

AMENDED IN SENATE AUGUST 6, 2012

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 *streamlining and expediting of licensing and permitting of*  
12 *development-related activities and the implementation of public*  
13 *publicly and privately funded programs and services that stimulate*  
14 *business and industrial growth in the depressed areas of the state.*

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

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

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

4 SEC. 2. Section 7072 of the Government Code is amended to  
5 read:

6 7072. For purposes of this chapter, the following definitions  
7 shall apply:

8 (a) “Department” means the Department of Housing and  
9 Community Development.

10 (b) “Date of original designation” means the earlier of the  
11 following:

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

14 (2) In the case of an enterprise zone deemed designated pursuant  
15 to subdivision (e) of Section 7073, the date the enterprise zone or  
16 program area received original designation by the former Trade  
17 and Commerce Agency pursuant to Chapter 12.8 (commencing  
18 with Section 7070) or Chapter 12.9 (commencing with Section  
19 7080), as those chapters read prior to January 1, 1997.

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

21 (1) (A) An area designated as an enterprise zone pursuant to  
22 Chapter 12.8 (commencing with Section 7070), as it read prior to  
23 January 1, 1997, or as a targeted economic development area,  
24 neighborhood development area, or program area pursuant to  
25 Chapter 12.9 (commencing with Section 7080), as it read prior to  
26 January 1, 1997.

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

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

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

39 (iii) The area within the proposed zone has experienced  
40 significant distress factors, as defined by the department, including,

1 but not limited to, a history of significant gang-related activity,  
2 high crime rates, or a significant number of plant or business  
3 closures, or all of these.

4 (2) The amendments made to this subdivision during ~~the 2011~~  
5 ~~portion of the 2011–12 Regular Session~~ shall apply only to requests  
6 for proposals issued on or after January 1, ~~2012~~ 2013.

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

11 (1) An eligible area.

12 (2) Either or both of the following:

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

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

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

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

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

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

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

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

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

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

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

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

1 by the respective local governmental entities and no boundary  
2 changes are required.

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

11 SEC. 3. Section 7073.1 of the Government Code is amended  
12 to read:

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

21 (1) The noncontiguous area is needed to implement the  
22 applicant’s economic development strategy.

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

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

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

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

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

1 participation, hospital bonds, redevelopment bonds, school bonds,  
2 and all special provisions provided for under federal tax law for  
3 enterprise community or empowerment zone bonds.

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

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

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

10 (O) CalWORKs funding and other related resources.

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

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

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

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

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

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

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

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

37 (C) The extent the strategy includes related regional and  
38 community-based partnerships for achieving the goals and  
39 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~~ 2013, 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 or in a county with a total population under 275,000, the proposed  
24 zone shall not exceed the size of the previously designated and  
25 expanded enterprise zone by more than 25 percent.

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

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

36 (e) Except upon dedesignation pursuant to subdivision (c) of  
37 Section 7076.1, Section 7076.2, or Section 7085.1, a designation  
38 made by the department shall be binding for a period of 15 years  
39 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~~ 2013.

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, *plans, activities, and*  
31 *responsibilities related to Section 14010 of the Unemployment*  
32 *Insurance Code or accessing or allocating funds from the federal*  
33 *Workforce Development Act-funds of 1998 (Public Law 105-220),*  
34 a state entity shall consider how the G-TEDA programs could be  
35 integrated so as to maximize the benefits to workers and businesses.

36 (c) The Employment Development Department shall, consistent  
37 with its duties to assist unemployed workers who are registered in  
38 the one-stop career centers, provide letters to unemployed  
39 prospective employees that could be used to certify their eligibility  
40 as a person participating in a program developed pursuant to the

1 federal Workforce Investment Act of 1998 (29 U.S.C. Sec. 2081  
2 et seq.).

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

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

12 SEC. 7. Section 7085 of the Government Code is amended to  
13 read:

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

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

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



1 (d) The base year for the report required pursuant to subdivision  
2 (a) shall be the calendar year commencing January 1, ~~2012~~ 2013.

3 SEC. 8. Section 7085.1 of the Government Code is amended  
4 to read:

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

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

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

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

25 ~~(4) The following information based on the certification~~  
26 ~~applications approved in the zones relating to the hiring credit:~~

27 ~~(A) The number of jobs for which certifications have been~~  
28 ~~issued.~~

29 ~~(B) The number of new employees for which certifications have~~  
30 ~~been issued.~~

31 ~~(C) The number of employees replacing previous employees~~  
32 ~~for which certifications, were issued.~~

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

36 ~~(E) The total range and the average, median, and mean employee~~  
37 ~~wage rates that were certified.~~

38 ~~(F) The number of businesses obtaining certification for~~  
39 ~~qualified employees.~~

1 ~~(G) The industry classification, based on the North American~~  
2 ~~Industry Classification System, of businesses obtaining certification~~  
3 ~~of qualified employees.~~

4 ~~(H) The distribution of employee certifications among industry~~  
5 ~~sectors, based on the North American Industry Classification~~  
6 ~~System.~~

7 ~~(I) The distribution of employee certifications by the annual~~  
8 ~~receipts and asset value of the business obtaining qualified~~  
9 ~~employee certifications.~~

10 ~~(J) The number of state-certified small businesses that submitted~~  
11 ~~qualified employee certification applications.~~

12 ~~(K) The number of state-certified disabled veteran~~  
13 ~~owned-business enterprises that submitted applications.~~

14 *(4) Information aggregated from certification applications*  
15 *approved in the zones relating to the hiring credit. The type of*  
16 *information may include, but not be limited to, the number of jobs*  
17 *for which certifications have been issued and the wage rates and*  
18 *the number and size of the businesses utilizing the program.*

19 *(5) Information on the number of state-certified disabled*  
20 *veteran-owned business enterprises that submitted applications*  
21 *for employee certification.*

22 (b) The progress of the G-TEDA in meeting the goals,  
23 objectives, and commitments set forth in the original application  
24 and the memorandum of understanding with the department shall  
25 be reviewed at least biennially by the legislative bodies comprising  
26 the G-TEDA.

27 (c) An enterprise zone governing body shall provide information  
28 at the request of the department as necessary for the department  
29 to prepare the report required pursuant to ~~subdivisions (e) and (f)~~  
30 *this section and Section 7085.1.*

31 (d) (1) G-TEDAs designated prior to January 1, 2007, shall  
32 have until April 15, 2008, to update their benchmarks, goals,  
33 objectives, and funding levels for administering the G-TEDA  
34 program, in order to make them measurable and conducive to the  
35 successful completion of the economic development strategy. The  
36 local legislative body and the department shall approve the updated  
37 goals and objectives. The updated goals and objectives shall be  
38 included as an update to the existing memorandum of  
39 understanding between the G-TEDA and the department.

1 (2) G-TEDAs that fail to obtain approved updated goals and  
2 objectives by April 15, 2008, shall be dedesignated effective July  
3 1, 2008. The Director of Housing and Community Development  
4 shall provide notice of prospective dedesignation to the local  
5 government no later than May 1, 2008. The director may authorize  
6 up to two 60 calendar day extensions, if the local government and  
7 G-TEDA are acting in good faith and the additional time would  
8 allow them to meet the requirements of this subdivision. Businesses  
9 located within a G-TEDA that have been dedesignated shall  
10 continue to have access to tax incentives previously authorized  
11 within the G-TEDA pursuant to Section 7082.2.

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

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

17 (e) The department shall biennially, beginning on or before  
18 December 31, 2008, make available to the Legislature information  
19 related to the progress that each G-TEDA is making toward  
20 implementing its goals, objectives, and commitments set forth in  
21 the original application, the department's memorandum of  
22 understanding with the G-TEDA, and the G-TEDA's biennial  
23 report.

24 (f) G-TEDAs that fail to submit a timely biennial report to the  
25 department shall be audited pursuant to Section 7076.1. This  
26 subdivision shall apply to all reports due on or after October 1,  
27 ~~2012~~ 2013.

28 SEC. 9. Section 7085.5 of the Government Code is amended  
29 to read:

30 7085.5. (a) The Franchise Tax Board shall annually make  
31 available to the department and the Legislature information, to the  
32 extent it is reasonably available, by enterprise zone and by city or  
33 county, on the dollar value of the G-TEDA tax credits and other  
34 G-TEDA tax incentives that are claimed each year by businesses  
35 and shall design and distribute forms and instructions that will  
36 allow the following information to be accessible:

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

39 (2) The number of businesses claiming each individual tax  
40 credit.

1 (3) The nature of the business claiming each individual tax  
2 credit.

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

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

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

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

13 (b) In developing this information, the Franchise Tax Board  
14 shall review returns from personal and corporate tax returns. The  
15 totals for each G-TEDA tax incentive shall, at a minimum, be  
16 reported separately.

O