

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 961

Introduced by Assembly Member Gallagher

February 26, 2015

An act ~~relating to taxation~~: *to amend Sections 17059.2 and 23689 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 961, as amended, Gallagher. Income taxation: credits: California competes.

Existing law allows a credit against the taxes imposed under the Corporation Tax Law and the Personal Income Tax Law for each taxable year beginning on or after January 1, 2014, and before January 1, 2025, in an amount as provided in a written agreement between the Governor's Office of Business and Economic Development and the taxpayer, agreed upon by the California Competes Tax Credit Committee, and based on specified factors, including the number of jobs the taxpayer will create or retain in the state and the amount of investment in the state by the taxpayer. *Existing law limits the aggregate amount of credits allocated to taxpayers to a specified sum per fiscal year. Existing law authorizes the Director of Finance to increase the aggregate amount of the economic development credits that may be allocated to taxpayers each fiscal year by \$25 million per fiscal year through the 2017–18 fiscal year.*

~~This bill would state the intent of the Legislature to enact legislation to improve the California Competes Tax Credit program to better serve areas with high unemployment.~~ *provide for an additional aggregate*

amount of credit that may be allocated in any fiscal year pursuant to these provisions of \$50,000,000 per fiscal year commencing with the 2015–16 fiscal year through the 2017–18 fiscal year, to be allocated to taxpayers that are otherwise eligible for this credit that are located in a county, city and county, or metropolitan statistical area that has a 10%, or higher, unemployment rate.

This bill would take effect immediately as a tax levy.

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

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

- 1 SECTION 1. Section 17059.2 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 17059.2. (a) (1) For each taxable year beginning on and after
- 4 January 1, 2014, and before January 1, 2025, there shall be allowed
- 5 as a credit against the “net tax,” as defined in Section 17039, an
- 6 amount as determined by the committee pursuant to paragraph (2)
- 7 and approved pursuant to Section 18410.2.
- 8 (2) The credit under this section shall be allocated by GO-Biz
- 9 with respect to the 2013–14 fiscal year through and including the
- 10 2017–18 fiscal year. The amount of credit allocated to a taxpayer
- 11 with respect to a fiscal year pursuant to this section shall be as set
- 12 forth in a written agreement between GO-Biz and the taxpayer and
- 13 shall be based on the following factors:
- 14 (A) The number of jobs the taxpayer will create or retain in this
- 15 state.
- 16 (B) The compensation paid or proposed to be paid by the
- 17 taxpayer to its employees, including wages and fringe benefits.
- 18 (C) The amount of investment in this state by the taxpayer.
- 19 (D) The extent of unemployment or poverty in the area
- 20 according to the United States Census in which the taxpayer’s
- 21 project or business is proposed or located.
- 22 (E) The incentives available to the taxpayer in this state,
- 23 including incentives from the state, local government, and other
- 24 entities.
- 25 (F) The incentives available to the taxpayer in other states.
- 26 (G) The duration of the proposed project and the duration the
- 27 taxpayer commits to remain in this state.

- 1 (H) The overall economic impact in this state of the taxpayer’s
2 project or business.
- 3 (I) The strategic importance of the taxpayer’s project or business
4 to the state, region, or locality.
- 5 (J) The opportunity for future growth and expansion in this state
6 by the taxpayer’s business.
- 7 (K) The extent to which the anticipated benefit to the state
8 exceeds the projected benefit to the taxpayer from the tax credit.
- 9 (3) The written agreement entered into pursuant to paragraph
10 (2) shall include:
 - 11 (A) Terms and conditions that include the taxable year or years
12 for which the credit allocated shall be allowed, a minimum
13 compensation level, and a minimum job retention period.
 - 14 (B) Provisions indicating whether the credit is to be allocated
15 in full upon approval or in increments based on mutually agreed
16 upon milestones when satisfactorily met by the taxpayer.
 - 17 (C) Provisions that allow the committee to recapture the credit,
18 in whole or in part, if the taxpayer fails to fulfill the terms and
19 conditions of the written agreement.
- 20 (b) For purposes of this section:
 - 21 (1) “Committee” means the California Competes Tax Credit
22 Committee established pursuant to Section 18410.2.
 - 23 (2) “GO-Biz” means the Governor’s Office of Business and
24 Economic Development.
- 25 (c) For purposes of this section, GO-Biz shall do the following:
 - 26 (1) Give priority to a taxpayer whose project or business is
27 located or proposed to be located in an area of high unemployment
28 or poverty.
 - 29 (2) Negotiate with a taxpayer the terms and conditions of
30 proposed written agreements that provide the credit allowed
31 pursuant to this section to a taxpayer.
 - 32 (3) Provide the negotiated written agreement to the committee
33 for its approval pursuant to Section 18410.2.
 - 34 (4) Inform the Franchise Tax Board of the terms and conditions
35 of the written agreement upon approval of the written agreement
36 by the committee.
 - 37 (5) Inform the Franchise Tax Board of any recapture, in whole
38 or in part, of a previously allocated credit upon approval of the
39 recapture by the committee.
 - 40 (6) Post on its Internet Web site all of the following:

- 1 (A) The name of each taxpayer allocated a credit pursuant to
- 2 this section.
- 3 (B) The estimated amount of the investment by each taxpayer.
- 4 (C) The estimated number of jobs created or retained.
- 5 (D) The amount of the credit allocated to the taxpayer.
- 6 (E) The amount of the credit recaptured from the taxpayer, if
- 7 applicable.
- 8 (d) For purposes of this section, the Franchise Tax Board shall
- 9 do all of the following:
 - 10 (1) (A) Except as provided in subparagraph (B), review the
 - 11 books and records of all taxpayers allocated a credit pursuant to
 - 12 this section to ensure compliance with the terms and conditions
 - 13 of the written agreement between the taxpayer and GO-Biz.
 - 14 (B) In the case of a taxpayer that is a “small business,” as
 - 15 defined in Section 17053.73, review the books and records of the
 - 16 taxpayer allocated a credit pursuant to this section to ensure
 - 17 compliance with the terms and conditions of the written agreement
 - 18 between the taxpayer and GO-Biz when, in the sole discretion of
 - 19 the Franchise Tax Board, a review of those books and records is
 - 20 appropriate or necessary in the best interests of the state.
 - 21 (2) Notwithstanding Section 19542:
 - 22 (A) Notify GO-Biz of a possible breach of the written agreement
 - 23 by a taxpayer and provide detailed information regarding the basis
 - 24 for that determination.
 - 25 (B) Provide information to GO-Biz with respect to whether a
 - 26 taxpayer is a “small business,” as defined in Section 17053.73.
 - 27 (e) In the case where the credit allowed under this section
 - 28 exceeds the “net tax,” as defined in Section 17039, for a taxable
 - 29 year, the excess credit may be carried over to reduce the “net tax”
 - 30 in the following taxable year, and succeeding five taxable years,
 - 31 if necessary, until the credit has been exhausted.
 - 32 (f) Any recapture, in whole or in part, of a credit approved by
 - 33 the committee pursuant to Section 18410.2 shall be treated as a
 - 34 mathematical error appearing on the return. Any amount of tax
 - 35 resulting from that recapture shall be assessed by the Franchise
 - 36 Tax Board in the same manner as provided by Section 19051. The
 - 37 amount of tax resulting from the recapture shall be added to the
 - 38 tax otherwise due by the taxpayer for the taxable year in which
 - 39 the committee’s recapture determination occurred.

1 (g) (1) The aggregate amount of credit that may be allocated
2 in any fiscal year pursuant to this section and Section 23689 shall
3 be an amount equal to the sum of subparagraphs (A), (B), and (C),
4 less the amount specified in subparagraphs (D) and (E):

5 (A) Thirty million dollars (\$30,000,000) for the 2013–14 fiscal
6 year, one hundred fifty million dollars (\$150,000,000) for the
7 2014–15 fiscal year, and two hundred million dollars
8 (\$200,000,000) for each fiscal year from 2015–16 to 2017–18,
9 inclusive.

10 (B) The unallocated credit amount, if any, from the preceding
11 fiscal year.

12 (C) The amount of any previously allocated credits that have
13 been recaptured.

14 (D) The amount estimated by the Director of Finance, in
15 consultation with the Franchise Tax Board and the State Board of
16 Equalization, to be necessary to limit the aggregation of the
17 estimated amount of exemptions claimed pursuant to Section
18 6377.1 and of the amounts estimated to be claimed pursuant to
19 this section and Sections 17053.73, 23626, and 23689 to no more
20 than seven hundred fifty million dollars (\$750,000,000) for either
21 the current fiscal year or the next fiscal year.

22 (i) The Director of Finance shall notify the Chairperson of the
23 Joint Legislative Budget Committee of the estimated annual
24 allocation authorized by this paragraph. Any allocation pursuant
25 to these provisions shall be made no sooner than 30 days after
26 written notification has been provided to the Chairperson of the
27 Joint Legislative Budget Committee and the chairpersons of the
28 committees of each house of the Legislature that consider
29 appropriation, or not sooner than whatever lesser time the
30 Chairperson of the Joint Legislative Budget Committee, or his or
31 her designee, may determine.

32 (ii) In no event shall the amount estimated in this subparagraph
33 be less than zero dollars (\$0).

34 (E) (i) For the 2015–16 fiscal year and each fiscal year
35 thereafter, the amount of credit estimated by the Director of Finance
36 to be allowed to all qualified taxpayers for that fiscal year pursuant
37 to subparagraph (A) or subparagraph (B) of paragraph (1) of
38 subdivision (c) of Section 23636.

39 (ii) If the amount available per fiscal year pursuant to this section
40 and Section 23689 is less than the aggregate amount of credit

1 estimated by the Director of Finance to be allowed to qualified
2 taxpayers pursuant to subparagraph (A) or subparagraph (B) of
3 paragraph (1) of subdivision (c) of Section 23636, the aggregate
4 amount allowed pursuant to Section 23636 shall not be reduced
5 and, in addition to the reduction required by clause (i), the
6 aggregate amount of credit that may be allocated pursuant to this
7 section and Section 23689 for the next fiscal year shall be reduced
8 by the amount of that deficit.

9 (iii) It is the intent of the Legislature that the reductions specified
10 in this subparagraph of the aggregate amount of credit that may
11 be allocated pursuant to this section and Section 23689 shall
12 continue if the repeal dates of the credits allowed by this section
13 and Section 23689 are removed or extended.

14 (2) (A) In addition to the other amounts determined pursuant
15 to paragraph (1), the Director of Finance may increase the
16 aggregate amount of credit that may be allocated pursuant to this
17 section and Section 23689 by up to twenty-five million dollars
18 (\$25,000,000) per fiscal year through the 2017–18 fiscal year. The
19 amount of any increase made pursuant to this paragraph, when
20 combined with any increase made pursuant to paragraph (2) of
21 subdivision (g) of Section 23689, shall not exceed twenty-five
22 million dollars (\$25,000,000) per fiscal year through the 2017–18
23 fiscal year.

24 (B) It is the intent of the Legislature that the Director of Finance
25 increase the aggregate amount under subparagraph (A) in order to
26 mitigate the reduction of the amount available due to the credit
27 allowed to all qualified taxpayers pursuant to subparagraph (A) or
28 (B) of paragraph (1) of subdivision (c) of Section 23636.

29 (3) (A) *In addition to the other amounts determined pursuant*
30 *to paragraphs (1) and (2), an additional amount of credit in an*
31 *amount equal to the sum of clauses (i), (ii), and (iii) may be*
32 *allocated to taxpayers, otherwise eligible pursuant to this section*
33 *and subject to the requirements of this section, that are located in*
34 *a county, city and county, or metropolitan statistical area that has*
35 *a 10 percent, or higher, rate of unemployment.*

36 (i) *Fifty million dollars (\$50,000,000) for the 2015–16 fiscal*
37 *year, and each fiscal year thereafter, to the 2017–18 fiscal year,*
38 *inclusive.*

39 (ii) *The unallocated credit amount, if any, from the preceding*
40 *fiscal year.*

1 (iii) *The amount of any previously allocated credits that have*
2 *been recaptured.*

3 (B) *Paragraphs (4) and (5) shall not apply to the aggregate*
4 *amount of credit allocated pursuant to this paragraph.*

5 ~~(3)~~

6 (4) Each fiscal year, 25 percent of the aggregate amount of the
7 credit that may be allocated pursuant to this section and Section
8 23689 shall be reserved for ~~small business~~; “*small business*,” as
9 defined in Section 17053.73 or 23626.

10 ~~(4)~~

11 (5) Each fiscal year, no more than 20 percent of the aggregate
12 amount of the credit that may be allocated pursuant to this section
13 shall be allocated to any one taxpayer.

14 (h) GO-Biz may prescribe rules and regulations as necessary to
15 carry out the purposes of this section. Any rule or regulation
16 prescribed pursuant to this section may be by adoption of an
17 emergency regulation in accordance with Chapter 3.5 (commencing
18 with Section 11340) of Part 1 of Division 3 of Title 2 of the
19 Government Code.

20 (i) A written agreement between GO-Biz and a taxpayer with
21 respect to the credit authorized by this section shall comply with
22 existing law on the date the agreement is executed.

23 (j) (1) Upon the effective date of this section, the Department
24 of Finance shall estimate the total dollar amount of credits that
25 will be claimed under this section with respect to each fiscal year
26 from the 2013–14 fiscal year to the 2024–25 fiscal year, inclusive.

27 (2) The Franchise Tax Board shall annually provide to the Joint
28 Legislative Budget Committee, by no later than March 1, a report
29 of the total dollar amount of the credits claimed under this section
30 with respect to the relevant fiscal year. The report shall compare
31 the total dollar amount of credits claimed under this section with
32 respect to that fiscal year with the department’s estimate with
33 respect to that same fiscal year. If the total dollar amount of credits
34 claimed for the fiscal year is less than the estimate for that fiscal
35 year, the report shall identify options for increasing annual claims
36 of the credit so as to meet estimated amounts.

37 (k) This section is repealed on December 1, 2025.

38 *SEC. 2. Section 23689 of the Revenue and Taxation Code is*
39 *amended to read:*

1 23689. (a) (1) For each taxable year beginning on and after
2 January 1, 2014, and before January 1, 2025, there shall be allowed
3 as a credit against the “tax,” as defined in Section 23036, an amount
4 as determined by the committee pursuant to paragraph (2) and
5 approved pursuant to Section 18410.2.
6 (2) The credit under this section shall be allocated by GO-Biz
7 with respect to the 2013–14 fiscal year through and including the
8 2017–18 fiscal year. The amount of credit allocated to a taxpayer
9 with respect to a fiscal year pursuant to this section shall be as set
10 forth in a written agreement between GO-Biz and the taxpayer and
11 shall be based on the following factors:
12 (A) The number of jobs the taxpayer will create or retain in this
13 state.
14 (B) The compensation paid or proposed to be paid by the
15 taxpayer to its employees, including wages and fringe benefits.
16 (C) The amount of investment in this state by the taxpayer.
17 (D) The extent of unemployment or poverty in the area
18 according to the United States Census in which the taxpayer’s
19 project or business is proposed or located.
20 (E) The incentives available to the taxpayer in this state,
21 including incentives from the state, local government, and other
22 entities.
23 (F) The incentives available to the taxpayer in other states.
24 (G) The duration of the proposed project and the duration the
25 taxpayer commits to remain in this state.
26 (H) The overall economic impact in this state of the taxpayer’s
27 project or business.
28 (I) The strategic importance of the taxpayer’s project or business
29 to the state, region, or locality.
30 (J) The opportunity for future growth and expansion in this state
31 by the taxpayer’s business.
32 (K) The extent to which the anticipated benefit to the state
33 exceeds the projected benefit to the taxpayer from the tax credit.
34 (3) The written agreement entered into pursuant to paragraph
35 (2) shall include:
36 (A) Terms and conditions that include the taxable year or years
37 for which the credit allocated shall be allowed, a minimum
38 compensation level, and a minimum job retention period.

1 (B) Provisions indicating whether the credit is to be allocated
2 in full upon approval or in increments based on mutually agreed
3 upon milestones when satisfactorily met by the taxpayer.

4 (C) Provisions that allow the committee to recapture the credit,
5 in whole or in part, if the taxpayer fails to fulfill the terms and
6 conditions of the written agreement.

7 (b) For purposes of this section:

8 (1) "Committee" means the California Competes Tax Credit
9 Committee established pursuant to Section 18410.2.

10 (2) "GO-Biz" means the Governor's Office of Business and
11 Economic Development.

12 (c) For purposes of this section, GO-Biz shall do the following:

13 (1) Give priority to a taxpayer whose project or business is
14 located or proposed to be located in an area of high unemployment
15 or poverty.

16 (2) Negotiate with a taxpayer the terms and conditions of
17 proposed written agreements that provide the credit allowed
18 pursuant to this section to a taxpayer.

19 (3) Provide the negotiated written agreement to the committee
20 for its approval pursuant to Section 18410.2.

21 (4) Inform the Franchise Tax Board of the terms and conditions
22 of the written agreement upon approval of the written agreement
23 by the committee.

24 (5) Inform the Franchise Tax Board of any recapture, in whole
25 or in part, of a previously allocated credit upon approval of the
26 recapture by the committee.

27 (6) Post on its Internet Web site all of the following:

28 (A) The name of each taxpayer allocated a credit pursuant to
29 this section.

30 (B) The estimated amount of the investment by each taxpayer.

31 (C) The estimated number of jobs created or retained.

32 (D) The amount of the credit allocated to the taxpayer.

33 (E) The amount of the credit recaptured from the taxpayer, if
34 applicable.

35 (d) For purposes of this section, the Franchise Tax Board shall
36 do all of the following:

37 (1) (A) Except as provided in subparagraph (B), review the
38 books and records of all taxpayers allocated a credit pursuant to
39 this section to ensure compliance with the terms and conditions
40 of the written agreement between the taxpayer and GO-Biz.

1 (B) In the case of a taxpayer that is a “small business,” as
2 defined in Section 23626, review the books and records of the
3 taxpayer allocated a credit pursuant to this section to ensure
4 compliance with the terms and conditions of the written agreement
5 between the taxpayer and GO-Biz when, in the sole discretion of
6 the Franchise Tax Board, a review of those books and records is
7 appropriate or necessary in the best interests of the state.

8 (2) Notwithstanding Section 19542:

9 (A) Notify GO-Biz of a possible breach of the written agreement
10 by a taxpayer and provide detailed information regarding the basis
11 for that determination.

12 (B) Provide information to GO-Biz with respect to whether a
13 taxpayer is a “small business,” as defined in Section 23626.

14 (e) In the case where the credit allowed under this section
15 exceeds the “tax,” as defined in Section 23036, for a taxable year,
16 the excess credit may be carried over to reduce the “tax” in the
17 following taxable year, and succeeding five taxable years, if
18 necessary, until the credit has been exhausted.

19 (f) Any recapture, in whole or in part, of a credit approved by
20 the committee pursuant to Section 18410.2 shall be treated as a
21 mathematical error appearing on the return. Any amount of tax
22 resulting from that recapture shall be assessed by the Franchise
23 Tax Board in the same manner as provided by Section 19051. The
24 amount of tax resulting from the recapture shall be added to the
25 tax otherwise due by the taxpayer for the taxable year in which
26 the committee’s recapture determination occurred.

27 (g) (1) The aggregate amount of credit that may be allocated
28 in any fiscal year pursuant to this section and Section 17059.2 shall
29 be an amount equal to the sum of subparagraphs (A), (B), and (C),
30 less the amount specified in subparagraphs (D) and (E):

31 (A) Thirty million dollars (\$30,000,000) for the 2013–14 fiscal
32 year, one hundred fifty million dollars (\$150,000,000) for the
33 2014–15 fiscal year, and two hundred million dollars
34 (\$200,000,000) for each fiscal year from 2015–16 to 2017–18,
35 inclusive.

36 (B) The unallocated credit amount, if any, from the preceding
37 fiscal year.

38 (C) The amount of any previously allocated credits that have
39 been recaptured.

1 (D) The amount estimated by the Director of Finance, in
2 consultation with the Franchise Tax Board and the State Board of
3 Equalization, to be necessary to limit the aggregation of the
4 estimated amount of exemptions claimed pursuant to Section
5 6377.1 and of the amounts estimated to be claimed pursuant to
6 this section and Sections 17053.73, 17059.2, and 23626 to no more
7 than seven hundred fifty million dollars (\$750,000,000) for either
8 the current fiscal year or the next fiscal year.

9 (i) The Director of Finance shall notify the Chairperson of the
10 Joint Legislative Budget Committee of the estimated annual
11 allocation authorized by this paragraph. Any allocation pursuant
12 to these provisions shall be made no sooner than 30 days after
13 written notification has been provided to the Chairperson of the
14 Joint Legislative Budget Committee and the chairpersons of the
15 committees of each house of the Legislature that consider
16 appropriation, or not sooner than whatever lesser time the
17 Chairperson of the Joint Legislative Budget Committee, or his or
18 her designee, may determine.

19 (ii) In no event shall the amount estimated in this subparagraph
20 be less than zero dollars (\$0).

21 (E) (i) For the 2015–16 fiscal year and each fiscal year
22 thereafter, the amount of credit estimated by the Director of Finance
23 to be allowed to all qualified taxpayers for that fiscal year pursuant
24 to subparagraph (A) or subparagraph (B) of paragraph (1) of
25 subdivision (c) of Section 23636.

26 (ii) If the amount available per fiscal year pursuant to this section
27 and Section 17059.2 is less than the aggregate amount of credit
28 estimated by the Director of Finance to be allowed to qualified
29 taxpayers pursuant to subparagraph (A) or subparagraph (B) of
30 paragraph (1) of subdivision (c) of Section 23636, the aggregate
31 amount allowed pursuant to Section 23636 shall not be reduced
32 and, in addition to the reduction required by clause (i), the
33 aggregate amount of credit that may be allocated pursuant to this
34 section and Section 17059.2 for the next fiscal year shall be reduced
35 by the amount of that deficit.

36 (iii) It is the intent of the Legislature that the reductions specified
37 in this subparagraph of the aggregate amount of credit that may
38 be allocated pursuant to this section and Section 17059.2 shall
39 continue if the repeal dates of the credits allowed by this section
40 and Section 17059.2 are removed or extended.

1 (2) (A) In addition to the other amounts determined pursuant
 2 to paragraph (1), the Director of Finance may increase the
 3 aggregate amount of credit that may be allocated pursuant to this
 4 section and Section 17059.2 by up to twenty-five million dollars
 5 (\$25,000,000) per fiscal year through the 2017–18 fiscal year. The
 6 amount of any increase made pursuant to this paragraph, when
 7 combined with any increase made pursuant to paragraph (2) of
 8 subdivision (g) of Section 17059.2, shall not exceed twenty-five
 9 million dollars (\$25,000,000) per fiscal year through the 2017–18
 10 fiscal year.

11 (B) It is the intent of the Legislature that the Director of Finance
 12 increase the aggregate amount under subparagraph (A) in order to
 13 mitigate the reduction of the amount available due to the credit
 14 allowed to all qualified taxpayers pursuant to subparagraph (A) or
 15 (B) of paragraph (1) of subdivision (c) of Section 23636.

16 (3) (A) *In addition to the other amounts determined pursuant*
 17 *to paragraphs (1) and (2), an additional amount of credit in an*
 18 *amount equal to the sum of clauses (i), (ii), and (iii) may be*
 19 *allocated to taxpayers, otherwise eligible pursuant to this section*
 20 *and subject to the requirements of this section, that are located in*
 21 *a county, city and county, or metropolitan statistical area that has*
 22 *a 10 percent, or higher, rate of unemployment.*

23 (i) *Fifty million dollars (\$50,000,000) for the 2015–16 fiscal*
 24 *year, and each fiscal year thereafter, to the 2017–18 fiscal year,*
 25 *inclusive.*

26 (ii) *The unallocated credit amount, if any, from the preceding*
 27 *fiscal year.*

28 (iii) *The amount of any previously allocated credits that have*
 29 *been recaptured.*

30 (B) *Paragraphs (4) and (5) shall not apply to the aggregate*
 31 *amount of credit allocated pursuant to this paragraph.*

32 ~~(3)~~

33 (4) Each fiscal year, 25 percent of the aggregate amount of the
 34 credit that may be allocated pursuant to this section and Section
 35 17059.2 shall be reserved for “small business,” as defined in
 36 Section 17053.73 or 23626.

37 ~~(4)~~

38 (5) Each fiscal year, no more than 20 percent of the aggregate
 39 amount of the credit that may be allocated pursuant to this section
 40 shall be allocated to any one taxpayer.

1 (h) GO-Biz may prescribe rules and regulations as necessary to
2 carry out the purposes of this section. Any rule or regulation
3 prescribed pursuant to this section may be by adoption of an
4 emergency regulation in accordance with Chapter 3.5 (commencing
5 with Section 11340) of Part 1 of Division 3 of Title 2 of the
6 Government Code.

7 (i) (1) A written agreement between GO-Biz and a taxpayer
8 with respect to the credit authorized by this section shall not
9 restrict, broaden, or otherwise alter the ability of the taxpayer to
10 assign that credit or any portion thereof in accordance with Section
11 23663.

12 (2) A written agreement between GO-Biz and a taxpayer with
13 respect to the credit authorized by this section must comply with
14 existing law on the date the agreement is executed.

15 (j) (1) Upon the effective date of this section, the Department
16 of Finance shall estimate the total dollar amount of credits that
17 will be claimed under this section with respect to each fiscal year
18 from the 2013–14 fiscal year to the 2024–25 fiscal year, inclusive.

19 (2) The Franchise Tax Board shall annually provide to the Joint
20 Legislative Budget Committee, by no later than March 1, a report
21 of the total dollar amount of the credits claimed under this section
22 with respect to the relevant fiscal year. The report shall compare
23 the total dollar amount of credits claimed under this section with
24 respect to that fiscal year with the department’s estimate with
25 respect to that same fiscal year. If the total dollar amount of credits
26 claimed for the fiscal year is less than the estimate for that fiscal
27 year, the report shall identify options for increasing annual claims
28 of the credit so as to meet estimated amounts.

29 (k) This section is repealed on December 1, 2025.

30 *SEC. 3. This act provides for a tax levy within the meaning of*
31 *Article IV of the Constitution and shall go into immediate effect.*

32 ~~SECTION 1. It is the intent of the Legislature to enact~~
33 ~~legislation to improve the California Competes Tax Credit program~~
34 ~~to better serve areas with high unemployment.~~