

ASSEMBLY BILL

No. 28

Introduced by Assembly Member V. Manuel Pérez

December 3, 2012

An act to amend Sections 7071, 7072, 7073.1, 7076, 7076.1, 7081, 7085, 7085.1, 7085.5, and 7114.2 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 28, as introduced, 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, 2014, 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 by relaxing*
 15 ~~regulatory controls that impede private investment.~~
 16 (b) *The geographically targeted economic development area*
 17 *(G-TEDA) programs are based on the economic principle that*
 18 *targeting significant incentives to lower income communities allows*
 19 *these communities to more effectively compete for new businesses*
 20 *and retain existing businesses, which results in increased tax*
 21 *revenues, less reliance on social services, and lower public safety*
 22 *costs. Residents and businesses also directly benefit from these*
 23 *more sustainable economic conditions through improved*
 24 *neighborhoods, business expansion, and job creation.*

1 ~~(b) It~~

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

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

12 (d) ~~Nothing in this~~ This chapter shall *not* be construed to
13 infringe upon regulations relating to the civil rights, equal
14 employment rights, equal opportunity rights, or fair housing rights
15 of any person.

16 SEC. 2. Section 7072 of the Government Code is amended to
17 read:

18 7072. For purposes of this chapter, the following definitions
19 shall apply:

20 (a) “Department” means the Department of Housing and
21 Community Development.

22 (b) “Date of original designation” means the earlier of the
23 following:

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

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

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

33 (1) (A) An area designated as an enterprise zone pursuant to
34 Chapter 12.8 (commencing with Section 7070), as it read prior to
35 January 1, 1997, or as a targeted economic development area,
36 neighborhood development area, or program area pursuant to
37 Chapter 12.9 (commencing with Section 7080), as it read prior to
38 January 1, 1997.

39 ~~(2) A geographic area that, based upon the determination of the~~
40 ~~department, fulfills at least one of the following criteria:~~

1 ~~(A) The proposed geographic area meets the Urban Development~~
2 ~~Action Grant criteria of the United States Department of Housing~~
3 ~~and Urban Development.~~

4 ~~(B) The area within the proposed eligible area has experienced~~
5 ~~plant closures within the past two years affecting more than 100~~
6 ~~workers.~~

7 ~~(C) The city or county has submitted material to the department~~
8 ~~for a finding that the proposed geographic area meets criteria of~~
9 ~~economic distress related to those used in determining eligibility~~
10 ~~under the Urban Development Action Grant Program and is~~
11 ~~therefore an eligible area.~~

12 ~~(D) The area within the proposed zone has a history of~~
13 ~~gang-related activity, whether or not crimes of violence have been~~
14 ~~committed.~~

15 ~~(3)~~

16 *(B) A geographic area within census tracts of the proposed*
17 *eligible area with a median household income for a family of four*
18 *that meets does not exceed 80 percent of the statewide median*
19 *income for the most recently available calendar year, as well as*
20 *meeting at least two one of the following criteria:*

21 ~~(A)~~

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

26 ~~(B)~~

27 *(ii) The county of census tracts for the proposed eligible area*
28 *has are served by public schools that have more than 70 percent*
29 *of the children enrolled in public school participating in the federal*
30 *free lunch program.*

31 ~~(C)~~

32 *(iii) The median household income for a family of four area*
33 *within the census tracts of proposed zone has experienced*
34 *significant distress factors, as defined by the proposed eligible*
35 *area does department, including, but not exceed 80 percent limited*
36 *to, a history of the statewide median income for the most recently*
37 *available calendar year significant gang-related activity, high crime*
38 *rates, or a significant number of plant or business closures, or all*
39 *of these.*

1 (2) *The amendments made to this subdivision during the*
2 *2012–13 Regular Session shall apply only to requests for proposals*
3 *issued on or after January 1, 2014.*

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

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

9 (f) “G-TEDA” means a geographically targeted economic
10 development area, which is an area designated as an enterprise
11 zone, a ~~Manufacturing Enhancement Area~~ *manufacturing*
12 *enhancement area*, a targeted tax area, or a local agency military
13 base recovery area.

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

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

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

25 ~~(i)~~

26 (j) (1) “Targeted employment area” means an area within a
27 city, county, or city and county that is composed solely of those
28 census tracts designated by the United States Department of
29 Housing and Urban Development as having at least 51 percent of
30 its residents of low- or moderate-income levels, using either the
31 most recent United States ~~Department of~~ *Census Bureau* data
32 available at the time of the original enterprise zone application or
33 the most recent ~~census~~ *United States Census Bureau* data available
34 at the time the targeted employment area is designated to determine
35 that eligibility. The purpose of a “targeted employment area” is to
36 encourage businesses in an enterprise zone to hire eligible residents
37 of certain geographic areas within a city, county, or city and county.
38 A targeted employment area may be, but is not required to be, the
39 same as all or part of an enterprise zone. A targeted employment
40 area’s boundaries need not be contiguous. A targeted employment

1 area does not need to encompass each eligible census tract within
2 a city, county, or city and county. The governing body of each
3 city, county, or city and county that has jurisdiction of the
4 enterprise zone shall identify those census tracts whose residents
5 are in the most need of this employment targeting. Only those
6 census tracts within the jurisdiction of the city, county, or city and
7 county that has jurisdiction of the enterprise zone may be included
8 in a targeted employment area.

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

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

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

36 (B) A targeted employment area boundary approved prior to
37 the 2000 United States census data becoming available that has
38 not been reviewed and its boundaries revised to reflect the most
39 recent census data, shall be reviewed and updated, and a new
40 resolution or ordinance submitted by the appropriate local

1 governmental entity to the department, by July 1, 2007. However,
2 enterprise zones that expire on or prior to December 31, 2008,
3 shall be exempt from the update requirement.

4 (k) “LAMBRA” means a local agency military base recovery
5 area.

6 SEC. 3. Section 7073.1 of the Government Code is amended
7 to read:

8 7073.1. (a) ~~Except as provided in subdivision (e), any~~ A city,
9 county, or city and county with an eligible area within its
10 jurisdiction may complete a preliminary application for designation
11 as an enterprise zone. The applying entity shall establish definitive
12 boundaries for the proposed enterprise zone and the targeted
13 employment area. An entity may propose zones in areas with
14 noncontiguous boundaries, and the department may designate those
15 areas as zones if the director determines both of the following:

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

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

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

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

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

36 (C) Clear articulation of goals.

37 (D) Measurable objectives, including targets.

38 (E) Proposed implementation activities and tasks, including
39 timeframes, and a framework for evaluating performance, including
40 qualitative and quantitative benchmarks.

1 (F) An identification of local resources, including incentives,
2 the jurisdiction will utilize to implement the strategy or plan and
3 how those resources will help to leverage or maximize the benefit
4 of state resources that become available for enterprise zone
5 communities.

6 (2) For purposes of this subdivision, local ~~incentives~~ resources
7 may include, but are not limited to, all of the following:

8 (A) The suspension or relaxation of locally originated or
9 modified building codes, zoning laws, general development plans,
10 or rent controls.

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

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

14 (D) Elimination or reduction of construction taxes or business
15 license taxes.

16 (E) The provision or expansion of infrastructure.

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

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

22 (H) The targeting of state and federal job disadvantaged and
23 vocational education grant moneys, including moneys provided
24 by the federal Workforce Investment Act of 1998 (Public Law
25 105-220), or its successor.

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

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

29 (K) The use of tax allocation bonds, special assessment bonds,
30 bonds under the Mello-Roos Community Facilities Act of 1982
31 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
32 Division 2 of Title 5), industrial development bonds, revenue
33 bonds, private activity bonds, housing bonds, bonds issued pursuant
34 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4
35 (commencing with Section 6584) of Chapter 5), certificates of
36 participation, hospital bonds, redevelopment bonds, school bonds,
37 and all special provisions provided for under federal tax law for
38 enterprise community or empowerment zone bonds.

39 (L) Local financing authorities.

1 (M) Federal Workforce Investment Act moneys and programs
2 funded with those moneys.

3 (N) Federal Community Development Block Grant Program
4 moneys.

5 (O) CalWORKs funding and other related resources.

6 (P) Local education entities, including kindergarten and grades
7 1 to 12, inclusive, adult education, community colleges, and public
8 and private universities.

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

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

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

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

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

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, 2014, 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. If a proposed zone is located in a rural city*
23 *or in a county with a population under 275,000, the proposed zone*
24 *shall not exceed the size of the previously designated zone 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 ~~(e)~~

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

37 ~~(d)~~

38 (e) Except upon dedesignation pursuant to subdivision (c) of
39 Section 7076.1, Section 7076.2, or Section 7085.1, a designation

1 made by the department shall be binding for a period of 15 years
2 from the date of the original designation.

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

7 ~~(e)~~

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

11 *(2) The amendments made to this section during the 2012–13*
12 *Regular Session shall apply only to enterprise zone applications*
13 *for which the department has issued a solicitation for new*
14 *enterprise zone designations on or after January 1, 2014.*

15 SEC. 4. Section 7076 of the Government Code is amended to
16 read:

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

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

27 (A) Furnish limited onsite assistance to the enterprise zones
28 when appropriate.

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

32 (C) Help the locality develop a marketing program for the
33 enterprise zone.

34 (D) Coordinate activities of other state agencies regarding the
35 enterprise zones.

36 (E) Monitor the progress of the program.

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

38 (2) Notwithstanding existing law, the provision of services in
39 subparagraphs (A) to (F), inclusive, shall be a high priority of the
40 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 ~~(b) The applicant shall be required to begin implementation of
5 the enterprise zone plan contained in the final application within
6 six months after notification of final designation or the enterprise
7 zone shall lose its designation.~~

8 (c) The department shall assess a fee of fifteen dollars (\$15) on
9 each enterprise zone and manufacturing enhancement area for each
10 application for issuance of a certificate pursuant to subdivision (j)
11 of Section 17053.47 of, subdivision (c) of Section 17053.74 of,
12 subdivision (c) of Section 23622.7 of, or subdivision (i) of Section
13 23622.8 of, the Revenue and Taxation Code ~~Code~~, *not to exceed*
14 *the reasonable cost of administering this chapter, but not to exceed*
15 *twenty dollars (\$20). If the department increases the fee higher*
16 *than the amount that was charged by the department as of January*
17 *1, 2014, then the department shall adopt the fee increase by*
18 *regulation. The department shall collect the fee for deposit into*
19 *the Enterprise Zone Fund, pursuant to Section 7072.3, for the costs*
20 *of administering this chapter. The enterprise zone or manufacturing*
21 *enhancement area administrator shall collect this fee at the time*
22 *an application is submitted for issuance of a certificate.*

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

28 (B) *The department shall post on its Internet Web site the*
29 *publication, modification, or repeal of any of those administrative*
30 *memoranda, within 10 business days of that publication,*
31 *modification, or repeal.*

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

36 SEC. 5. Section 7076.1 of the Government Code is amended
37 to read:

38 7076.1. (a) The department may audit the program of any
39 jurisdiction in any designated G-TEDA at any time during the
40 duration of the designation, as appropriate. However, the

1 department shall audit each G-TEDA at least once every five years
2 from the date of designation or the operative date of this section,
3 whichever is the latest. The matters to be examined in the course
4 of an audit shall include an examination of the progress made by
5 the G-TEDA toward meeting the goals, objectives, and
6 commitments set forth in its original application and the
7 department's memorandum of understanding with the G-TEDA.

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

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

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

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

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

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

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

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

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

32 ~~(B) Any G-TEDA that is determined to be failing shall enter
33 into a written agreement with the department that specifies those
34 items that the G-TEDA is required to remedy or improve. Failure
35 of the G-TEDA and the department to negotiate and enter into a
36 written agreement as so described within 60 days of the last day
37 upon which the department is required to deliver a response letter
38 pursuant to subparagraph (C) shall result in the dedesignation of
39 the G-TEDA on January 1 immediately following the department's
40 written notice of dedesignation to the G-TEDA. A~~

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

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

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

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

31 ~~Any~~

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*
27 *and private entities.*

28 ~~(d)~~

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

32 (2) Upon notification by the department of the dedesignation
33 of a G-TEDA and the end of the appeal period with respect to that
34 dedesignation, the department shall initiate an application process
35 for a new designation as provided in Section 7073, 7073.8, 7085,
36 7097, or 7114.

37 (f) *In addition to any other oversight activities that the*
38 *department determines are appropriate and necessary, the*
39 *department shall review the progress reports submitted by a*

1 *G-TEDA pursuant to Section 7085.1 and determine whether an*
2 *audit is warranted.*

3 SEC. 6. Section 7081 of the Government Code is amended to
4 read:

5 7081. (a) Notwithstanding any other provision of state law,
6 and to the extent permitted by federal law, the Employment
7 Development Department and the State Department of Education
8 shall give high priority to the training of unemployed individuals
9 who reside in a targeted employment area or a designated enterprise
10 zone. ~~The department may assist localities in designating local~~
11 ~~business, labor, and education consortia to broker activities between~~
12 ~~the employment community and educational and training~~
13 ~~institutions. Any available discretionary funds may be used to~~
14 ~~assist the creation of those consortia.~~

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

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

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

31 SEC. 7. Section 7085 of the Government Code is amended to
32 read:

33 7085. (a) ~~Notwithstanding~~ *In addition to the information it*
34 *makes available biennially pursuant to subdivision (e) of Section*
35 *7550.5, 7085.1, the department shall submit a report to the*
36 *Legislature every five six years beginning January 1, 1998, that*
37 *evaluates the effect of the program on employment, retaining and*
38 *increasing employment among targeted populations as described*
39 *in subdivision (c), public and private investment, and incomes,*
40 *and on state and local tax revenues in designated enterprise zones.*

1 The report shall include a department review of the progress and
2 effectiveness of each enterprise zone, including, but not limited
3 to, any efforts made regarding training *and placement* of
4 unemployed individuals pursuant to Section 7081. The
5 Employment Development *Department, the State Department of*
6 *Social Services, and the State Department of Education* shall, for
7 the purposes of the report, provide the department with existing
8 data on unemployed individuals receiving training. The ~~Franchise~~
9 ~~Tax Board~~ *Department of General Services* shall ~~make available~~
10 ~~to the department and the Legislature~~ *aggregate* ~~provide~~
11 information on the ~~dollar value of enterprise zone tax credits that~~
12 ~~are claimed each year by businesses~~ *use and outcomes that the*
13 *department tracks relating to the enterprise zone procurement*
14 *preference.*

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

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

23 (d) *The base year for the report required pursuant to subdivision*
24 *(a) shall be the calendar year commencing January 1, 2014.*

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

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

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

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

1 G-TEDA, and the amount identified in the previous year's biennial
2 report. An explanation of any meaningful discrepancies in these
3 amounts shall be provided.

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

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

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

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

25 *(c) An enterprise zone governing body shall provide information*
26 *at the request of the department as necessary for the department*
27 *to prepare the report required pursuant to this section and Section*
28 *7085.*

29 ~~(e)~~

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

39 *(2) G-TEDAs that fail to obtain approved updated goals and*
40 *objectives by April 15, 2008, shall be dedesignated effective July*

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

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

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

16 ~~(d)~~

17 (e) The department shall ~~biennially~~ *biennially, beginning on*
 18 *or before December 31, 2008*, make available to the Legislature
 19 information related to the progress that each G-TEDA is making
 20 toward implementing its goals, objectives, and commitments set
 21 forth in the original application, the department’s memorandum
 22 of 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 *2014.*

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

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

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

39 ~~(b) The number of new employees for which hiring credits are~~
 40 ~~claimed.~~

1 ~~(e)~~
2 (b) The number of businesses claiming each individual tax
3 credit.

4 ~~(d)~~
5 (c) The nature of the business claiming each individual tax
6 credit.

7 ~~(e)~~
8 (d) The distribution of zone tax incentives among industry
9 groups.

10 ~~(f)~~
11 (e) The distribution of zone tax incentives by the annual receipts
12 and asset value of the business claiming each individual tax credit.

13 (f) *The total cost of qualified property put into service within*
14 *enterprise zones and LAMBRA's during the previous five taxable*
15 *years. In determining these amounts, qualified property put into*
16 *service within enterprise zones shall have the same meaning as*
17 *defined in Sections 17053.70 and 23612.2 of the Revenue and*
18 *Taxation Code, and qualified property put into service within a*
19 *LAMBRA shall have the same meaning as defined in Sections*
20 *17053.45 and 23645 of the Revenue and Taxation Code.*

21 (g) Any other information that the Franchise Tax Board and the
22 department deem to be important in determining the cost to, and
23 benefit derived by, the taxpayers of the state.

24 SEC. 10. Section 7114.2 of the Government Code is amended
25 to read:

26 7114.2. (a) The department shall assess each LAMBRA a fee
27 ~~of fifteen dollars (\$15)~~ for each application for issuance of a
28 certificate pursuant to subdivision (c) of Section 17053.46 of the
29 Revenue and Taxation Code and subdivision (c) of Section 23646
30 of the Revenue and Taxation Code, *not to exceed the reasonable*
31 *cost of administering this chapter, but not to exceed twenty dollars*
32 *(\$20). If the department increases the fee higher than the amount*
33 *that was charged by the department as of January 1, 2014, then*
34 *the department shall adopt the fee increase by regulation.* The
35 department shall collect the fee for deposit into the Enterprise Zone
36 Fund, pursuant to Section 7072.3, for the costs of administering
37 this chapter. The LAMBRA administrator shall collect this fee at
38 the time an application is submitted for issuance of a certificate.

39 (b) The department shall adopt regulations governing the
40 imposition and collection of fees pursuant to this section and the

1 issuance of certificates pursuant to subdivision (c) of Section
2 17053.46 of the Revenue and Taxation Code and subdivision (c)
3 of Section 23646 of the Revenue and Taxation Code. The
4 regulations shall provide for a notice or invoice to fee payers as
5 to the amount and purpose of the fee. The adoption of the
6 regulations shall be deemed to be an emergency and necessary for
7 the immediate preservation of the public peace, health and safety,
8 or general welfare. Notwithstanding subdivision (e) of Section
9 11346.1, the regulations shall remain in effect for no more than
10 360 days unless the agency complies with all the provisions of
11 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
12 3 of Title 2 as required by subdivision (e) of Section 11346.1.

O