

## Assembly Bill No. 2798

### CHAPTER 613

An act to amend Section 13997.2 of the Government Code, relating to economic development.

[Approved by Governor September 30, 2010. Filed with  
Secretary of State September 30, 2010.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2798, Committee on Jobs, Economic Development, and the Economy. Economic development.

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.

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

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

SEC. 2. Section 13997.2 of the Government Code is amended 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 benefits 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.

(7) “Emerging domestic market” means people, places, or business enterprises with growth potential that face capital constraints due to systemic

undervaluations as a result of imperfect market information. These markets include, but are not limited to, ethnic-owned and women-owned firms, urban and rural communities, companies that serve low-income or moderate-income populations, and other small and medium-sized businesses.

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

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

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

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

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

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

(14) “California Council on Science and Technology” means the council established by California academic research institutions, including the University of California, the University of Southern California, the California Institute of Technology, Stanford University, and the California State

University, in support of Assembly Concurrent Resolution No. 162 (Res. Ch. 148, Stats. 1988).

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