



CALIFORNIA LABOR FEDERATION
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FACT SHEET SB 469 (Vargas) SUPERCENTER ECONOMIC IMPACT STUDY

Purpose

To ensure that local communities understand the economic impact a supercenter will have on small businesses, jobs, and the economy prior to approving a supercenter development.

Background

With record high unemployment, every city is looking for ways to create jobs. When a developer makes big promises, it can be hard for local leaders to assess their accuracy. Different types of developments can have dramatically different results on job creation and economic impact.

While certain business models produce new jobs that revive the economy, others merely replace existing jobs. When it comes to job replacement, it is important to consider job quality and the impact on small businesses. In these economic times, many cities and counties lack the resources to do independent analysis on economic impact and so they rely on the claims made by the developer or the company.

Over the past decade, some retailers have moved to a supercenter model. A supercenter refers to a large-scale establishment at least 90,000 square feet with at least 10 percent of floor space dedicated to non-taxable goods. Supercenters have a complex and dramatic impact on everything from traffic flow to worker wages, from mom and pop shops to large retail chains.

Because of their size and market power, supercenters often decimate nearby shopping centers and small business districts. Many supercenters are open 24 hours, resulting in increased noise and higher crime. In addition, as anchor tenants, supercenters often exercise significant control over which other businesses can be located in a specified area, depriving residents of access to competing retailers.

Some communities may decide that the benefits of supercenters outweigh the costs, but those decisions should be based on independent analysis of how a supercenter will transform a local economy. There is no downside to increased information and well-informed decision-making.

What This Bill Will Do

SB 469 requires that an economic impact analysis be completed before a supercenter can be approved. The cost of an independent study will be paid for by the developer.

The study will measure the proposed supercenter's impact on (1) supply and demand of retail space; (2) net impact on jobs; (3) need and cost of public services and facilities; (4) likelihood of increasing blight; (5) property values; (6) capture of retail sales; (7) vehicle use and traffic; (8) conformity to land use plans; (9) affordable housing and open space; and (10) viability of local businesses.

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Nothing in this bill will prevent any community from deciding for themselves whether or not to build a supercenter. It will simply ensure that those decisions are made based on a factual analysis of the economic impact. This bill does not limit local control; rather, it empowers local governments to make the best decisions for their own constituents.

Support

- ~ California Labor Federation
- ~ San Diego-Imperial Counties Labor Council
- ~ United Food & Commercial Workers Union
- ~ California Teamsters Public Affairs Council

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