

AMENDED IN SENATE JULY 5, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 29

**Introduced by Assembly Member John A. Pérez
(Principal coauthors: Assembly Members Feuer and
V. Manuel Pérez)**

December 6, 2010

An act to amend Section 15570 of, to add Chapter 1.6 (commencing with Section 12096) to Part 2 of Division 3 of Title 2 of, and to repeal Article 7 (commencing with Section 65054) of Chapter 1.5 of Division 1 of Title 7 of, the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 29, as amended, John A. Pérez. Office of Economic Development.

~~(1) Existing~~

Existing law provides for various state programs and services for the purpose of attracting and retaining businesses in this state. Existing law creates the Office of Small Business Advocate in the Office of Planning and Research in the Governor's office.

This bill would create the Office of Economic Development, which would be administered by a director appointed by the Governor, subject to confirmation by the Senate. The bill would require that the office serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth, and make recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals. The bill would create the California Business Investment Services Program, as specified, within the office, under the authority of the director, for the

purpose of serving employers, corporate executives, business owners, and site location consultants who are considering California for business investment and expansion. The bill would also move the Office of Small Business Advocate to the Office of Economic Development.

~~(2) Existing law requires the Secretary of Labor and Workforce Development to lead the development of a biennial California Economic Development Strategic Plan and, in doing so, to review the recommendations of the California Economic Strategy Panel, which is created for this purpose. Existing law requires the secretary to convene a biennial economic strategy panel, conduct meetings, and submit a report to the Legislature regarding its findings and recommendations regarding developing a system of accountability, as specified.~~

~~This bill would delete the date for the submission of the report described above and instead require that the report also be submitted to the Office of Economic Development after the necessary meetings have been held.~~

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. Chapter 1.6 (commencing with Section 12096)
2 is added to Part 2 of Division 3 of Title 2 of the Government Code,
3 to read:

4
5 CHAPTER 1.6. OFFICE OF ECONOMIC DEVELOPMENT

6
7 12096. This chapter shall be known, and may be cited, as the
8 Economic Revitalization Act.

9
10 Article 1. Intent

11
12 12096.1. The Legislature finds and declares all of the following:

13 (a) In 2008, California had the eighth largest economy in the
14 world, with a gross state product of over one trillion eight hundred
15 billion dollars (\$1,800,000,000,000).

16 (b) California’s significance in the global marketplace results
17 from a variety of factors, including:

1 (1) Its strategic west coast location that provides direct access
2 to the growing markets and technology centers of Mexico, Latin
3 America, Japan, China, and Southeast Asia.

4 (2) Its diverse regional economies.

5 (3) Its ethnically diverse population and well-educated
6 workforce.

7 (4) Its access to a wide variety of venture and other private
8 capital.

9 (5) Its rich inventory of pioneering businesses.

10 (6) Its culture of entrepreneurship, particularly in the areas of
11 computer technology, biotechnology, medical devices and
12 diagnostic tools, and clean and green technology.

13 (7) Its access to world-class research and educational
14 institutions.

15 (c) It is therefore in California's best interest to have a
16 designated Office of Economic Development within the Governor's
17 office to provide a visible point of contact and assistance to
18 companies, entrepreneurs, and small business owners, seeking
19 information on business growth and economic development
20 opportunities, as well as technical assistance for navigating the
21 state's regulatory environment.

22 (d) It is further in California's best interest to reexamine and
23 reframe the state government's apparatus for the delivery of
24 services to the business community, particularly the small business
25 community, to better position California to compete in the global
26 economy.

27
28 Article 2. Definitions

29
30 12096.2. For purposes of this chapter:

31 (a) "Office" means the Office of Economic Development.

32 (b) "Director" means the Director of the Office of Economic
33 Development.

34
35 Article 3. General

36
37 12096.3. (a) The Office of Economic Development is hereby
38 established in state government within the Governor's office. The
39 office shall be under the direct control of a director, who shall be
40 responsible to the Governor.

1 (b) The Governor shall appoint the Director of the Office of
 2 Economic Development, subject to confirmation by the Senate,
 3 who shall perform all duties, exercise all powers, assume and
 4 discharge all responsibilities, and carry out and effect all purposes
 5 vested by law in the office, including contracting for professional
 6 or consultant services in connection with the work of the office.

7 (c) The salary of the Director of the Office of Economic
 8 Development shall be fixed pursuant to Section 12001.

9
 10 Article 4. Powers and Duties

11
 12 12096.4. The office shall serve the Governor as the lead entity
 13 for economic strategy and the marketing of California on issues
 14 relating to business development, private sector investment, and
 15 economic growth. In this capacity, the office shall:

16 (a) Recommend to the Governor and the Legislature new state
 17 policies, programs, and actions, or amendments to existing
 18 programs, advance statewide economic goals and respond to
 19 emerging economic problems and opportunities, and ensure that
 20 all state policies and programs conform to the adopted state
 21 economic and business development goals.

22 (b) Coordinate the development of policies and criteria to ensure
 23 that federal grants administered or directly expended by state
 24 government advance statewide economic goals and objectives.

25 (c) Market the business and investment opportunities available
 26 in California by working in partnership with local, regional, federal,
 27 and other state public and private institutions to encourage business
 28 development and investment in the state.

29 (d) Provide, including, but not limited to, all of the following:

30 (1) Economic and demographic data.

31 (2) Financial information to help link businesses with state and
 32 local public and private programs.

33 (3) Workforce information, including, but not limited to, labor
 34 availability, training, and education programs.

35 (4) Transportation and infrastructure information.

36 (5) Assistance in obtaining state and local permits.

37 (6) Information on tax credits and other incentives.

38 (7) Permitting, siting, and other regulatory information pertinent
 39 to business operations in the state.

1 (e) Establish a well-advertised telephone number, an interactive
2 Internet Web site, and an administrative structure that effectively
3 supports the facilitation of business development and investment
4 in the state.

5 (f) Encourage collaboration among research institutions, startup
6 companies, local governments, venture capitalists, and economic
7 development agencies to promote innovation.

8 (g) In cooperation with the federal government, foster
9 relationships with overseas entities to improve the state's image
10 as a destination for business investment and expansion.

11 (h) Conduct research on the state's business climate, including,
12 but not limited to, research on how the state can remain on the
13 leading edge of innovation and emerging sectors.

14 (i) Support small businesses by providing information about
15 accessing capital, complying with regulations, and supporting state
16 initiatives that support small business.

17 12096.5. (a) During the 2011–12 fiscal year, the office shall
18 be funded with existing resources and staffed by personnel loaned
19 from agencies and departments that address economic development,
20 including, but not limited to, the promotion of small business. The
21 agencies shall include, but not be limited to, the Labor and
22 Workforce Development Agency, the Business, Transportation
23 and Housing Agency, the California Environmental Protection
24 Agency, the Natural Resources Agency, the State and Consumer
25 Services Agency, the Department of Food and Agriculture, the
26 California Technology Agency, and the Office of Planning and
27 Research.

28 (b) Each member of the Governor's cabinet shall identify a
29 senior manager within his or her agency who shall coordinate
30 business support activities with the office.

31 (c) For the 2012–13 fiscal year and subsequent fiscal years, the
32 office shall develop a budget in coordination with the Department
33 of Finance pursuant to the state budgeting process, including the
34 permanent transfer of associated positions.

35
36 Article 5. California Business Investment Services Program
37

38 12096.7. (a) The California Business Investment Services
39 Program is hereby created within the Office of Economic
40 Development.

1 (b) The program shall be under the direct authority of the
2 director.

3 (c) The purpose of the program is to serve employers, corporate
4 executives, business owners, and site location consultants who are
5 considering California for business investment and expansion.

6 (d) In implementing the program, the director shall establish
7 and implement a process for convening strike teams on key
8 business development situations, including, but not limited to,
9 attracting new businesses, relocation of large manufacturers, or
10 the closure of a large business employer.

11 (e) In implementing the program, the director shall work
12 cooperatively with local, regional, federal, and other state public
13 and private marketing institutions and trade organizations in
14 attracting, retaining, and helping businesses grow and be successful
15 in California.

16
17 Article 6. Small Business Advocate
18

19 12098. (a) The Legislature finds and declares that it is in the
20 public interest to aid, counsel, assist, and protect, insofar as is
21 possible, the interests of small business concerns in order to
22 preserve free competitive enterprise and maintain a healthy state
23 economy.

24 (b) In order to advocate the causes of small business and to
25 provide small businesses with the information they need to survive
26 in the marketplace, there is created within the Office of Economic
27 Development the Office of Small Business Advocate.

28 (c) The advocate shall post on his or her Internet Web site the
29 name and telephone number of the small business liaison
30 designated pursuant to Section 14846.

31 12098.1. The following definitions apply to this article, unless
32 otherwise indicated:

33 (a) "Advocate" means the Small Business Advocate who is also
34 the Director of the Office of Small Business Advocate.

35 (b) "Director" means the Director of the Office of Small
36 Business Advocate.

37 (c) "Office" means the Office of Small Business Advocate.

38 12098.3. (a) The Director of the Office of Small Business
39 Advocate shall be appointed by, and shall serve at the pleasure of,
40 the Governor.

1 (b) The Governor shall appoint the employees who are needed
2 to accomplish the purposes of this article.

3 (c) The duties and functions of the advocate shall include all of
4 the following:

5 (1) Serve as the principal advocate in the state on behalf of small
6 businesses, including, but not limited to, advisory participation in
7 the consideration of all legislation and administrative regulations
8 that affect small businesses, and advocacy on state policy and
9 programs related to small businesses on disaster preparedness and
10 recovery including providing technical assistance.

11 (2) Represent the views and interests of small businesses before
12 other state agencies whose policies and activities may affect small
13 business.

14 (3) Enlist the cooperation and assistance of public and private
15 agencies, businesses, and other organizations in disseminating
16 information about the programs and services provided by state
17 government that are of benefit to small businesses, and information
18 on how small businesses can participate in, or make use of, those
19 programs and services.

20 (4) Issue a report every two years evaluating the efforts of state
21 agencies and, where appropriate, specific departments that
22 significantly regulate small businesses to assist minority and other
23 small business enterprises, and making recommendations that may
24 be appropriate to assist the development and strengthening of
25 minority and other small business enterprises.

26 (5) Consult with experts and authorities in the fields of small
27 business investment, venture capital investment, and commercial
28 banking and other comparable financial institutions involved in
29 the financing of business, and with individuals with regulatory,
30 legal, economic, or financial expertise, including members of the
31 academic community, and individuals who generally represent the
32 public interest.

33 (6) Determine the desirability of developing a set of rational,
34 objective criteria to be used to define small business, and develop
35 those criteria, if appropriate.

36 (7) Seek the assistance and cooperation of all state agencies and
37 departments providing services to, or affecting, small business,
38 including the small business liaison designated pursuant to Section
39 14846, to ensure coordination of state efforts.

1 (8) Receive and respond to complaints from small businesses
2 concerning the actions of state agencies and the operative effects
3 of state laws and regulations adversely affecting those businesses.

4 (9) Counsel small businesses on how to resolve questions and
5 problems concerning the relationship of small business to state
6 government.

7 (10) Maintain, publicize, and distribute an annual list of persons
8 serving as small business ombudsmen throughout state government.

9 (11) Consult with the Department of Transportation in the
10 development and administration of the Small and Emerging
11 Contractor Technical Assistance Program established pursuant to
12 Article 2.6 (commencing with Section 14137) of Chapter 2 of Part
13 5.

14 12098.4. (a) Each agency of the state shall furnish to the
15 advocate the reports, documents, and information that are public
16 records and that the director deems necessary to carry out his or
17 her functions under this chapter.

18 (b) The advocate shall prepare and submit a written annual
19 report to the Governor and to the Legislature that describes the
20 activities and recommendations of the office.

21 (c) The advocate may establish a centralized interactive
22 telephone referral system to assist small and minority businesses
23 in their operations, including governmental requirements, such as
24 taxation, accounting, and pollution control, and to provide
25 information concerning the agency from which more specialized
26 assistance may be obtained. The advocate may establish and
27 advertise a telephone number to serve this centralized interactive
28 telephone referral system.

29 12098.5. In addition to his or her other responsibilities under
30 this article, the advocate shall do the following:

31 (a) Develop on the office’s Internet Web site, and update as
32 necessary, a handbook about emergency preparedness, responses
33 to emergencies, and recovery strategies for small businesses.

34 (b) Conduct at least one public meeting every year to share best
35 practices for small business disaster preparedness. The meetings
36 shall be held in consultation with regional and statewide small
37 business organizations and shall take place in different locations
38 throughout the state.

39 ~~SEC. 2. Section 15570 of the Government Code is amended~~
40 ~~to read:~~

1 15570. (a) The secretary shall lead the preparation of a biennial
2 California Economic Development Strategic Plan. In fulfilling this
3 duty, the secretary shall do the following:

4 (1) ~~Review the recommendations made by the California~~
5 ~~Economic Strategy Panel in their biennial economic development~~
6 ~~strategic plan document. This document shall make~~
7 ~~recommendations regarding an economic development strategic~~
8 ~~plan for the state, covering a two-year time period and containing~~
9 ~~a statement of economic goals for the state, a prioritized list~~
10 ~~identifying significant issues learned from economic development~~
11 ~~strategic plan panel meetings, proposals for legislation, regulations,~~
12 ~~and administrative reforms necessary to improve the business~~
13 ~~climate and economy of the state, evaluation of the effectiveness~~
14 ~~of the state's economic development programs, a list of key~~
15 ~~industries in which the state shall focus its economic development~~
16 ~~efforts, and strategies to foster job growth and economic~~
17 ~~development covering all state agencies, offices, boards, and~~
18 ~~commissions that have economic development responsibilities.~~

19 (2) ~~Convene a biennial economic strategy panel to provide~~
20 ~~recommendations regarding a California economic development~~
21 ~~strategic plan. This panel shall conduct meetings in Sacramento,~~
22 ~~all cities of the state with populations over 500,000, and in major~~
23 ~~cities of other regions of California as designated by the secretary.~~
24 ~~The secretary shall invite businesses, labor unions, organizations~~
25 ~~representing the interests of diverse ethnic and gender groups,~~
26 ~~local government leaders, academic economists and business~~
27 ~~professors, chambers of commerce and other business~~
28 ~~organizations, government agencies, and key industries to~~
29 ~~contribute to the preparation of the recommended economic~~
30 ~~strategy. These meetings shall address at least the following matters~~
31 ~~of concern:~~

32 (A) ~~Strengths and weaknesses of the California economy and~~
33 ~~the state's prospects for future economic prosperity.~~

34 (B) ~~Existing, emerging, and declining industries in California~~
35 ~~and elsewhere.~~

36 (C) ~~Effectiveness of California's economic development~~
37 ~~programs in creating and retaining jobs and attracting industries.~~

38 (D) ~~Adequacy of state and local physical and economic~~
39 ~~infrastructure.~~

40 (E) ~~Government impediments to economic development.~~

- 1 ~~(F) The development of a system of accountability for use in~~
2 ~~the annual state budget process and in the legislative process to~~
3 ~~measure the performance of all state policies, programs, and tax~~
4 ~~expenditures intended to stimulate the economy. In developing a~~
5 ~~system of accountability, the panel shall, by using only existing~~
6 ~~resources and without future budget augmentation made for this~~
7 ~~purpose, do all of the following:~~
- 8 ~~(i) Develop a standard definition of economic development.~~
9 ~~(ii) Develop, for use in state law, standard measurements of real~~
10 ~~per capita income, job growth and retention, new business creation,~~
11 ~~private sector investment, minority entrepreneurship, and income~~
12 ~~inequality.~~
- 13 ~~(iii) Survey and evaluate efforts in other states to develop~~
14 ~~accountability measures for public investments in economic~~
15 ~~development.~~
- 16 ~~(iv) Determine whether a return on investment calculation is~~
17 ~~feasible for public investments in economic development.~~
- 18 ~~(v) Conduct a comparative study of various methodologies for~~
19 ~~preparing the economic development sections of a state budget,~~
20 ~~including unified functional budget, zero-based budget, and~~
21 ~~performance-based budget methodologies.~~
- 22 ~~(vi) Study the feasibility of statutory disclosure requirements~~
23 ~~on specified publicly funded subsidies to private sector businesses.~~
- 24 ~~(vii) After the biennial economic strategy panel has been~~
25 ~~convened and its meetings are conducted, submit a report of its~~
26 ~~findings and recommendations regarding this subparagraph to the~~
27 ~~Legislature and the Office of Economic Development.~~
- 28 ~~(b) The panel shall be composed of the following 15 members:~~
- 29 ~~(1) The Secretary of Labor and Workforce Development, who~~
30 ~~shall serve as chair of the panel.~~
- 31 ~~(2) Eight persons appointed by the Governor.~~
32 ~~(3) The Speaker of the Assembly or his or her designee.~~
33 ~~(4) The President pro Tempore of the Senate or his or her~~
34 ~~designee.~~
- 35 ~~(5) The Minority Leader of the Assembly or his or her designee.~~
36 ~~(6) The Minority Leader of the Senate or his or her designee.~~
37 ~~(7) One person appointed by the Speaker of the Assembly.~~
38 ~~(8) One person appointed by the Senate Committee on Rules.~~
- 39 ~~(c) The panel shall be representative of state government,~~
40 ~~business, labor, finance, and academic institutions, and shall be~~

1 broadly reflective of the state's population as to gender, ethnicity,
2 and geographic residence within California.

3 At least one-half of all the persons on the panel shall be from
4 the private sector and at least two appointments shall be from
5 private businesses with less than 50 employees. At least two
6 appointments shall be from rural areas of the state. Beginning
7 January 1, 2004, appointments to the panel shall be for four-year
8 terms, except that the Governor's appointments made pursuant to
9 paragraph (2) of subdivision (b) shall be made as follows:

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

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

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

17 (d) The secretary shall deliver copies of the economic strategy
18 panel's recommended California economic development strategic
19 plan to every constitutional officer, legislator, member of the
20 Governor's cabinet, members of the economic development
21 strategic plan panel, and every state agency, office, board, and
22 commission having economic development responsibilities.

23 (e) In each succeeding two-year cycle, the secretary shall
24 undertake this process anew, so as to update the economic strategy
25 on or before October 31 of each succeeding second year.

26 SEC. 3.

27 SEC. 2. Article 7 (commencing with Section 65054) of Chapter
28 1.5 of Division 1 of Title 7 of the Government Code is repealed.