

**ASSEMBLY BILL**

**No. 305**

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**Introduced by Assembly Member V. Manuel Pérez**

February 12, 2013

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An act to add and repeal Sections 17053.9 and 23622.9 of, and to repeal and amend Sections 17053.80 and 23623 of, the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 305, as introduced, V. Manuel Pérez. Income taxes: hiring credits: investment credits.

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including a credit in the amount of \$3,000 for each full-time employee hired by a qualified employer applicable to taxable years beginning on or after January 1, 2009, and ending upon a cut-off date calculated based upon an estimate by the Franchise Tax Board of claims cumulatively totaling \$400,000,000 for all taxable years, as specified. Existing law also creates the California Tax Credit Allocation Committee, which has specified duties in regard to low-income housing credits.

This bill would instead calculate the cut-off date for the above-described hiring credit based upon an estimate by the Franchise Tax Board of claims cumulatively totaling \$100,000,000 for all taxable years, as specified.

This bill would also allow a credit under both laws, in modified conformity with a federal New Market Tax Credit, for taxable years beginning on or after January 1, 2013, and before January 1, 2020, in a specified amount for investments in low-income communities. The

bill would limit the total annual amount of credit allowed pursuant to these provisions to \$30,000,000 and would limit the allocation of the credit to a cumulative total of no more than \$200,000,000. This bill would impose specified duties on the California Tax Credit Allocation Committee with regard to the application for, and allocation of, the credit. The bill would require the committee to establish and impose reasonable fees upon entities that apply for the allocation of the credit and use the revenue to defray the cost of administering the program, as specified, thereby making an appropriation. This bill would also appropriate \$150,000 from the Tax Credit Allocation Fee Account to the committee for purposes of implementing the tax credit.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
 State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California is entering the sixth year of the worst economic
- 4 recession since the Great Depression.
- 5 (b) Due to a systemic budget problem, the state is suffering from
- 6 chronic revenue shortfalls based in part on increasing reliance on
- 7 revenues from personal income tax rolls.
- 8 (c) Investment in small business ventures is a proven method
- 9 of stimulating economic activity, creating new jobs, and generating
- 10 revenue by expanding the tax base.
- 11 (d) The federal New Markets Tax Credit Program, created in
- 12 2000 with bipartisan support, has been an effective means of
- 13 stimulating state and regional economies due to its ability to
- 14 leverage federal funds to drive private investment in communities
- 15 that would otherwise not have had access to capital. These
- 16 investments accrue to small businesses, schools, and other
- 17 business-related real estate projects.
- 18 (e) As of 2010, nine states, Connecticut, Florida, Illinois,
- 19 Kentucky, Louisiana, Mississippi, Missouri, Ohio, and Oklahoma,

1 had enacted matching state programs. On average, these states  
2 successfully leveraged thirteen dollars (\$13) in federal New  
3 Markets Tax Credit for every dollar of state credits initially  
4 allocated for the state program.

5 (f) As of December 29, 2012, \$261,560,076 of California's  
6 small business hiring tax credit are still available.

7 (g) Given the current economic climate and the lack of use of  
8 the state hiring tax credit, it is reasonable for the Legislature to  
9 search for and consider other alternatives to stimulate hiring and  
10 to generate economic activity to shorten the current recession and  
11 promote permanent economic recovery through the creation of a  
12 California New Markets Tax Credit Program.

13 (h) There are low-income communities in the state that face  
14 multiple challenges in attracting private investment, including, but  
15 not limited to, developing and maintaining a workforce that meets  
16 the skill needs of local employers, an infrastructure that connects  
17 local businesses to external markets, and neighborhoods that are  
18 not disproportionately burdened with environmental pollutants,  
19 including air, soil, and water contamination.

20 (I) Given the ability of the California New Markets Tax Credit  
21 Program to stimulate private investment activity in areas that would  
22 otherwise not have access to investment capital, it is appropriate  
23 that the state consider prioritizing a portion of the California New  
24 Markets Tax Credit Program to encourage private investment in  
25 areas that face multiple challenges in attracting investment capital.

26 SEC. 2. Section 17053.80 of the Revenue and Taxation Code,  
27 as added by Section 3 of Chapter 10 of the Third Extraordinary  
28 Session of the Statutes of 2009, is repealed.

29 ~~17053.80. (a) For each taxable year beginning on or after~~  
30 ~~January 1, 2009, there shall be allowed as a credit against the "net~~  
31 ~~tax," as defined in Section 17039, three thousand dollars (\$3,000)~~  
32 ~~for each net increase in qualified full-time employees, as specified~~  
33 ~~in subdivision (c), hired during the taxable year by a qualified~~  
34 ~~employer.~~

35 (b) ~~For purposes of this section:~~

36 (1) ~~"Acquired" includes any gift, inheritance, transfer incident~~  
37 ~~to divorce, or any other transfer, whether or not for consideration.~~

38 (2) ~~"Qualified full-time employee" means:~~

1 ~~(A) A qualified employee who was paid qualified wages by the~~  
2 ~~qualified employer for services of not less than an average of 35~~  
3 ~~hours per week.~~

4 ~~(B) A qualified employee who was a salaried employee and~~  
5 ~~was paid compensation during the taxable year for full-time~~  
6 ~~employment, within the meaning of Section 515 of the Labor Code,~~  
7 ~~by the qualified employer.~~

8 ~~(3) A “qualified employee” shall not include any of the~~  
9 ~~following:~~

10 ~~(A) An employee certified as a qualified employee in an~~  
11 ~~enterprise zone designated in accordance with Chapter 12.8~~  
12 ~~(commencing with Section 7070) of Division 7 of Title 1 of the~~  
13 ~~Government Code.~~

14 ~~(B) An employee certified as a qualified disadvantaged~~  
15 ~~individual in a manufacturing enhancement area designated in~~  
16 ~~accordance with Section 7073.8 of the Government Code.~~

17 ~~(C) An employee certified as a qualified employee in a targeted~~  
18 ~~tax area designated in accordance with Section 7097 of the~~  
19 ~~Government Code.~~

20 ~~(D) An employee certified as a qualified disadvantaged~~  
21 ~~individual or a qualified displaced employee in a local agency~~  
22 ~~military base recovery area (LAMBRA) designated in accordance~~  
23 ~~with Chapter 12.97 (commencing with Section 7105) of Division~~  
24 ~~7 of Title 1 of the Government Code.~~

25 ~~(E) An employee whose wages are included in calculating any~~  
26 ~~other credit allowed under this part.~~

27 ~~(4) “Qualified employer” means a taxpayer that, as of the last~~  
28 ~~day of the preceding taxable year, employed a total of 20 or fewer~~  
29 ~~employees.~~

30 ~~(5) “Qualified wages” means wages subject to Division 6~~  
31 ~~(commencing with Section 13000) of the Unemployment Insurance~~  
32 ~~Code.~~

33 ~~(6) “Annual full-time equivalent” means either of the following:~~

34 ~~(A) In the case of a full-time employee paid hourly qualified~~  
35 ~~wages, “annual full-time equivalent” means the total number of~~  
36 ~~hours worked for the taxpayer by the employee (not to exceed~~  
37 ~~2,000 hours per employee) divided by 2,000.~~

38 ~~(B) In the case of a salaried full-time employee, “annual~~  
39 ~~full-time equivalent” means the total number of weeks worked for~~  
40 ~~the taxpayer by the employee divided by 52.~~

1 ~~(e) The net increase in qualified full-time employees of a~~  
2 ~~qualified employer shall be determined as provided by this~~  
3 ~~subdivision:~~

4 ~~(1) (A) The net increase in qualified full-time employees shall~~  
5 ~~be determined on an annual full-time equivalent basis by~~  
6 ~~subtracting from the amount determined in subparagraph (C) the~~  
7 ~~amount determined in subparagraph (B):~~

8 ~~(B) The total number of qualified full-time employees employed~~  
9 ~~in the preceding taxable year by the taxpayer and by any trade or~~  
10 ~~business acquired by the taxpayer during the current taxable year.~~

11 ~~(C) The total number of full-time employees employed in the~~  
12 ~~current taxable year by the taxpayer and by any trade or business~~  
13 ~~acquired during the current taxable year.~~

14 ~~(2) For taxpayers who first commence doing business in this~~  
15 ~~state during the taxable year, the number of full-time employees~~  
16 ~~for the immediately preceding prior taxable year shall be zero.~~

17 ~~(d) In the case where the credit allowed by this section exceeds~~  
18 ~~the “net tax,” the excess may be carried over to reduce the “net~~  
19 ~~tax” in the following year, and succeeding seven years if necessary,~~  
20 ~~until the credit is exhausted.~~

21 ~~(e) Any deduction otherwise allowed under this part for qualified~~  
22 ~~wages shall not be reduced by the amount of the credit allowed~~  
23 ~~under this section.~~

24 ~~(f) For purposes of this section:~~

25 ~~(1) All employees of the trades or businesses that are treated as~~  
26 ~~related under either Section 267, 318, or 707 of the Internal~~  
27 ~~Revenue Code shall be treated as employed by a single taxpayer.~~

28 ~~(2) In determining whether the taxpayer has first commenced~~  
29 ~~doing business in this state during the taxable year, the provisions~~  
30 ~~of subdivision (f) of Section 17276, without application of~~  
31 ~~paragraph (7) of that subdivision, shall apply.~~

32 ~~(g) (1) (A) Credit under this section and Section 23623 shall~~  
33 ~~be allowed only for credits claimed on timely filed original returns~~  
34 ~~received by the Franchise Tax Board on or before the cut-off date~~  
35 ~~established by the Franchise Tax Board.~~

36 ~~(B) For purposes of this paragraph, the cut-off date shall be the~~  
37 ~~last day of the calendar quarter within which the Franchise Tax~~  
38 ~~Board estimates it will have received timely filed original returns~~  
39 ~~claiming credits under this section and Section 23623 that~~

1 ~~cumulatively total four hundred million dollars (\$400,000,000)~~  
2 ~~for all taxable years.~~

3 ~~(2) The date a return is received shall be determined by the~~  
4 ~~Franchise Tax Board.~~

5 ~~(3) (A) The determinations of the Franchise Tax Board with~~  
6 ~~respect to the cut-off date, the date a return is received, and whether~~  
7 ~~a return has been timely filed for purposes of this subdivision may~~  
8 ~~not be reviewed in any administrative or judicial proceeding~~

9 ~~(B) Any disallowance of a credit claimed due to a determination~~  
10 ~~under this subdivision, including the application of the limitation~~  
11 ~~specified in paragraph (1), shall be treated as a mathematical error~~  
12 ~~appearing on the return. Any amount of tax resulting from such~~  
13 ~~disallowance may be assessed by the Franchise Tax Board in the~~  
14 ~~same manner as provided by Section 19051.~~

15 ~~(4) The Franchise Tax Board shall periodically provide notice~~  
16 ~~on its Web site with respect to the amount of credit under this~~  
17 ~~section and Section 23623 claimed on timely filed original returns~~  
18 ~~received by the Franchise Tax Board.~~

19 ~~(h) (1) The Franchise Tax Board may prescribe rules, guidelines~~  
20 ~~or procedures necessary or appropriate to carry out the purposes~~  
21 ~~of this section, including any guidelines regarding the limitation~~  
22 ~~on total credits allowable under this section and Section 23623~~  
23 ~~and guidelines necessary to avoid the application of paragraph (2)~~  
24 ~~of subdivision (f) through split-ups, shell corporations, partnerships,~~  
25 ~~tiered ownership structures, or otherwise.~~

26 ~~(2) Chapter 3.5 (commencing with Section 11340) of Part 1 of~~  
27 ~~Division 3 of Title 2 of the Government Code does not apply to~~  
28 ~~any standard, criterion, procedure, determination, rule, notice, or~~  
29 ~~guideline established or issued by the Franchise Tax Board~~  
30 ~~pursuant to this section.~~

31 ~~(i) This section shall remain in effect only until December 1 of~~  
32 ~~the calendar year after the year of the cut-off date, and as of that~~  
33 ~~December 1 is repealed.~~

34 SEC. 3. Section 17053.80 of the Revenue and Taxation Code,  
35 as added by Section 3 of Chapter 17 of the Third Extraordinary  
36 Session of the Statutes of 2009, is amended to read:

37 17053.80. (a) For each taxable year beginning on or after  
38 January 1, 2009, there shall be allowed as a credit against the “net  
39 tax,” as defined in Section 17039, three thousand dollars (\$3,000)  
40 for each net increase in qualified full-time employees, as specified

1 in subdivision (c), hired during the taxable year by a qualified  
2 employer.

3 (b) For purposes of this section:

4 (1) “Acquired” includes any gift, inheritance, transfer incident  
5 to divorce, or any other transfer, whether or not for consideration.

6 (2) “Qualified full-time employee” means:

7 (A) A qualified employee who was paid qualified wages *during*  
8 *the taxable year* by the qualified employer for services of not less  
9 than an average of 35 hours per week.

10 (B) A qualified employee who was a salaried employee and  
11 was paid compensation during the taxable year for full-time  
12 employment, within the meaning of Section 515 of the Labor Code,  
13 by the qualified employer.

14 (3) A “qualified employee” shall not include any of the  
15 following:

16 (A) An employee certified as a qualified employee in an  
17 enterprise zone designated in accordance with Chapter 12.8  
18 (commencing with Section 7070) of Division 7 of Title 1 of the  
19 Government Code.

20 (B) An employee certified as a qualified disadvantaged  
21 individual in a manufacturing enhancement area designated in  
22 accordance with Section 7073.8 of the Government Code.

23 (C) An employee certified as a qualified employee in a targeted  
24 tax area designated in accordance with Section 7097 of the  
25 Government Code.

26 (D) An employee certified as a qualified disadvantaged  
27 individual or a qualified displaced employee in a local agency  
28 military base recovery area (LAMBRA) designated in accordance  
29 with Chapter 12.97 (commencing with Section 7105) of Division  
30 7 of Title 1 of the Government Code.

31 (E) An employee whose wages are included in calculating any  
32 other credit allowed under this part.

33 (4) “Qualified employer” means a taxpayer that, as of the last  
34 day of the preceding taxable year, employed a total of 20 or fewer  
35 employees.

36 (5) “Qualified wages” means wages subject to Division 6  
37 (commencing with Section 13000) of the Unemployment Insurance  
38 Code.

39 (6) “Annual full-time equivalent” means either of the following:

- 1 (A) In the case of a full-time employee paid hourly qualified  
 2 wages, “annual full-time equivalent” means the total number of  
 3 hours worked for the taxpayer by the employee (not to exceed  
 4 2,000 hours per employee) divided by 2,000.
- 5 (B) In the case of a salaried full-time employee, “annual  
 6 full-time equivalent” means the total number of weeks worked for  
 7 the taxpayer by the employee divided by 52.
- 8 (c) The net increase in qualified full-time employees of a  
 9 qualified employer shall be determined as provided by this  
 10 subdivision:
- 11 (1) (A) The net increase in qualified full-time employees shall  
 12 be determined on an annual full-time equivalent basis by  
 13 subtracting from the amount determined in subparagraph (C) the  
 14 amount determined in subparagraph (B).
- 15 (B) The total number of qualified full-time employees employed  
 16 in the preceding taxable year by the taxpayer and by any trade or  
 17 business acquired by the taxpayer during the current taxable year.
- 18 (C) The total number of full-time employees employed in the  
 19 current taxable year by the taxpayer and by any trade or business  
 20 acquired during the current taxable year.
- 21 (2) For taxpayers who first commence doing business in this  
 22 state during the taxable year, the number of full-time employees  
 23 for the immediately preceding prior taxable year shall be zero.
- 24 (d) In the case where the credit allowed by this section exceeds  
 25 the “net tax,” the excess may be carried over to reduce the “net  
 26 tax” in the following year, and succeeding seven years if necessary,  
 27 until the credit is exhausted.
- 28 (e) Any deduction otherwise allowed under this part for qualified  
 29 wages shall not be reduced by the amount of the credit allowed  
 30 under this section.
- 31 (f) For purposes of this section:
- 32 (1) All employees of the trades or businesses that are treated as  
 33 related under either Section 267, 318, or 707 of the Internal  
 34 Revenue Code shall be treated as employed by a single taxpayer.
- 35 (2) In determining whether the taxpayer has first commenced  
 36 doing business in this state during the taxable year, the provisions  
 37 of subdivision (f) of Section ~~17276~~ 17276.20, without application  
 38 of paragraph (7) of that subdivision, shall apply.
- 39 (g) (1) (A) Credit under this section and Section 23623 shall  
 40 be allowed only for credits claimed on timely filed original returns

1 received by the Franchise Tax Board on or before the cut-off date  
2 established by the Franchise Tax Board.

3 (B) For purposes of this paragraph, the cut-off date shall be the  
4 last day of the calendar quarter within which the Franchise Tax  
5 Board estimates it will have received timely filed original returns  
6 claiming credits under this section and Section 23623 that  
7 cumulatively total ~~four~~ *one* hundred million dollars (~~\$400,000,000~~)  
8 (\$100,000,000) for all taxable years.

9 (2) The date a return is received shall be determined by the  
10 Franchise Tax Board.

11 (3) (A) The determinations of the Franchise Tax Board with  
12 respect to the cut-off date, the date a return is received, and whether  
13 a return has been timely filed for purposes of this subdivision may  
14 not be reviewed in any administrative or judicial proceeding.

15 (B) Any disallowance of a credit claimed due to a determination  
16 under this subdivision, including the application of the limitation  
17 specified in paragraph (1), shall be treated as a mathematical error  
18 appearing on the return. Any amount of tax resulting from such  
19 disallowance may be assessed by the Franchise Tax Board in the  
20 same manner as provided by Section 19051.

21 (4) The Franchise Tax Board shall periodically provide notice  
22 on its *Internet* Web site with respect to the amount of credit under  
23 this section and Section 23623 claimed on timely filed original  
24 returns received by the Franchise Tax Board.

25 (h) (1) The Franchise Tax Board may prescribe rules,  
26 guidelines, or procedures necessary or appropriate to carry out the  
27 purposes of this section, including any guidelines regarding the  
28 limitation on total credits allowable under this section and Section  
29 23623 and guidelines necessary to avoid the application of  
30 paragraph (2) of subdivision (f) through split-ups, shell  
31 corporations, partnerships, tiered ownership structures, or  
32 otherwise.

33 (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of  
34 Division 3 of Title 2 of the Government Code does not apply to  
35 any standard, criterion, procedure, determination, rule, notice, or  
36 guideline established or issued by the Franchise Tax Board  
37 pursuant to this section.

38 (i) This section shall remain in effect only until December 1 of  
39 the calendar year after the year of the cut-off date, and as of that  
40 December 1 is repealed.

1 SEC. 4. Section 17053.9 is added to the Revenue and Taxation  
2 Code, to read:

3 17053.9. (a) There is hereby created the California New  
4 Markets Tax Credit Program as provided in this section and Section  
5 23622.9. The purpose of this program is to stimulate economic  
6 development, and hasten California's economic recovery, by  
7 authorizing tax credits for investment in California, including, but  
8 not limited to, retail businesses, real property, financial institutions,  
9 and schools. The California Tax Credit Allocation Committee shall  
10 have responsibility for the administration of this program as  
11 provided in this section and Section 23622.9.

12 (b) (1) For taxable years beginning on or after January 1, 2013,  
13 and before January 1, 2020, there shall be allowed as a credit  
14 against the "net tax," as defined in Section 17039, an amount  
15 determined in accordance with Section 45D of the Internal Revenue  
16 Code, as modified as set forth in this section.

17 (2) This credit shall be allowed only if the taxpayer holds the  
18 qualified equity investment on the credit allowance date and each  
19 of the six following anniversary dates of that date.

20 (c) Section 45D of the Internal Revenue Code is modified as  
21 follows:

22 (1) (A) The references to "the Secretary" in Section 45D of the  
23 Internal Revenue Code are modified to read "the committee."

24 (B) For purposes of this section, "committee" means the  
25 California Tax Credit Allocation Committee as described in  
26 subdivision (a) of Section 50199.7 of the Health and Safety Code,  
27 or any successor thereto.

28 (2) Section 45D(a)(2) of the Internal Revenue Code is modified  
29 by substituting for "(A) 5 percent with respect to the first 3 credit  
30 allowance dates, and (B) 6 percent with respect to the remainder  
31 of the credit allowance dates." with the following:

32 (A) Zero percent with respect to the first two credit allowance  
33 dates.

34 (B) Seven percent with respect to the third credit allowance  
35 date.

36 (C) Eight percent with respect to the remainder of the credit  
37 allowance dates.

38 (3) The provisions of Section 45D(b) of the Internal Revenue  
39 Code is modified as follows:

1 (A) Section 45D(b)(1) of the Internal Revenue Code is modified  
2 by substituting “1 year” for “5 years” and “1-year period” for  
3 “5-year period.”

4 (B) Section 45D(b)(3) of the Internal Revenue Code is modified  
5 by substituting “qualified low-income community investments in  
6 California” for “qualified low-income community investments.”

7 (4) The following shall apply in lieu of the provisions of Section  
8 45D(c)(2) of the Internal Revenue Code, relating to special rules  
9 for certain organizations: “A domestic corporation or partnership  
10 shall be deemed a ‘qualified community development entity’ if it  
11 has entered into an allocation agreement with the Community  
12 Development Financial Institutions Fund of the United States  
13 Department of the Treasury with respect to credits authorized by  
14 Section 45D of the Internal Revenue Code, as amended, and if the  
15 allocation agreement includes the state within its service area.

16 (5) Section 45D(d)(1)(A) of the Internal Revenue Code, relating  
17 to qualified low-income community investments, is modified to  
18 include any capital or equity investment in, or loan to, any real  
19 estate project in a low-income community.

20 (6) The term “qualified active low-income community business,”  
21 as defined in Section 45D(d)(2) of the Internal Revenue Code is  
22 modified as follows:

23 (A) Section 45D(d)(2)(A)(i) of the Internal Revenue Code is  
24 modified by substituting “any low-income community in  
25 California” for “any low-income community.”

26 (B) Section 45D(d)(2)(A)(ii) of the Internal Revenue Code is  
27 modified by substituting “any low-income community in  
28 California. ‘Substantial portion’ shall be defined as 40 percent or  
29 more of the tangible property of the entity” for “any low-income  
30 community.”

31 (C) Section 45D(d)(2)(A)(iii) of the Internal Revenue Code  
32 shall not apply.

33 (D) The following shall apply in lieu of the provisions of Section  
34 45D(d)(2)(C) of the Internal Revenue Code, relating to qualified  
35 active low-income community business: “A ‘qualified active  
36 low-income community business’ shall include startup businesses.”

37 (7) Section 45D(e)(1) of the Internal Revenue Code is modified  
38 to add the following: When the United States Census Bureau  
39 discontinues using the decennial census to report median family

1 income on a census tract basis, census block group data shall be  
2 used based on the American Community Survey.

3 (8) The following shall apply in lieu of the provisions of Section  
4 45(D)(f)(1) of the Internal Revenue Code, relating to national  
5 limitation on amount of investments designated: “The aggregate  
6 amount of credit that may be allowed in any calendar year pursuant  
7 to this section and Section 23622.9 shall be thirty million dollars  
8 (\$30,000,000). The committee shall limit the allocation of credits  
9 permitted under this section and Section 23622.9 to a cumulative  
10 total of no more than two hundred million dollars (\$200,000,000).”

11 (9) Section 45D(g)(3) of the Internal Revenue Code, relating  
12 to recapture event, is modified by adding the following:  
13 “Notwithstanding the provisions of this paragraph, a recapture  
14 event shall not have occurred and an investment shall be considered  
15 held by a community development entity upon its sale or  
16 repayment, provided the qualified community development entity  
17 reinvests an amount equal to the capital returned to or recovered  
18 by the qualified community development entity from the original  
19 investment, exclusive of any profits realized, in another qualified  
20 low-income community investment within 12 months of the receipt  
21 of that capital. A qualified community development entity shall  
22 not be required to reinvest capital returned from a qualified  
23 low-income community investment after the sixth anniversary of  
24 the issuance of the qualified equity investment, the proceeds of  
25 which were used to make the qualified low-income community  
26 investment, and the qualified low-income community investment  
27 shall be considered held by the qualified community development  
28 entity through the seventh anniversary of the issuance of the  
29 qualified equity investment.”

30 (10) Section 45D(i) of the Internal Revenue Code, relating to  
31 regulations, shall not apply.

32 (d) (1) The committee shall adopt guidelines necessary or  
33 appropriate to carry out the purposes of this section. The adoption  
34 of the guidelines shall not be subject to the rulemaking provisions  
35 of the Administrative Procedure Act of Chapter 3.5 (commencing  
36 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
37 Government Code.

38 (2) The committee shall establish and impose reasonable fees  
39 upon entities that apply for the allocation pursuant to subdivision  
40 (d) and use the revenue to defray the cost of administering the

1 program. The committee shall establish the fees in a manner that  
2 ensures that (A) the total amount collected equals the amount  
3 reasonably necessary to defray the commission's costs in  
4 performing its administrative duties under this section, and (B) the  
5 amount paid by each entity reasonably corresponds with the value  
6 of the services provided to the entity.

7 (3) In developing guidelines the committee shall adopt an  
8 allocation process that does all of the following:

9 (A) Creates an equitable distribution process that ensures that  
10 low-income communities across the state have an opportunity to  
11 benefit from the program.

12 (B) Sets minimum organizational capacity standards that  
13 applicants must meet in order to receive an allocation of credits.

14 (C) Requires annual reporting by each community development  
15 organization that receives an allocation. The report shall include,  
16 but is not limited to, the impact the credit had on the low-income  
17 community, the amount of moneys used, and the types of activities  
18 funded through the equity investment. The reporting period shall  
19 be for a period of eight years following the allocation of credits.

20 (D) Provides for an annual return of unused credits so that they  
21 may be reallocated to other community development entities.

22 (E) Requires the committee to annually reserve the following:

23 (i) At least 15 percent of the tax credits for community  
24 development entities that target businesses located in low-income  
25 communities facing disproportionate environmental pollution.

26 (ii) At least 15 percent of the tax credits for community  
27 development entities that target rural areas, including businesses  
28 providing equipment or supplies to agricultural producers, packers,  
29 handlers, and processors.

30 (iii) At least 20 percent of the tax credits for community  
31 development entities that target businesses in inner-city areas.

32 (4) The committee shall annually report on its Internet Web site  
33 the information provided by low-income community development  
34 entities and on the geographic distribution of the credits.

35 (e) This section shall remain in effect only until December 1,  
36 2020, and as of that date is repealed.

37 SEC. 5. Section 23622.9 is added to the Revenue and Taxation  
38 Code, to read:

39 23622.9. (a) There is hereby created the California New  
40 Markets Tax Credit Program as provided in this section and Section

1 17053.9. The purpose of this program is to stimulate economic  
2 development, and hasten California's economic recovery, by  
3 authorizing tax credits for investment in California, including, but  
4 not limited to, retail businesses, real property, financial institutions,  
5 and schools. The California Tax Credit Allocation Committee shall  
6 have responsibility for the administration of this program as  
7 provided in this section and Section 17053.9.

8 (b) (1) For taxable years beginning on or after January 1, 2013,  
9 and before January 1, 2020, there shall be allowed as a credit  
10 against the "tax," as defined in Section 23036, an amount  
11 determined in accordance with Section 45D of the Internal Revenue  
12 Code, as modified as set forth in this section.

13 (2) This credit shall be allowed only if the taxpayer holds the  
14 qualified equity investment on the credit allowance date and each  
15 of the six following anniversary dates of that date.

16 (c) Section 45D of the Internal Revenue Code is modified as  
17 follows:

18 (1) (A) The references to "the Secretary" in Section 45D of the  
19 Internal Revenue Code are modified to read "the committee."

20 (B) For purposes of this section, "committee" means the  
21 California Tax Credit Allocation Committee as described in  
22 subdivision (a) of Section 50199.7 of the Health and Safety Code,  
23 or any successor thereto.

24 (2) Section 45D(a)(2) of the Internal Revenue Code is modified  
25 by substituting for "(A) 5 percent with respect to the first 3 credit  
26 allowance dates, and (B) 6 percent with respect to the remainder  
27 of the credit allowance dates." with the following

28 (A) Zero percent with respect to the first two credit allowance  
29 dates.

30 (B) Seven percent with respect to the third credit allowance  
31 date.

32 (C) Eight percent with respect to the remainder of the credit  
33 allowance dates.

34 (3) The provisions of Section 45D(b) of the Internal Revenue  
35 Code is modified as follows:

36 (A) Section 45D(b)(1) of the Internal Revenue Code is modified  
37 by substituting "1 year" for "5 years" and "1-year period" for  
38 "5-year period."

1 (B) Section 45D(b)(3) of the Internal Revenue Code is modified  
2 by substituting “qualified low-income community investments in  
3 California” for “qualified low-income community investments.”

4 (4) The following shall apply in lieu of the provisions of Section  
5 45D(c)(2) of the Internal Revenue Code, relating to special rules  
6 for certain organizations: “A domestic corporation or partnership  
7 shall be deemed a ‘qualified community development entity’ if it  
8 has entered into an allocation agreement with the Community  
9 Development Financial Institutions Fund of the United States  
10 Department of the Treasury with respect to credits authorized by  
11 Section 45D of the Internal Revenue Code, as amended, and if the  
12 allocation agreement includes the state within its service area.

13 (5) Section 45D(d)(1)(A) of the Internal Revenue Code, relating  
14 to qualified low-income community investments, is modified to  
15 include any capital or equity investment in, or loan to, any real  
16 estate project in a low-income community.

17 (6) The term “qualified active low-income community business,”  
18 as defined in Section 45D(d)(2) of the Internal Revenue Code is  
19 modified as follows:

20 (A) Section 45D(d)(2)(A)(i) of the Internal Revenue Code is  
21 modified by substituting “any low-income community in  
22 California” for “any low-income community.”

23 (B) Section 45D(d)(2)(A)(ii) of the Internal Revenue Code is  
24 modified by substituting “any low-income community in  
25 California. ‘Substantial portion’ shall be defined as 40 percent or  
26 more of the tangible property of the entity” for “any low-income  
27 community.”

28 (C) Section 45D(d)(2)(A)(iii) of the Internal Revenue Code  
29 shall not apply.

30 (D) The following shall apply in lieu of the provisions of Section  
31 45D(d)(2)(C) of the Internal Revenue Code, relating to qualified  
32 active low-income community business: “A ‘qualified active  
33 low-income community business’ shall include startup businesses.”

34 (7) Section 45D(e)(1) of the Internal Revenue Code is modified  
35 to add the following: When the United States Census Bureau  
36 discontinues using the decennial census to report median family  
37 income on a census tract basis, census block group data shall be  
38 used based on the American Community Survey.

39 (8) The following shall apply in lieu of the provisions of Section  
40 45(D)(f)(1) of the Internal Revenue Code, relating to national

1 limitation on amount of investments designated: “The aggregate  
2 amount of credit that may be allowed in any calendar year pursuant  
3 to this section and Section 17053.9 shall be thirty million dollars  
4 (\$30,000,000). The committee shall limit the allocation of credits  
5 permitted under this section and Section 17053.9 to a cumulative  
6 total of no more than two hundred million dollars (\$200,000,000).”

7 (9) Section 45D(g)(3) of the Internal Revenue Code, relating  
8 to recapture event, is modified by adding the following:  
9 “Notwithstanding the provisions of this paragraph, a recapture  
10 event shall not have occurred and an investment shall be considered  
11 held by a community development entity upon its sale or  
12 repayment, provided the qualified community development entity  
13 reinvests an amount equal to the capital returned to or recovered  
14 by the qualified community development entity from the original  
15 investment, exclusive of any profits realized, in another qualified  
16 low-income community investment within 12 months of the receipt  
17 of that capital. A qualified community development entity shall  
18 not be required to reinvest capital returned from a qualified  
19 low-income community investment after the sixth anniversary of  
20 the issuance of the qualified equity investment, the proceeds of  
21 which were used to make the qualified low-income community  
22 investment, and the qualified low-income community investment  
23 shall be considered held by the qualified community development  
24 entity through the seventh anniversary of the issuance of the  
25 qualified equity investment.”

26 (10) Section 45D(i) of the Internal Revenue Code, relating to  
27 regulations, shall not apply.

28 (d) (1) The committee shall adopt guidelines necessary or  
29 appropriate to carry out the purposes of this section. The adoption  
30 of the guidelines shall not be subject to the rulemaking provisions  
31 of the Administrative Procedure Act of Chapter 3.5 (commencing  
32 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
33 Government Code.

34 (2) The committee shall establish and impose reasonable fees  
35 upon entities that apply for the allocation pursuant to subdivision  
36 (d) and use the revenue to defray the cost of administering the  
37 program. The committee shall establish the fees in a manner that  
38 ensures that (A) the total amount collected equals the amount  
39 reasonably necessary to defray the commission’s costs in  
40 performing its administrative duties under this section, and (B) the

1 amount paid by each entity reasonably corresponds with the value  
2 of the services provided to the entity.

3 (3) In developing guidelines the committee shall adopt an  
4 allocation process that does all of the following:

5 (A) Creates an equitable distribution process that ensures that  
6 low-income communities across the state have an opportunity to  
7 benefit from the program.

8 (B) Sets minimum organizational capacity standards that  
9 applicants must meet in order to receive an allocation of credits.

10 (C) Requires annual reporting by each community development  
11 organization that receives an allocation. The report shall include,  
12 but is not limited to, the impact the credit had on the low-income  
13 community, the amount of moneys used, and the types of activities  
14 funded through the equity investment. The reporting period shall  
15 be for a period of eight years following the allocation of credits.

16 (D) Provides for an annual return of unused credits so that they  
17 may be reallocated to other community development entities.

18 (E) Requires the committee to annually reserve the following:

19 (i) At least 15 percent of the tax credits for community  
20 development entities that target businesses located in low-income  
21 communities facing disproportionate environmental pollution.

22 (ii) At least 15 percent of the tax credits for community  
23 development entities that target rural areas, including businesses  
24 providing equipment or supplies to agricultural producers, packers,  
25 handlers, and processors.

26 (iii) At least 20 percent of the tax credits for community  
27 development entities that target businesses in inner-city areas.

28 (4) The committee shall annually report on its Internet Web site  
29 the information provided by low-income community development  
30 entities and on the geographic distribution of the credits.

31 (e) This section shall remain in effect only until December 1,  
32 2020, and as of that date is repealed.

33 SEC. 6. Section 23623 of the Revenue and Taxation Code, as  
34 added by Section 8 of Chapter 10 of the Third Extraordinary  
35 Session of the Statutes of 2009, is repealed.

36 ~~23623. (a) For each taxable year beginning on or after January~~  
37 ~~1, 2009, there shall be allowed as a credit against the "tax," as~~  
38 ~~defined in Section 23036, three thousand dollars (\$3,000) for each~~  
39 ~~net increase in qualified full-time employees, as specified in~~

1 ~~subdivision (c), hired during the taxable year by a qualified~~  
2 ~~employer.~~  
3 ~~(b) For purposes of this section:~~  
4 ~~(1) “Acquired” includes any gift, inheritance, transfer incident~~  
5 ~~to divorce, or any other transfer, whether or not for consideration.~~  
6 ~~(2) “Qualified full-time employee” means:~~  
7 ~~(A) A qualified employee who was paid qualified wages during~~  
8 ~~the taxable year by the qualified employer for services of not less~~  
9 ~~than an average of 35 hours per week.~~  
10 ~~(B) A qualified employee who was a salaried employee and~~  
11 ~~was paid compensation during the taxable year for full-time~~  
12 ~~employment, within the meaning of Section 515 of the Labor Code,~~  
13 ~~by the qualified employer.~~  
14 ~~(3) A “qualified employee” shall not include any of the~~  
15 ~~following:~~  
16 ~~(A) An employee certified as a qualified employee in an~~  
17 ~~enterprise zone designated in accordance with Chapter 12.8~~  
18 ~~(commencing with Section 7070) of Division 7 of Title 1 of the~~  
19 ~~Government Code.~~  
20 ~~(B) An employee certified as a qualified disadvantaged~~  
21 ~~individual in a manufacturing enhancement area designated in~~  
22 ~~accordance with Section 7073.8 of the Government Code.~~  
23 ~~(C) An employee certified as a qualified employee in a targeted~~  
24 ~~tax area designated in accordance with Section 7097 of the~~  
25 ~~Government Code.~~  
26 ~~(D) An employee certified as a qualified disadvantaged~~  
27 ~~individual or a qualified displaced employee in a local agency~~  
28 ~~military base recovery area (LAMBRA) designated in accordance~~  
29 ~~with Chapter 12.97 (commencing with Section 7105) of Division~~  
30 ~~7 of Title 1 of the Government Code.~~  
31 ~~(E) An employee whose wages are included in calculating any~~  
32 ~~other credit allowed under this part.~~  
33 ~~(4) “Qualified employer” means a taxpayer that, as of the last~~  
34 ~~day of the preceding taxable year, employed a total of 20 or fewer~~  
35 ~~employees.~~  
36 ~~(5) “Qualified wages” means wages subject to Division 6~~  
37 ~~(commencing with Section 13000) of the Unemployment Insurance~~  
38 ~~Code.~~  
39 ~~(6) “Annual full-time equivalent” means either of the following:~~

1 (A) In the case of a full-time employee paid hourly qualified  
2 wages, “annual full-time equivalent” means the total number of  
3 hours worked for the taxpayer by the employee (not to exceed  
4 2,000 hours per employee) divided by 2,000.

5 (B) In the case of a salaried full-time employee, “annual  
6 full-time equivalent” means the total number of weeks worked for  
7 the taxpayer by the employee divided by 52.

8 (e) The net increase in qualified full-time employees of a  
9 qualified employer shall be determined as provided by this  
10 subdivision:

11 (1) (A) The net increase in qualified full-time employees shall  
12 be determined on an annual full-time equivalent basis by  
13 subtracting from the amount determined in subparagraph (C) the  
14 amount determined in subparagraph (B):

15 (B) The total number of qualified full-time employees employed  
16 in the preceding taxable year by the taxpayer and by any trade or  
17 business acquired by the taxpayer during the current taxable year.

18 (C) The total number of full-time employees employed in the  
19 current taxable year by the taxpayer and by any trade or business  
20 acquired during the current taxable year.

21 (2) For taxpayers who first commence doing business in this  
22 state during the taxable year, the number of full-time employees  
23 for the immediately preceding prior taxable year shall be zero.

24 (d) In the case where the credit allowed by this section exceeds  
25 the “tax,” the excess may be carried over to reduce the “tax” in  
26 the following year, and succeeding seven years if necessary, until  
27 the credit is exhausted.

28 (e) Any deduction otherwise allowed under this part for qualified  
29 wages shall not be reduced by the amount of the credit allowed  
30 under this section.

31 (f) For purposes of this section:

32 (1) All employees of the trades or businesses that are treated as  
33 related under either Section 267, 318, or 707 of the Internal  
34 Revenue Code shall be treated as employed by a single taxpayer.

35 (2) In determining whether the taxpayer has first commenced  
36 doing business in this state during the taxable year, the provisions  
37 of subdivision (f) of Section 17276, without application of  
38 paragraph (7) of that subdivision, shall apply.

39 (g) (1) (A) Credit under this section and Section 17053.80 shall  
40 be allowed only for credits claimed on timely filed original returns

1 received by the Franchise Tax Board on or before the cut-off date  
2 established by the Franchise Tax Board.

3 (B) For purposes of this paragraph, the cut-off date shall be the  
4 last day of the calendar quarter within which the Franchise Tax  
5 Board estimates it will have received timely filed original returns  
6 claiming credits under this section and Section 17053.80 that  
7 cumulatively total four hundred million dollars (\$400,000,000)  
8 for all taxable years.

9 (2) The date a return is received shall be determined by the  
10 Franchise Tax Board.

11 (3) (A) The determinations of the Franchise Tax Board with  
12 respect to the cut-off date, the date a return is received, and whether  
13 a return has been timely filed for purposes of this subdivision may  
14 not be reviewed in any administrative or judicial proceeding.

15 (B) Any disallowance of a credit claimed due to a determination  
16 under this subdivision, including the application of the limitation  
17 specified in paragraph (1), shall be treated as a mathematical error  
18 appearing on the return. Any amount of tax resulting from such  
19 disallowance may be assessed by the Franchise Tax Board in the  
20 same manner as provided by Section 19051.

21 (4) The Franchise Tax Board shall periodically provide notice  
22 on its Web site with respect to the amount of credit under this  
23 section and Section 17053.80 claimed on timely filed original  
24 returns received by the Franchise Tax Board.

25 (h) (1) The Franchise Tax Board may prescribe rules, guidelines  
26 or procedures necessary or appropriate to carry out the purposes  
27 of this section, including any guidelines regarding the limitation  
28 on total credits allowable under this section and Section 17053.80  
29 and guidelines necessary to avoid the application of paragraph (2)  
30 of subdivision (f) through split-ups, shell corporations, partnerships,  
31 tiered ownership structures, or otherwise.

32 (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of  
33 Division 3 of Title 2 of the Government Code does not apply to  
34 any standard, criterion, procedure, determination, rule, notice, or  
35 guideline established or issued by the Franchise Tax Board  
36 pursuant to this section.

37 (i) This section shall remain in effect only until December 1 of  
38 the calendar year after the year of the cut-off date, and as of that  
39 December 1 is repealed.

1 SEC. 7. Section 23623 of the Revenue and Taxation Code, as  
2 added by Section 8 of Chapter 17 of the Third Extraordinary  
3 Session of the Statutes of 2009, is amended to read:

4 23623. (a) For each taxable year beginning on or after January  
5 1, 2009, there shall be allowed as a credit against the “tax,” as  
6 defined in Section 23036, three thousand dollars (\$3,000) for each  
7 net increase in qualified full-time employees, as specified in  
8 subdivision (c), hired during the taxable year by a qualified  
9 employer.

10 (b) For purposes of this section:

11 (1) “Acquired” includes any gift, inheritance, transfer incident  
12 to divorce, or any other transfer, whether or not for consideration.

13 (2) “Qualified full-time employee” means:

14 (A) A qualified employee who was paid qualified wages during  
15 the taxable year by the qualified employer for services of not less  
16 than an average of 35 hours per week.

17 (B) A qualified employee who was a salaried employee and  
18 was paid compensation during the taxable year for full-time  
19 employment, within the meaning of Section 515 of the Labor Code,  
20 by the qualified employer.

21 (3) A “qualified employee” shall not include any of the  
22 following:

23 (A) An employee certified as a qualified employee in an  
24 enterprise zone designated in accordance with Chapter 12.8  
25 (commencing with Section 7070) of Division 7 of Title 1 of the  
26 Government Code.

27 (B) An employee certified as a qualified disadvantaged  
28 individual in a manufacturing enhancement area designated in  
29 accordance with Section 7073.8 of the Government Code.

30 (C) An employee certified as a qualified employee in a targeted  
31 tax area designated in accordance with Section 7097 of the  
32 Government Code.

33 (D) An employee certified as a qualified disadvantaged  
34 individual or a qualified displaced employee in a local agency  
35 military base recovery area (LAMBRA) designated in accordance  
36 with Chapter 12.97 (commencing with Section 7105) of Division  
37 7 of Title 1 of the Government Code.

38 (E) An employee whose wages are included in calculating any  
39 other credit allowed under this part.

- 1 (4) “Qualified employer” means a taxpayer that, as of the last  
 2 day of the preceding taxable year, employed a total of 20 or fewer  
 3 employees.
- 4 (5) “Qualified wages” means wages subject to Division 6  
 5 (commencing with Section 13000) of the Unemployment Insurance  
 6 Code.
- 7 (6) “Annual full-time equivalent” means either of the following:  
 8 (A) In the case of a full-time employee paid hourly qualified  
 9 wages, “annual full-time equivalent” means the total number of  
 10 hours worked for the taxpayer by the employee (not to exceed  
 11 2,000 hours per employee) divided by 2,000.
- 12 (B) In the case of a salaried full-time employee, “annual  
 13 full-time equivalent” means the total number of weeks worked for  
 14 the taxpayer by the employee divided by 52.
- 15 (c) The net increase in qualified full-time employees of a  
 16 qualified employer shall be determined as provided by this  
 17 subdivision:
- 18 (1) (A) The net increase in qualified full-time employees shall  
 19 be determined on an annual full-time equivalent basis by  
 20 subtracting from the amount determined in subparagraph (C) the  
 21 amount determined in subparagraph (B).
- 22 (B) The total number of qualified full-time employees employed  
 23 in the preceding taxable year by the taxpayer and by any trade or  
 24 business acquired by the taxpayer during the current taxable year.
- 25 (C) The total number of full-time employees employed in the  
 26 current taxable year by the taxpayer and by any trade or business  
 27 acquired during the current taxable year.
- 28 (2) For taxpayers who first commence doing business in this  
 29 state during the taxable year, the number of full-time employees  
 30 for the immediately preceding prior taxable year shall be zero.
- 31 (d) In the case where the credit allowed by this section exceeds  
 32 the “tax,” the excess may be carried over to reduce the “tax” in  
 33 the following year, and succeeding seven years if necessary, until  
 34 the credit is exhausted.
- 35 (e) Any deduction otherwise allowed under this part for qualified  
 36 wages shall not be reduced by the amount of the credit allowed  
 37 under this section.
- 38 (f) For purposes of this section:

1 (1) All employees of the trades or businesses that are treated as  
2 related under either Section 267, 318, or 707 of the Internal  
3 Revenue Code shall be treated as employed by a single taxpayer.

4 (2) In determining whether the taxpayer has first commenced  
5 doing business in this state during the taxable year, the provisions  
6 of subdivision—~~(f)~~ (g) of Section—~~17276~~ 24416.20, without  
7 application of paragraph (7) of that subdivision, shall apply.

8 (g) (1) (A) Credit under this section and Section 17053.80 shall  
9 be allowed only for credits claimed on timely filed original returns  
10 received by the Franchise Tax Board on or before the cut-off date  
11 established by the Franchise Tax Board.

12 (B) For purposes of this paragraph, the cut-off date shall be the  
13 last day of the calendar quarter within which the Franchise Tax  
14 Board estimates it will have received timely filed original returns  
15 claiming credits under this section and Section 17053.80 that  
16 cumulatively total ~~four~~ one hundred million dollars—~~(\$400,000,000)~~  
17 ~~(\$100,000,000)~~ for all taxable years.

18 (2) The date a return is received shall be determined by the  
19 Franchise Tax Board.

20 (3) (A) The determinations of the Franchise Tax Board with  
21 respect to the cut-off date, the date a return is received, and whether  
22 a return has been timely filed for purposes of this subdivision may  
23 not be reviewed in any administrative or judicial proceeding.

24 (B) Any disallowance of a credit claimed due to a determination  
25 under this subdivision, including the application of the limitation  
26 specified in paragraph (1), shall be treated as a mathematical error  
27 appearing on the return. Any amount of tax resulting from such  
28 disallowance may be assessed by the Franchise Tax Board in the  
29 same manner as provided by Section 19051.

30 (4) The Franchise Tax Board shall periodically provide notice  
31 on its *Internet* Web site with respect to the amount of credit under  
32 this section and Section 17053.80 claimed on timely filed original  
33 returns received by the Franchise Tax Board.

34 (h) (1) The Franchise Tax Board may prescribe rules, ~~guidelines~~  
35 *guidelines*, or procedures necessary or appropriate to carry out the  
36 purposes of this section, including any guidelines regarding the  
37 limitation on total credits allowable under this section and Section  
38 17053.80 and guidelines necessary to avoid the application of  
39 paragraph (2) of subdivision (f) through split-ups, shall

1 corporations, partnerships, tiered ownership structures, or  
2 otherwise.

3 (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of  
4 Division 3 of Title 2 of the Government Code does not apply to  
5 any standard, criterion, procedure, determination, rule, notice, or  
6 guideline established or issued by the Franchise Tax Board  
7 pursuant to this section.

8 (i) This section shall remain in effect only until December 1 of  
9 the calendar year after the year of the cut-off date, and as of that  
10 December 1 is repealed.

11 SEC. 8. Notwithstanding Section 50199.9 of the Health and  
12 Safety Code, or any other law, the sum of one hundred fifty  
13 thousand dollars (\$150,000) is hereby appropriated from the Tax  
14 Credit Allocation Fee Account to the California Tax Credit  
15 Allocation Committee for purposes of implementing the California  
16 New Markets Tax Credit Program as provided in Sections 17053.9  
17 and 23622.9 of the Revenue and Taxation Code. The appropriated  
18 funds shall remain in the Tax Credit Allocation Fee Account until  
19 such time as the funds are required for purposes of implementing  
20 this new program, and shall be available for expenditure only until  
21 January 1, 2020. It is the intent of the Legislature that these  
22 appropriated funds shall be reimbursed by the application fees  
23 collected by the committee for this new program.

24 SEC. 9. This act provides for a tax levy within the meaning of  
25 Article IV of the Constitution and shall go into immediate effect.