

ASSEMBLY BILL

No. 2290

Introduced by Assembly Member Davis

February 24, 2000

An act to amend Section 15339.2 of, and to add Sections 15335.18 and 15339.8 to, the Government Code, relating to small business.

LEGISLATIVE COUNSEL'S DIGEST

AB 2290, as introduced, Davis. Small business funding.

(1) Existing law generally sets forth the duties of the Office of Small Business within the Trade and Commerce Agency in making available capital, management assistance, and other resources to small businesses within the state.

This bill would establish the California Small Business Investment Corporation within the office for the purpose of providing patience capital to any California small business enterprises engaging in, or intending to engage in, research and development that the office deems to be innovative and in the long-term interest of the economy of the state.

(2) The Business Incubation Program Act establishes the Business Incubation Program, pursuant to which grants may be awarded by the Office of Small Business to assist in the development of, and delivery of services to small businesses by, business incubators. A "business incubator" is defined for these purposes as an entity that facilitates the formation and growth of new small businesses to increase their probability of success through the provision or sharing of specified types of equipment, services, and facilities.

This bill would include specified types of activities and services within the definition of “business incubator” for purposes of the program. It would additionally require that programs and services provided through the program be flexible and responsive to the needs of small business, as specified.

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 15335.18 is added to the
2 Government Code, to read:

3 15335.18. (a) The California Small Business
4 Investment Corporation is hereby established within the
5 office for the purpose of providing patience capital to any
6 California small business enterprises engaging in, or
7 intending to engage in, research and development that
8 the office deems to be innovative and in the long-term
9 interest of the economy of the state.

10 (b) Funding necessary to implement this section shall
11 be provided through the annual Budget Act.

12 SEC. 2. Section 15339.2 of the Government Code is
13 amended to read:

14 15339.2. For purposes of this chapter, the following
15 definitions apply:

16 (a) “Incubator” means an entity that facilitates the
17 formation and growth of new small businesses to increase
18 their probability of success through the provision or
19 sharing of needed equipment, services, and facilities,
20 including at least five of the following:

- 21 (1) Reception and meeting areas.
- 22 (2) Secretarial services.
- 23 (3) Accounting and bookkeeping services.
- 24 (4) Research libraries.
- 25 (5) Onsite financial, management, and technical
26 counseling.
- 27 (6) Flexible lease arrangements for business sites or for
28 necessary equipment.
- 29 (7) Computer and word processing services.



1 (8) Office furniture rentals.

2 (9) Management and entrepreneurial training
3 programs that have an entry and exit policy.

4 (10) Provision or arrangement of debt or equity
5 financing.

6 (11) *Regional collaboration, as appropriate, among*
7 *facility-based incubators, virtual, e-commerce,*
8 *technology incubation systems, and existing economic*
9 *and business development programs, to meet the*
10 *ongoing demands to support development of micro and*
11 *small business enterprises for community electronic*
12 *development.*

13 (12) *A comprehensive entrepreneurial program of*
14 *services offered by one or more facility-based or virtual*
15 *incubation centers or business enterprise centers in*
16 *accordance with criteria established by the board of a*
17 *California business incubation industry collaborative.*
18 *System services shall comply with this section.*

19 (13) *Industry-driven, collaborative incorporated*
20 *networks of regional, public, private, or other*
21 *community-based organizational structures that jointly*
22 *define infrastructure priorities and deliver services across*
23 *program sectors to achieve economy of scale, and in*
24 *response to, or driven by, micro and small business*
25 *industry needs.*

26 (14) *Matching resources in any combination of public*
27 *or private resources, either cash or in-kind, derived from*
28 *sources other than funds appropriated in the annual*
29 *Budget Act, that are determined to be necessary for*
30 *success of the business incubation program.*

31 (b) "Office" means the Office of Small Business within
32 the Trade and Commerce Agency.

33 SEC. 3. Section 15339.8 is added to the Government
34 Code, to read:

35 15339.8. Programs and services provided pursuant to
36 this article shall be flexible and responsive to the needs of
37 small businesses identified through the regional planning
38 process described in this article. Services shall be
39 demand-driven, and delivery structures shall be in
40 accordance with best business practices,



1 performance-oriented, and cost-effective, and contribute
2 to regional and statewide economy growth and
3 competitiveness.

O

