ASSEMBLY BILL No. 32

Introduced by Assembly Member Lara
(Coauthor: Assembly Member V. Manuel Pérez)

December 6, 2010

An act relating to entrepreneurship.

legislative counsel's digest

AB 32, as introduced, Lara. Entrepreneurship: economic gardening.

Existing law creates the Office of Small Business Advocate in the Office of Planning and Research in the Governor's office. Existing law creates the California Small Business Board for the purpose of, among other things, advising the Governor and the Small Business Advocate regarding issues and programs affecting this state's small business community.

This bill would state the intention of the Legislature to enact legislation that supports entrepreneurship as a form of economic development and job creation in communities throughout this state. This legislation would provide for research and assessment of urban and suburban communities regarding their assets, skills, and needs, and utilize that data to determine economic opportunities in those communities and support access to capital for entrepreneurs in these communities. The legislation would also, among other things, identify opportunities for local and state agencies to remove barriers to make siting, zoning, and licensing easier for small businesses, in order to allow for entrepreneurial job creation, and promote the development of entrepreneurial education curricula and programs.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Our state has been hit hard by the global economic recession. Currently, the state faces a 12.4 percent unemployment rate, the third highest in the nation, which puts over 2.2 million Californians out of work. Further, this staggering loss of employment has contributed to California's $26 billion budget deficit. In its third quarterly report of 2010, the UCLA Anderson Forecast predicts "very sluggish growth" for the foreseeable future for the United States economy. For California, the forecast calls for "a difficult period ahead" as California attempts to generate not only the 1.3 million jobs lost during the recession, but also the "additional jobs needed for new entrants into the job market over the past two and a half years."

(b) According to the November 2010 Report of the Employment Development Department, currently Californians are employed largely in service industry jobs, with trade, transportation, and utilities ranking first, local government second, and professional and business services third. It is imperative that California does everything possible to maintain these jobs. However, the state also needs to create an environment that fosters innovation and entrepreneurship in order to reduce our high unemployment rate.

(c) California's rich tradition of supporting innovation and entrepreneurial spirit led to great successes like Silicon Valley and our cutting edge advances in green technology, such as biofuels and hydrogen fuel cells. Over the past 20 years these industries have created jobs for California while allowing the state to achieve huge advances in air quality standards that safeguard the health and safety of Californians.

(d) Despite California's many advancements, the state has suffered a loss in manufacturing and technical service jobs to other states and regions in the world overseas. In order to remain nationally and globally competitive, California must focus on tangible solutions and alternative solutions to our unemployment rate.

(e) "Economic gardening" is an innovative economic development model that embraces entrepreneurship as a driving force for job creation and growth. It originated in 1987 in Littleton, Colorado, and is based on the idea that a community needs an economic development plan that utilizes its particular strengths. Rather than solely relying on conventional models for attracting big businesses to communities, it encourages job growth from within, by focusing on small businesses and local entrepreneurs. In essence, economic gardening allows communities to “grow their own jobs.” This is especially useful in communities that are not able to depend on traditional business models because they lack the infrastructure or land to attract and sustain large businesses in their regions. For example, while large cities may be able to compete for global businesses and capital, smaller communities may not be able to do so and may find that concentrating on local businesses and growth is more conducive to their needs.

(f) Economic gardening is based on research by David Birch of the Massachusetts Institute of Technology, who proposed that most new jobs in any local economy were produced by smaller, local, high-growth businesses. Since then, a growing body of research suggests that small and local businesses are important drivers of economic growth. The United States Census Bureau found that between 1990 and 2003, companies employing fewer than 20 employees accounted for 79.5 percent of the net new jobs in the United States. Thus, encouraging the growth of small businesses may lead to greater job creation than trying to attract one or two large corporations to an area.

(g) The Legislature has continually tried to make California’s youth and student populations marketable and well prepared for the changing global job market. In addition to maintaining a competitive job force, the state must foster local entrepreneurial education in our colleges and universities.

(h) As California continues to suffer from double-digit unemployment and a recurring and growing state budget deficit, it is incumbent on the state to invest in regional, innovative approaches to economic development that can create jobs and economic growth during a recession and in difficult economic times.

SEC. 2. It is the intent of the Legislature to enact legislation that would support entrepreneurship as a form of economic development and job creation in communities throughout this state. This legislation shall do all of the following:

(a) Provide for regional research and assessment of urban and suburban communities regarding their particular community assets, skills, and needs, and utilize that data to determine economic opportunities in individual communities.

(b) Support access to capital for entrepreneurs in these communities, including, but not limited to, microfinance.

(c) Provide information on financial literacy, including information that describes how to start a business and apply for licenses, as well as education on taxation and business structure, and ongoing support.

(d) Identify opportunities for local and state agencies to remove legal barriers and burdensome paperwork to make siting, zoning, and licensing easier for small businesses and startup companies in order to allow for entrepreneurial job creation.

(e) Encourage cities and counties to provide opportunities for retail space development that is accessible to, and affordable for, entrepreneurial enterprises and housing that is affordable and centrally located in cities and counties.

(f) Promote the development of entrepreneurial education curricula and programs in the elementary and secondary educational systems and invest in entrepreneurship training and education in the California Community Colleges, California State University system, and University of California system, in order to ensure that new entrants into the labor market have the skills to compete and secure jobs or create their own.

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