



**GREATER SACRAMENTO**  
ECONOMIC COUNCIL

## Terminology Glossary

**Business Climate** – indicates how state, regional and local policies, relationships and local communities support business development.

**Business Development** – an economic development process that involves efforts to attract new businesses to a region and retain and foster the expansion of local businesses.

**Clusters** – also known as verticals, clusters are geographic concentrations of interdependent, complementary and/or competing businesses in related industries that trade with each other.

**Competitiveness** – the will, desire, and ability to outperform others. For the Sacramento Region, competitiveness ensures that the region can stand on equal or higher footing than the elite US markets.

**Economic Development** – a process that influences growth and restructuring of an economy to enhance the economic well-being of a community. Its efforts focus on job creation and capital investment.

**Economic Diversification** – the process of expanding the range of economic output and employment across multiple industries.

**EIFD (Enhanced Infrastructure Financing District)** – Similar to TIF except each taxing authority in the zone must agree to the zone's creation. School districts may not participate.

**Export/Export-Oriented** – goods produced within a region consumed in other regions. Export-oriented is used to describe businesses that produce goods and services specifically designed to be exported.

**Financial Incentive** – A monetary award used by government jurisdictions designed to encourage economic development. Tax credits, tax exemptions and relocation grants are examples of financial incentives.

**FTZ (Foreign Trade Zone)** – A geographic area where commercial merchandise, both domestic and foreign, can be unloaded for storage or immediate transshipment without being subject to import duties.

**GDP (Gross Domestic Product)** – the monetary value of all final goods and services produced within a region's economic boundaries. It is the broadest quantitative measure of a region's economic activity.

**Impact Fee** – fees imposed on development projects designed to fund the cost of providing public services to the new development area.



## GREATER SACRAMENTO ECONOMIC COUNCIL

**Incentives** – tools used to influence business decisions about where new investment will take place. Economic development incentives can be financial or non-financial.

**Incubator** – Work spaces that provide onsite technical assistance for entrepreneurs.

**Megaregion** – an area that contains a large network of nearby metropolitan areas that are economically linked.

**Metropolitan Statistical Area (MSA)** – a densely populated area comprised of a central city and surrounding cities that share economic ties.

**Site Selection** – the process by which firms find new locations for business facilities or expansions of their operations. Site selectors can be external organizations that assist firms in the process of site selection.

**Tax Credit** – a monetary offset that can be used against a tax liability.

**Tax Exemption** – a monetary exemption that reduces the amount of income used to determine how much an entity owes in taxes. In effect, it lowers the entity's total tax liability.

**Tax Increment Financing (TIF)** – A redevelopment strategy that captures the future tax benefits of real estate improvements to pay the present cost of those improvements.

**Tourism** – an industry comprised of hospitality, transportation, retail, and entertainment sectors. Tourism captures funds from outside a region, generating capital investment for services (similar to the way exports bring external capital in exchange for goods).

**Transportation** – moves people and goods from one place to another. Transportation enables the trade of goods and the movement of workers to occur; thus it is vital for economic development.

**Unemployment Rate** – the percentage of those in the labor force (individuals who are either currently working or looking for a work) that are not working.

**Venture Capital (VC)** – professionally-managed equity (money for stock) that is repaid by capital gains through the sale of stock.

**Vertical** – see Clusters.

**Workforce Development** – the training individuals for specific jobs or industries.