

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1530

Introduced by Assembly Members Huffman and Olsen

January 23, 2012

An act to add Chapter 9 (commencing with Section 51299) to Part 1 of Division 1 of Title 5 of the Government Code, and to add Section 242 to the Revenue and Taxation Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1530, as amended, Huffman. Economic development: Clean Manufacturing and Job Creation Incentive Act of 2012.

The

(1) *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 establish the Clean Manufacturing and Job Creation Incentive Act of 2012, and would authorize the legislative body of a city, county, or city and county to establish a clean manufacturing zone, as defined, within the city, county, or city and county's boundaries for the purpose of providing incentives to manufacturing businesses to locate within that city, county, or city and county.

(2) *The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a ²/₃ vote of the membership of each house.*

This bill would, pursuant to this constitutional authorization, commencing with the 2013–14 fiscal year and for each fiscal year thereafter, exempt from property taxation qualified personal property, as defined, used in a clean manufacturing zone, as defined.

By imposing new duties upon local tax officials with respect to the personal property tax exemption described above, this bill would impose a state-mandated local program.

(3) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(4) *Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.*

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

~~This bill would state the intent of the Legislature to enact the Clean Manufacturing and Job Creation Incentive Act of 2012. That act would, among other things, establish clean manufacturing zones that would attract new manufacturing businesses to California by approving necessary permits and licenses in advance, and provide a property tax exemption for new manufacturing equipment purchased for use in a clean manufacturing zone.~~

Vote: ~~majority~~²/₃. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

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

- 1 ~~SECTION 1. This act shall be known and may be cited as the~~
- 2 ~~Clean Manufacturing and Job Creation Incentive Act of 2012.~~

1 ~~SEC. 2.~~

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

4 (a) California’s economy is among the 10 largest in the world,
5 with a gross domestic product of almost \$2 trillion.

6 (b) Although the state unemployment rate remains over 11
7 percent, California still ranks first among all 50 states in new
8 branches of high-tech manufacturing and first in the number of
9 manufacturing industry jobs.

10 (c) Economic development and job creation are essential
11 elements of California’s fiscal recovery.

12 (d) California must compete with other states to attract
13 high-skill, high-wage manufacturing businesses and jobs, and to
14 retain manufacturing jobs and facilities as companies grow and
15 expand, which in turn can stimulate and support new businesses
16 and jobs in a range of sectors.

17 (e) California’s environmental protections and public health
18 and safety standards are essential to ensure quality of life and
19 economic growth in the Golden State.

20 (f) One of the major obstacles identified by businesses to
21 opening new facilities in California is delays in acquiring the
22 licenses and permits necessary to operate, including local and state
23 business licenses and other regulatory approvals.

24 (g) The purpose of this act is to stimulate growth in the
25 manufacturing industry without compromising California’s high
26 environmental, public health, and safety standards by creating
27 clean manufacturing zones with preapproved permits and licenses
28 to accommodate new and expanding manufacturing businesses.

29 *SEC. 2. Chapter 9 (commencing with Section 51299) is added*
30 *to Part 1 of Division 1 of Title 5 of the Government Code, to read:*

31

32 *CHAPTER 9. CLEAN MANUFACTURING AND JOB CREATION*
33 *INCENTIVE ACT OF 2012*

34

35 *51299. This act shall be known, and may be cited, as the Clean*
36 *Manufacturing and Job Creation Incentive Act of 2012.*

37 *51299.2. (a) For purposes of this chapter, the following terms*
38 *have the following meanings:*

39 *(1) “Clean manufacturing zone” means an area within a city,*
40 *county, or city and county that is designated by the legislative body*

1 of the city, county, or city and county as a clean manufacturing
2 zone and is suitable for commercial or industrial use.

3 (2) “Manufacturing” means the activity of converting or
4 conditioning property by changing the form, composition, quality,
5 or character of the property for sale at retail or use in
6 manufacturing of a product to be sold at retail. Manufacturing
7 includes any improvements to tangible personal property that
8 result in a greater service life or greater functionality than that of
9 the original property.

10 (b) A city, county, or city and county may establish a clean
11 manufacturing zone within its boundaries by ordinance or
12 resolution of the legislative body of the city, county, or city and
13 county for the purpose of providing incentives to manufacturing
14 businesses to locate within that city, county, or city and county.

15 SEC. 3. Section 242 is added to the Revenue and Taxation
16 Code, to read:

17 242. (a) For the 2013–14 fiscal year and for each fiscal year
18 thereafter, qualified personal property used in a clean
19 manufacturing zone is exempt from taxation.

20 (b) For purposes of this section, both of the following shall
21 apply:

22 (1) “Qualified personal property” means property that is
23 purchased on or after January 1, 2013, for use in a clean
24 manufacturing zone. Qualified personal property includes, but is
25 not limited to, equipment or devices used or required to operate,
26 control, regulate, or maintain machinery and equipment, including,
27 without limitation, computers, data processing equipment, and
28 computer software, together with all repair and replacement parts
29 with a useful life of one or more years, whether purchased
30 separately or in conjunction with the machinery or equipment.

31 (2) “Clean manufacturing zone” means a zone that is
32 established pursuant to the authorization in the Clean
33 Manufacturing and Job Creation Incentive Act of 2012 (Chapter
34 9 (commencing with Section 51299) of Part 1 of Division 1 of Title
35 5 of the Government Code).

36 SEC. 4. If the Commission on State Mandates determines that
37 this act contains costs mandated by the state, reimbursement to
38 local agencies and school districts for those costs shall be made
39 pursuant to Part 7 (commencing with Section 17500) of Division
40 4 of Title 2 of the Government Code.

1 *SEC. 5. Notwithstanding Section 2229 of the Revenue and*
2 *Taxation Code, no appropriation is made by this act and the state*
3 *shall not reimburse any local agency for any property tax revenues*
4 *lost by it pursuant to this act.*

5 ~~SEC. 3. The Legislature declares its intent to enact legislation~~
6 ~~to do both of the following:~~

7 ~~(a) Establish clean manufacturing zones, with all necessary~~
8 ~~permits and licenses approved in advance, to attract new~~
9 ~~manufacturing businesses.~~

10 ~~(b) Provide a property tax exemption for new manufacturing~~
11 ~~equipment purchased for use in clean manufacturing zones.~~