

AMENDED IN ASSEMBLY APRIL 19, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1721**

---

---

**Introduced by Committee on Jobs, Economic Development, and the Economy (Arambula (Chair), Silva (Vice Chair), Caballero, Garcia, Price, and Salas)**

March 5, 2007

---

---

An act to add Section 13997.2 to, *and to repeal Section 8450.5 of*, the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1721, as amended, Committee on Jobs, Economic Development, and the Economy. Economic development.

Existing law provides for various programs and activities in the development of economic opportunities for businesses in the state.

This bill would define the terms "economic development," "economic development corporation," "local economic development organization," and "regional economic development organization," and would make related legislative findings and declarations.

This bill would also authorize the Secretary of Business, Transportation and Housing to administer the federal Economic Adjustment Assistance grant, as defined, subject to specified criteria. The secretary would be authorized to assign and contract administration of the grant to a joint powers agency. *This bill would also make a technical, nonsubstantive change by repealing an obsolete provision.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

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

1     ~~SECTION 1. Section 8450.5 of the Government Code is~~  
2     ~~repealed.~~

3     ~~8450.5. (a) The Legislature finds and declares all of the~~  
4     ~~following:~~

5         ~~(1) In the 1993–94 fiscal year, only nine California Technology~~  
6     ~~Reinvestment Project (TRP) proposals that were selected to receive~~  
7     ~~state matching grants were awarded federal grants.~~

8         ~~(2) As a result, only about two million three hundred thousand~~  
9     ~~dollars (\$2,300,000) or 4 percent of the sixty-one million seven~~  
10    ~~hundred thousand dollars (\$61,700,000) in state matching grants~~  
11    ~~available in the 1993–94 fiscal year for winning California TRP~~  
12    ~~proposals were encumbered.~~

13         ~~(3) The small number of proposals that received both state~~  
14    ~~matching grants and federal TRP grants raises serious questions~~  
15    ~~about the compatibility of state and federal award criteria.~~

16         ~~(4) To keep California proposals competitive with the rest of~~  
17    ~~the nation, state matching grant criteria should be at least as~~  
18    ~~stringent as federal award criteria.~~

19         ~~(b) For purposes of this section “state matching grant criteria”~~  
20    ~~means those criteria in Section 5474 of Title 10 of the California~~  
21    ~~Code of Regulations.~~

22         ~~(c) The Trade and Commerce Agency shall adopt state matching~~  
23    ~~grant criteria that are at least as stringent as federal award criteria.~~

24         ~~(d) State matching grant criteria shall, where federal criteria~~  
25    ~~warrant, favor proposals that do all of the following:~~

26             ~~(1) Advance defense conversion objectives.~~

27             ~~(2) Address needs of defense suppliers and their subtier~~  
28    ~~suppliers.~~

29             ~~(3) Increase competitiveness, number of jobs, and quality of~~  
30    ~~jobs.~~

31         ~~(e) The agency shall, where federal criteria warrant, adopt state~~  
32    ~~matching grant criteria relevant to product line and market that are~~  
33    ~~at least as stringent as federal award criteria. State matching grant~~  
34    ~~criteria shall favor proposals with evidence of all of the following:~~

35             ~~(1) The proposed activity will be commercially sustained within~~  
36    ~~five years without federal funding.~~

37             ~~(2) The participants are effective in similar kinds of activities.~~

38             ~~(3) Multidisciplinary planning is adequate.~~

- 1     ~~(4) The participants possess all necessary skills for achieving a~~  
2 ~~product line and market.~~
- 3     ~~(f) The agency shall, where federal criteria warrant, adopt state~~  
4 ~~matching grant criteria relevant to a management plan that are at~~  
5 ~~least as stringent as federal award criteria. State matching grant~~  
6 ~~criteria shall favor proposals with all of the following:~~
- 7         ~~(1) An appropriate organizational approach to carry out~~  
8 ~~activities.~~
- 9         ~~(2) Quality and experienced leadership.~~
- 10         ~~(3) Sound staffing plans.~~
- 11         ~~(4) Thorough evaluation plans.~~
- 12         ~~(5) Clear entity responsible for performance.~~
- 13         ~~(6) Evidence of significant private industry involvement and~~  
14 ~~support.~~
- 15     ~~(g) The agency shall, where federal criteria warrant, adopt state~~  
16 ~~matching grant criteria relevant to an education plan that are at~~  
17 ~~least as stringent as federal award criteria. State matching grant~~  
18 ~~criteria shall favor proposals with both of the following:~~
- 19         ~~(1) Commitment to providing high quality, accessible~~  
20 ~~manufacturing education.~~
- 21         ~~(2) Innovative, high quality, useful, and effective approaches~~  
22 ~~for improving engineering education in manufacturing.~~
- 23     ~~(h) The agency shall, where federal criteria warrant, adopt state~~  
24 ~~matching grant criteria relevant to target populations that are at~~  
25 ~~least as stringent as federal award criteria. State matching grant~~  
26 ~~criteria shall favor proposals involving both of the following:~~
- 27         ~~(1) Defense firms and defense work force.~~
- 28         ~~(2) Significant numbers of women, members of underrepresented~~  
29 ~~minority groups, and individuals with disabilities through active~~  
30 ~~recruitment.~~
- 31     ~~(i) The agency shall, where federal criteria warrant, adopt state~~  
32 ~~matching grant criteria relevant to a networking plan that are at~~  
33 ~~least as stringent as federal award criteria. State matching grant~~  
34 ~~criteria shall favor proposals involving defense industry~~  
35 ~~involvement and commitment, and quality industrial funding~~  
36 ~~commitment.~~
- 37     ~~(j) The agency shall, where federal criteria warrant, adopt state~~  
38 ~~matching grant criteria relevant to resources that are at least as~~  
39 ~~stringent as federal award criteria. State matching grant criteria~~  
40 ~~shall favor proposals with all of the following:~~

- 1 ~~(1) Fully qualified faculty and industry participants, experienced~~
- 2 ~~in research and education in manufacturing engineering.~~
- 3 ~~(2) Adequate committed resources.~~
- 4 ~~(3) Likelihood to attract nonfederal funding sources.~~

5 SECTION 1.

6 SEC. 2. Section 13997.2 is added to the Government Code, to  
7 read:

8 13997.2. (a) The Legislature finds and declares all of the  
9 following:

10 (1) California’s economic development organizations and  
11 corporations are an integral component of the state job creation  
12 effort because they are a critical link between state economic  
13 development activities and the statewide business community,  
14 providing an excellent opportunity to leverage state resources.

15 (2) Economic development corporations and organizations  
16 provide broad public benefit to the residents of this state by  
17 alleviating unemployment, encouraging private investment, and  
18 diversifying local economies.

19 (3) Economic development corporations engage in a wide range  
20 of programs and strategies to attract, retain, and expand businesses,  
21 including marketing the community, small business lending, and  
22 other financial services, a wide range of technical assistance to  
23 small business, preparation of economic data, and business  
24 advocacy.

25 (4) By using public sector resources and powers to reduce the  
26 risks and costs that could prohibit investment, the public sector  
27 often sets the stage for employment-generating investment by the  
28 private sector.

29 (b) For purposes of this chapter, all of the following definitions  
30 apply:

31 (1) “Local economic development organization” means a public  
32 or public-private job creation activity recognized by cities and  
33 counties as the lead agency within that city or county for planning  
34 and implementation of job creation involving business expansion,  
35 business retention, and new business development.

36 (2) “Regional economic development organization” means an  
37 organization comprised of any of the following:

- 38 (A) A single county.
- 39 (B) More than one county.

1 (C) A subregion within a county established by the cities and  
2 county within that subregion.

3 (D) An economic development corporation.

4 (3) “Economic development corporation” means a local or  
5 regional nonprofit public-private economic development  
6 organization recognized in a defined region by the public and  
7 private sector as the lead agency for the planning and  
8 implementation of job creation involving business retention and  
9 new business development.

10 (4) “Regional economic development corporation” means a  
11 corporation comprised of any of the following:

12 (A) A single county.

13 (B) More than one county.

14 (C) A subregion within a single county established by a group  
15 of cities and counties.

16 (5) “Economic development” means any activity that enhances  
17 the factors of productive capacity, such as land, labor, capital, and  
18 technology, of a national, state, or local economy. “Economic  
19 development” includes policies and programs expressly directed  
20 at improving the business climate in business finance, marketing,  
21 neighborhood development, small business development, business  
22 retention and expansion, technology transfer, and real estate  
23 redevelopment. “Economic development” is an investment program  
24 designed to leverage private sector capital in such a way as to  
25 induce actions that have a positive effect on the level of business  
26 activity, employment, income distribution, and fiscal solvency of  
27 the community.

28 (6) “Local economic development” is a process of deliberate  
29 intervention in the normal economic process of a particular locality  
30 to stimulate economic growth of the locality by making it more  
31 attractive, resulting in more jobs, wealth, better quality of life, and  
32 fiscal solvency. Prime examples of economic development include  
33 business attraction, business expansion and retention, and business  
34 creation.

35 ~~SEC. 2.~~

36 *SEC. 3.* Notwithstanding any other provision of law, effective  
37 January 1, 2008, the Economic Adjustment Assistance grant funded  
38 through the United States Economic Development Administration  
39 under Title IX of the Public Works and Economic Development  
40 Act of 1965 (Grant No. 07-19-02709 and 07-19-2709.1) shall be

1 administered by the Secretary of Business, Transportation and  
2 Housing, and for the purpose of state administration of this grant,  
3 the secretary shall be deemed to be the successor to the former  
4 Secretary of Technology, Trade and Commerce. The secretary  
5 may assign and contract administration of the grant to a public  
6 agency created pursuant to Chapter 5 (commencing with Section  
7 6500) of Division 7 of Title 1 of the Government Code.

O