

AMENDED IN SENATE JUNE 29, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1555

Introduced by ~~Committee on Jobs, Economic Development, and the Economy (V. Manuel Perez (Chair), Logue (Vice Chair), Beall, Bill Berryhill, Block, Huber, and Salas)~~ Assembly Members *V. Manuel Perez and Fuentes*

(Principal coauthors: Senators Padilla and Wiggins)

(Coauthor: Assembly Member Chesbro)

March 11, 2009

~~An act to amend Section 13997.2 of the Government Code, relating to economic development.~~ *An act to amend Section 281 of the Public Utilities Code, relating to telecommunications, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1555, as amended, ~~Committee on Jobs, Economic Development, and the Economy V. Manuel Perez. Economic development.~~ *Telecommunications: California Advanced Services Fund.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to supervise and regulate every public utility and do all things necessary and convenient in the exercise of its power and jurisdiction.

Existing law, until January 1, 2013, establishes the California Advanced Services Fund (CASF) in the State Treasury, and requires a surcharge, which is imposed by the commission and collected through retail telecommunications customers' bills, to be deposited in that fund, for the purpose of encouraging the deployment of advanced

communications services, as provided in a specified order of the commission. Pursuant to that order, which establishes a program providing matching funds to build broadband infrastructure in unserved and underserved areas, eligible applicants for these funds are telephone corporations having a specified certificate from the commission and wireless carriers subject to registration with the commission.

This bill would, for the sole purpose of providing matching funds pursuant to the federal American Recovery and Reinvestment Act of 2009, make any entity that offers broadband services eligible to apply for participation in the matching funds program if that entity otherwise satisfies the eligibility requirements under the program.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law designates the Business, Transportation and Housing Agency as the primary state agency responsible for facilitating economic development in the state, establishes the California Economic Development Fund in the State Treasury for the purpose of receiving specified economic development funds, authorizes the Secretary of Business, Transportation and Housing to expend moneys in the fund, upon appropriation by the Legislature, for specified purposes relating to economic development, authorizes the secretary to administer the federal Economic Adjustment Assistance Grant, as defined, and defines various terms for the purposes of these provisions relating to economic development.~~

~~This bill would define additional terms for the purposes of these provisions in existing law relating to economic development.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

- 1 SECTION 1. Section 281 of the Public Utilities Code, as added
- 2 by Section 4 of Chapter 393 of the Statutes of 2008, is amended
- 3 to read:
- 4 281. (a) The commission shall develop, implement, and
- 5 administer the California Advanced Services Fund to encourage
- 6 deployment of high-quality advanced communications services to
- 7 all Californians that will promote economic growth, job creation,
- 8 and the substantial social benefits of advanced information and
- 9 communications technologies, as provided in Decision 07-12-054.

1 (b) (1) All moneys collected by the surcharge authorized by
2 the commission pursuant to that decision, whether collected before
3 or after ~~the operative date of this section~~ *January 1, 2009*, shall
4 be transmitted to the commission pursuant to a schedule established
5 by the commission. The commission shall transfer the moneys
6 received to the Controller for deposit in the California Advanced
7 Services Fund.

8 (2) All interest earned on moneys in the fund shall be deposited
9 in the fund.

10 (3) The commission may not collect moneys, by imposing the
11 surcharge described in paragraph (1) for deposit in the fund, in an
12 amount that exceeds a total amount of one hundred million dollars
13 (\$100,000,000).

14 (c) (1) Any moneys appropriated from the California Advanced
15 Services Fund to the commission may only be expended for the
16 program administered by the commission pursuant to subdivision
17 (a), including the costs incurred by the commission in developing,
18 implementing, and administering the program and the fund.

19 (2) *Notwithstanding any other law and for the sole purpose of*
20 *providing matching funds pursuant to the federal American*
21 *Recovery and Reinvestment Act of 2009 (Public Law 111-5), any*
22 *entity that offers broadband services shall be eligible to apply to*
23 *participate in the program administered by the commission*
24 *pursuant to subdivision (a), if that entity otherwise satisfies the*
25 *eligibility requirements under that program.*

26 (d) The commission shall conduct both a financial audit and a
27 performance audit of the implementation and effectiveness of the
28 California Advanced Services Fund to ensure that funds have been
29 expended in accordance with the approved terms of the winning
30 bids and this section. The commission shall report its findings to
31 the Legislature by December 31, 2010. The report shall also include
32 an update to the maps in the final report of the California
33 Broadband Task Force.

34 (e) This section shall remain in effect only until January 1, 2013,
35 and as of that date is repealed, unless a later enacted statute, that
36 is enacted before January 1, 2013, deletes or extends that date.

37 *SEC. 2. This act is an urgency statute necessary for the*
38 *immediate preservation of the public peace, health, or safety within*
39 *the meaning of Article IV of the Constitution and shall go into*
40 *immediate effect. The facts constituting the necessity are:*

1 *In order to provide for the use of federal matching funds for*
2 *broadband programs, made available pursuant to the American*
3 *Recovery and Reinvestment Act of 2009 (Public Law 111-5), at*
4 *the earliest possible time, it is necessary that this act take effect*
5 *immediately.*

6 ~~SECTION 1. This act shall be known and may be cited as the~~
7 ~~Assembly Committee on Jobs, Economic Development, and the~~
8 ~~Economy Annual Economic Development Omnibus Bill.~~

9 ~~SEC. 2. Section 13997.2 of the Government Code is amended~~
10 ~~to read:~~

11 ~~13997.2. (a) The Legislature finds and declares all of the~~
12 ~~following:~~

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

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

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

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

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

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

39 ~~(2) "Regional economic development organization" means an~~
40 ~~organization comprised of any of the following:~~

- 1 ~~(A) A single county.~~
2 ~~(B) More than one county.~~
3 ~~(C) A subregion within a county established by the cities and~~
4 ~~county within that subregion.~~
5 ~~(D) An economic development corporation.~~
6 ~~(3) “Economic development corporation” means a local or~~
7 ~~regional nonprofit public-private economic development~~
8 ~~organization recognized in a defined region by the public and~~
9 ~~private sector as the lead agency for the planning and~~
10 ~~implementation of job creation involving business retention and~~
11 ~~new business development.~~
12 ~~(4) “Regional economic development corporation” means a~~
13 ~~corporation comprised of any of the following:~~
14 ~~(A) A single county.~~
15 ~~(B) More than one county.~~
16 ~~(C) A subregion within a single county established by a group~~
17 ~~of cities and counties.~~
18 ~~(5) “Economic development” means any activity that enhances~~
19 ~~the factors of productive capacity, such as land, labor, capital, and~~
20 ~~technology, of a national, state, or local economy. “Economic~~
21 ~~development” includes policies and programs expressly directed~~
22 ~~at improving the business climate in business finance, marketing,~~
23 ~~neighborhood development, small business development, business~~
24 ~~retention and expansion, technology transfer, and real estate~~
25 ~~redevelopment. “Economic development” is an investment program~~
26 ~~designed to leverage private sector capital in such a way as to~~
27 ~~induce actions that have a positive effect on the level of business~~
28 ~~activity, employment, income distribution, and fiscal solvency of~~
29 ~~the community.~~
30 ~~(6) “Local economic development” is a process of deliberate~~
31 ~~intervention in the normal economic process of a particular locality~~
32 ~~to stimulate economic growth of the locality by making it more~~
33 ~~attractive, resulting in more jobs, wealth, better quality of life, and~~
34 ~~fiscal solvency. Prime examples of economic development include~~
35 ~~business attraction, business expansion and retention, and business~~
36 ~~creation.~~
37 ~~(7) “Emerging domestic market” means people, places, or~~
38 ~~business enterprises with growth potential that face capital~~
39 ~~constraints due to systemic undervaluations as a result of imperfect~~
40 ~~market information. These markets include, but are not limited to,~~

1 ethnic-owned and women-owned firms, urban and rural
2 communities, companies that serve low-income or
3 moderate-income populations, and other small and medium-sized
4 businesses.

5 (8) “Financial intermediary” means an institution, firm,
6 organization, or individual who performs intermediation between
7 two or more parties in a financial context, such as connecting
8 sources of funds with users of funds. A financial intermediary is
9 typically an entity that facilitates the channeling of funds between
10 lenders, investors, foundations, or other entities that have money
11 and are interested in connecting with businesses or communities
12 where their money can be deployed. Financial intermediaries
13 include, but are not limited to, banks, financial development
14 corporations, economic developers, or microenterprise development
15 organizations, and community development organizations.

16 (9) “Community development intermediary” means an
17 institution, firm, organization, or individual who performs
18 intermediation between two or more parties in a community
19 development context, such as connecting people and organizations
20 that have a stake in the future well-being of communities and
21 individuals who may not easily have access to these stakeholders.
22 A community development intermediary is typically an entity that
23 channels financial and nonfinancial resources between government
24 and foundations and other nonprofit organizations that have
25 resources and are interested in connecting with small- and
26 medium-size businesses and low- and moderate-income households
27 and communities. Community development intermediaries include,
28 but are not limited to, community development corporations,
29 microenterprise development organizations, and community
30 development financial institutions.

31 (10) “Triple bottom line” means the economic, environmental,
32 and social benefits arising from a project, investment, or
33 community and economic development activity.

34 (11) “Small businesses” means a business with less than 100
35 employees and with a gross revenue of less than five million dollars
36 (\$5,000,000), or a business that is otherwise targeted by or
37 participating in a federal or state program engaged in programs or
38 services for small businesses. Application of this definition may
39 only be used pursuant to a direct reference.

1 ~~(12) “Community development” means a process designed to~~
2 ~~create conditions of economic and social prosperity for the whole~~
3 ~~community, or a targeted subset of the whole community, with the~~
4 ~~fullest possible reliance on the community’s initiative and active~~
5 ~~participation.~~

6 ~~(13) “Financial institution capital” means resources of a financial~~
7 ~~institution, including, but not limited to, a bank or credit union,~~
8 ~~that are legally available to be used to generate wealth for the~~
9 ~~financial institution.~~

10 ~~(14) “California Council on Science and Technology” means~~
11 ~~the council established by California academic research institutions,~~
12 ~~including the University of California, the University of Southern~~
13 ~~California, the California Institute of Technology, Stanford~~
14 ~~University, and the California State University, in support of~~
15 ~~Assembly Concurrent Resolution No. 162 (Res. Ch. 148, Stats.~~
16 ~~1988).~~

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