

AMENDED IN ASSEMBLY JUNE 2, 1997

AMENDED IN ASSEMBLY MAY 23, 1997

AMENDED IN ASSEMBLY MAY 5, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 797

Introduced by Assembly Member Takasugi

February 26, 1997

An act to amend Sections 7072, 7084, and 7085 of, to add Sections 7072.5, 7085.5, and 15316 to, and to add and repeal Section 25536.3 of, the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 797, as amended, Takasugi. Economic development.

(1) The Enterprise Zone Act authorizes a governing body to include a targeted employment area in an enterprise zone to encourage businesses to hire eligible residents of certain geographic areas.

This bill would authorize an enterprise zone jurisdiction that has designated a target employment area to request the redesignation of an area using more current census data, as specified.

(2) 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.

(3) 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.

(4) The bill would require the Franchise Tax Board to annually make available to the Trade and Commerce Agency and the Legislature information, by enterprise zone and city or county, on the dollar value of tax credits that are claimed each year by businesses.

(5) The bill would make findings and declarations regarding economic development corporations.

(6) Existing law prescribes various procedures for a county to sell or lease county property, but permits the board of supervisors to sell or lease property in specified circumstances without compliance with those procedures by a $\frac{4}{5}$ vote of the board.

This bill would, until January 1, 2011, also authorize the Sacramento County Board of Supervisors, by a $\frac{4}{5}$ vote, to sell or enter into a lease, concession, or managerial contract involving property that the county has acquired from the federal government due to the closure of Mather Air Force Base or McClellan Air Force Base without complying with those procedures if specified conditions regarding reuse and county procedures have been met, *or the board of supervisors makes a finding that the conditions were satisfied at the time the property was acquired from the federal government.*

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 7072 of the Government Code,
2 as added by Chapter 955 of the Statutes of 1996, is
3 amended to read:

4 7072. For purposes of this chapter, the following
5 definitions shall apply:

6 (a) “Agency” means the Trade and Commerce
7 Agency.

8 (b) “Date of original designation” means the earlier of
9 the following:

10 (1) The date the eligible area receives designation as
11 an enterprise zone by the agency pursuant to this
12 chapter.

13 (2) In the case of an enterprise zone deemed
14 designated pursuant to subdivision (e) of Section 7073,
15 the date the enterprise zone or program area received
16 original designation by the agency pursuant to Chapter
17 12.8 (commencing with Section 7070) or Chapter 12.9
18 (commencing with Section 7080), as those chapters read
19 prior to January 1, 1997.

20 (c) “Eligible area” means either of the following:

21 (1) An area designated as an enterprise zone pursuant
22 to Chapter 12.8 (commencing with Section 7070), as it
23 read prior to January 1, 1997, or as a targeted economic
24 development area, neighborhood development area, or
25 program area pursuant to Chapter 12.9 (commencing
26 with Section 7080), as it read prior to January 1, 1997.

27 (2) A geographic area that, based upon the
28 determination of the agency, fulfills at least one of the
29 following:

30 (A) The proposed geographic area meets the Urban
31 Development Action Grant criteria of the United States
32 Department of Housing and Urban Development.

33 (B) The area within the proposed zone has
34 experienced plant closures within the past two years
35 affecting more than 100 workers.

36 (C) The city or county has submitted material to the
37 agency for a finding that the proposed geographic area
38 meets criteria of economic distress related to those used



1 in determining eligibility under the Urban Development
2 Action Grant Program and is therefore an eligible area.

3 (D) The area within the proposed zone has a history
4 of gang-related activity, whether or not crimes of
5 violence have been committed.

6 (d) “Enterprise zone” means any area within a city,
7 county, or city and county that is designated as such by
8 the agency in accordance with the provisions of Section
9 7073.

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

12 (f) “High technology industries” include, but are not
13 limited to, the computer, biological engineering,
14 electronics, and telecommunications industries.

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

18 (h) “Targeted employment area” means an area
19 within a city, county, or city and county that is composed
20 solely of those census tracts designated by the United
21 States Department of Housing and Urban Development
22 as having at least 51 percent of its residents of low- or
23 moderate-income levels, using either the most recent
24 United States Department of Census data available at the
25 time of the original enterprise zone application or the
26 most recent census data available at the time the targeted
27 employment area is designated to determine that
28 eligibility. The purpose of a “targeted employment area”
29 is to encourage businesses in an enterprise zone to hire
30 eligible residents of certain geographic areas within a
31 city, county, or city and county. A targeted employment
32 area may be, but is not required to be, the same as all or
33 part of an enterprise zone. A targeted employment area’s
34 boundaries need not be contiguous. A targeted
35 employment area does not need to encompass each
36 eligible census tract within a city, county, or city and
37 county. The governing body of each city, county or city
38 and county that has jurisdiction of the enterprise zone
39 shall identify those census tracts whose residents are in
40 the most need of this employment targeting. Only those



1 census tracts within the jurisdiction of the city, county, or
2 city and county that has jurisdiction of the enterprise
3 zone may be included in a targeted employment area.

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

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

23 SEC. 2. Section 7072.5 is added to the Government
24 Code, to read:

25 7072.5. By April 1, 1998, a governing body that has
26 already designated a target employment area may
27 request, by a resolution of all cities or counties having
28 jurisdiction over the enterprise zone, to redesignate the
29 targeted employment area using more current census
30 data. A targeted employment area shall be comprised of
31 census tracts from only one decennial census.

32 SEC. 3. Section 7084 of the Government Code is
33 amended to read:

34 7084. (a) Whenever the state prepares an invitation
35 for bid for a contract for goods in excess of one hundred
36 thousand dollars (\$100,000), except a contract in which
37 the worksite is fixed by the provisions of the contract, the
38 state shall award a 5-percent preference to
39 California-based companies that certify under penalty of
40 perjury that no less than 50 percent of the labor required



1 to perform the contract shall be accomplished at a
2 worksite or worksites located in an enterprise zone.

3 (b) In evaluating proposals for contracts for services in
4 excess of one hundred thousand dollars (\$100,000), except
5 a contract in which the worksite is fixed by the provisions
6 of the contract, the state shall award a 5-percent
7 preference on the price submitted by California-based
8 companies that certify under penalty of perjury that not
9 less than 90 percent of the labor required to perform the
10 contract shall be accomplished at a worksite or worksites
11 located in an enterprise zone.

12 (c) Where a bidder complies with subdivision (a) or
13 (b), the state shall award a 1-percent preference for
14 bidders who shall agree to hire persons living within a
15 targeted employment area or are enterprise zone eligible
16 employees equal to 5 to 9 percent of its work force during
17 the period of contract performance; a 2-percent
18 preference for bidders who shall agree to hire persons
19 living within a targeted employment area or are
20 enterprise zone eligible employees equal to 10 to 14
21 percent of its work force during the period of contract
22 performance; a 3-percent preference for bidders who
23 shall agree to hire persons living within a targeted
24 employment area or are enterprise zone eligible
25 employees equal to 15 to 19 percent of its work force
26 during the period of contract performance; and a
27 4-percent preference for bidders who shall agree to hire
28 persons living within a targeted employment area or are
29 enterprise zone eligible employees equal to 20 or more
30 percent of its work force during the period of contract
31 performance.

32 (d) The maximum preference a bidder may be
33 awarded pursuant to this chapter and any other provision
34 of law shall be 15 percent. However, in no case shall the
35 maximum preference cost under this section exceed fifty
36 thousand dollars (\$50,000) for any bid, nor shall the
37 combined cost of preferences granted pursuant to this
38 section and any other provision of law exceed one
39 hundred thousand dollars (\$100,000). In those cases
40 where the 15-percent cumulated preference cost would



1 exceed the one hundred thousand dollar (\$100,000)
2 maximum preference cost limit, the one hundred
3 thousand dollar (\$100,000) maximum preference cost
4 limit shall apply.

5 (e) Notwithstanding any other provision of this
6 section, small business bidders qualified in accordance
7 with Section 14838 shall have precedence over nonsmall
8 business bidders in that the application of any bidder
9 preference for which nonsmall business bidders may be
10 eligible, including the preference contained in this
11 section, shall not result in the denial of the award to a
12 small business bidder. This subdivision shall apply to those
13 cases where the small business bidder is the lowest
14 responsible bidder, as well as to those cases where the
15 small business bidder is eligible for award as the result of
16 application of the 5-percent small business bidder
17 preference.

18 (f) All state contracts issued to bidders who are
19 awarded preferences under this section shall contain
20 conditions to ensure that the contractor performs the
21 contract at the location specified and meets any
22 commitment to employ persons with high risk of
23 unemployment.

24 (g) (1) A business that requests and is given the
25 preference provided for in subdivision (a) or (b) by
26 reason of having furnished a false certification, and that
27 by reason of this certification has been awarded a contract
28 to which it would not otherwise have been entitled, shall
29 be subject to all of the following:

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

33 (B) In addition to the amount specified in
34 subparagraph (A), be assessed a penalty in an amount of
35 not more than 10 percent of the amount of the contract
36 involved.

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



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

5 (h) In each instance in this section an enterprise zone
6 shall also mean any enterprise zone or program area
7 previously authorized under any other provision of state
8 law.

9 (i) As used in this section, "enterprise zone eligible
10 employees" means employees who meet any of the
11 requirements of clause (iv) of subparagraph (A) of
12 paragraph (4) of subdivision (b) of Section 17053.74, or
13 clause (iv) of subparagraph (A) of paragraph (4) of
14 subdivision (b) of Section 23622.5 of the Revenue and
15 Taxation Code.

16 SEC. 4. Section 7085 of the Government Code is
17 amended to read:

18 7085. (a) The agency shall submit a report to the
19 Legislature every five years beginning January 1, 1998,
20 that evaluates the effect of the program on employment,
21 investment, and incomes, and on state and local tax
22 revenues in designated enterprise zones. The report shall
23 include an agency review of the progress and
24 effectiveness of each enterprise zone. The Franchise Tax
25 Board shall make available to the agency and the
26 Legislature aggregate information on the dollar value of
27 enterprise zone tax credits that are claimed each year by
28 businesses.

29 (b) An enterprise zone governing body shall provide
30 information at the request of the agency as necessary for
31 the agency to prepare the report required pursuant to
32 subdivision (a).

33 SEC. 5. Section 7085.5 is added to the Government
34 Code, to read:

35 7085.5. The Franchise Tax Board shall annually make
36 available to the agency and the Legislature information,
37 by enterprise zone and by city or county, on the dollar
38 value of the enterprise zone tax credits that are claimed
39 each year by businesses and shall design and distribute



1 forms and instructions that will allow the following
2 information to be accessible:

3 (a) The number of jobs for which the hiring credits are
4 claimed.

5 (b) The number of new employees for which hiring
6 credits are claimed.

7 (c) The number of businesses claiming each individual
8 tax credit.

9 (d) The nature of the business claiming each
10 individual tax credit.

11 (e) The distribution of zone tax incentives among
12 industry groups.

13 (f) The distribution of zone tax incentives by the
14 annual receipts and asset value of the business claiming
15 each individual tax credit.

16 (g) Any other information that the Franchise Tax
17 Board and the agency deem to be important in
18 determining the cost to, and benefit derived by, the
19 taxpayers of the state.

20 SEC. 6. Section 15316 is added to the Government
21 Code, to read:

22 15316. (a) The Legislature hereby finds and declares
23 that economic development corporations are an integral
24 component of the state's job creation effort because they
25 are a critical link between the state's primary agency for
26 economic development, the Trade and Commerce
27 Agency, and the statewide business community,
28 providing excellent leverage of the state's resources.
29 Economic development corporations provide broad
30 public benefit to the residents of this state by helping to
31 alleviate unemployment, encouraging private
32 investment, and diversifying local economies.

33 (b) "Economic development corporations" mean
34 local and regional nonprofit organizations of public and
35 private cooperation whose activities further the
36 economic development of the communities they serve.
37 Economic development corporations engage in a wide
38 range of programs and strategies to attract, retain, and
39 expand business. These may include marketing the
40 community, small business lending, and other financial



1 services, a wide range of technical assistance to small
2 business, preparation of economic data, and business
3 advocacy.

4 SEC. 7. Section 25536.3 is added to the Government
5 Code, to read:

6 25536.3. (a) In addition to the authority provided in
7 Section 25536, the Sacramento County Board of
8 Supervisors, by a four-fifths vote of the board, may sell or
9 enter into a lease, concession, or managerial contract
10 involving a specified area of county property that the
11 county has acquired from the federal government due to
12 the closure of Mather Air Force Base or McClellan Air
13 Force Base without complying with this article if all of the
14 following conditions have been met, *or the board of*
15 *supervisors makes a finding in a noticed public hearing*
16 *that these conditions were satisfied at the time the*
17 *property was acquired from the federal government:*

18 (1) Reuse of the property is governed solely by the
19 county and no part of the property is included in a
20 redevelopment area.

21 (2) The county has prepared and adopted a general
22 plan or specific plan pursuant to Article 5 (commencing
23 with Section 65300) of Chapter 3 of Division 1 of Title 7,
24 adopted a zoning ordinance for the area, and the
25 proposed use is consistent with that general plan or
26 specific plan and the zoning ordinance.

27 (3) The airport land use commission has prepared and
28 adopted a comprehensive airport land use plan for the
29 area pursuant to Article 3.5 (commencing with Section
30 21670) of Part 1 of Division 9 of the Public Utilities Code
31 and the proposed use is consistent with that plan.

32 (4) The county has complied with Article 8
33 (commencing with Section 54220) of Chapter 5 of Part 1
34 of Division 2 of Title 5 and Section 65402 with regard to
35 the property, as provided by Section 25350.1.

36 ~~(5) The county may not make the determination~~
37 ~~specified in Section 25539.4.~~

38 ~~(6)~~

39 (5) Notice is given pursuant to Section 6062a and
40 posted in the office of the county clerk. The notice shall



1 specify the date that the board determines any of the
2 affected property will be subject to this section, and shall
3 describe the property proposed to be sold, leased, or
4 subject to a concession or managerial contract pursuant
5 to this section; the proposed terms; the location where
6 offers will be accepted and executed; and the telephone
7 number and address of the county officer responsible for
8 executing the sale, lease, concession, or managerial
9 contract.

10 (b) This section shall remain in effect only until
11 January 1, 2011, and as of that date is repealed, unless a
12 later enacted statute, that is enacted before January 1,
13 2011, deletes or extends that date.

14 SEC. 8. The Legislature hereby finds and declares
15 that a special statute is necessary and that a general
16 statute cannot be made applicable, within the meaning
17 of Section 16 of Article IV of the California Constitution,
18 because of unique circumstances applicable to
19 Sacramento County. Sacramento County has been
20 adversely affected by base closures and areas have been
21 identified within Mather Air Force Base and McClellan
22 Air Force Base where the board of supervisors needs to
23 sell, lease, and allow a concession or managerial contract
24 in a manner that allows for coordinated development of
25 the area. In order to respond to this need, a special statute
26 is needed and a general statute cannot be made
27 applicable.

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