revitalization of our depressed urban centers.

#### PROPOSALS BEFORE THE NINETY-SEVENTH CONGRESS

Six major bills were introduced in the 97th Congress regarding enterprise zones.<sup>6</sup> For comparative purposes, eight sections can be extracted from each bill. By using H.R. 6009, the Conable Bill,<sup>7</sup> as a standard, this note will examine the language of these bills and the significance, if any, of their differences. An analysis of the potential effects of the implementation of the various sections of the proposed legislation on a small midwestern community, Benton Harbor, Michigan,<sup>8</sup> will serve as an example to appraise the potential success of enterprise zones.

Many members of Congress have shown great interest in the zone concept.<sup>9</sup> In March, 1982, the Reagan Administration, an avid supporter of these zones, submitted an enterprise zone proposal to Congress.<sup>10</sup> Soon thereafter, Representative Barber Conable (R-N.Y.) introduced H.R. 6009,<sup>11</sup> which is identical to the Administration's proposal. The bill had numerous sponsors including Representatives Jack Kemp (R-N.Y.) and Robert Garcia (D-N.Y.), sponsors of their own

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5. CRS REPORT, *supra* note 1, at 5.

6. The major bills which were proposed in the 97th Congress and will form the basis for an analysis of the enterprise zone concept include: H.R. 2950, H.R. 2965, H.R. 3824, H.R. 6009, S. 1240, S. 2298.

7. *Enterprise Zone Tax Act of 1982*. H.R. 6009, 97th Cong., 2d Sess. (1982).

8. The city of Benton Harbor is located in the southwest corner of Michigan and has a population of 14,657 according to 1980 Census Bureau figures.

9. For example, H.R. 6009, *supra* note 6, reported 77 cosponsors on the face of the bill.

10. H.R. Doc. No. 157, 97th Cong., 2d Sess. (1982).

11. H.R. 6009, *supra* note 6.

enterprise zone bill.<sup>12</sup>

Senators Rudy Boschwitz (R-Minn.) and John Chafee (R-R.I.) sponsored a companion bill, S. 2298, which differed only slightly from the Reagan Administration's proposal.<sup>13</sup> Because the basis of these bills and others introduced in the 97th Congress are founded upon a strong desire to achieve economic growth in many depressed urban communities, the 98th Congress will be forced to take notice.

### Characteristics of the Zones

Eight basic sections differentiate the various bills introduced in the 97th Congress. Three of these eight sections may be classified as being concerned with the characteristics of the zone: number of zones, time duration of the zones, and size of the zones. The differences in the bills in all three instances are extremely clear, as the bills state numerical standards.

With regard to the number of zones, the majority of the bills followed the criteria set out in the Conable bill and allow up to twenty-five zones a year for three years.<sup>14</sup> Due to the experimental nature of the enterprise zone concept, this approach appears quite practical. The number of zones, however, may have been chosen for other reasons. The limitation on the number of zones allowed would create competition among the cities desiring their implementation. Although careful investigation will assure the most depressed areas of zone status, many areas will be denied zone status due to this arbitrary number. Further, clever political maneuvering by high-powered Congressmen may cause unfairness in the distribution of the zones.

Though the life span of the zones varies greatly, the effects of such differences do not warrant much attention. The time periods extend from a minimum of five years<sup>15</sup> to a maximum of twenty-four years.<sup>16</sup> There is little empirical evidence, however, to suggest the time frames which would best serve the purpose behind the zone concept. The cities must have enough time to operate all phases of their development plan while not overextending these benefits to the eventual harm of the community.

H.R. 6009 sets a minimum population of 4,000<sup>17</sup> for the zone size. Only H.R. 2965 would have raised the minimum level to 5,000 people.<sup>18</sup> The choice of 4,000 people representing a minimum zone size is

12. *Urban Jobs and Enterprise Zone Act of 1981*, H.R. 3824, 97th Cong., 2d Sess. (1981). This Kemp/Garcia sponsorship of Conable's bill displays their desire to achieve the passage of an enterprise zone bill by providing for an area of discussion for the differences between the Conable bill and their original bill, H.R. 3824.

13. *The Enterprise Zone Tax Act of 1982*, S. 2298, 97th Cong., 2d Sess. (1982).

14. H.R. 6009, *supra* note 6, § 101(a), to add IRC § 7871(a)(2)(c).

15. H.R. 2950, 97th Cong., 1st Sess., § 2(b)(1) (1981), to add IRC § 49(c)(2).

16. H.R. 6009, *supra* note 6, § 101(a), to add IRC § 7871(b)(1)(i).

17. *Id.* § 101(a), to add IRC § 7871(c)(1)(C)(i)(I).

18. H.R. 2965, 97th Cong., 1st Sess., § 211(a) (1981), to add IRC § 7871(a)(2).

an apparently arbitrary figure. The intended objective of this section, however, must be to set a standard low enough to include a majority of the eligible depressed areas, yet high enough to make the risk of a designated zone result in having a meaningful effect on the community.

### Regulations

The majority of the bills, including H.R. 6009, yield the regulating power to the Secretary of Housing and Urban Development.<sup>19</sup> Other bills designate the Secretary of Commerce<sup>20</sup> or the Governor of the State<sup>21</sup> as the appropriate regulating authority. As long as the proper exercise of power is set forth, the agency which administers the zone will not be of great importance. Under the President's "Enterprise Zone Tax Act of 1982," the President stated that a "key criterion selection in this competitive [process] will be the nature and strength of the state and local incentive to be established to the zones."<sup>22</sup> The success of the enterprise zone concept will depend heavily upon state and local commitment. Several of the bills do not specify the extent and nature of state and local requirements. These conditions will be of vital importance in meeting the zones' objectives. The Conable bill details these requirements. If the state and local governments do not agree to reduce some of the burdens incurred by the employers, the number of businesses attracted to the zone will be limited. H.R. 6009 describes, in the most detail, the elements to be supported by local government: an increase in the level of local services; a streamlining of existing regulations; involvement by private neighborhood associations; and community groups to provide job training and technical or financial assistance.<sup>23</sup> The achievement of these elements is essential to the success of the enterprise zone concept and, therefore, should be included in all the bills.

Before even qualifying for enterprise zone consideration, however, urban areas must meet the eligibility requirements as stated in the bills.

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19. H.R. 6009, *supra* note 6, § 101(a), to add IRC § 7871(a)(2)(D).  
 PROCEDURAL RULES—The Secretary of Housing and Urban Development shall not make any designation under paragraph (1)—
- (i) unless the local government and the State in which the nominated area is located have the statutory authority to nominate such area for designation as an enterprise zone and to make the State and local commitments under subsection (d), and provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,
  - (ii) unless a nomination therefore is submitted in such manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulations prescribe,
  - (iii) unless the Secretary of Housing and Urban Development determines that such information is reasonably accurate, and
  - (iv) unless the Secretary determines that no portion of the area nominated is already included in an enterprise zone or in an area nominated as an enterprise zone.
20. H.R. 2965, *supra* note 17, § 101, to add Public Works and Development Act § 18(2).  
 21. H.R. 2950, *supra* note 14, § 2(b), to add IRC § 49(c)(3)(A).  
 22. *President's Message to the Congress Transmitting the Proposed Enterprise Zone Tax Act*, 18 WEEKLY COMP. PRES. DOC. 364 (Mar. 29, 1982).  
 23. H.R. 6009, *supra* note 6, § 101(a), to add IRC § 7871(d)(2).

H.R. 6009 requires unemployment to be at least one and a half times the national average for the most recent period of serviceable data, or a poverty rate of twenty percent or more for each census tract; or seventy percent of households have income below eighty percent of those in the area; or the population must have decreased twenty percent or more between 1970 and 1980, according to the Census.<sup>24</sup> The other bills have eligibility requirements similar to H.R. 6009 in somewhat more ambiguous terms. Such ambiguity should be avoided to prevent rivalries between interested areas, a competition which would defeat the purpose of enterprise zones.<sup>25</sup>

### Incentives

Each of the bills offers several important tax incentives to attract businesses to enterprise zones. First, there is a ten percent income tax credit for the qualified increase employment expenditure of the taxpayer for the taxable year.<sup>26</sup> Second, there is a fifty percent income tax credit to employers for wages paid to workers who were disadvantaged at the time of the hiring.<sup>27</sup> This incentive allows for declining percent-

24. *Id.* § 101(a), to add IRC § 7871(c)(3).

25. In any enterprise zone bill a clear, detailed statement of the eligibility requirements achieves the essential purpose of the laws. The most elementary rule of statutory construction is the intention of the Legislature to mean what they have actually expressed. Where the language is plain and permits only one meaning there exists no need for further interpretation. The legislation will have assumed its intended effect without a need for judicial interpretation. P. ST. J. LANGAN, *MAXWELL ON THE INTERPRETATION OF STATUTES* 28 (1969). Further, it is stated at 199:

In determining either the general object of the legislature, or the meaning of its language in any particular passage, it is obvious that the intention which appears to be most in accord with convenience, reason, justice and legal principles should, in all cases of doubtful significance, be presumed to be the true one. 'An intention to produce an unreasonable result is not to be imputed to a statute if there is some other construction available.' Where to apply words literally would 'defeat the obvious intention of the legislation and produce a wholly unreasonable result' we must 'do some violence to the words' and so achieve that obvious intention and produce a rational construction. The question of inconvenience or unreasonableness must be looked at in the light of the state of affairs at the date of the passing of the statute, not in the light of subsequent events (citations omitted).

26. H.R. 6009, *supra* note 6, § 201(a), to add IRC § 44H(a).

27. *Id.* § 201, to add IRC § 44I(c), which states:

(1) IN GENERAL.—For purposes of this section, the term 'qualified disadvantaged individual' means an individual—

(A) who is a qualified employee within the meaning of section 44H(d),

(B) who is hired by the employer after the designation of the area in which services were performed as an enterprise zone (under section 7871), and

(C) who is described in paragraph (2).

(2) CATEGORIES OF DISADVANTAGED INDIVIDUALS.—For purposes of paragraph (1), the following individuals are treated as disadvantaged individuals:

(A) a vocational rehabilitation referral,

(B) an economically disadvantaged individual,

(C) an eligible foster child,

(D) an SSI recipient,

(E) a general assistance recipient,

(F) an eligible handicapped individual, or

(G) an eligible AFDC recipient.

ages of tax breaks over the first seven years.<sup>28</sup> Third, there are nonrefundable five percent income tax credits available to qualified

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(3) **VOCATIONAL REHABILITATION REFERRAL.**—The term ‘vocational rehabilitation referral’ means any individual who is certified by the designated local agency as—

(A) having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and

(B) having been referred to the employer upon completion of (or while receiving) rehabilitative services pursuant to—

(i) an individualized written rehabilitation plan under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, or

(ii) a program of vocational rehabilitation carried out under chapter 31 of title 38, United States Code.

(4) **ECONOMICALLY DISADVANTAGED INDIVIDUAL.**—The term ‘economically disadvantaged individual’ means any individual who is certified by the designated local agency as being a member of a family that had an income during the six months preceding the month in which such determination occurs that, on an annual basis, was equal to or less than that which an eligible family with no income would have received in food stamps plus AFDC benefits. Any such determination shall be valid for the 45-day period beginning on the date such determination is made.

(5) **FOSTER CHILDREN.**—The term ‘eligible foster child’ means any individual who is certified by the designated local agency as receiving State or local government benefits under a program to assist foster children.

(6) **SSI RECIPIENTS.**—The term ‘SSI recipient’ means any individual who is certified by the designated local agency as receiving supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93-66) for any month ending in the preemployment period, or who would have qualified to receive such benefits had such individual applied for them.

(7) **GENERAL ASSISTANCE RECIPIENTS.**—

(A) **IN GENERAL.**—The term ‘general assistance recipient’ means any individual who is certified by the designated local agency as receiving assistance under a qualified general assistance program for any period of not less than 30 days ending within the preemployment period, or who would have qualified to receive such assistance had such individual applied for it.

(B) **QUALIFIED GENERAL ASSISTANCE PROGRAM.**—The term ‘qualified general assistance program’ means any program of a State or a political subdivision of a State—

(i) which provides general assistance or similar assistance which—

(I) is based on need, and

(II) consists of money payments, and

(ii) which is designated by the Secretary (after consultation with the Secretary of Health and Human Services) as meeting the requirements of clause (i).

(8) **HANDICAPPED INDIVIDUALS.**—In cases permitted by regulations prescribed by the Secretary, the term ‘eligible handicapped individual’ means any individual who is certified by the designated local agency—

(A) as disabled and living at home, or

(B) who is institutionalized or receiving services in, or is a client of, a sheltered workshop, prison, hospital or similar institution, or in community care.

(9) **ELIGIBLE AFDC RECIPIENTS.**—The term ‘eligible AFDC recipient’ means an individual who has been certified by the designated local agency as being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually received such financial assistance during the 90-day period which immediately precedes the date on which such individual is hired by the employer, or who would have received such assistance had such individual applied for it.

28. *Id.* § 201, to add IRC § 44I(a), lays out the specifics regarding the credits of employment for certain disadvantaged individuals:

zone employees.<sup>29</sup> Fourth, there is a nonrefundable investment tax credit for investments in zones for all their depreciable life.<sup>30</sup> The bill also allows for an operating loss carryover for firms in the zone for fifteen years or for the life of the zone, whichever is longer.<sup>31</sup>

One can only project the effect that enterprise zones will have on state and local tax revenues at this early stage. Each of the communities will need to study the impact of tax incentives on its particular area. A variety of factors contribute to the determination of whether the state and local governments will actually lose revenues. With the incentives, the value of property may rise and sales taxes may increase from the development of businesses. These intangible recoupment ele-

(a) **IN GENERAL.**—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of:

- (1) 50% of qualified years 1 through 3 wages,
- (2) 40% of qualified year 4 wages,
- (3) 30% of qualified year 5 wages,
- (4) 20% of qualified year 6 wages, and
- (5) 10% of qualified year 7 wages.

(b) **QUALIFIED WAGES DEFINED.**—

(1) **IN GENERAL.**—For purposes of this section, the term ‘qualified wages’ means the wages paid or incurred by the employer during the taxable year to qualified disadvantaged individuals reduced by the amount of any federally funded payments the employer receives or is entitled to receive for on-the-job training of such individuals for such period.

29. *Id.* § 202(a), to add IRC § 44J(a). For purposes of interpreting this section, certain definitions are required:

(a) **IN GENERAL.**—In the case of a qualified employee, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to five percent of the qualified wages for the taxable year.

(b) **DEFINITIONS.**—For purposes of this section—

(1) **QUALIFIED EMPLOYEE.**—The term ‘qualified employee’ means an individual—

- (A) who is described in section 44H(d)(1), and
- (B) who is not the employee of the Federal Government or any State or subdivision of a State.

(2) **QUALIFIED WAGES.**—

(A) **IN GENERAL.**—The term ‘qualified wages’ has the meaning given to the term ‘wages’ under subsection (b) of section 3306, attributable to services performed for an employer with respect to whom the employee is a qualified employee, in an amount which does not exceed 1½ times the dollar limitation specified in such subsection.

(B) **EXCEPTION.**—The term ‘qualified wages’ does not include any compensation received from the Federal Government or any State or subdivision of a State.

(3) **ENTERPRISE ZONE.**—The term ‘enterprise zone’ means any area with respect to which a designation as an enterprise zone is in effect under section 7871.

(c) **PHASEOUT OF CREDIT.**—The credit specified in subsection (a) will be reduced to 3¾ percent in the taxable year in which the 21st anniversary of enterprise zone designation under section 7871 falls, 2½ percent in the next subsequent taxable year, 1¼ percent in the second subsequent taxable year and zero thereafter.

(d) **APPLICATION WITH OTHER CREDITS.**—The credit allowed by subsection (a) for a taxable year shall not exceed the tax imposed by this chapter for such taxable year, reduced by the sum of the credits allowable under a section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term ‘tax imposed by this chapter’ shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

30. *Id.* § 211(a).

31. *Id.* § 241(a).

ments only spark the controversy over the effect of enterprise zones on state and local tax revenues.

#### APPLICATION TO BENTON HARBOR, MICHIGAN

Communities, such as Benton Harbor, Michigan, intending to participate in the enterprise zone experiment will be required to submit well-documented applications soon after the zone qualifications are established.<sup>32</sup> Benton Harbor safely falls within the size standards set by any of the previously proposed bills. The minimum population standards suggested are far below the City's present population of 14,657.<sup>33</sup>

The city of Benton Harbor has repeatedly tried to stimulate investment and has undertaken a variety of economic development plans to address its problems.<sup>34</sup> The people of the community are clearly dedicated to bringing what has been called the "Worst City in America"<sup>35</sup> out of its depression. There is great desire to return Benton Harbor, once the hub of southwestern Michigan, into a thriving community.

Benton Harbor has had a population loss of 10.8%<sup>36</sup> in the last decade. In December 1982, the Michigan Employment Security Commission statistics indicated an 18.6%<sup>37</sup> city unemployment rate which is well over 1½ times the national average. Also, the 1980 Census had shown that 11.1% of the families in Berrien County had incomes below the poverty level.<sup>38</sup> In addition, the large percentage of city residents on government program assistance leaves Benton Harbor far beyond the eligibility requirements.<sup>39</sup>

Once the eligibility requirements are met, the success of the enter-

32. For a city to reach its objective of designation as a enterprise zone area, it is often helpful to employ a service, e.g., the Free Zone Authority Service, Inc. (used by the city of Benton Harbor) to establish a well developed plan and to monitor the legislative activity in Washington, D.C.

33. 1980 CENSUS OF POPULATION AND HOUSING, MICHIGAN, PRELIMINARY REPORT 2 (1981).

34. Benton Harbor is uniquely qualified to be a targeted zone area:

The City including state, federal, county, and private sector sources has repeatedly tried to stimulate investment and improve job development incentives. Over half a dozen different economic development plans have been undertaken in the last few years to address specific issues within the City. There is no doubt that the City has attempted and is committed to revitalization.

THE NORTH OF MAIN TASK FORCE, A CONCEPT FOR REVITALIZATION OF THE CITY OF BENTON HARBOR, MICHIGAN 6 (1981) [hereinafter cited as TASK FORCE].

35. Chicago Sun Times, Mar. 15, 1981, at 72, col. 1.

36. TASK FORCE, *supra* note 33, at 6.

37. Michigan Employment Security Commission, Civilian Labor Force and Employment Estimate, December, 1982.

38. 1980 CENSUS OF POPULATION AND HOUSING, MICHIGAN, ADVANCE ESTIMATES OF SOCIAL, ECONOMIC, AND HOUSING CHARACTERISTICS 58 (1981). The report did not list Benton Harbor individually, because it did not meet the 25,000 population criteria. The level of poverty is proportionally much higher.

39. Due to the dire financial situation in Benton Harbor, Governor Blanchard recently agreed to send \$75,000 to the city to allow its payroll to be met.

" . . . We will not consider any future requests for advances unless we see that positive momentum toward long range solvency is evident.

I cannot reiterate strongly enough that the City must make an immediate commitment to institute strong financial management policies." [sic] Letter from Robert A. Bowman (State Treasurer) to Wilce Cooke (Mayor of the City of Benton Harbor) (Feb. 15, 1983).



prise zone would be dependent upon local assistance. A package of incentives would help the zone manager attract a particular type of business. The Benton Harbor officials should promote the sales of these zone companies. The city should also offer low cost land and reduced rates to the designated areas. Any loss in land tax revenues would be offset by increased business within the city. Extra security in the area would reduce the risk of opening a downtown business, and thereby add an incentive to local businesses. Financially distressed communities have almost everything to gain and nothing to lose in their current economic situation. With an enterprise zone, the city of Benton Harbor could serve as a model for the nation.

#### EFFECT ON A NATIONWIDE SCALE

The implementation of the zones on a nationwide scale could prove to be the long-awaited solution to urban decline. The goal to bring the urban poor and their communities to a level of self-sufficiency is most commendable. The possibility of turning blocks of vacant land and whole "ghost towns" into productive areas seems clearly to outweigh the risk of harm feared by the zones' opponents.

A major hurdle to overcome is the detrimental effect that the enterprise zones may have on businesses outside of the zone. The job of line-drawing will be difficult. Only after thorough research and analysis should the determination of zone boundaries be made. Many fear that the faithful, long established firms located immediately outside the zone may be unable to compete with new firms within the zone.

The general increase in economic activity in the area, however, may result in an upswing for all businesses in the area. An increase in employment may serve to increase the sales for all businesses. Besides having this positive effect on particular industries, there would be equally beneficial results for the entire city. New businesses may be intrigued by the rapid growth of the area and may choose to relocate. The enterprise zone concept can, with time, be the catalyst to "bring 'em back alive."<sup>40</sup>

Many critics of the zone concept argue that no amount of subsidy will bring business to the inner city. Business managers are aware that previously unemployed workers often have problems adjusting to re-employment. Employers are reluctant to employ those workers they fear may be unproductive. Support services, including skill and job training, job counseling, and day care centers, however, would assist in improving the productive capacity of the re-employed worker. If the incentives are to work, they must be comprehensive enough to offset any peripheral difficulties.

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40. There are also a variety of other secondary noneconomic effects that may arise such as the increased education to the previously unemployed and the role model status that will have beneficial effects on their children and thus, all of society.

**CONCLUSION**

Even if only a slight impact is achieved, this innovative alternative to revitalize our urban centers should be promoted to enable the concept to reach its maximum potential. Similar to the admittance of "evidence" in our American courtroom trials, enterprise zones should be tested, with society determining the credibility of the program. H.R. 6009 has formed a solid foundation for future federal legislation regarding enterprise zones.

*Abe L. Frank\**

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\* B.S., Central Michigan University, 1981; J.D. Candidate, Notre Dame Law School, 1984.