

ASSEMBLY BILL

No. 866

Introduced by Assembly Member Eduardo Garcia

February 26, 2015

An act to amend Sections 12096.3, 12098.3, and 12098.4 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 866, as introduced, Eduardo Garcia. Economic development: small business.

Existing law establishes the Governor's Office of Business and Economic Development, also known as GO-Biz, to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Existing law authorizes GO-Biz to, among other things, support small businesses by providing information about accessing capital. Existing law establishes the Office of Small Business Advocate, within GO-Biz. Existing law establishes the duties and functions of the Director of the Office of Small Business Advocate, also known as the advocate. Those duties include, among other things, representing the views and interests of small businesses before other state agencies whose policies and activities may affect small businesses. Under existing law, each agency of the state is required to furnish to the advocate reports, documents, and information that are public records and that the advocate deems necessary to carry out his or her functions.

This bill would additional authorize GO-Biz to support small businesses by advocating for their interests before state agencies and providing information about accessing technical assistance. The bill would expand the duties of the advocate to include advocating for

regulatory implementation models that are flexible in addressing challenges small businesses face in meeting regulatory mandates without compromising policy standards. The bill would additionally require each agency that develops a small entity compliance guide, as specified, to notify the advocate within 45 days after the guide becomes available to the public, and to include in that notice information on how a small business can obtain a copy of the small business compliance guide. The bill would also make various findings and declarations regarding small businesses.

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. This act shall be known as the Small Business
- 2 Regulatory Enforcement Fairness Act of 2015.
- 3 SEC. 2. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) A vibrant and growing small business sector is critical to
- 6 creating jobs in a dynamic economy.
- 7 (2) In California, 62 percent of all firms have fewer than five
- 8 employees and 98 percent of all firms have fewer than 100
- 9 employees and account for 36 percent of all jobs in the state.
- 10 (3) While California small businesses create jobs and anchor
- 11 the state’s economy, research shows that they bear a
- 12 disproportionate share of regulatory costs and burdens.
- 13 (4) Changes are needed in the regulatory and enforcement
- 14 culture of state agencies in order to help agencies be more
- 15 responsive to the implementation challenges of small businesses
- 16 without compromising statutory missions of the agencies.
- 17 (b) The Legislature further declares that the purpose of this act
- 18 is to do all of the following:
- 19 (1) Encourage the effective participation of small businesses in
- 20 the state regulatory process.
- 21 (2) Develop more accessible sources of information on
- 22 regulatory reporting requirements for small businesses.
- 23 (3) Create a more cooperative regulatory environment among
- 24 agencies and small businesses that is less punitive and more
- 25 solution oriented.

1 (4) Make state regulators more accountable for their enforcement
2 actions by providing small businesses and nonprofits with
3 meaningful opportunities for redress of excessive enforcement
4 activities.

5 SEC. 3. Section 12096.3 of the Government Code is amended
6 to read:

7 12096.3. The office shall serve the Governor as the lead entity
8 for economic strategy and the marketing of California on issues
9 relating to business development, private sector investment, and
10 economic growth. In this capacity, the office may:

11 (a) Recommend to the Governor and the Legislature new state
12 policies, programs, and actions, or amendments to existing
13 programs, advance statewide economic goals and respond to
14 emerging economic problems and opportunities, and ensure that
15 all state policies and programs conform to the adopted state
16 economic and business development goals.

17 (b) Coordinate the development of policies and criteria to ensure
18 that federal grants administered or directly expended by state
19 government advance statewide economic goals and objectives.

20 (c) Market the business and investment opportunities available
21 in California by working in partnership with local, regional, federal,
22 and other state public and private institutions to encourage business
23 development and investment in the state.

24 (d) Provide, including, but not limited to, all of the following:

- 25 (1) Economic and demographic data.
- 26 (2) Financial information to help link businesses with state and
27 local public and private programs.
- 28 (3) Workforce information, including, but not limited to, labor
29 availability, training, and education programs.
- 30 (4) Transportation and infrastructure information.
- 31 (5) Assistance in obtaining state and local permits.
- 32 (6) Information on tax credits and other incentives.
- 33 (7) Permitting, siting, and other regulatory information pertinent
34 to business operations in the state.

35 (e) Establish a well-advertised telephone number, an interactive
36 Internet Web site, and an administrative structure that effectively
37 supports the facilitation of business development and investment
38 in the state.

1 (f) Encourage collaboration among research institutions, startup
 2 companies, local governments, venture capitalists, and economic
 3 development agencies to promote innovation.

4 (g) In cooperation with the federal government, foster
 5 relationships with overseas entities to improve the state’s image
 6 as a destination for business investment and expansion.

7 (h) Conduct research on the state’s business climate, including,
 8 but not limited to, research on how the state can remain on the
 9 leading edge of innovation and emerging sectors.

10 (i) Support small businesses by *advocating for their interests*
 11 *before state agencies*, providing information about accessing
 12 ~~capital~~, *capital and technical assistance* and complying with
 13 regulations, and supporting state initiatives that support small
 14 business.

15 SEC. 4. Section 12098.3 of the Government Code is amended
 16 to read:

17 12098.3. (a) The Director of the Office of Small Business
 18 Advocate shall be appointed by, and shall serve at the pleasure of,
 19 the Governor.

20 (b) The Governor shall appoint the employees who are needed
 21 to accomplish the purposes of this article.

22 (c) The duties and functions of the advocate shall include all of
 23 the following:

24 (1) Serve as the principal advocate in the state on behalf of small
 25 businesses, including, but not limited to, advisory participation in
 26 the consideration of all legislation and administrative regulations
 27 that affect small businesses, and advocacy on state policy and
 28 programs related to small businesses on disaster preparedness and
 29 recovery including providing technical assistance.

30 (2) Represent the views and interests of small businesses before
 31 other state agencies whose policies and activities may affect small
 32 business.

33 (3) Enlist the cooperation and assistance of public and private
 34 agencies, businesses, and other organizations in disseminating
 35 information about the programs and services provided by state
 36 government that are of benefit to small businesses, and information
 37 on how small businesses can participate in, or make use of, those
 38 programs and services.

39 (4) Consult with experts and authorities in the fields of small
 40 business investment, venture capital investment, and commercial

1 banking and other comparable financial institutions involved in
2 the financing of business, and with individuals with regulatory,
3 legal, economic, or financial expertise, including members of the
4 academic community, and individuals who generally represent the
5 public interest.

6 (5) Seek the assistance and cooperation of all state agencies and
7 departments providing services to, or affecting, small business,
8 including the small business liaison designated pursuant to Section
9 14846, to ensure coordination of state efforts.

10 (6) Receive and respond to complaints from small businesses
11 concerning the actions of state agencies and the operative effects
12 of state laws and regulations adversely affecting those businesses.

13 (7) *Advocate for regulatory implementation models that are*
14 *flexible in addressing challenges small businesses face in meeting*
15 *regulatory mandates without compromising policy standards.*

16 ~~(7)~~

17 (8) Counsel small businesses on how to resolve questions and
18 problems concerning the relationship of small business to state
19 government.

20 ~~(8)~~

21 (9) Maintain, publicize, and distribute an annual list of persons
22 serving as small business ombudsmen throughout state government.

23 SEC. 5. Section 12098.4 of the Government Code is amended
24 to read:

25 12098.4. (a) Each agency of the state shall furnish to the
26 advocate the reports, documents, and information that are public
27 records and that the director deems necessary to carry out his or
28 her functions under this chapter.

29 (b) *Each agency that develops a small entity compliance guide*
30 *to assist small businesses and nonprofit organizations in complying*
31 *with regulations in collaboration with a federal agency pursuant*
32 *to the federal Small Business Regulatory Fairness Act of 1996*
33 *(Public Law 104-121) shall notify the advocate within 45 days*
34 *after the guide becomes available to the public. The notice to the*
35 *advocate shall include information on how a small business or*
36 *nonprofit organization can obtain a copy of the small business*
37 *compliance guide.*

38 ~~(b)~~

39 (c) The advocate shall prepare and submit a written annual report
40 to the Governor and to the Legislature that describes the activities

1 and recommendations of the office, including an evaluation of the
2 efforts of state agencies and, where appropriate, specific
3 departments, that significantly regulate small businesses to assist
4 minority and other small business enterprises, and making
5 recommendations that may be appropriate to assist the development
6 and strengthening of minority and other small business enterprises.

7 (e)

8 (d) The advocate may establish a centralized interactive
9 telephone referral system and Internet Web site to assist small and
10 minority businesses in their operations, including governmental
11 requirements, such as taxation, accounting, and pollution control,
12 and to provide information concerning the agency from which
13 more specialized assistance may be obtained. The advocate may
14 establish and advertise a telephone number and an Internet Web
15 site address to serve this centralized interactive telephone referral
16 system and Internet Web site.

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