

AMENDED IN SENATE AUGUST 15, 2011

AMENDED IN SENATE JULY 12, 2011

AMENDED IN SENATE JUNE 28, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1411

Introduced by Assembly Members V. Manuel Pérez and Alejo
(Principal coauthor: Senator DeSaulnier)
(Coauthor: Senator Rubio)

March 10, 2011

An act to amend Sections 7071, 7072, 7073.1, 7076, 7076.1, 7081, 7085, 7085.1, and 7085.5 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1411, as amended, V. Manuel Pérez. Economic development: enterprise zones.

The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including enterprise zones, targeted tax areas, local agency military base recovery areas (LAMBRAs), and manufacturing enhancement areas, collectively known as geographically targeted economic development areas, or G-TEDAs. Pursuant to these provisions, qualifying entities in those areas may receive certain tax and regulatory incentives.

This bill would revise various definitions for purposes of the act and modify specified requirements for designating and administering enterprise zones, LAMBRAs, and G-TEDAs collectively. The bill would impose new requirements on the Department of Housing and

Community Development with respect to the enterprise zone program and modify department and Franchise Tax Board reporting requirements.

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.

14 (b) The geographically targeted economic development area
15 (G-TEDA) programs are based on the economic principle that
16 targeting significant incentives to lower income communities
17 allows these communities to more effectively compete for new
18 businesses and retain existing businesses, which results in increased
19 tax revenues, less reliance on social services, and lower public
20 safety costs. Residents and businesses also directly benefit from
21 these more sustainable economic conditions through improved
22 neighborhoods, business expansion, and job creation.

23 (c) Therefore, it is in the economic interest of the state to have
24 one strong, combined, and business-friendly and community
25 development-friendly incentive program to help attract business
26 and industry to the state, to help retain and expand existing state
27 business and industry, and to create increased job opportunities
28 for all Californians.

29 (d) This chapter shall not be construed to infringe upon
30 regulations relating to the civil rights, equal employment rights,
31 equal opportunity rights, or fair housing rights of any person.

32 SEC. 2. Section 7072 of the Government Code is amended to
33 read:

1 7072. For purposes of this chapter, the following definitions
2 shall apply:

3 (a) “Department” means the Department of Housing and
4 Community Development.

5 (b) “Date of original designation” means the earlier of the
6 following:

7 (1) The date the eligible area receives designation as an
8 enterprise zone by the department pursuant to this chapter.

9 (2) In the case of an enterprise zone deemed designated pursuant
10 to subdivision (e) of Section 7073, the date the enterprise zone or
11 program area received original designation by the former Trade
12 and Commerce Agency pursuant to Chapter 12.8 (commencing
13 with Section 7070) or Chapter 12.9 (commencing with Section
14 7080), as those chapters read prior to January 1, 1997.

15 (c) “Eligible area” means any of the following:

16 (1) (A) An area designated as an enterprise zone pursuant to
17 Chapter 12.8 (commencing with Section 7070), as it read prior to
18 January 1, 1997, or as a targeted economic development area,
19 neighborhood development area, or program area pursuant to
20 Chapter 12.9 (commencing with Section 7080), as it read prior to
21 January 1, 1997.

22 (B) A geographic area within census tracts of the proposed
23 eligible area with a median household income for a family of four
24 that does not exceed 80 percent of the statewide median income
25 for the most recently available calendar year, as well as meeting
26 at least one of the following criteria:

27 (i) The census tracts within the proposed eligible area have an
28 unemployment rate not less than 3 percentage points above the
29 statewide average for the most recent calendar year as determined
30 by the Employment Development Department.

31 (ii) The census tracts for the proposed eligible area are served
32 by public schools that have more than 70 percent of the children
33 enrolled in the federal free lunch program.

34 (iii) The area within the proposed zone has experienced
35 significant distress factors, as defined by the department, including,
36 but not limited to, a history of significant gang-related activity,
37 high crime rates, or a significant number of plant or business
38 closures, or all of these.

1 (2) The amendments made to this subdivision during the 2011
 2 portion of the 2011–12 Regular Session shall apply only to requests
 3 for proposals issued on or after January 1, 2012.

4 (d) “Enterprise zone” means any area within a city, county, or
 5 city and county that is designated as an enterprise zone by the
 6 department in accordance with Section 7073 that includes both of
 7 the following:

8 (1) An eligible area.

9 (2) Either or both of the following:

10 (A) A qualifying commercial area, as defined by the department.

11 (B) A qualifying industrial area, as defined by the department.

12 (e) “Governing body” means a county board of supervisors or
 13 a city council, as appropriate.

14 (f) “G-TEDA” means a geographically targeted economic
 15 development area, which is an area designated as an enterprise
 16 zone, a manufacturing enhancement area, a targeted tax area, or a
 17 local agency military base recovery area.

18 (g) “High-technology industries” includes, but is not limited to,
 19 the computer, biological engineering, electronics, and
 20 telecommunications industries.

21 (h) “Resident,” unless otherwise defined, means a person whose
 22 principal place of residence is within a targeted employment area.

23 (i) *“Rural city” means a city with a population under 75,000*
 24 *that, in whole or in part, is located in an area designated as*
 25 *“frontier” or “rural” on the California Medical Service Study*
 26 *Areas map, as it was published in September 2010 or more recently*
 27 *updated by the Office of Statewide Health Planning and*
 28 *Development.*

29 (i)

30 (j) (1) “Targeted employment area” means an area within a
 31 city, county, or city and county that is composed solely of those
 32 census tracts designated by the United States Department of
 33 Housing and Urban Development as having at least 51 percent of
 34 its residents of low- or moderate-income levels, using either the
 35 most recent United States Census Bureau data available at the time
 36 of the original enterprise zone application or the most recent ~~census~~
 37 *United States Census Bureau* data available at the time the targeted
 38 employment area is designated to determine that eligibility. The
 39 purpose of a “targeted employment area” is to encourage businesses
 40 in an enterprise zone to hire eligible residents of certain geographic

1 areas within a city, county, or city and county. A targeted
2 employment area may be, but is not required to be, the same as all
3 or part of an enterprise zone. A targeted employment area's
4 boundaries need not be contiguous. A targeted employment area
5 does not need to encompass each eligible census tract within a
6 city, county, or city and county. The governing body of each city,
7 county, or city and county that has jurisdiction of the enterprise
8 zone shall identify those census tracts whose residents are in the
9 most need of this employment targeting. Only those census tracts
10 within the jurisdiction of the city, county, or city and county that
11 has jurisdiction of the enterprise zone may be included in a targeted
12 employment area.

13 (2) At least a part of each eligible census tract within a targeted
14 employment area shall be within the territorial jurisdiction of the
15 city, county, or city and county that has jurisdiction for an
16 enterprise zone. If an eligible census tract encompasses the
17 territorial jurisdiction of two or more local governmental entities,
18 all of those entities shall be a party to the designation of a targeted
19 employment area. However, any one or more of those entities, by
20 resolution or ordinance, may specify that it shall not participate in
21 the application as an applicant, but shall agree to complete all
22 actions stated within the application that apply to its jurisdiction,
23 if the area is designated.

24 (3) Each local governmental entity of each city, county, or city
25 and county that has jurisdiction of an enterprise zone shall approve,
26 by resolution or ordinance, the boundaries of its targeted
27 employment area, regardless of whether a census tract within the
28 proposed targeted employment area is outside the jurisdiction of
29 the local governmental entity.

30 (4) (A) Within 180 days of updated United States ~~census~~ *Census*
31 *Bureau* data becoming available, each local governmental entity
32 of each city, county, or city and county that has jurisdiction of an
33 enterprise zone shall approve, by resolution or ordinance,
34 boundaries of its targeted employment area reflecting the new
35 census data. If no changes are necessary to the boundaries based
36 on the most current census data, the enterprise zone may send a
37 letter to the department stating that a review has been undertaken
38 by the respective local governmental entities and no boundary
39 changes are required.

1 (B) A targeted employment area boundary approved prior to
2 the 2000 United States census data becoming available that has
3 not been reviewed and its boundaries revised to reflect the most
4 recent census data, shall be reviewed and updated, and a new
5 resolution or ordinance submitted by the appropriate local
6 governmental entity to the department, by July 1, 2007. However,
7 enterprise zones that expire on or prior to December 31, 2008,
8 shall be exempt from the update requirement.

9 SEC. 3. Section 7073.1 of the Government Code is amended
10 to read:

11 7073.1. (a) A city, county, or city and county with an eligible
12 area within its jurisdiction may complete a preliminary application
13 for designation as an enterprise zone. The applying entity shall
14 establish definitive boundaries for the proposed enterprise zone
15 and the targeted employment area. An entity may propose zones
16 in areas with noncontiguous boundaries, and the department may
17 designate those areas as zones if the director determines both of
18 the following:

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

21 (2) The excluded area between the proposed zone boundaries
22 would not, based on the proposed economic strategy, also benefit
23 from the zone designation.

24 (b) (1) In designating enterprise zones, the department shall
25 select from the applications submitted those proposed enterprise
26 zones that, upon a comparison of all of the applications submitted,
27 indicate that they propose the most appropriate economic
28 development strategy and implementation plan utilizing state and
29 local programs and incentives to create jobs, attract private sector
30 investment, and improve the economic conditions within the zone
31 proposed. The department shall prescribe a format that promotes
32 succinct and focused strategies and plans, and set minimum
33 standards for the strategies and plans. For the purposes of this
34 subdivision, important elements of a strategy or plan may include,
35 but are not limited to, all of the following:

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

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

39 (C) Clear articulation of goals.

40 (D) Measurable objectives, including targets.

- 1 (E) Proposed implementation activities and tasks, including
- 2 timeframes, and a framework for evaluating performance, including
- 3 qualitative and quantitative benchmarks.
- 4 (F) An identification of local resources, including incentives,
- 5 the jurisdiction will utilize to implement the strategy or plan and
- 6 how those resources will help to leverage or maximize the benefit
- 7 of state resources that become available for enterprise zone
- 8 communities.
- 9 (2) For purposes of this subdivision, local resources may include,
- 10 but are not limited to, all of the following:
- 11 (A) The suspension or relaxation of locally originated or
- 12 modified building codes, zoning laws, general development plans,
- 13 or rent controls.
- 14 (B) The elimination or reduction of fees for applications,
- 15 permits, and local government services.
- 16 (C) The establishment of a streamlined permit process.
- 17 (D) Elimination or reduction of construction taxes or business
- 18 license taxes.
- 19 (E) The provision or expansion of infrastructure.
- 20 (F) The targeting of federal block grant moneys, including small
- 21 cities, education, and health and welfare block grants.
- 22 (G) The targeting of economic development grants and loan
- 23 moneys, including grant and loan moneys provided by the United
- 24 States Department of Housing and Urban Development.
- 25 (H) The targeting of state and federal job disadvantaged and
- 26 vocational education grant moneys, including moneys provided
- 27 by the federal Workforce Investment Act of 1998 (Public Law
- 28 105-220), or its successor.
- 29 (I) The targeting of federal or state transportation grant moneys.
- 30 (J) The targeting of federal or state low-income housing and
- 31 rental assistance moneys.
- 32 (K) The use of tax allocation bonds, special assessment bonds,
- 33 bonds under the Mello-Roos Community Facilities Act of 1982
- 34 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
- 35 Division 2 of Title 5), industrial development bonds, revenue
- 36 bonds, private activity bonds, housing bonds, bonds issued pursuant
- 37 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4
- 38 (commencing with Section 6584) of Chapter 5), certificates of
- 39 participation, hospital bonds, redevelopment bonds, school bonds,

1 and all special provisions provided for under federal tax law for
2 enterprise community or empowerment zone bonds.

3 (L) Redevelopment tax increment moneys and local financing
4 authorities.

5 (M) Federal Workforce Investment Act moneys and programs
6 funded with those moneys.

7 (N) Federal Community Development Block Grant Program
8 moneys.

9 (O) CalWORKs funding and other related resources.

10 (P) Local education entities, including K–12, adult education,
11 community colleges, and public and private universities.

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

16 (4) When reviewing and ranking new enterprise zone
17 applications, the department shall give bonus points to applications
18 from jurisdictions that meet minimum threshold points and at least
19 both of the following criteria:

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

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

27 (5) Except as modified pursuant to paragraph (4), applications
28 shall be ranked by the appropriateness of the economic
29 development strategy and implementation plan, including all of
30 the following:

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

34 (B) The extent the strategy provides for attracting private sector
35 investment.

36 (C) The extent the strategy includes related regional and
37 community-based partnerships for achieving the goals and
38 objectives in the strategy.

1 (D) The extent the strategy fits within the jurisdiction’s overall
2 economic development strategy, including the extent the strategy
3 and implementation plan is appropriate for the local community.

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

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

9 (G) The extent the strategy sets forth an appropriate funding
10 schedule for management, oversight, and program delivery within
11 the zone relative to the benchmarks, goals, and objectives in the
12 strategy.

13 (H) The extent that the economic development strategy has a
14 comprehensive incentive package for attracting private investment
15 to the enterprise zone.

16 (c) For applications for enterprise zone designation submitted
17 on or after January 1, 2012, both of the following shall apply:

18 (1) If any portion of the proposed zone is within, or previously
19 was within, the boundaries of a previously designated enterprise
20 zone, the aggregate size of the proposed zone shall not exceed the
21 size of the previously designated and expanded enterprise zone by
22 more than 15 percent. For a proposed zone located in a rural city
23 ~~with a total population under 75,000~~ or in a county with a total
24 population under 275,000, the proposed zone shall not exceed the
25 size of the previously designated and expanded enterprise zone by
26 more than 25 percent.

27 (2) If any portions of the proposed zone are within, or previously
28 were within, the boundaries of two or more previously designated
29 enterprise zones, the aggregate size of the proposed zone shall not
30 exceed the size of the largest single previously designated and
31 expanded enterprise zone by more than 15 percent.

32 (d) In evaluating applications for designation, the department
33 shall ensure that applications are not disqualified solely because
34 of technical deficiencies, and shall provide applicants with an
35 opportunity to correct the deficiencies. Applications shall be
36 disqualified if the deficiencies are not corrected within two weeks.

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

1 (f) The applicant shall be required to begin implementation of
2 the enterprise zone plan contained in the final application within
3 six months after notification of final designation, or the enterprise
4 zone shall be dedesignated.

5 (g) (1) This section shall apply only to enterprise zone
6 applications for which the department has issued a solicitation for
7 new enterprise zone designations on or after January 1, 2007.

8 (2) The amendments made to this section during the 2011
9 portion of the 2011–12 Regular Session shall apply only to
10 enterprise zone applications for which the department has issued
11 a solicitation for new enterprise zone designations on or after
12 January 1, 2012.

13 SEC. 4. Section 7076 of the Government Code is amended to
14 read:

15 7076. (a) The department shall serve as a liaison between the
16 state and enterprise zone residents, businesses, workers, nonprofit
17 organizations, and local governments. State agencies and
18 departments shall affirmatively support their statutory
19 responsibilities under this chapter and, consistent with their
20 statutory duties, respond to requests made by and on the behalf of
21 an enterprise zone.

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

25 (A) Furnish limited onsite assistance to the enterprise zones
26 when appropriate.

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

30 (C) Help the locality develop a marketing program for the
31 enterprise zone.

32 (D) Coordinate activities of other state agencies regarding the
33 enterprise zones.

34 (E) Monitor the progress of the program.

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

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

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

4 (c) The department shall assess a fee of fifteen dollars (\$15) on
5 each enterprise zone and manufacturing enhancement area for each
6 application for issuance of a certificate pursuant to subdivision (j)
7 of Section 17053.47 of, subdivision (c) of Section 17053.74 of,
8 subdivision (c) of Section 23622.7 of, or subdivision (i) of Section
9 23622.8 of, the Revenue and Taxation Code. The department shall
10 collect the fee for deposit into the Enterprise Zone Fund, pursuant
11 to Section 7072.3, for the costs of administering this chapter. The
12 enterprise zone or manufacturing enhancement area administrator
13 shall collect this fee at the time an application is submitted for
14 issuance of a certificate.

15 (d) (1) (A) The department shall maintain, and post on its
16 Internet Web site, a catalog of all administrative memoranda in
17 effect that implement this chapter, including the subject matter of
18 the memoranda and the effective dates of their publication,
19 modification, or repeal, along with the text of the memoranda.

20 (B) The department shall post on its Internet Web site the
21 publication, modification, or repeal of any of those administrative
22 memoranda, within 10 business days of that publication,
23 modification, or repeal.

24 (2) The department shall post on its Internet Web site enterprise
25 zone and targeted employment area boundary approvals,
26 modifications, and repeals within 10 business days of the approval,
27 modification, or repeal becoming final.

28 SEC. 5. Section 7076.1 of the Government Code is amended
29 to read:

30 7076.1. (a) The department may audit the program of any
31 jurisdiction in any designated G-TEDA at any time during the
32 duration of the designation, as appropriate. However, the
33 department shall audit each G-TEDA at least once every five years
34 from the date of designation or the operative date of this section,
35 whichever is the latest. The matters to be examined in the course
36 of an audit shall include an examination of the progress made by
37 the G-TEDA toward meeting the goals, objectives, and
38 commitments set forth in its original application and the
39 department's memorandum of understanding with the G-TEDA.

1 (b) The department shall, for each audit, determine a result of
2 superior, pass, or fail in accordance with subdivision (c). The
3 results of each audit shall be based upon the success of the
4 G-TEDA in making substantial and sustained efforts since the later
5 of its designation or last audit to meet the standards, criteria, and
6 conditions contained in the application and the memorandum of
7 understanding (MOU) between the department and the G-TEDA,
8 as may be amended pursuant to the agreement of the G-TEDA and
9 the department. In each audit, the department shall focus upon the
10 G-TEDA's use of the marketing plan, local incentives, financing
11 programs, job development, and program management as described
12 in the application and the MOU. The department shall also evaluate
13 the vouchering plan, staffing levels, budget, and elements unique
14 to each application.

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

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

20 (A) Meets 90 to 100 percent of its goals, objectives, and
21 commitments as defined in its application, most recent audit,
22 biennial report, and memorandum of understanding with the
23 department, and as determined by the department in consultation
24 with the G-TEDA. An equivalent or similar commitment may be
25 substituted for an existing commitment of a G-TEDA if it is
26 determined by the department that an original commitment was
27 not realistically practical or is no longer relevant.

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

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

35 (2) (A) A G-TEDA will be determined to be passing if each
36 jurisdiction comprising the area meets 75 to 90 percent of its goals,
37 objectives, or commitments as defined in its original application,
38 most recent audit, biennial report, and memorandum of
39 understanding with the department, and as determined by the
40 department in consultation with the G-TEDA. An equivalent or

1 similar commitment may be substituted for an existing commitment
2 of a G-TEDA if it is determined by the department that an original
3 commitment was not realistically practical or is no longer relevant.

4 (B) Any G-TEDA that is determined to be passing may appeal
5 in writing to the department for a determination of superior. Only
6 one appeal may be filed pursuant to this subparagraph with respect
7 to a determination by the department, and may be filed no later
8 than 30 days after the G-TEDA's receipt of the determination to
9 which the appeal pertains. The department shall respond in writing
10 to any appeal that is properly filed pursuant to this subparagraph
11 within 60 days of the date of that filing.

12 (3) (A) A G-TEDA will be determined to be failing if any
13 jurisdiction comprising the G-TEDA fails to meet or exceed 75
14 percent of its goals, objectives, or commitments as defined in its
15 original application, most recent audit, biennial report, and
16 memorandum of understanding with the department, and as
17 determined by the department in consultation with the G-TEDA.
18 An equivalent or similar commitment may be substituted for an
19 existing commitment of a G-TEDA if it is determined by the
20 department that an original commitment was not realistically
21 practical or is no longer relevant.

22 (B) Any G-TEDA that is determined to be failing shall enter
23 into a written agreement with the department that specifies those
24 items that the G-TEDA is required to remedy or improve. Failure
25 of the G-TEDA and the department to negotiate and enter into a
26 written agreement as so described within 60 days of the last day
27 upon which the department is required to deliver a response letter
28 pursuant to subparagraph (C) of paragraph (4) shall result in the
29 dedesignation of the G-TEDA on January 1 immediately following
30 the department's written notice of dedesignation to the G-TEDA.

31 (C) A written agreement entered into pursuant to this paragraph
32 shall be for a six-month period. If, upon the expiration of the
33 agreement, the department determines that the G-TEDA has not
34 met or implemented at least 75 percent of the conditions set forth
35 in the agreement, the department shall, after immediately providing
36 written notification to each jurisdiction comprising the G-TEDA
37 that the G-TEDA is to be dedesignated. Dedesignation of the
38 G-TEDA is effective on the first day of the month next following
39 the date upon which the agreement expired. If, upon expiration of
40 the agreement, the department determines that the G-TEDA has

1 met or implemented at least 75 percent of the conditions set forth
2 in the agreement, the department shall do either of the following:

3 (i) Allow the G-TEDA an additional year, or a longer period in
4 the department's discretion, to meet or implement those conditions
5 in their entirety.

6 (ii) Pursuant to written notice provided immediately to each
7 jurisdiction that comprises the G-TEDA that the G-TEDA is to be
8 dedesignated, dedesignate the G-TEDA effective on January 1
9 immediately following the date of the department's written
10 notification of dedesignation to those jurisdictions.

11 (D) Any business, located within any jurisdiction that comprises
12 a G-TEDA that has been dedesignated, that has elected to avail
13 itself of any state tax incentive specifically applicable to a G-TEDA
14 for any taxable or income year beginning prior to the dedesignation
15 of the G-TEDA may, to the extent the business is otherwise still
16 eligible for those incentives, continue to avail itself of those
17 incentives for a period equal to the remaining life of the G-TEDA.
18 However, any business, located within any jurisdiction that
19 comprises a G-TEDA that has been dedesignated, that has not
20 availed itself of any state tax incentive in the manner described in
21 the preceding sentence may not, after dedesignation of the
22 G-TEDA, avail itself of any state incentive specifically applicable
23 to a G-TEDA.

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

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

34 (C) Any G-TEDA that is determined to be failing pursuant to
35 this paragraph may appeal in writing to the department. The appeal
36 shall be filed within 30 days of the G-TEDA's receipt of the
37 determination to which the appeal pertains. The department shall
38 respond in writing to any appeal that is properly filed within 60
39 days of the date of filing.

1 (d) In undertaking its audit responsibilities pursuant to this
2 section, the department shall seek appropriate opportunities to
3 provide technical assistance and training to help G-TEDAs address
4 inadequacies identified through the audit of the program.
5 Assistance may include, but is not limited to, workshops, mentoring
6 programs, and referrals to other federal, state, and local public and
7 private entities.

8 (e) (1) For purposes of this section, “dedesignation” means that
9 a G-TEDA is no longer a G-TEDA for purposes of either Section
10 7073 or 7085.

11 (2) Upon notification by the department of the dedesignation
12 of a G-TEDA and the end of the appeal period with respect to that
13 dedesignation, the department shall initiate an application process
14 for a new designation as provided in Section 7073, 7073.8, 7085,
15 7097, or 7114.

16 (f) In addition to any other oversight activities that the
17 department determines are appropriate and necessary, the
18 department shall review the progress reports submitted by a
19 G-TEDA pursuant to Section 7085.1 and determine whether an
20 audit is warranted.

21 SEC. 6. Section 7081 of the Government Code is amended to
22 read:

23 7081. (a) Notwithstanding any other provision of state law,
24 and to the extent permitted by federal law, the Employment
25 Development Department and the State Department of Education
26 shall give high priority to the training of unemployed individuals
27 who reside in a targeted employment area or a designated enterprise
28 zone.

29 (b) When developing workforce development and training plans
30 and strategies, including, but not limited to, federal Workforce
31 Development Act funds, a state entity shall consider how the
32 G-TEDA programs could be integrated so as to maximize the
33 benefits to workers and businesses.

34 (c) The Employment Development Department shall, consistent
35 with its duties to assist unemployed workers who are registered in
36 the one-stop career centers, provide letters to unemployed
37 prospective employees that could be used to certify their eligibility
38 as a person participating in a program developed pursuant to the
39 federal Workforce Investment Act of 1998 (29 U.S.C. Sec. 2081
40 et seq.).

1 (d) The department may assist localities in designating local
2 business, labor, and education consortia to broker activities between
3 the employment community and educational and training
4 institutions. Any available discretionary funds may be used to
5 assist the creation of those consortia.

6 (e) Local education entities that administer student work permits
7 shall consider how enterprise zone program hiring credits could
8 be used to benefit lower income students who apply for work
9 permits at their offices.

10 SEC. 7. Section 7085 of the Government Code is amended to
11 read:

12 7085. (a) In addition to the information it makes available
13 biennially pursuant to subdivision (e) of Section 7085.1, the
14 department shall submit a report to the Legislature every six years
15 that evaluates the effect of the program on retaining and increasing
16 employment among targeted populations as described in
17 subdivision (c), public and private investment, and incomes, and
18 on state and local tax revenues in designated enterprise zones. The
19 report shall include a department review of the progress and
20 effectiveness of each enterprise zone, including, but not limited
21 to, any efforts made regarding training and placement of
22 unemployed individuals pursuant to Section 7081. The
23 Employment Development Department, the State Department of
24 Social Services, and the State Department of Education shall, for
25 the purposes of the report, provide the department with existing
26 data on unemployed individuals receiving training. The Department
27 of General Services shall provide information on the use and
28 outcomes that the department tracks relating to the enterprise zone
29 procurement preference.

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

33 (c) Targeted populations included within the report required
34 pursuant to subdivision (a) shall include, but not be limited to, the
35 disabled, disabled veterans, individuals formerly on forms of
36 federal and state assistance, individuals within the targeted
37 employment areas, ex-offenders, and veterans.

38 (d) The base year for the report required pursuant to subdivision
39 (a) shall be the calendar year commencing January 1, 2012.

1 SEC. 8. Section 7085.1 of the Government Code is amended
2 to read:

3 7085.1. (a) The governing board of the G-TEDA shall report
4 to the department by October 1, 2008, and by that date every other
5 year thereafter, on the activities of the G-TEDA in the previous
6 two fiscal years and its plans for the current and following fiscal
7 year. The biennial report shall include at least all of the following:

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

12 (2) Identification of the previous two years' funding, including
13 in-kind funding. The previous two years' funding levels shall be
14 compared to the funding levels identified in its original application
15 and the department's memorandum of understanding with the
16 G-TEDA, and the amount identified in the previous biennial report.
17 An explanation of any meaningful discrepancies in these amounts
18 shall be provided.

19 (3) Identification of the financial value of local incentives
20 provided during the report period, and of federal and other state
21 resources accessed to serve the residents, workers, and businesses
22 in the G-TEDA.

23 (4) The following information based on the certification
24 applications approved in the zones relating to the hiring credit:

25 (A) The number of jobs for which certifications have been
26 issued.

27 (B) The number of new employees for which certifications have
28 been issued.

29 (C) The number of employees replacing previous employees
30 for which certifications, were issued.

31 (D) The number of employees by qualified employee category
32 pursuant to Sections 17053.74 and 23622.7 of the Revenue and
33 Taxation Code.

34 (E) The total range and the average, median, and mean employee
35 wage rates that were certified.

36 (F) The number of businesses obtaining certification for
37 qualified employees.

38 (G) The industry classification, based on the North American
39 Industry Classification System, of businesses obtaining certification
40 of qualified employees.

1 (H) The distribution of employee certifications among industry
2 sectors, based on the North American Industry Classification
3 System.

4 (I) The distribution of employee certifications by the annual
5 receipts and asset value of the business obtaining qualified
6 employee certifications.

7 (J) The number of state-certified small businesses that submitted
8 qualified employee certification applications.

9 (K) The number of state-certified disabled veteran
10 owned-business enterprises that submitted applications.

11 (b) The progress of the G-TEDA in meeting the goals,
12 objectives, and commitments set forth in the original application
13 and the memorandum of understanding with the department shall
14 be reviewed at least biennially by the legislative bodies comprising
15 the G-TEDA.

16 (c) An enterprise zone governing body shall provide information
17 at the request of the department as necessary for the department
18 to prepare the report required pursuant to subdivisions (e) and (f).

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

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

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

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

6 (e) The department shall biennially, beginning on or before
7 December 31, 2008, make available to the Legislature information
8 related to the progress that each G-TEDA is making toward
9 implementing its goals, objectives, and commitments set forth in
10 the original application, the department's memorandum of
11 understanding with the G-TEDA, and the G-TEDA's biennial
12 report.

13 (f) G-TEDAs that fail to submit a timely biennial report to the
14 department shall be audited pursuant to Section 7076.1. This
15 subdivision shall apply to all reports due on or after October 1,
16 2012.

17 SEC. 9. Section 7085.5 of the Government Code is amended
18 to read:

19 7085.5. (a) The Franchise Tax Board shall annually make
20 available to the department and the Legislature information, *to the*
21 *extent it is reasonably available*, by enterprise zone and by city or
22 county, on the dollar value of the ~~enterprise zone~~ G-TEDA tax
23 credits and other ~~tax-related~~ G-TEDA tax incentives that are
24 claimed each year by businesses and shall design and distribute
25 forms and instructions that will allow the following information
26 to be accessible:

27 (1) The total number of jobs for which the hiring credits are
28 claimed.

29 (2) The number of businesses claiming each individual tax
30 credit.

31 (3) The nature of the business claiming each individual tax
32 credit.

33 (4) The distribution of zone tax incentives among industry
34 groups.

35 (5) The distribution of zone tax incentives by the annual receipts
36 and asset value of the business claiming each individual tax credit.

37 (6) The total amount of capital investments made, as well as
38 the value of the total amount of credit claimed by businesses under
39 the sales and use tax credit.

1 (7) Any other information that the Franchise Tax Board and the
2 department deem to be important in determining the cost to, and
3 benefit derived by, the taxpayers of the state.

4 (b) In developing this information, the Franchise Tax Board
5 shall review returns from personal and corporate tax returns. The
6 totals for each *G-TEDA* tax incentive shall, at a minimum, be
7 reported separately.