

**Assembly Bill No. 1606**

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Passed the Assembly September 7, 2007

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*Chief Clerk of the Assembly*

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Passed the Senate September 5, 2007

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2007, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 13998.5 and 15570 of, and to add Sections 13984.3 and 15570.2 to, the Government Code, relating to the California Economic Strategy Panel.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1606, Arambula. The California Economic Strategy Panel: state economic development strategy.

Existing law requires the Secretary of Labor and Workforce Development to convene a biennial economic strategy panel, which includes specified appointed members, for purposes of providing recommendations regarding a California Economic Development Strategic Plan and to review those recommendations made by the panel in its biennial economic development strategic plan document, as specified. Existing law requires the panel to address various specified matters of concern, including the development of a system of accountability for use in the annual state budget process and in the legislative process to measure the performance of all state policies, programs, and tax expenditures intended to stimulate the economy. Existing law also requires the panel to submit a report of its findings and recommendations to the Legislature no later than one year after its first meeting after January 1, 2005.

This bill would require the Secretary of Labor and Workforce Development to collaborate with the Secretaries of Business, Transportation and Housing and of Food and Agriculture in leading the preparation of a California Economic Development Strategic Plan and convening a California Economic Strategy Panel, as provided. The bill would modify the composition of the California Economic Strategy Panel by adding the Secretary of Business, Transportation and Housing, the Secretary of Food and Agriculture, and the Director of the Office of the Small Business Advocate, as members of the panel.

The bill would also include a review of significant industries and business clusters in each of the state's 9 regional economies within the matters of concern to be addressed in the panel's meetings.

The bill would require the panel, as part of its deliberations on the plan, to consult with other state entities, including the Office of Military and Aerospace Support, the California Commission on Industrial Innovation, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the Energy Resources Conservation and Development Commission.

The bill would require the panel, as part of its deliberations on the plan, to include the findings and recommendations of the most recent version of the State Transportation Plan, including those portions related to trade infrastructure and goods movement, and the findings and recommendations of the most recent international trade and foreign investment strategy.

The bill would also revise and restructure provisions relating to the panel's review of the recommendations made in its economic development strategic plan document, as provided, and would require the panel to deliver copies of the recommended economic development plan, and to submit a biennial report of the activities of the panel during the preceding 12 months, to the Governor, the Chief Clerk of the Assembly, and the Secretary of the Senate for a distribution to the relevant policy and fiscal committees, as specified. The bill would require the plan to be updated and submitted every 5 years, rather than biennially.

The bill would also require the Secretary of Business, Transportation and Housing, with the assistance of the panel, to develop a strategy to attract new private investment to the state, as provided, and, by October 1, 2009, to submit the private investment strategy to the Governor, the Chief Clerk of the Assembly, and the Secretary of the Senate.

*The people of the State of California do enact as follows:*

SECTION 1. Section 13984.3 is added to the Government Code, to read:

13984.3. (a) The Secretary of Business, Transportation and Housing, working with the California Economic Strategy Panel, shall develop a strategy to attract new private investment to the state.

(b) The secretary may hold business roundtables and conferences, and use other devices he or she deems appropriate to engage leaders in the business, industry, investment, and community development sectors, to develop the strategy.

(c) (1) In addition to any other group or entity that the secretary chooses to consult in preparation of the private investment strategy developed pursuant to subdivision (a), the secretary shall consult with key private investment partners assisting in the development and implementation of the strategy.

(2) For purposes of this section, “key private investment partners” includes, but is not limited to, representatives from the banking and insurance industries, foundations, corporate and public pension funds, venture capital funds, community development financial institutions, and community development corporations. “Key private investment partners” may include foreign and out-of-state, as well as California-based, entities.

(3) The Business, Transportation and Housing Agency shall use the California Economic Development Strategic Plan prepared pursuant to Section 15570 to facilitate the development of the implementation of the strategy.

(d) The private investment strategy shall do all of the following:

(1) Assess current trends and opportunities in global and domestic investment practices.

(2) Assess the unique investment needs of banks, insurance companies, pension funds, and high wealth individuals. The assessment shall also include a review of the investment needs of early stage private equity investors.

(3) Assess the state’s positive and negative qualities as a place to invest.

(4) Identify specific capital access needs of businesses, including small businesses, and industries by economic region.

(5) Identify areas of the state that have historically been underserved, but are currently in the process of becoming successful emerging domestic markets.

(6) Identify programs, services, tax incentives, or actions taken by other state governments or the federal government that could be used by this state in attracting foreign investment and facilitating wealth creation and low-income neighborhood revitalization.

(7) Identify and evaluate existing programs, services, regulations, and incentives that are used, or could be used, to attract foreign and domestic private investment.

(8) Identify opportunities to facilitate community-based efforts to revitalize low-income neighborhoods in the state through increased private investment.

(9) Make other recommendations to further the state's interest in attracting private investment, including changes in applicable regulations and statutes.

(10) Propose short-term and long-term strategies for this state to attract more foreign and domestic investments including, but not limited to, investments in historically underserved communities, small businesses, and emerging industries and technologies.

(e) The private investment strategy may be prepared in conjunction with, and submitted as part of, the California Economic Development Strategic Plan prepared pursuant to Sections 15570 and 15570.2. The private investment strategy shall be consistent with the provisions of the California Economic Development Strategic Plan.

(f) By October 1, 2009, the secretary shall submit the private investment strategy to the Governor, the Chief Clerk of the Assembly, and the Secretary of the Senate, where it shall be distributed to the relevant policy and fiscal committees. The private investment strategy shall be updated not less than once every four years.

SEC. 2. Section 13998.5 of the Government Code is amended to read:

13998.5. The Office of Military and Aerospace Support shall do all of the following:

(a) Develop and recommend to the Governor and the Legislature a strategic plan for state and local defense retention and conversion efforts. The plan shall address the state's role in assisting communities with potential base closures and those impacted by previous closures. The office may coordinate with the California Economic Strategy Panel and other state agencies, local groups, and interested organizations on this strategic plan to retain current Department of Defense installations, facilities, bases, and related civilian activities.

(b) Conduct outreach to entities and parties involved in defense retention and conversion across the state and provide a network

to facilitate assistance and coordination for all defense retention and conversion activities within the state.

(c) Help develop and coordinate state retention advocacy efforts on the federal level.

(d) (1) Conduct an evaluation of existing state retention and conversion programs and provide the Legislature recommendations on the continuation of existing programs, including, but not limited to, the possible elimination or alteration of those programs. This evaluation shall be transmitted to the Legislature.

(2) The office may provide recommendations to the Legislature on the necessity of new programs for defense retention and adequate funding levels.

(e) Utilize and update the plan prepared by the Defense Conversion Council as it existed on December 31, 1998, to minimize California's loss of bases and jobs in future rounds of base closures. This plan shall include, but not be limited to, all of the following:

(1) Identification of major installations in California.

(2) Determination of how best to defend existing bases and base employment in this state.

(3) Coordination of retention activities with communities that may face base closures.

(4) Development of data and analyses on bases in this state.

(5) Coordination with the congressional delegation, the Legislature, and the Governor. With the consent of the appropriate authority, the office may temporarily borrow technical, policy, and administrative staff from other state agencies, including the Legislature.

(f) Serve as the primary state liaison with the Department of Defense and its installations in this state. In order to maximize the mission use of the installations, the Office of Military and Aerospace Support shall assist in resolving any disputes or issues between the Department of Defense and state entities.

(g) Review actions or programs by state agencies that may affect or impact Department of Defense installations or the state's military base retention and reuse activities and recommend to the Governor and the Legislature actions that may be taken to resolve or prevent similar problems in the future.

(h) Conduct outreach to entities and parties involved in the aerospace industry and associated basic and applied research, and

provide a network to facilitate assistance and coordination for activities designed to promote, foster, and increase aerospace enterprise in California pursuant to subdivision (a) of Section 13999.2.

(i) Assist the California Economic Strategy Panel in the development of the California Economic Development Strategic Plan by helping to identify the needs of communities impacted by closed military bases and the economic development opportunities provided by the aerospace industry.

(j) Where funds and resources are available, the office may undertake all of the following activities:

(1) Provide a central clearinghouse for all base retention or conversion assistance activities, including, but not limited to, employee training programs and regulation review and permit streamlining.

(2) Provide technical assistance to communities with potential or existing base closure activities.

(3) Provide a central clearinghouse for all defense retention and conversion funding, regulations, and application procedures for federal or state grants.

(4) Serve as a central clearinghouse for input and information, including needs, issues, and recommendations from businesses, industry representatives, labor, local government, and communities relative to retention and conversion efforts.

(5) Identify available state and federal resources to assist businesses, workers, communities, and educational institutions that may have a stake in retention and conversion activities.

(6) Provide one-stop coordination, maintain and disseminate information, standardize state endorsement procedures, and develop fast-track review procedures for proposals seeking state funds to match federal defense conversion funding programs.

(7) Maintain and establish databases in such fields as defense-related companies, industry organization proposals for the state and federal defense industry, community assistance, training, and base retention, and provide electronic access to the databases.

SEC. 3. Section 15570 of the Government Code is amended to read:

15570. (a) The Secretary of Labor and Workforce Development, working in collaboration with the Secretaries of

Business, Transportation and Housing, and of Food and Agriculture, shall lead the preparation of a California Economic Development Strategic Plan. In fulfilling this duty, the secretaries shall meet all the requirements of this section.

(b) The Secretary of Labor and Workforce Development shall convene a California Economic Strategy Panel to provide recommendations regarding the development of the California Economic Development Strategic Plan.

(c) (1) The panel shall conduct meetings in Sacramento, all cities of the state with populations over 500,000, and in major cities of other regions of California as designated by the secretaries.

(2) The Secretary of Labor and Workforce Development, working in collaboration with the Secretaries of Business, Transportation and Housing, and of Food and Agriculture, shall invite businesses, labor unions, organizations representing the interests of diverse ethnic and gender groups, local government leaders, academic economists and business professors, chambers of commerce and other business organizations, government agencies, and key industries to provide advice on economic development issues and to contribute to the preparation of the recommended economic strategy.

(d) As part of its deliberations on the California Economic Development Strategic Plan, the panel shall, at a minimum, assess the following:

(1) Strengths and weaknesses of the California economy and the state's prospects for future economic prosperity.

(2) Significant industries and business clusters in each of the state's nine regional economies, including those that are emerging or declining.

(3) Emerging and declining industries in other states and around the world.

(4) Effectiveness of California's economic development programs in creating and retaining jobs and attracting industries.

(5) Adequacy of state and local physical and economic infrastructure, including workforce development capacity.

(6) Government impediments to economic development.

(e) As part of its deliberations on the California Economic Development Strategic Plan, the panel shall, at a minimum, consult with other state entities, including, but not limited to, the Office of Military and Aerospace Support, the California Commission

on Industrial Innovation, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the State Energy Resources Conservation and Development Commission.

(f) As part of its deliberations on the California Economic Development Strategic Plan, the panel shall, at a minimum, review and include, as appropriate, any of the following:

(1) The findings and recommendations of the most recent version of the State Transportation Plan, including those portions related to trade infrastructure and goods movement.

(2) The findings and recommendations of the most recent international trade and foreign investment strategy.

(g) The panel shall be composed of the following 18 members:

(1) The Secretary of Labor and Workforce Development, who shall serve as the chairperson of the panel.

(2) The Secretary of Business, Transportation, and Housing.

(3) The Secretary of Food and Agriculture.

(4) Eight persons appointed by the Governor, at least one of whom shall have a background in local economic development.

(5) The Speaker of the Assembly or his or her designee.

(6) The President pro Tempore of the Senate or his or her designee.

(7) The Minority Leader of the Assembly or his or her designee.

(8) The Minority Leader of the Senate or his or her designee.

(9) One person appointed by the Speaker of the Assembly.

(10) One person appointed by the Senate Committee on Rules.

(11) The Director of the Office of the Small Business Advocate.

(h) (1) Members of the panel shall be representatives of state government, business, economic developers, labor, finance, and academic institutions, and shall be broadly reflective of the state's population as to gender, ethnicity, and geographic residence within California.

(2) At least one-half of all the persons on the panel shall be from the private sector and at least two appointments shall be from private businesses with less than 50 employees. At least two appointments shall be from rural areas of the state.

(i) Beginning January 1, 2004, appointments to the panel shall be for four-year terms, except that the Governor's appointments

made pursuant to paragraph (4) of subdivision (h) shall be made as follows:

(1) Four members shall be appointed on January 1, 2004, and every four years thereafter.

(2) Four members shall be appointed on January 1, 2004, for a two-year term.

(3) Upon the expiration of the initial appointments made pursuant to paragraph (2), four members shall be appointed on January 1, 2006, and every four years thereafter.

(j) The panel shall deliver copies of the recommended California Economic Development Strategic Plan to the Governor, the Chief Clerk of the Assembly, and the Secretary of the Senate, where it shall be distributed to the relevant policy and fiscal committees. The report shall also be posted on the Internet Web sites of the panel and of each of the secretaries.

(k) Beginning in October 2008, and in each succeeding five-year cycle, the panel shall update and submit the California Economic Development Strategic Plan, on or before October 31 of the fifth year of each cycle.

(l) Beginning in January 2009, the panel shall submit a biennial report on the preceding 12 months of activities of the California Economic Strategy Panel to the Chief Clerk of the Assembly and the Secretary of the Senate where it shall be distributed to the relevant policy and fiscal committees. The report shall be submitted by October 31 of each succeeding second year.

SEC. 4. Section 15570.2 is added to the Government Code, to read:

15570.2. (a) The California Economic Development Strategic Plan shall provide analysis and make strategic recommendations to support the sustainable economic growth of the state. The plan shall include short-term, mid-term, and long-term recommendations.

(b) The California Economic Development Strategic Plan shall include, but not be limited to, all of the following:

(1) A statement of economic goals for the state.

(2) An assessment of the regional, state, national, and global economic trends that affect California's economy.

(3) An assessment of the needs of business and industry, especially small size companies, to grow and prosper in California.

(4) An evaluation of the effectiveness of the state's economic and workforce development programs.

(5) A prioritized list of significant short-term and mid-term issues gathered from, among other activities, California Economic Strategy Panel meetings, regional outreach meetings, and contributions from key stakeholder groups.

(6) A list of current and emerging key industries, by region, in which the state shall focus its economic development efforts.

(7) Proposals for legislation, regulations, and administrative reforms necessary to improve the business climate and economy of the state.

(8) A process that can be used to track and report on the implementation and success of the plan.

(9) Short-term, mid-term, and long-term strategies to encourage job growth and economic development in this state created by state agencies, offices, boards, and commissions responsible for economic development.

(c) This section does not limit the scope of the plan. The state's economic development strategy shall be a comprehensive document that guides state activities and supports the immediate and long-term economic growth of the state.

(d) The plan shall be consistent with the goals and objectives in the California Environmental Goals and Policy Report. The plan shall provide guidance to all state agencies, departments, boards, and commissions that develop plans, strategies, and other planning documents related to infrastructure and economic and workforce development.









Approved \_\_\_\_\_, 2007

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*Governor*