

AMENDED IN SENATE AUGUST 21, 2012

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**

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**Introduced by Assembly Members V. Manuel Pérez and Alejo**

(Principal coauthor: Senator DeSaulnier)

(~~Coauthor: Senator~~ *Coauthors: Senators Price and Rubio*)

March 10, 2011

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An act to amend Sections 7071, 7072, 7073.1, 7076, 7076.1, 7081, 7085, 7085.1, ~~and 7085.5~~, *and 7114.2* 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.

*Existing law, the Enterprise Zone Act, authorizes the Department of Housing and Community Development to assess a fee of not more than \$15 on each enterprise zone and manufacturing enhancement area for each application for issuance of a certificate pursuant to specified tax credit provisions. Existing law, the Local Agency Military Base Recovery Area Act, authorizes the Department of Housing and Community Development to assess a fee of not more than \$15 on each local agency military base recovery area for each application for issuance of a certificate pursuant to specified tax credit provisions.*

*This bill would instead authorize the department to charge a fee for those applications not to exceed the reasonable cost of administering the Enterprise Zone Act or the Local Agency Military Base Recovery Area Act, respectively, but not to exceed \$20. The bill would require any increase in the fee higher than the amount that was charged by the department as of January 1, 2013, to be adopted by regulation.*

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 publicly  
13 and privately funded programs and services that stimulate business  
14 and industrial growth in the depressed areas of the state.

1 (b) The geographically targeted economic development area  
2 (G-TEDA) programs are based on the economic principle that  
3 targeting significant incentives to lower income communities  
4 allows these communities to more effectively compete for new  
5 businesses and retain existing businesses, which results in increased  
6 tax revenues, less reliance on social services, and lower public  
7 safety costs. Residents and businesses also directly benefit from  
8 these more sustainable economic conditions through improved  
9 neighborhoods, business expansion, and job creation.

10 (c) Therefore, it is in the economic interest of the state to have  
11 one strong, combined, and business-friendly and community  
12 development-friendly incentive program to help attract business  
13 and industry to the state, to help retain and expand existing state  
14 business and industry, and to create increased job opportunities  
15 for all Californians.

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

19 SEC. 2. Section 7072 of the Government Code is amended to  
20 read:

21 7072. For purposes of this chapter, the following definitions  
22 shall apply:

23 (a) "Department" means the Department of Housing and  
24 Community Development.

25 (b) "Date of original designation" means the earlier of the  
26 following:

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

29 (2) In the case of an enterprise zone deemed designated pursuant  
30 to subdivision (e) of Section 7073, the date the enterprise zone or  
31 program area received original designation by the former Trade  
32 and Commerce Agency pursuant to Chapter 12.8 (commencing  
33 with Section 7070) or Chapter 12.9 (commencing with Section  
34 7080), as those chapters read prior to January 1, 1997.

35 (c) "Eligible area" means any of the following:

36 (1) (A) An area designated as an enterprise zone pursuant to  
37 Chapter 12.8 (commencing with Section 7070), as it read prior to  
38 January 1, 1997, or as a targeted economic development area,  
39 neighborhood development area, or program area pursuant to

1 Chapter 12.9 (commencing with Section 7080), as it read prior to  
 2 January 1, 1997.

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

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

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

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

20 (2) The amendments made to this subdivision during the  
 21 2011–12 Regular Session shall apply only to requests for proposals  
 22 issued on or after January 1, 2013.

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

27 ~~(1) An eligible area.~~

28 ~~(2) Either or both of the following:~~

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

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

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

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

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

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

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

9 (j) (1) “Targeted employment area” means an area within a  
10 city, county, or city and county that is composed solely of those  
11 census tracts designated by the United States Department of  
12 Housing and Urban Development as having at least 51 percent of  
13 its residents of low- or moderate-income levels, using either the  
14 most recent United States Census Bureau data available at the time  
15 of the original enterprise zone application or the most recent United  
16 States Census Bureau data available at the time the targeted  
17 employment area is designated to determine that eligibility. The  
18 purpose of a “targeted employment area” is to encourage businesses  
19 in an enterprise zone to hire eligible residents of certain geographic  
20 areas within a city, county, or city and county. A targeted  
21 employment area may be, but is not required to be, the same as all  
22 or part of an enterprise zone. A targeted employment area’s  
23 boundaries need not be contiguous. A targeted employment area  
24 does not need to encompass each eligible census tract within a  
25 city, county, or city and county. The governing body of each city,  
26 county, or city and county that has jurisdiction of the enterprise  
27 zone shall identify those census tracts whose residents are in the  
28 most need of this employment targeting. Only those census tracts  
29 within the jurisdiction of the city, county, or city and county that  
30 has jurisdiction of the enterprise zone may be included in a targeted  
31 employment area.

32 (2) At least a part of each eligible census tract within a targeted  
33 employment area shall be within the territorial jurisdiction of the  
34 city, county, or city and county that has jurisdiction for an  
35 enterprise zone. If an eligible census tract encompasses the  
36 territorial jurisdiction of two or more local governmental entities,  
37 all of those entities shall be a party to the designation of a targeted  
38 employment area. However, any one or more of those entities, by  
39 resolution or ordinance, may specify that it shall not participate in  
40 the application as an applicant, but shall agree to complete all

1 actions stated within the application that apply to its jurisdiction,  
2 if the area is designated.

3 (3) Each local governmental entity of each city, county, or city  
4 and county that has jurisdiction of an enterprise zone shall approve,  
5 by resolution or ordinance, the boundaries of its targeted  
6 employment area, regardless of whether a census tract within the  
7 proposed targeted employment area is outside the jurisdiction of  
8 the local governmental entity.

9 (4) (A) Within 180 days of updated United States Census  
10 Bureau data becoming available, each local governmental entity  
11 of each city, county, or city and county that has jurisdiction of an  
12 enterprise zone shall approve, by resolution or ordinance,  
13 boundaries of its targeted employment area reflecting the new  
14 census data. If no changes are necessary to the boundaries based  
15 on the most current census data, the enterprise zone may send a  
16 letter to the department stating that a review has been undertaken  
17 by the respective local governmental entities and no boundary  
18 changes are required.

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

27 SEC. 3. Section 7073.1 of the Government Code is amended  
28 to read:

29 7073.1. (a) A city, county, or city and county with an eligible  
30 area within its jurisdiction may complete a preliminary application  
31 for designation as an enterprise zone. The applying entity shall  
32 establish definitive boundaries for the proposed enterprise zone  
33 and the targeted employment area. An entity may propose zones  
34 in areas with noncontiguous boundaries, and the department may  
35 designate those areas as zones if the director determines both of  
36 the following:

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

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

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

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

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

19 (C) Clear articulation of goals.

20 (D) Measurable objectives, including targets.

21 (E) Proposed implementation activities and tasks, including  
22 timeframes, and a framework for evaluating performance, including  
23 qualitative and quantitative benchmarks.

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

29 (2) For purposes of this subdivision, local resources may include,  
30 but are not limited to, all of the following:

31 (A) The suspension or relaxation of locally originated or  
32 modified building codes, zoning laws, general development plans,  
33 or rent controls.

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

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

37 (D) Elimination or reduction of construction taxes or business  
38 license taxes.

39 (E) The provision or expansion of infrastructure.

- 1 (F) The targeting of federal block grant moneys, including small  
2 cities, education, and health and welfare block grants.
- 3 (G) The targeting of economic development grants and loan  
4 moneys, including grant and loan moneys provided by the United  
5 States Department of Housing and Urban Development.
- 6 (H) The targeting of state and federal job disadvantaged and  
7 vocational education grant moneys, including moneys provided  
8 by the federal Workforce Investment Act of 1998 (Public Law  
9 105-220), or its successor.
- 10 (I) The targeting of federal or state transportation grant moneys.
- 11 (J) The targeting of federal or state low-income housing and  
12 rental assistance moneys.
- 13 (K) The use of tax allocation bonds, special assessment bonds,  
14 bonds under the Mello-Roos Community Facilities Act of 1982  
15 (Chapter 2.5 (commencing with Section 53311) of Part 1 of  
16 Division 2 of Title 5), industrial development bonds, revenue  
17 bonds, private activity bonds, housing bonds, bonds issued pursuant  
18 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
19 (commencing with Section 6584) of Chapter 5), certificates of  
20 participation, hospital bonds, redevelopment bonds, school bonds,  
21 and all special provisions provided for under federal tax law for  
22 enterprise community or empowerment zone bonds.
- 23 (L) ~~Redevelopment tax increment moneys and local~~ *Local*  
24 *financing authorities.*
- 25 (M) Federal Workforce Investment Act moneys and programs  
26 funded with those moneys.
- 27 (N) Federal Community Development Block Grant Program  
28 moneys.
- 29 (O) CalWORKs funding and other related resources.
- 30 (P) Local education entities, including K-12, adult education,  
31 community colleges, and public and private universities.
- 32 (3) When designating new enterprise zones, the department  
33 shall take into consideration the location of existing zones and  
34 make every effort to locate new zones in a manner that will not  
35 adversely affect any existing zones.
- 36 (4) When reviewing and ranking new enterprise zone  
37 applications, the department shall give bonus points to applications  
38 from jurisdictions that meet minimum threshold points and at least  
39 both of the following criteria:



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

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

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

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

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

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

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

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

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

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

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

35 (c) For applications for enterprise zone designation submitted  
36 on or after January 1, 2013, both of the following shall apply:

37 (1) If any portion of the proposed zone is within, or previously  
38 was within, the boundaries of a previously designated enterprise  
39 zone, the aggregate size of the proposed zone shall not exceed the  
40 size of the previously designated and expanded enterprise zone by

1 more than 15 percent. ~~For a proposed zone located in a rural city~~  
2 ~~or in a county with a total population under 275,000, the proposed~~  
3 ~~zone shall not exceed the size of the previously designated and~~  
4 ~~expanded enterprise zone by more than 25 percent.~~

5 (2) If any portions of the proposed zone are within, or previously  
6 were within, the boundaries of two or more previously designated  
7 enterprise zones, the aggregate size of the proposed zone shall not  
8 exceed the size of the largest single previously designated and  
9 expanded enterprise zone by more than 15 percent.

10 (d) In evaluating applications for designation, the department  
11 shall ensure that applications are not disqualified solely because  
12 of technical deficiencies, and shall provide applicants with an  
13 opportunity to correct the deficiencies. Applications shall be  
14 disqualified if the deficiencies are not corrected within two weeks.

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

19 (f) The applicant shall be required to begin implementation of  
20 the enterprise zone plan contained in the final application within  
21 six months after notification of final designation, or the enterprise  
22 zone shall be dedesignated.

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

26 (2) The amendments made to this section during the 2011–12  
27 Regular Session shall apply only to enterprise zone applications  
28 for which the department has issued a solicitation for new  
29 enterprise zone designations on or after January 1, 2013.

30 SEC. 4. Section 7076 of the Government Code is amended to  
31 read:

32 7076. (a) The department shall serve as a liaison between the  
33 state and enterprise zone residents, businesses, workers, nonprofit  
34 organizations, and local governments. State agencies and  
35 departments shall affirmatively support their statutory  
36 responsibilities under this chapter and, consistent with their  
37 statutory duties, respond to requests made by and on the behalf of  
38 an enterprise zone.

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

4 (A) Furnish limited onsite assistance to the enterprise zones  
5 when appropriate.

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

9 (C) Help the locality develop a marketing program for the  
10 enterprise zone.

11 (D) Coordinate activities of other state agencies regarding the  
12 enterprise zones.

13 (E) Monitor the progress of the program.

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

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

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

21 (c) The department shall assess a fee of fifteen dollars (\$15) on  
22 each enterprise zone and manufacturing enhancement area for each  
23 application for issuance of a certificate pursuant to subdivision (j)  
24 of Section 17053.47 of, subdivision (c) of Section 17053.74 of,  
25 subdivision (c) of Section 23622.7 of, or subdivision (i) of Section  
26 23622.8 of, the Revenue and Taxation Code, *not to exceed the*  
27 *reasonable cost of administering this chapter, but not to exceed*  
28 *twenty dollars (\$20). If the department increases the fee higher*  
29 *than the amount that was charged by the department as of January*  
30 *1, 2013, then the department shall adopt the fee increase by*  
31 *regulation. The department shall collect the fee for deposit into*  
32 *the Enterprise Zone Fund, pursuant to Section 7072.3, for the costs*  
33 *of administering this chapter. The enterprise zone or manufacturing*  
34 *enhancement area administrator shall collect this fee at the time*  
35 *an application is submitted for issuance of a certificate.*

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

1 (B) The department shall post on its Internet Web site the  
2 publication, modification, or repeal of any of those administrative  
3 memoranda, within 10 business days of that publication,  
4 modification, or repeal.

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

9 SEC. 5. Section 7076.1 of the Government Code is amended  
10 to read:

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

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

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

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

1 (A) Meets 90 to 100 percent of its goals, objectives, and  
2 commitments as defined in its application, most recent audit,  
3 biennial report, and memorandum of understanding with the  
4 department, and as determined by the department in consultation  
5 with the G-TEDA. An equivalent or similar commitment may be  
6 substituted for an existing commitment of a G-TEDA if it is  
7 determined by the department that an original commitment was  
8 not realistically practical or is no longer relevant.

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

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

16 (2) (A) A G-TEDA will be determined to be passing if each  
17 jurisdiction comprising the area meets 75 to 90 percent of its goals,  
18 objectives, or commitments as defined in its original application,  
19 most recent audit, biennial report, and memorandum of  
20 understanding with the department, and as determined by the  
21 department in consultation with the G-TEDA. An equivalent or  
22 similar commitment may be substituted for an existing commitment  
23 of a G-TEDA if it is determined by the department that an original  
24 commitment was not realistically practical or is no longer relevant.

25 (B) Any G-TEDA that is determined to be passing may appeal  
26 in writing to the department for a determination of superior. Only  
27 one appeal may be filed pursuant to this subparagraph with respect  
28 to a determination by the department, and may be filed no later  
29 than 30 days after the G-TEDA's receipt of the determination to  
30 which the appeal pertains. The department shall respond in writing  
31 to any appeal that is properly filed pursuant to this subparagraph  
32 within 60 days of the date of that filing.

33 (3) (A) A G-TEDA will be determined to be failing if any  
34 jurisdiction comprising the G-TEDA fails to meet or exceed 75  
35 percent of its goals, objectives, or commitments as defined in its  
36 original application, most recent audit, biennial report, and  
37 memorandum of understanding with the department, and as  
38 determined by the department in consultation with the G-TEDA.  
39 An equivalent or similar commitment may be substituted for an  
40 existing commitment of a G-TEDA if it is determined by the

1 department that an original commitment was not realistically  
2 practical or is no longer relevant.

3 (B) Any G-TEDA that is determined to be failing shall enter  
4 into a written agreement with the department that specifies those  
5 items that the G-TEDA is required to remedy or improve. Failure  
6 of the G-TEDA and the department to negotiate and enter into a  
7 written agreement as so described within 60 days of the last day  
8 upon which the department is required to deliver a response letter  
9 pursuant to subparagraph (C) of paragraph (4) shall result in the  
10 dedesignation of the G-TEDA on January 1 immediately following  
11 the department's written notice of dedesignation to the G-TEDA.

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

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

27 (ii) Pursuant to written notice provided immediately to each  
28 jurisdiction that comprises the G-TEDA that the G-TEDA is to be  
29 dedesignated, dedesignate the G-TEDA effective on January 1  
30 immediately following the date of the department's written  
31 notification of dedesignation to those jurisdictions.

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

1 availed itself of any state tax incentive in the manner described in  
2 the preceding sentence may not, after dedesignation of the  
3 G-TEDA, avail itself of any state incentive specifically applicable  
4 to a G-TEDA.

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

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

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

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

28 (e) (1) For purposes of this section, "dedesignation" means that  
29 a G-TEDA is no longer a G-TEDA for purposes of either Section  
30 7073 or 7085.

31 (2) Upon notification by the department of the dedesignation  
32 of a G-TEDA and the end of the appeal period with respect to that  
33 dedesignation, the department shall initiate an application process  
34 for a new designation as provided in Section 7073, 7073.8, 7085,  
35 7097, or 7114.

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

1 SEC. 6. Section 7081 of the Government Code is amended to  
2 read:

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

9 (b) When developing workforce development and training plans  
10 and strategies, including, but not limited to, plans, activities, and  
11 responsibilities related to Section 14010 of the Unemployment  
12 Insurance Code or accessing or allocating funds from the federal  
13 Workforce Development Act of 1998 (Public Law 105-220), a  
14 state entity shall consider how the G-TEDA programs could be  
15 integrated so as to maximize the benefits to workers and businesses.

16 ~~(e) The Employment Development Department shall, consistent  
17 with its duties to assist unemployed workers who are registered in  
18 the one-stop career centers, provide letters to unemployed  
19 prospective employees that could be used to certify their eligibility  
20 as a person participating in a program developed pursuant to the  
21 federal Workforce Investment Act of 1998 (29 U.S.C. Sec. 2081  
22 et seq.).~~

23 ~~(d)~~  
24 (c) The department may assist localities in designating local  
25 business, labor, and education consortia to broker activities between  
26 the employment community and educational and training  
27 institutions. Any available discretionary funds may be used to  
28 assist the creation of those consortia.

29 ~~(e)~~  
30 (d) Local education entities that administer student work permits  
31 shall consider how enterprise zone program hiring credits could  
32 be used to benefit lower income students who apply for work  
33 permits at their offices.

34 SEC. 7. Section 7085 of the Government Code is amended to  
35 read:

36 7085. (a) In addition to the information it makes available  
37 biennially pursuant to subdivision (e) of Section 7085.1, the  
38 department shall submit a report to the Legislature every six years  
39 that evaluates the effect of the program on retaining and increasing  
40 employment among targeted populations as described in



1 subdivision (c), public and private investment, and incomes, and  
2 on state and local tax revenues in designated enterprise zones. The  
3 report shall include a department review of the progress and  
4 effectiveness of each enterprise zone, including, but not limited  
5 to, any efforts made regarding training and placement of  
6 unemployed individuals pursuant to Section 7081. The  
7 Employment Development Department, the State Department of  
8 Social Services, and the State Department of Education shall, for  
9 the purposes of the report, provide the department with existing  
10 data on unemployed individuals receiving training. The Department  
11 of General Services shall provide information on the use and  
12 outcomes that the department tracks relating to the enterprise zone  
13 procurement preference.

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

17 (c) Targeted populations included within the report required  
18 pursuant to subdivision (a) shall include, but not be limited to, the  
19 disabled, disabled veterans, individuals formerly on forms of  
20 federal and state assistance, individuals within the targeted  
21 employment areas, ex-offenders, and veterans.

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

24 SEC. 8. Section 7085.1 of the Government Code is amended  
25 to read:

26 7085.1. (a) The governing board of the G-TEDA shall report  
27 to the department by October 1, 2008, and by that date every other  
28 year thereafter, on the activities of the G-TEDA in the previous  
29 two fiscal years and its plans for the current and following fiscal  
30 year. The biennial report shall include at least all of the following:

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

35 (2) Identification of the previous two years' funding, including  
36 in-kind funding. The previous two years' funding levels shall be  
37 compared to the funding levels identified in its original application  
38 and the department's memorandum of understanding with the  
39 G-TEDA, and the amount identified in the previous biennial report.

1 An explanation of any meaningful discrepancies in these amounts  
2 shall be provided.

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

7 (4) Information aggregated from certification applications  
8 approved in the zones relating to the hiring credit. The type of  
9 information may include, but not be limited to, the number of jobs  
10 for which certifications have been issued and the wage rates and  
11 the number and size of the businesses utilizing the program.

12 (5) Information on the number of state-certified disabled  
13 veteran-owned business enterprises that submitted applications  
14 for employee certification.

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

20 (c) An enterprise zone governing body shall provide information  
21 at the request of the department as necessary for the department  
22 to prepare the report required pursuant to this section and Section  
23 ~~7085.1~~ 7085.

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

33 (2) G-TEDAs that fail to obtain approved updated goals and  
34 objectives by April 15, 2008, shall be dedesignated effective July  
35 1, 2008. The Director of Housing and Community Development  
36 shall provide notice of prospective dedesignation to the local  
37 government no later than May 1, 2008. The director may authorize  
38 up to two 60 calendar day extensions, if the local government and  
39 G-TEDA are acting in good faith and the additional time would  
40 allow them to meet the requirements of this subdivision. Businesses

1 located within a G-TEDA that have been dedesignated shall  
2 continue to have access to tax incentives previously authorized  
3 within the G-TEDA pursuant to Section 7082.2.

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

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

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

16 (f) G-TEDAs that fail to submit a timely biennial report to the  
17 department shall be audited pursuant to Section 7076.1. This  
18 subdivision shall apply to all reports due on or after October 1,  
19 2013.

20 SEC. 9. Section 7085.5 of the Government Code is amended  
21 to read:

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

29 ~~(1)~~

30 (a) The total number of jobs for which the hiring credits are  
31 claimed.

32 ~~(2)~~

33 (b) The number of businesses claiming each individual tax  
34 credit.

35 ~~(3)~~

36 (c) The nature of the business claiming each individual tax  
37 credit.

38 ~~(4)~~

39 (d) The distribution of zone tax incentives among industry  
40 groups.

1     ~~(5)~~  
 2     (e) The distribution of zone tax incentives by the annual receipts  
 3 and asset value of the business claiming each individual tax credit.

4     ~~(6)~~  
 5     (f) The total amount of capital investments made, as well as the  
 6 value of the total amount of credit claimed by businesses under  
 7 the sales and use tax credit.

8     ~~(7)~~  
 9     (g) Any other information that the Franchise Tax Board and the  
 10 department deem to be important in determining the cost to, and  
 11 benefit derived by, the taxpayers of the state.

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

16     *SEC. 10. Section 7114.2 of the Government Code is amended*  
 17 *to read:*

18     7114.2. (a) The department shall assess each LAMBRA a fee  
 19 ~~of fifteen dollars (\$15)~~ for each application for issuance of a  
 20 certificate pursuant to subdivision (c) of Section 17053.46 of the  
 21 Revenue and Taxation Code and subdivision (c) of Section 23646  
 22 of the Revenue and Taxation Code, *not to exceed the reasonable*  
 23 *cost of administering this chapter, but not to exceed twenty dollars*  
 24 *(\$20). If the department increases the fee higher than the amount*  
 25 *that was charged by the department as of January 1, 2013, then*  
 26 *the department shall adopt the fee increase by regulation. The*  
 27 department shall collect the fee for deposit into the Enterprise Zone  
 28 Fund, pursuant to Section 7072.3, for the costs of administering  
 29 this chapter. The LAMBRA administrator shall collect this fee at  
 30 the time an application is submitted for issuance of a certificate.

31     (b) The department shall adopt regulations governing the  
 32 imposition and collection of fees pursuant to this section and the  
 33 issuance of certificates pursuant to subdivision (c) of Section  
 34 17053.46 of the Revenue and Taxation Code and subdivision (c)  
 35 of Section 23646 of the Revenue and Taxation Code. The  
 36 regulations shall provide for a notice or invoice to fee payers as  
 37 to the amount and purpose of the fee. The adoption of the  
 38 regulations shall be deemed to be an emergency and necessary for  
 39 the immediate preservation of the public peace, health and safety,  
 40 or general welfare. Notwithstanding subdivision (e) of Section

1 11346.1, the regulations shall remain in effect for no more than  
2 360 days unless the agency complies with all the provisions of  
3 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
4 3 of Title 2 as required by subdivision (e) of Section 11346.1.

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