

**ASSEMBLY BILL**

**No. 797**

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**Introduced by Assembly Member Takasugi**

February 26, 1997

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An act to amend Sections 7084 and 7085 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 797, as introduced, Takasugi. Enterprise zones.

Under existing law, in evaluating proposals for contracts for services in excess of \$100,000, with a specified exception, the state is required to award 5% preference on the price submitted by state-based companies that certify that they shall perform the contract at a worksite located in an enterprise zone.

This bill would instead require the state to award the preference to state-based companies that certify that not less than 90% of the labor required to perform the contract shall be accomplished at a worksite located in an enterprise zone.

Existing law requires the Trade and Commerce Agency to submit a report to the Legislature every 5 years that evaluates the effect of the enterprise zone program on employment, investment, and incomes, and on state and local tax revenues in designated enterprise zones.

This bill would require an enterprise zone governing body to provide information at the request of the agency as necessary for the agency to prepare this report.

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

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

1 SECTION 1. Section 7084 of the Government Code is  
 2 amended to read:

3 7084. (a) Whenever the state prepares an invitation  
 4 for bid for a contract for goods in excess of one hundred  
 5 thousand dollars (\$100,000), except a contract in which  
 6 the worksite is fixed by the provisions of the contract, the  
 7 state shall award a 5-percent preference to  
 8 California-based companies ~~who~~ *that* certify under  
 9 penalty of perjury that no less than 50 percent of the labor  
 10 required to perform the contract shall be accomplished  
 11 at a worksite or worksites located in an enterprise zone.

12 (b) In evaluating proposals for contracts for services in  
 13 excess of one hundred thousand dollars (\$100,000), except  
 14 a contract in which the worksite is fixed by the provisions  
 15 of the contract, the state shall award a 5-percent  
 16 preference on the price submitted by California-based  
 17 companies ~~who~~ *that* certify under penalty of perjury that  
 18 ~~they shall perform the contract~~ *not less than 90 percent*  
 19 *of the labor required to perform the contract shall be*  
 20 *accomplished* at a worksite or worksites located in an  
 21 enterprise zone.

22 (c) Where a bidder complies with subdivision (a) or  
 23 (b), the state shall award a 1-percent preference for  
 24 bidders who shall agree to hire persons living within a  
 25 targeted employment area or are enterprise zone eligible  
 26 employees equal to 5 to 9 percent of its work force during  
 27 the period of contract performance; a 2-percent  
 28 preference for bidders who shall agree to hire persons  
 29 living within a targeted employment area or are  
 30 enterprise zone eligible employees equal to 10 to 14  
 31 percent of its work force during the period of contract  
 32 performance; a 3-percent preference for bidders who  
 33 shall agree to hire persons living within a targeted  
 34 employment area or are enterprise zone eligible  
 35 employees equal to 15 to 19 percent of its work force  
 36 during the period of contract performance; and a  
 37 4-percent preference for bidders who shall agree to hire  
 38 persons living within a targeted employment area or are



1 enterprise zone eligible employees equal to 20 or more  
2 percent of its work force during the period of contract  
3 performance.

4 (d) The maximum preference a bidder may be  
5 awarded pursuant to this chapter and any other provision  
6 of law shall be 15 percent. However, in no case shall the  
7 maximum preference cost under this section exceed fifty  
8 thousand dollars (\$50,000) for any bid, nor shall the  
9 combined cost of preferences granted pursuant to this  
10 section and any other provision of law exceed one  
11 hundred thousand dollars (\$100,000). In those cases  
12 where the 15-percent cumulated preference cost would  
13 exceed the one hundred thousand dollar (\$100,000)  
14 maximum preference cost limit, the one hundred  
15 thousand dollar (\$100,000) maximum preference cost  
16 limit shall apply.

17 (e) Notwithstanding any other provision of this  
18 section, small business bidders qualified in accordance  
19 with Section 14838 shall have precedence over nonsmall  
20 business bidders in that the application of any bidder  
21 preference for which nonsmall business bidders may be  
22 eligible, including the preference contained in this  
23 section, shall not result in the denial of the award to a  
24 small business bidder. This subdivision shall apply to those  
25 cases where the small business bidder is the lowest  
26 responsible bidder, as well as to those cases where the  
27 small business bidder is eligible for award as the result of  
28 application of the 5-percent small business bidder  
29 preference.

30 (f) All state contracts issued to bidders who are  
31 awarded preferences under this section shall contain  
32 conditions to ensure that the contractor performs the  
33 contract at the location specified and meets any  
34 commitment to employ persons with high risk of  
35 unemployment.

36 (g) (1) A business that requests and is given the  
37 preference provided for in subdivision (a) or (b) by  
38 reason of having furnished a false certification, and that  
39 by reason of this certification has been awarded a contract



1 to which it would not otherwise have been entitled, shall  
2 be subject to all of the following:

3 (A) Pay to the state any difference between the  
4 contract amount and what the state's cost would have  
5 been if the contract had been properly awarded.

6 (B) In addition to the amount specified in  
7 subparagraph (A), be assessed a penalty in an amount of  
8 not more than 10 percent of the amount of the contract  
9 involved.

10 (C) Be ineligible to transact any business with the  
11 state for a period of not less than three months and not  
12 more than 24 months.

13 (2) Prior to the imposition of any sanction under this  
14 subdivision, the business shall be entitled to a public  
15 hearing and to five days' notice of the time and place  
16 thereof. The notice shall state the reasons for the hearing.

17 (h) In each instance in this section an enterprise zone  
18 shall also mean any enterprise zone or program area  
19 previously authorized under any other provision of state  
20 law.

21 (i) As used in this section, "enterprise zone eligible  
22 employees" means employees who meet any of the  
23 requirements of clause (iv) of subparagraph (A) of  
24 paragraph (4) of subdivision (b) of Section 17053.74, or  
25 clause (iv) of subparagraph (A) of paragraph (4) of  
26 subdivision (b) of Section 23622.5 of the Revenue and  
27 Taxation Code.

28 SEC. 2. Section 7085 of the Government Code is  
29 amended to read:

30 7085. (a) The agency shall submit a report to the  
31 Legislature every five years, beginning January 1, 1998,  
32 that evaluates the effect of the program on employment,  
33 investment, and incomes, and on state and local tax  
34 revenues in designated enterprise zones. The report shall  
35 include an agency review of the progress and  
36 effectiveness of each enterprise zone. The Franchise Tax  
37 Board shall make available to the agency and the  
38 Legislature aggregate information on the dollar value of  
39 enterprise zone tax credits that are claimed each year by  
40 businesses.



1     ***(b) An enterprise zone governing body shall provide***  
2     ***information at the request of the agency as necessary for***  
3     ***the agency to prepare the report required pursuant to***  
4     ***subdivision (a).***

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