

## Assembly Bill No. 1721

### CHAPTER 631

An act to add Sections 13997.2, 13997.4, and 13997.6 to, and to repeal Section 8450.5 of, the Government Code, relating to economic development.

[Approved by Governor October 13, 2007. Filed with  
Secretary of State October 13, 2007.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1721, 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.

The bill would specify that the Business, Transportation and Housing Agency shall be the primary state agency responsible for facilitating economic development in the state, subject to specified criteria.

The bill would create the California Economic Development Fund in the State Treasury for the purpose of receiving specified funds, and would authorize the Secretary of Business, Transportation and Housing to expend moneys in the Fund, upon appropriation by the Legislature, for specified purposes related to economic development in the state.

The bill would also authorize the secretary 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.

The bill would also make a technical, nonsubstantive change by repealing an obsolete provision.

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

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 Section 8450.5 of the Government Code is repealed.

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

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

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

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

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

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

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

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

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

(A) A single county.

(B) More than one county.

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

(D) An economic development corporation.

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

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

(A) A single county.

(B) More than one county.

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

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

(6) “Local economic development” is a process of deliberate intervention in the normal economic process of a particular locality to stimulate economic

growth of the locality by making it more attractive, resulting in more jobs, wealth, better quality of life, and fiscal solvency. Prime examples of economic development include business attraction, business expansion and retention, and business creation.

SEC. 3. Section 13997.4 is added to the Government Code, to read:

13997.4. The Business, Transportation and Housing Agency shall be the primary state agency responsible for facilitating economic development in the state. The agency shall work with other federal, state, regional, local, and international public and private entities in meeting this responsibility.

SEC. 4. Section 13997.6 is added to the Government Code, to read:

13997.6. (a) The California Economic Development Fund is hereby created in the State Treasury for the purpose of receiving federal, state, local, and private economic development funds, and receiving repayment of loans or grant proceeds and interest on those loans or grants.

(b) Upon appropriation by the Legislature, moneys in the Fund may be expended by the Secretary of Business, Transportation and Housing to provide matching funds for loans or grants to public agencies, nonprofit organizations, and private entities, and for other economic development purposes, consistent with the purposes for which the moneys were received.

SEC. 5. Notwithstanding any other provision of law, effective January 1, 2008, the Economic Adjustment Assistance grant funded through the United States Economic Development Administration under Title IX of the Public Works and Economic Development Act of 1965 (Grant No. 07-19-02709 and 07-19-2709.1) shall be administered by the Secretary of Business, Transportation and Housing, and for the purpose of state administration of this grant, the secretary shall be deemed to be the successor to the former Secretary of Technology, Trade and Commerce. The secretary may assign and contract administration of the grant to a public agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.