

AMENDED IN ASSEMBLY JANUARY 4, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 32

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

December 6, 2010

An act to add Section 65054.10 to the Government Code, relating to ~~entrepreneurship~~ the Office of Small Business Advocate.

LEGISLATIVE COUNSEL'S DIGEST

AB 32, as amended, Lara. ~~Entrepreneurship: economic gardening.~~
Office of Small Business Advocate: entrepreneurship.

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 require the Office of Small Business Advocate to establish a program 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. This bill would require the program to accomplish certain objectives related to encouraging entrepreneurship and small business development, as specified.~~

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

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

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

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

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

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

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

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

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

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

39 (h) As California continues to suffer from double-digit
40 unemployment and a recurring and growing state budget deficit,

1 it is incumbent on the state to invest in regional, innovative
2 approaches to economic development that can create jobs and
3 economic growth during a recession and in difficult economic
4 times.

5 ~~SEC. 2.—~~

6 ~~—It is the intent of the Legislature to enact legislation~~

7 *SEC. 2. Section 65054.10 is added to the Government Code,*
8 *to read:*

9 *65054.10. The advocate shall create a program that would*
10 *support supports entrepreneurship as a form of economic*
11 *development and job creation in communities throughout this state.*
12 ~~*This legislation shall do all of the following: The program shall*~~
13 ~~*accomplish all of the following objectives:*~~

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

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

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

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

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

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

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