

**ASSEMBLY BILL**

**No. 232**

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**Introduced by Assembly Members V. Manuel Pérez and Alejo  
(Coauthor: Assembly Member Bradford)**

February 2, 2011

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An act to amend Sections 7071, 7073.1, 7074, 7076, 7076.1, 7081, 7082, 7085, and 7085.1 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 232, as introduced, V. Manuel Pérez. Economic development: Enterprise Zones.

(1) The Enterprise Zone Act provides that its purpose is to stimulate business and industrial growth in the depressed areas of the state by relaxing regulatory controls that impede private investment.

This bill would delete that purpose and instead provide that the purpose of the act is to help stabilize local communities, alleviate poverty, and enhance the state's economic prosperity through the implementation of public and privately funded programs and services that stimulate business and industrial growth in the depressed areas of the state.

(2) The act prohibits the designation of an enterprise zone in which any boundary thereof is drawn so as to include larger stable businesses or heavily residential areas to the detriment of truly economically depressed areas.

This bill would delete that prohibition.

(3) The act authorizes any city, county, or city and county with an eligible area within its jurisdiction to complete a preliminary application for designation as an enterprise zone. The act requires the applying

entity to establish definitive boundaries for the proposed enterprise zone and the targeted employment area.

This bill would prohibit, if a census tract or portion of a census tract included in an enterprise zone proposed on or after January 1, 2011, is within, or previously was within, the boundaries of a previously designated enterprise zone, the aggregate size of the proposed enterprise zone from exceeding the size of the previously designated enterprise zone by more than 10%.

(4) The act requires the Department of Housing and Community Development, in designating enterprise zones, to select from the applications submitted proposed enterprise zones that indicate that they will implement the most appropriate economic development strategies and implementation plans utilizing state and local programs and incentives to create jobs, attract private sector investment, and improve the economic conditions within the zone proposed. The act enumerates, but does not limit, the possible local incentives to be used by proposed zones.

This bill would add to that list tax increment moneys and local financing authorities under the Community Redevelopment Law, Workforce Investment Act moneys and programs funded by those moneys, Community Development Block Grant moneys, CalWORKs funding and other related resources, and local education entities, including K-12, adult education, community colleges, and public and private universities.

(5) The act authorizes a city, county, or city and county to propose that the enterprise zone be expanded by 15% to include definitive boundaries that are contiguous to the enterprise zone. The act authorizes the department to approve an enterprise zone expansion based on specified criteria. The act authorizes a city or county to propose to use an eligible expansion allotment to expand into an adjacent jurisdiction if specified conditions exist. The act authorizes an expansion area to contain noncommercial or nonindustrial land only if that land is a right-of-way and is needed to meet the requirement for a contiguous expansion between an existing enterprise zone and a proposed expansion area.

This bill would modify the immediately above authorization so that the act would authorize an expansion area to contain noncommercial land only if that land is a right-of-way.

(6) The act requires the department to provide technical assistance to an enterprise zone with respect to specified activities.

This bill would additionally require the department to serve as a liaison between the state and zone residents, businesses, workers, nonprofit organizations, and local governments. The bill would require state agencies and departments to affirmatively support their regulatory responsibilities under specified provisions of law, and to respond to requests made by and on the behalf of zones in a manner consistent with their statutory duties.

(7) The act requires the department to audit each geographically targeted economic development area (G-TEDA) at least once every 5 years, as specified, and to determine, for each audit, a result of superior, pass, or fail, as specified. The act sets forth the criteria for a G-TEDA to be determined superior or passing.

This bill would require the department, in undertaking these audit responsibilities, to seek appropriate opportunities to provide technical assistance and training to help G-TEDAs address inadequacies identified in the audit. The bill would also require the department to review specified progress reports submitted by a G-TEDA pursuant to a specified provision of law and to determine whether an audit of the G-TEDA is warranted. The bill would modify the criteria for a G-TEDA to be determined superior or passing, as specified.

(8) The act requires, to the extent permitted by federal law, the Employment Development Department and the State Department of Education to give high priority to the training of unemployed individuals who reside in a targeted employment area or a designated enterprise zone.

This bill would require a state entity, when developing workforce development and training plans and strategies, to consider how the G-TEDA programs could be integrated in order to maximize the benefits to workers and businesses. The bill would also require the Employment Development Department to provide letters to unemployed prospective employees that could be used to certify their eligibility as a person participating in a program developed pursuant to specified provisions of law.

(9) The act requires the Office of Criminal Justice Planning to give high priority to designated enterprise zones in the allocation of its program resources.

This bill would modify that provision to instead require the Public Safety Branch and the Victim Services Branch of the California Emergency Management Agency to give high priority to designated enterprise zones in the allocation of program resources.

(10) The act requires the governing board of a G-TEDA to report to the Department of Housing and Community Development by October 1, 2008, and by that date every other year thereafter, on the activities of the G-TEDA in the previous 2 fiscal years and its plans for the current and following fiscal year. The report is required to include specified information.

This bill would additionally require the report to include an identification of the financial value of local incentives provided during the report period; an identification of the financial value of federal and other state resources accessed to serve the residents, workers, and businesses in the G-TEDA; and specified other information relating to the performance of the G-TEDA.

(11) This bill would make other technical, nonsubstantive changes updating the act.

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. Section 7071 of the Government Code is amended  
 2 to read:  
 3 7071. The Legislature finds and declares as follows:  
 4 (a) The health, safety, and welfare of the people of California  
 5 depend upon the development, stability, and expansion of private  
 6 business, industry, and commerce, and there are certain areas within  
 7 the state that are economically depressed due to a lack of  
 8 investment in the private sector. Therefore, it is declared to be the  
 9 purpose of this chapter to *help stabilize local communities, alleviate*  
 10 *poverty, and enhance the state's economic prosperity through the*  
 11 *implementation of public and privately funded programs and*  
 12 *services that stimulate business and industrial growth in the*  
 13 *depressed areas of the state* ~~by relaxing regulatory controls that~~  
 14 ~~impede private investment.~~  
 15 (b) *The geographically targeted economic development area*  
 16 *programs are based on the economic principle that targeting*  
 17 *significant incentives to lower income communities allows these*  
 18 *communities to more effectively compete for new businesses and*  
 19 *retain existing businesses, which results in increased tax revenues,*  
 20 *less reliance on social services, and lower public safety costs.*  
 21 *Residents and businesses also directly benefit from these more*

1 *sustainable economic conditions through improved neighborhoods,*  
2 *business expansion, and job creation.*

3 ~~(b) It~~

4 *(c) Therefore, it is in the economic interest of the state to have*  
5 *one strong, combined, and business-friendly, and community*  
6 *development incentive program to help attract business and industry*  
7 *to the state, to help retain and expand existing state business and*  
8 *industry, and to create increased job opportunities for all*  
9 *Californians.*

10 ~~(e) No enterprise zone shall be designated in which any~~  
11 ~~boundary thereof is drawn in a manner so as to include larger stable~~  
12 ~~businesses or heavily residential areas to the detriment of areas~~  
13 ~~that are truly economically depressed.~~

14 (d) Nothing in this chapter shall be construed to infringe upon  
15 regulations relating to the civil rights, equal employment rights,  
16 equal opportunity rights, or fair housing rights of any person.

17 SEC. 2. Section 7073.1 of the Government Code is amended  
18 to read:

19 7073.1. (a) Except as provided in subdivision ~~(e)~~ (f), any city,  
20 county, or city and county with an eligible area within its  
21 jurisdiction may complete a preliminary application for designation  
22 as an enterprise zone. The applying entity shall establish definitive  
23 boundaries for the proposed enterprise zone and the targeted  
24 employment area. An entity may propose zones in areas with  
25 noncontiguous boundaries, and the department may designate those  
26 areas as zones if the director determines both of the following:

27 (1) The noncontiguous area is needed to implement the  
28 applicant's economic development strategy.

29 (2) The excluded area between the proposed zone boundaries  
30 would not, based on the proposed economic strategy, also benefit  
31 from the zone designation.

32 *(b) If a census tract or portion of a census tract included in an*  
33 *enterprise zone proposed in an application submitted to the*  
34 *department on or after January 1, 2011, is within, or previously*  
35 *was within, the boundaries of a previously designated enterprise*  
36 *zone, then the aggregate size of the proposed enterprise zone shall*  
37 *not exceed the size of the previously designated enterprise zone*  
38 *by more than 10 percent.*

39 ~~(b)~~

1 (c) (1) In designating enterprise zones, the department shall  
2 select from the applications submitted those proposed enterprise  
3 zones that, upon a comparison of all of the applications submitted,  
4 indicate that they propose the most appropriate economic  
5 development strategy and implementation plan utilizing state and  
6 local programs and incentives to create jobs, attract private sector  
7 investment, and improve the economic conditions within the zone  
8 proposed. The department shall prescribe a format that promotes  
9 succinct and focused strategies and plans, and set minimum  
10 standards for the strategies and plans. For the purposes of this  
11 subdivision, important elements of a strategy or plan may include,  
12 but are not limited to, all of the following:

13 (A) An assessment of current financial and community  
14 development strengths, needs, and opportunities.

15 (B) A framework for investment of time, action, and money.

16 (C) Clear articulation of goals.

17 (D) Measurable objectives, including targets.

18 (E) Proposed implementation activities and tasks, including  
19 timeframes, and a framework for evaluating performance, including  
20 qualitative and quantitative benchmarks.

21 (F) *An identification of local resources, including incentives,*  
22 *the jurisdiction will utilize to implement the strategy or plan and*  
23 *how those resources will help to leverage or maximize the benefit*  
24 *of state resources that become available for enterprise zone*  
25 *communities.*

26 (2) For purposes of this subdivision, local *resources* incentives  
27 may include, but are not limited to, all of the following:

28 (A) The suspension or relaxation of locally originated or  
29 modified building codes, zoning laws, general development plans,  
30 or rent controls.

31 (B) The elimination or reduction of fees for applications,  
32 permits, and local government services.

33 (C) The establishment of a streamlined permit process.

34 (D) Elimination or reduction of construction taxes or business  
35 license taxes.

36 (E) The provision or expansion of infrastructure.

37 (F) The targeting of federal block grant moneys, including small  
38 cities, education, and health and welfare block grants.

1 (G) The targeting of economic development grants and loan  
2 moneys, including grant and loan moneys provided by the United  
3 States Department of Housing and Urban Development.

4 (H) The targeting of state and federal job disadvantaged and  
5 vocational education grant moneys, including moneys provided  
6 by the federal Workforce Investment Act of 1998 (Public Law  
7 105-220), or its successor.

8 (I) The targeting of federal or state transportation grant moneys.

9 (J) The targeting of federal or state low-income housing and  
10 rental assistance moneys.

11 (K) The use of tax allocation bonds, special assessment bonds,  
12 bonds under the Mello-Roos Community Facilities Act of 1982  
13 (Chapter 2.5 (commencing with Section 53311) of Part 1 of  
14 Division 2 of Title 5), industrial development bonds, revenue  
15 bonds, private activity bonds, housing bonds, bonds issued pursuant  
16 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
17 (commencing with Section 6584) of Chapter 5), certificates of  
18 participation, hospital bonds, redevelopment bonds, school bonds,  
19 and all special provisions provided for under federal tax law for  
20 enterprise community or empowerment zone bonds.

21 *(L) Redevelopment tax increment moneys and local financing*  
22 *authorities.*

23 *(M) Workforce Investment Act moneys and programs funded*  
24 *with those moneys.*

25 *(N) Community Development Block Grant moneys.*

26 *(O) CalWORKs funding and other related resources.*

27 *(P) Local education entities, including K-12, adult education,*  
28 *community colleges, and public and private universities.*

29 (3) When designating new enterprise zones, the department  
30 shall take into consideration the location of existing zones and  
31 make every effort to locate new zones in a manner that will not  
32 adversely affect any existing zones.

33 (4) When reviewing and ranking new enterprise zone  
34 applications, the department shall give bonus points to applications  
35 from jurisdictions that meet minimum threshold points and at least  
36 two of the following criteria:

37 (A) The percentage of households within the census tracts of  
38 the proposed enterprise zone area, the income of which is below  
39 the poverty level, is at least 17.5 percent.

1 (B) The average unemployment rate for the census tracts of the  
2 proposed enterprise zone area was not less than five percentage  
3 points above the statewide average for the most recent calendar  
4 year as determined by the Employment Development Department.

5 (C) The applicant jurisdiction has, and can document that it has,  
6 a unique distress factor affecting long-term economic development,  
7 including, but not limited to, resource depletion, plant closure,  
8 industry recession, natural disaster, or military base closure.

9 (5) Except as modified pursuant to paragraph (4), applications  
10 shall be ranked by the appropriateness of the economic  
11 development strategy and implementation plan, including all of  
12 the following:

13 (A) The extent the strategy clearly identifies the local resources,  
14 incentives, and programs that will be made available to the zone  
15 for meeting its goals and objectives.

16 (B) The extent the strategy provides for attracting private sector  
17 investment.

18 (C) The extent the strategy includes related regional and  
19 community-based partnerships for achieving the goals and  
20 objectives in the strategy.

21 (D) The extent the strategy fits within the jurisdiction's overall  
22 economic development strategy, including the extent the strategy  
23 and implementation plan is appropriate for the local community.

24 (E) The extent the strategy addresses the hiring and retention  
25 of unemployed or underemployed residents or low-income  
26 individuals in the proposed zone and surrounding areas.

27 (F) The extent the strategy sets reasonable and measurable  
28 benchmarks, goals, and objectives.

29 (G) The extent the strategy sets forth an appropriate funding  
30 schedule for management, oversight, and program delivery within  
31 the zone relative to the benchmarks, goals, and objectives in the  
32 strategy.

33 (H) The extent that the economic development strategy has a  
34 comprehensive incentive package for attracting private investment  
35 to the enterprise zone.

36 ~~(e)~~

37 *(d)* In evaluating applications for designation, the department  
38 shall ensure that applications are not disqualified solely because  
39 of technical deficiencies, and shall provide applicants with an

1 opportunity to correct the deficiencies. Applications shall be  
2 disqualified if the deficiencies are not corrected within two weeks.

3 ~~(d)~~

4 (e) Except upon dedesignation pursuant to subdivision (c) of  
5 Section 7076.1, Section 7076.2, or Section 7085.1, a designation  
6 made by the department shall be binding for a period of 15 years  
7 from the date of the original designation.

8 ~~(e)~~

9 (f) This section shall only apply to enterprise zone applications  
10 for which the department has issued a solicitation for new  
11 enterprise zone designations on or after January 1, 2007.

12 SEC. 3. Section 7074 of the Government Code is amended to  
13 read:

14 7074. (a) In the case of any enterprise zone, including an  
15 enterprise zone formerly designated as an enterprise zone pursuant  
16 to Chapter 12.8 (commencing with Section 7070) as it read prior  
17 to January 1, 1997, or as a program area pursuant to Chapter 12.9  
18 (commencing with Section 7080) as it read prior to January 1,  
19 1997, a city, county, or city and county may propose that the  
20 enterprise zone be expanded by 15 percent to include definitive  
21 boundaries that are contiguous to the enterprise zone.

22 (b) The department may approve an enterprise zone expansion  
23 proposed pursuant to this section based on the following criteria:

24 (1) Each of the adjacent jurisdictions' governing bodies approves  
25 the expansion by adoption of an ordinance or resolution.

26 (2) Land included within the proposed expansion is zoned for  
27 industrial or commercial use.

28 (3) Basic infrastructure, including, but not limited to, gas, water,  
29 electrical service, and sewer systems, is available to the area that  
30 would be included in the expansion.

31 (c) A city, county, or city and county may propose to use an  
32 eligible expansion allotment to expand into an adjacent jurisdiction  
33 pursuant to this section if the department finds that all of the  
34 following conditions exist:

35 (1) The governing body of the local agency with jurisdiction  
36 over the existing enterprise zone and the governing body of the  
37 local agency with jurisdiction over the proposed expansion area  
38 each approve the expansion by adoption of an ordinance or  
39 resolution. The ordinance or resolution by the jurisdiction  
40 containing the proposed expansion area shall indicate that the

1 jurisdiction will provide the same or equivalent local incentives  
 2 as provided by the jurisdiction of the existing enterprise zone.

3 (2) (A) Land included within the proposed expansion is zoned  
 4 for industrial or commercial use.

5 (B) An expansion area may contain noncommercial or  
 6 nonindustrial land only if that land is a right-of-way ~~and is needed~~  
 7 ~~to meet the requirement for a contiguous expansion between an~~  
 8 ~~existing enterprise zone and a proposed expansion area.~~

9 (3) Basic infrastructure, including, but not limited to, gas, water,  
 10 electrical service, and sewer systems, is available to the area that  
 11 would be included in the expansion.

12 (4) The expansion area is contiguous to the existing enterprise  
 13 zone.

14 (d) (1) Except as otherwise provided in paragraph (2), in no  
 15 event shall an enterprise zone be permitted to expand more than  
 16 15 percent in size from its size on the date of original designation,  
 17 including any expansion authorized pursuant to Chapter 12.8  
 18 (commencing with Section 7070), or Chapter 12.9 (commencing  
 19 with Section 7080), as those chapters read prior to January 1, 1997.

20 (2) If an enterprise zone, on the date of original designation, is  
 21 no greater than 13 square miles, it may be permitted to expand up  
 22 to 20 percent in size from its size on the date of original  
 23 designation.

24 (e) A city, county, or city and county may propose expansion  
 25 into a noncontiguous area if the department finds both of the  
 26 following:

27 (1) The noncontiguous area is needed to implement the  
 28 enterprise zone’s economic development strategy.

29 (2) The excluded areas between the proposed new boundaries  
 30 would not, based on the enterprise zone’s economic development  
 31 strategy, also benefit from enterprise zone expansion.

32 SEC. 4. Section 7076 of the Government Code is amended to  
 33 read:

34 ~~7076. (a) (1)~~

35 *7076. (a) The department shall serve as a liaison between the*  
 36 *state and zone residents, businesses, workers, nonprofit*  
 37 *organizations, and local governments. State agencies and*  
 38 *departments shall affirmatively support their statutory*  
 39 *responsibilities under this part, and respond to requests made by*

1 *and on behalf of enterprise zones in a manner consistent with their*  
2 *statutory duties.*

3 (b) (1) The department shall provide technical assistance to the  
4 enterprise zones designated pursuant to this chapter with respect  
5 to all of the following activities:

6 (A) Furnish limited onsite assistance to the enterprise zones  
7 when appropriate.

8 (B) Ensure that the locality has developed a method to make  
9 residents, businesses, and neighborhood organizations aware of  
10 the opportunities to participate in the program.

11 (C) Help the locality develop a marketing program for the  
12 enterprise zone.

13 (D) Coordinate activities of other state agencies regarding the  
14 enterprise zones.

15 (E) Monitor the progress of the program.

16 (F) Help businesses to participate in the program.

17 (2) Notwithstanding existing law, the provision of services in  
18 subparagraphs (A) to (F), inclusive, shall be a high priority of the  
19 department.

20 (3) The department may, at its discretion, undertake other  
21 activities in providing management and technical assistance for  
22 successful implementation of this chapter.

23 ~~(b)~~

24 (c) The applicant shall be required to begin implementation of  
25 the enterprise zone plan contained in the final application within  
26 six months after notification of final designation or the enterprise  
27 zone shall lose its designation.

28 ~~(e)~~

29 (d) The department shall assess a fee of fifteen dollars (\$15) on  
30 each enterprise zone and manufacturing enhancement area for each  
31 application for issuance of a certificate pursuant to subdivision (j)  
32 of Section 17053.47 of, subdivision (c) of Section 17053.74 of,  
33 subdivision (c) of Section 23622.7 of, or subdivision (i) of Section  
34 23622.8 of, the Revenue and Taxation Code. The department shall  
35 collect the fee for deposit into the Enterprise Zone Fund, pursuant  
36 to Section 7072.3, for the costs of administering this chapter. The  
37 enterprise zone or manufacturing enhancement area administrator  
38 shall collect this fee at the time an application is submitted for  
39 issuance of a certificate.

1 SEC. 5. Section 7076.1 of the Government Code is amended  
2 to read:

3 7076.1. (a) The department may audit the program of any  
4 jurisdiction in any designated G-TEDA at any time during the  
5 duration of the designation, as appropriate. However, the  
6 department shall audit each G-TEDA at least once every five years  
7 from the date of designation or the operative date of this section,  
8 whichever is the latest. The matters to be examined in the course  
9 of an audit shall include an examination of the progress made by  
10 the G-TEDA toward meeting the goals, objectives, and  
11 commitments set forth in its original application and the  
12 department's memorandum of understanding with the G-TEDA.

13 (b) The department shall, for each audit, determine a result of  
14 superior, pass, or fail in accordance with subdivision (c). The  
15 results of each audit shall be based upon the success of the  
16 G-TEDA in making substantial and sustained efforts since the later  
17 of its designation or last audit to meet the standards, criteria, and  
18 conditions contained in the application and the memorandum of  
19 understanding (MOU) between the department and the G-TEDA,  
20 as may be amended pursuant to the agreement of the G-TEDA and  
21 the department. In each audit, the department shall focus upon the  
22 G-TEDA's use of the marketing plan, local incentives, financing  
23 programs, job development, and program management as described  
24 in the application and the MOU. The department shall also evaluate  
25 the vouchering plan, staffing levels, budget, and elements unique  
26 to each application.

27 (c) For purposes of subdivision (b), an audit determination of  
28 superior, pass, or fail shall be made in accordance with the  
29 following:

30 (1) A G-TEDA will be determined to be superior if each  
31 jurisdiction comprising the G-TEDA does all of the following:

32 (A) Meets 100 percent of its goals, objectives, and commitments  
33 as defined in its application, most recent audit, biennial report, and  
34 memorandum of understanding with the department, and as  
35 determined by the department in consultation with the G-TEDA.  
36 An equivalent or similar commitment may be substituted for an  
37 existing commitment of a G-TEDA if it is determined by the  
38 department that an original commitment was not realistically  
39 practical or is no longer relevant.

1 (B) Demonstrates that it has reviewed and updated its goals,  
2 objectives, and commitments as defined in its original application,  
3 most recent audit, biennial report, and memorandum of  
4 understanding with the department.

5 (C) Identifies to the department's satisfaction that it has  
6 incorporated economic development commitments in addition to  
7 those commitments previously made in its application.

8 (2) (A) A G-TEDA will be determined to be passing if each  
9 jurisdiction comprising the area meets ~~or exceeds~~ 75 to 90 percent  
10 of its goals, objectives, or commitments as defined in its original  
11 application, most recent audit, biennial report, and memorandum  
12 of understanding with the department, and as determined by the  
13 department in consultation with the G-TEDA. An equivalent or  
14 similar commitment may be substituted for an existing commitment  
15 of a G-TEDA if it is determined by the department that an original  
16 commitment was not realistically practical or is no longer relevant.

17 (B) Any G-TEDA that is determined to be passing may appeal  
18 in writing to the department for a determination of superior. Only  
19 one appeal may be filed pursuant to this subparagraph with respect  
20 to a determination by the department, and may be filed no later  
21 than 30 days after the G-TEDA's receipt of the determination to  
22 which the appeal pertains. The department shall respond in writing  
23 to any appeal that is properly filed pursuant to this subparagraph  
24 within 60 days of the date of that filing.

25 (3) (A) A G-TEDA will be determined to be failing if any  
26 jurisdiction comprising the G-TEDA fails to meet or exceed 75  
27 percent of its goals, objectives, or commitments as defined in its  
28 original application, most recent audit, biennial report, and  
29 memorandum of understanding with the department, and as  
30 determined by the department in consultation with the G-TEDA.  
31 An equivalent or similar commitment may be substituted for an  
32 existing commitment of a G-TEDA if it is determined by the  
33 department that an original commitment was not realistically  
34 practical or is no longer relevant.

35 (B) Any G-TEDA that is determined to be failing shall enter  
36 into a written agreement with the department that specifies those  
37 items that the G-TEDA is required to remedy or improve. Failure  
38 of the G-TEDA and the department to negotiate and enter into a  
39 written agreement as so described within 60 days of the last day  
40 upon which the department is required to deliver a response letter

1 pursuant to subparagraph (C) of paragraph (4) shall result in the  
 2 dedesignation of the G-TEDA on January 1 immediately following  
 3 the department’s written notice of dedesignation to the G-TEDA.

4 ~~A~~

5 (C) A written agreement entered into pursuant to this  
 6 ~~subparagraph~~ paragraph shall be for a six-month period. If, upon  
 7 the expiration of the agreement, the department determines that  
 8 the G-TEDA has not met or implemented at least 75 percent of  
 9 the conditions set forth in the agreement, the department shall,  
 10 after immediately providing written notification to each jurisdiction  
 11 comprising the G-TEDA that the G-TEDA is to be dedesignated;  
 12 ~~dedesignate~~. *Dedesignation of the G-TEDA is effective on the first*  
 13 *day of the month next following the date upon which the agreement*  
 14 *expired. If, upon expiration of the agreement, the department*  
 15 *determines that the G-TEDA has met or implemented at least 75*  
 16 *percent of the conditions set forth in the agreement, the department*  
 17 *shall do either of the following:*

18 (i) Allow the G-TEDA an additional year, or a longer period in  
 19 the department’s discretion, to meet or implement those conditions  
 20 in their entirety.

21 (ii) Pursuant to written notice provided immediately to each  
 22 jurisdiction that comprises the G-TEDA that the G-TEDA is to be  
 23 dedesignated, dedesignate the G-TEDA effective on January 1  
 24 immediately following the date of the department’s written  
 25 notification of dedesignation to those jurisdictions.

26 ~~Any~~

27 (D) *Any* business, located within any jurisdiction that comprises  
 28 a G-TEDA that has been dedesignated, that has elected to avail  
 29 itself of any state tax incentive specifically applicable to a G-TEDA  
 30 for any taxable or income year beginning prior to the dedesignation  
 31 of the G-TEDA may, to the extent the business is otherwise still  
 32 eligible for those incentives, continue to avail itself of those  
 33 incentives for a period equal to the remaining life of the G-TEDA.  
 34 However, any business, located within any jurisdiction that  
 35 comprises a G-TEDA that has been dedesignated, that has not  
 36 availed itself of any state tax incentive in the manner described in  
 37 the preceding sentence may not, after dedesignation of the  
 38 G-TEDA, avail itself of any state incentive specifically applicable  
 39 to a G-TEDA.

1 (4) (A) Notwithstanding paragraphs (1) to (3), inclusive, a  
2 G-TEDA shall be determined to be failing if any jurisdiction  
3 comprising the G-TEDA, in the determination of the director,  
4 provides funding support in at least three of the previous five years  
5 at a level that is less than 75 percent of the amount committed to  
6 in the G-TEDA's memorandum of understanding with the  
7 department.

8 (B) In the event that a G-TEDA is determined to be failing  
9 pursuant to this paragraph, subparagraph (B) of paragraph (3) shall  
10 apply.

11 (C) Any G-TEDA that is determined to be failing pursuant to  
12 this paragraph may appeal in writing to the department. The appeal  
13 shall be filed within 30 days of the G-TEDA's receipt of the  
14 determination to which the appeal pertains. The department shall  
15 respond in writing to any appeal that is properly filed within 60  
16 days of the date of filing.

17 *(d) In undertaking its audit responsibilities pursuant to this*  
18 *section, the department shall seek appropriate opportunities to*  
19 *provide technical assistance and training to help G-TEDAs address*  
20 *inadequacies identified through the audit progress in the program.*  
21 *Assistance may include, but is not limited to, workshops, mentoring*  
22 *programs, and referrals to other federal, state, and local public*  
23 *and private entities.*

24 ~~(e)~~

25 (e) (1) For purposes of this section, "dedesignation" means that  
26 a G-TEDA is no longer a G-TEDA for purposes of either Section  
27 7073 or 7085.

28 (2) Upon notification by the department of the dedesignation  
29 of a G-TEDA and the end of the appeal period with respect to that  
30 dedesignation, the department shall initiate an application process  
31 for a new designation as provided in Section 7073, 7073.8, 7085,  
32 7097, or 7114.

33 *(f) In addition to any other oversight activities that the*  
34 *department determines are appropriate and necessary, the*  
35 *department shall review the progress reports submitted by a*  
36 *G-TEDA pursuant to Section 7085.1 and determine whether an*  
37 *audit is warranted.*

38 SEC. 6. Section 7081 of the Government Code is amended to  
39 read:

1 7081. (a) Notwithstanding any other provision of state law,  
 2 and to the extent permitted by federal law, the Employment  
 3 Development Department and the State Department of Education  
 4 shall give high priority to the training of unemployed individuals  
 5 who reside in a targeted employment area or a designated enterprise  
 6 zone. ~~The~~

7 (b) *When developing workforce development and training plans*  
 8 *and strategies, including, but not limited to, federal Workforce*  
 9 *Development Act funds, a state entity shall consider how the*  
 10 *G-TEDA programs could be integrated so as to maximize the*  
 11 *benefits to workers and businesses.*

12 (c) *The Employment Development Department shall, consistent*  
 13 *with its duties to assist unemployed workers who are registered*  
 14 *in the one-stop career centers, provide letters to unemployed*  
 15 *prospective employees that could be used to certify their eligibility*  
 16 *as a person participating in a program developed pursuant to the*  
 17 *federal Workforce Investment Act of 1998 (Public Law 105-220).*

18 (d) *The department may assist localities in designating local*  
 19 *business, labor, and education consortia to broker activities between*  
 20 *the employment community and educational and training*  
 21 *institutions. Any available discretionary funds may be used to*  
 22 *assist the creation of those consortia.*

23 SEC. 7. Section 7082 of the Government Code is amended to  
 24 read:

25 7082. Notwithstanding any other provision of law, the ~~Office~~  
 26 ~~of Criminal Justice Planning~~ *Public Safety Branch and the Victim*  
 27 *Services Branch of the California Emergency Management Agency*  
 28 shall give high priority to designated enterprise zones in the  
 29 allocation of ~~its~~ program resources.

30 SEC. 8. Section 7085 of the Government Code is amended to  
 31 read:

32 7085. (a) Notwithstanding Section 7550.5, the department  
 33 shall submit a report to the Legislature every five years beginning  
 34 January 1, 1998, that evaluates the effect of the program on  
 35 employment, investment, and incomes, and on state and local tax  
 36 revenues in designated enterprise zones. The report shall include  
 37 a department review of the progress and effectiveness of each  
 38 enterprise zone, including, but not limited to, any efforts made  
 39 regarding training of unemployed individuals pursuant to Section  
 40 7081. The Employment Development Department shall, for the

1 purposes of the report, provide the department with existing data  
2 on unemployed individuals receiving training. The Franchise Tax  
3 Board shall make available to the department and the Legislature  
4 aggregate information on the dollar value of enterprise zone tax  
5 credits that are claimed each year by businesses *pursuant to Section*  
6 *7085.5.*

7 (b) An enterprise zone governing body shall provide information  
8 at the request of the department as necessary for the department  
9 to prepare the report required pursuant to subdivision (a).

10 SEC. 9. Section 7085.1 of the Government Code is amended  
11 to read:

12 7085.1. (a) The governing board of the G-TEDA shall report  
13 to the department by October 1, 2008, and by that date every other  
14 year thereafter, on the activities of the G-TEDA in the previous  
15 two fiscal years and its plans for the current and following fiscal  
16 year. The biennial report shall include ~~at least both~~ *all* of the  
17 following:

18 (1) The progress the G-TEDA has made during the period  
19 covered by the report relative to its goals, objectives, and  
20 commitments set forth in its original application and the  
21 department's memorandum of understanding with the G-TEDA.

22 (2) Identification of the previous two years' funding, including  
23 in-kind funding. The previous two years' funding levels shall be  
24 compared to the funding levels identified in its original application  
25 and the department's memorandum of understanding with the  
26 G-TEDA, and the amount identified in the previous year's biennial  
27 report. An explanation of any meaningful discrepancies in these  
28 amounts shall be provided.

29 (3) *Identification of the financial value of local incentives*  
30 *provided during the report period, and identification of the*  
31 *financial value of federal and other state resources accessed to*  
32 *serve the residents, workers, and businesses in the G-TEDA.*

33 (4) *The following information based on the certification*  
34 *applications approved in the zones relating to the hiring credit:*

35 (A) *The number of jobs for which the hiring credits are certified.*

36 (B) *The number of new employees for which hiring credits were*  
37 *certified.*

38 (C) *The number of employees replacing previous employees for*  
39 *which hiring credits were certified.*

40 (D) *The range of employee wage rates that were certified.*

1 (E) *The number of businesses obtaining certified hiring tax*  
2 *credits.*

3 (F) *An aggregate summary of the North American Industry*  
4 *Classification System (NAICS) codes to the third digit of the*  
5 *businesses applying for hiring tax credit employee certification.*

6 (G) *An aggregate summary of the size of businesses based on*  
7 *annual gross revenues receiving certification of employee hiring*  
8 *credits.*

9 (b) A copy of the biennial report developed pursuant to  
10 subdivision (a) shall also be submitted to the legislative bodies of  
11 the local jurisdictions comprising the G-TEDA. The progress of  
12 the G-TEDA in meeting the goals, objectives, and commitments  
13 set forth in the original application and the memorandum of  
14 understanding with the department shall be reviewed at least  
15 biennially by these legislative bodies, ~~either as part of the approval~~  
16 ~~of the G-TEDA's annual work plan or separately, at the discretion~~  
17 ~~of the legislative body.~~

18 (c) (1) G-TEDAs designated prior to January 1, 2007, shall  
19 have until April 15, 2008, to update their benchmarks, goals,  
20 objectives, and funding levels for administering the G-TEDA  
21 program, in order to make them measurable and conducive to the  
22 successful completion of the economic development strategy. The  
23 local legislative body and the department shall approve the updated  
24 goals and objectives. The updated goals and objectives shall be  
25 included as an update to the existing memorandum of  
26 understanding between the G-TEDA and the department.

27 (2) G-TEDAs that fail to obtain approved updated goals and  
28 objectives by April 15, 2008, shall be dedesignated effective July  
29 1, 2008. The Director of Housing and Community Development  
30 shall provide notice of prospective dedesignation to the local  
31 government no later than May 1, 2008. The director may authorize  
32 up to two 60-calendar-day extensions, if the local government and  
33 G-TEDA are acting in good faith and the additional time would  
34 allow them to meet the requirements of this subdivision. Businesses  
35 located within a G-TEDA that have been dedesignated shall  
36 continue to have access to tax incentives previously authorized  
37 within the G-TEDA pursuant to Section 7082.2.

38 (3) G-TEDAs designated prior to January 1, 2007, are not  
39 required to implement the biennial reporting requirements of  
40 subdivisions (a) and (b) until October 1, 2009.

1 (4) G-TEDAs that expire prior to January 1, 2010, are not  
2 required to meet the conditions of this subdivision.

3 (d) The department shall biennially make available to the  
4 Legislature information related to the progress that each G-TEDA  
5 is making toward implementing its goals, objectives, and  
6 commitments set forth in the original application, the department's  
7 memorandum of understanding with the G-TEDA, and the biennial  
8 report.

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