

Assembly Committee on

JOBS, ECONOMIC DEVELOPMENT AND THE ECONOMY



2009-2010 SUMMARY OF LEGISLATION

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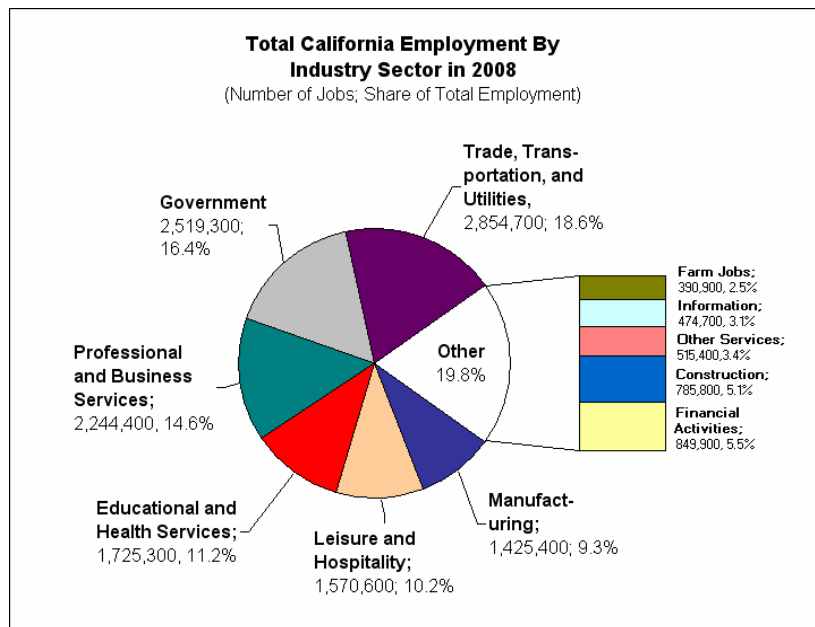
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Section I - The California Economy and Community Vitalization

California is the one of the largest and most diversified economies in the world with a gross domestic product (GDP) of over \$1.75 trillion in 2009. Worldwide, national GDPs in rank order were as follows: United States (\$14.3 trillion), Japan (\$5.10 trillion), China (\$4.90 trillion), Germany (\$3.35 trillion), France (\$2.65 trillion), United Kingdom (\$2.17 trillion), Italy (\$2.11 trillion), Brazil (\$1.57 trillion), Spain (\$1.46 trillion), Canada (\$1.34 trillion) and India (\$1.30 trillion), and the Russian Federation (\$1.23 trillion). If California was an independent nation, it would rank as the eighth largest economy in the world.

California is one of the largest and most diversified economies in the world. Historically, the state's significance in the global marketplace has resulted from a variety of factors, including its strategic west coast location, its economically diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology.

Economic growth in California has also historically outpaced the growth rate of the nation as a whole. In 2007, as an example, California's GDP growth rate was 33.9% as compared to the U.S. at



30.4%. Among other economic distinctions, the state leads the nation in export-related jobs, small business development, and business start-ups, in general.

The **chart to the left**, prepared by the California Employment Development Department, provides detail on California's largest industry sectors in 2008 including the total number of jobs and percentage to state employment.

Emerging Domestic Markets

As unprecedented numbers of baby boomers are preparing to retire from the market place, a second and also significant wave of new workers and entrepreneurs are emerging to take their places within the American economy.

This demographic trend is particularly important for policy makers as it not only reflects a generational shift in the U.S., but it also reflects a shift in the race and ethnicity of the working age population. The California Budget Project estimates that by 2020, nearly 60% of the working age population in California will be comprised of Latinos, African-Americans, and Asian-Americans.

As with many demographic trends, this transition did not start yesterday, but began decades ago becoming a measurable force most recently in the late 1990s when economic researchers at the Milken Institute began reporting on what they called "emerging domestic markets."

These emerging domestic markets, according to Milken, include people, places, or businesses with growth potential, but which have historically faced systemic capital constraints. These constraints are often due to a lack of performance information which limits the ability of financial institutions and traditional investors to model and/or assess the economic viability of these business opportunities.

The demographics of emerging domestic markets include ethnic- and women-owned firms, urban and rural communities, companies which serve low- to moderate-income populations, and other small- and medium-sized businesses. The driving forces behind growth in emerging domestic markets comes from several areas, including the expanding minority purchasing power, increased flexibility in the personal credit markets, and demographic shifts in the workforce.

In the U.S., minority purchasing power is expected to triple from \$1.3 trillion in 2000 to over \$4 trillion by 2045. This represents over 70% of the growth of total U.S. purchasing power during the same time period. Latino and African American purchasing power is already so significant in the U.S. that if it were compared to national GDPs it would be greater than all but nine economies in the world.

As the purchasing power of minority communities has expanded, new product markets have opened up. Traditional product lines have also, and will to continue to be, modified in order to connect with this new and growing minority market. This growing minority and ethnic-based market is being served by an increase in the number of minority-owned and women-owned businesses.

Research shows that the growth of minority-owned firms is surpassing the growth of all U.S. businesses, growing at a rate of 17% per year, which is six times the growth rate of all other firms. Sales from minority-owned firms are also outpacing revenues in general - growing 34% per year - more than twice the rate of all other firms. The U.S. Internal Revenue Service predicts that Latinos will one day own 1-in-10 businesses in the U.S.

However, even with these impressive growth numbers, minority and women- owned businesses face systemic capital constraints. Blacks and Latinos are turned down for loans at three times the rate of similarly situated white applicants. Their participation rates in private equity and venture capital, in particular, are low. As an example:

- Minority owners comprise 8% of all owner firms, with Hispanics owning close to 4%. However, minority-owned firms receive less than 2% of venture capital.
- Women own approximately 40% of all businesses in the U.S.; however, they receive less than five percent of all venture capital.
- Rural entrepreneurs account for 10% of all businesses but receive less than 2% of all venture capital.

With the current demographic shifts, minority workers will become, for the first time, the core of the working age population. As emerging central players in the state and national economy, issues relating to the potential success of minority-owned businesses must move from being a social equity consideration to a key economic consideration for the long-term success of the state. The California economy and, in the coming years the U.S. economy, cannot be maintained and grow unless these emerging domestic markets become mainstream.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session that relates to improving the state's economic development climate and increasing investments in emerging domestic markets.

AB 35 (Furutani) Education Workforce Preparation

This bill expands the scope of the functions and responsibilities of the California Postsecondary Education Commission (CPEC) to include the development of a strategic plan for the purpose of connecting education and workforce development programs in the state. **Status:** The bill was held in the Senate Committee on Rules, August 2010.

AB 165 (Carter) Microenterprises: Economic Development

This bill requires the California Workforce Investment Board (CWIB) to make recommendations and provide technical assistance on entrepreneurial training opportunities that could be made available through local workforce investment boards. The bill makes other related changes to the definition of microenterprise, as well as deletes requirements from the duties of the CWIB. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 177 (Ruskin) Penalties under the State Business Procurement and Contract Act.

This bill increases and conforms the penalties for persons who falsely engage in activities relating to the Small Business Procurement and the Contract Act, including small businesses, microbusinesses, and disabled veteran-owned business enterprises (DVBE). **Status:** The bill was signed by the Governor, Chapter 342, Statutes of 2010.

AB 184 (Block/V. Manuel Pérez) Small Business Loan Guarantee Program

This bill specifies that upon the reversion to the General Fund of a total of \$8.3 million, the prohibition on the use of state money in the California Small Business Expansion Fund and the reversion requirement shall become inoperative. **Status:** The bill was held on the Senate Floor, August 2009. The provisions of the bill, however, were included in SB 66, Chapter 367, Statutes of 2009.

AB 309 (Price) Public Contracts: Small Business Participation

This bill requires the establishment of a 25% small business participation goal for all state entities and directs the Department of General Services (DGS) to monitor each agency's progress in meeting this goal. It also requires that the Office of the Small Business Advocate receive the same progress report information as state entities and directs DGS and the Office of the Small Business Advocate to work collaboratively to assist state entities in meeting their participation goal. This goal is currently provided for in Executive Order (EO) D-37-01 and EO S-02-06. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

AB 507 (Arambula) Infrastructure and Economic Development Bank Act

This bill requires projects selected for funding under the Infrastructure State Revolving Fund Program to only be funded, if the project meets specified land use and economic development criteria and defines economic development to mean that a project would provide for some quantitative level of economic benefit including, but not limited to, the creation or retention of jobs, growth of the property tax base, or growth of the sales tax base. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 699 (Portantino) State Economic Development Strategy

This bill requires the State Economic Development Strategy (ED Strategy) to be updated and submitted to the Legislature by May 1, 2010. Specifically the bill enacts the Economic Recovery through Sustainable Development and Innovation Act, as well as modifies the content of the ED Strategy to include the role of innovation and expands the membership of the California Economic Strategy Panel. The bill also extends the term of the ED Strategy from every two years to every five years and includes an urgency clause. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 904 (V. Manuel Pérez) Local Authority for Manufacturing Incentives

This bill provides a tool to local municipalities to provide capital investment incentives to attract manufacturers of component parts for renewable energy generation to their regions. **Status:** The bill was signed by the Governor, Chapter 486, Statutes of 2009.

AB 926 (Ruskin) Loss Leader Notice Requirements

This bill requires certain advertising of state contracting opportunities to include a specified statement relating to an existing prohibition against the use of "loss leaders." Specifically, the bill requires every solicitation that appears in the California State Contracts Register, including informational technology equipment, to contain the following statement, "It is unlawful for any person engaged in business within this state to sell or use any article or product as a 'loss leader.'" **Status:** The bill was signed by the Governor, Chapter 490, Statutes of 2009.

AB 1009 (V. Manuel Pérez) Economic Recovery Bonds

This bill initially authorized the establishment of a direct loan program for the purpose of providing loans to qualified businesses. Final amendments were taken to strike the language in the bill and instead made changes in state law in order to best leverage the \$2.3 billion in new bond authority provided to states under the federal American Economic Recovery and Reinvestment Act. **Status:** The bill was signed by the Governor, Chapter 648, Statutes of 2009.

AB 1047 (V. Manuel Pérez) Local Government Assistance Program

This bill establishes a local assistance program within the California Infrastructure and Economic Development Bank to assist small and rural communities to obtain financing for infrastructure projects. Due to lack of resources, these communities have limited funding and staff. The program will assist these communities in developing strategic plans, writing grants, applying for public and private loans and guarantees, issuing bonds, and other activities directly related to obtaining funding for infrastructure programs. The bill also provides that the cost of administering a bond program include the cost of technical assistance and outreach, and creates the Technical Assistance Account

within the Infrastructure Bank. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 1106 (Fuentes) Clean Tech Small Business Loans and Guarantees

This bill authorizes the California Energy Commission to contract with small business financial development corporations to expend Alternative and Renewable Fuels and Vehicle Technology Program funds. **Status:** The bill was signed by the Governor, Chapter 356, Statutes of 2010.

AB 1378 (V. Manuel Pérez) Veteran Workforce Development

This bill implements the Veterans Workforce Accountability Act under the administration of the California Workforce Investment Board (CWIB) for the purposes of providing a method for the comprehensive outcome-oriented evaluation on the effectiveness of the state's expenditures for veteran workforce development programs. **Status:** The content of this bill was included in the 2010-11 Budget Act.

AB 1380 (Bass) I-Bank Board of Directors

This bill expands the membership of the board of directors of the California Infrastructure and Economic Development Bank from five to seven members. Of the two additional members, one each is appointed by the Speaker of the Assembly and the Senate Committee on Rules. The two new members serve as nonvoting members. **Status:** The bill was held in Senate Committee on Rules, August 2010.

AB 1420 (V. Manuel Pérez) Inventory of Innovation Infrastructure

This bill requests the California Council on Science and Technology (CCST) and the California Spaceport Authority (CSA) to seek funding to expand their assessment of the state's innovation infrastructure capacity including university research facilities, private research parks, manufacturers and incubators. Further, the bill authorizes the CCST and the CSA to collaborate with public and private colleges and universities, corporations with research capacity, economic development organizations, investment and finance professionals, and the California Community Colleges. **Status:** The bill was held in Senate Committee on Rules, August 2010.

AB 1491 (V. Manuel Pérez) California Registry of Corporate Board Candidates

This bill updates the requirements and content of the existing registry of potential candidates for corporate boards by specifying that the authority and duty to maintain the California Registry of Corporate Board Candidates was transferred from the Secretary of State to the California State University at Fullerton in January of 1999. **Status:** The bill was held under submission in Assembly Committee on Appropriations, May 2009.

AB 1554 (JEDE) G-TEDA Omnibus Bill

This bill would have made technical changes to the statutes related to the G-TEDA programs including but not limited to: 1) Revising the due date, by which the Department of Housing & Community Development (HCD) is required to submit a 5-year program assessment, to reflect only those years HCD administered the programs and excludes the years when the now defunct

Technology, Trade and Commerce Agency administered the programs; and 2) Eliminating an obsolete reference to an annual work plan. **Status:** The bill was held on the Senate Floor due to an agreement by all parties that no G-TEDA legislation would move forward in 2010.

****AB 1555 (V. Manuel Pérez and Felipe Fuentes) Match for Federal Broadband Funding**

As originally introduced, this bill served as a JEDE Committee omnibus bill, however the contents of the bill were deleted in the Senate and it was amended to meet the funding match requirements of the American Recovery and Reinvestment Act of 2009. As signed the bill authorizes the use of up to \$100 million in matching funds to local communities that apply for federal broadband funding pursuant to the federal American Recovery and Reinvestment Act of 2009. **Status:** The bill was signed by the Governor, Chapter 24, Statutes of 2009.

AB 1556 (JEDE) Community Development Omnibus

This bill requires the Department of Housing & Community Development (HCD) to approve local "financial intermediaries" that grantees which receive Community Development Block Grants funds for local revolving loan funds must use to administer the loan fund and must maintain a record of approved intermediaries. Includes a statement of intent that HCD is to establish a process for certifying financial intermediaries, as specified. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, January 2010.

AB 1557 (JEDE) Federal Funding: Economic Stimulus Bill

This bill provides that it is the intent of the Legislature that state government serves as a facilitator in assisting Californians to access federal stimulus funds approved in 2008 and 2009. Further, the bill expands existing disclosure requirements related to federal funding. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 1558 (JEDE) Reorganization of Economic and Workforce Development Programs

This bill proposes a more streamlined administrative structure for the state's economic and workforce development programs. **Status:** Held under submission in the Senate Committee on Appropriations, June 2010.

AB 1632 (Blumenfield) - Financing and Technical Assistance Funds for Small Businesses

This bill provides \$34 million in funds for small business finance and technical assistance, as well as leveraging the impact of \$174 million in federal funding. **Status:** The bill was signed by the Governor, Chapter 731, Statutes of 2010.

***AB 1830 (Jones) High Speed Rail: Manufacturers**

This bill establishes a 5 percent procurement preference for bids on rolling stock and related equipment that is built in California. **Status:** The bill was vetoed by the Governor, September 2010.

AB 1918 (Davis) Public Utilities: Procurement: Minority-, Women-, Disabled Veteran-Owned Business Enterprises

This bill would extend the minority, women-, and disabled veteran-owned business enterprises procurement requirements to wireless telecommunications service providers with gross annual revenues of more than \$25,000,000. **Status:** The bill was signed by the Governor, Chapter 456, Statutes of 2010.

AB 2249 (Ruskin) State Government: Small Business Certification

This bill requires the Department of General Services (DGS) to require a Disabled Veteran Business Enterprise (DVBE) to file a completed form 4506-T from the federal Internal Revenue Service, also known as a Request for Transcript of Tax Return, if DGS has received a complaint regarding the DVBE; or if the DVBE is being audited by DGS. **Status:** The bill was signed by the Governor, Chapter 383, Statutes of 2010.

AB 2287 (Bass) California Business Investment Service

This bill established the Governor's Office of Economic Development and set a statutory 25% annual procurement goal for state contracts with small businesses. **Status:** The bill was held in the Assembly Committee on Appropriations, May 2010.

AB 2437 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2010

This bill authorizes the establishment of the California Manufacturing Competitiveness Act of 2010 for the purpose of supporting the retooling and expansion of California's manufacturing facilities, support a vibrant logistics network and retain and create jobs. **Status:** The bill was vetoed by the Governor, September 2010.

AB 2446 (Furutani) CTE High School Graduation Option

This bill would allow career technical education (CTE) courses to count toward meeting state mandated graduation requirements. CTE courses could be taken as an option to foreign language or the visual and performing arts. California's ability to maintain a competitive edge in the global economy requires a public education system that is capable of producing a skilled and competent workforce. CTE courses enhance the connection between high school course work and its real-world applications. AB 2446 gives high school students access to good paying technical careers after graduation. **Status:** The bill was vetoed by the Governor, June 2010.

AB 2518 (V. Manuel Pérez) Economic Development: I-Bank: Local Assistance Program

This bill establishes a local assistance program within the California Infrastructure and Economic Development Bank to assist small and rural communities to obtain financing for infrastructure projects. Due to lack of resources, these communities have limited funding and staff. The program would assist these communities in developing strategic plans, writing grants, applying for public and private loans and guarantees, issuing bonds, and other activities directly related to obtaining funding for infrastructure programs. Provides that the cost of administering a bond program include the cost of technical assistance and outreach, and creates the Technical Assistance Account within the

Infrastructure Bank. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

AB 2581 (Bradford) Banking Development Districts

This bill creates the Banking Development District Program to encourage the establishment of banking branches in specific geographic locations where there is a demonstrated need for banking services. **Status:** The bill was vetoed by the Governor, September 2010.

AB 2734 (John Pérez) Restructuring of Delivery of State Economic Development Programs

This bill codifies the recommendations of the Little Hoover Commission to streamline the state's business development programs into a single office under the direct authority of the Governor's Office. In April 2010, the Governor issued an executive order to operationalize these recommendations. Legislation would codify the recommendations to ensure continuity should a new Governor not place the same emphasis on business development. **Status:** The bill was vetoed by the Governor, September 2010.

ABX3 82 (Blakeslee) Enterprise Zone Projects

The bill authorizes the Department of Community Housing and Development (HCD) to designate one special enterprise zone within the City of Fremont and until January 1, 2010 enables HCD to designate 10 additional special enterprise zones limited to one nonrenewable 15-year term. **Status:** This bill died when 3rd Extraordinary Session closed September 2009.

AB X3 85 (V. Manuel Pérez) Small Business Loan Guarantee Program

This bill reactivates the Small Business Loan Guarantee Program by repealing certain portions of the 2009-10 Budget Act. **Status:** This bill died when 3rd Extraordinary Session closed September 2009.

ACR 77 (Swanson) California Global Warming Solutions Act of 2006

This resolution calls on the California Air Resources Board to meet the statutory requirements of the California Global Warming Solutions Act of 2006 for the preparation of the best available economic analysis of the emission reduction measures proposed in the AB 32 Scoping Plan and related rulemaking, particularly by enumerating the projected employment impacts by industry sector, identification of the types of jobs that will be created and lost to the state, and the expected wage levels for these new jobs. **Status:** This resolution was chaptered by Secretary of State, Res. Chapter 109, Statutes of 2009.

SB 66 (Price with V. Manuel Pérez as co-author) Small Business Loan Guarantee Program

This bill reactivates the Small Business Loan Guarantee Program by repealing certain portions of the 2009-10 Budget Act. **Status:** The bill was signed by the Governor, Chapter 637, Statutes of 2009.

***SB 401 (Wolk/V. Manuel Pérez) Tax Conformity: Foreclosure/Short Sale, ARRA Cash Grants for Renewable Energy**

This bill brings several provisions within state tax law into conformity with federal rules. In particular, the bill provides tax relief to those who have gone through foreclosure or short sale on a primary residence. The bill changes state tax law so that forgiven mortgage debt is not treated as taxable income. Another provision in the bill supports green jobs in California by ensuring that renewable energy projects are not unduly taxed on federal ARRA-funded cash grants that are made in-lieu of renewable energy tax credits. This bill provides an exclusion from taxation for these specified grants, bringing California in conformity with federal law, and helping drive the immediate creation of large scale solar projects in our State. **Status:** The bill was signed by the Governor, Chapter 14, Statutes of 2010.

SB 584 (Huff) California Disabled Veteran Business Enterprise Program

This bill requires prime contractors who have stipulated that they would use a Disabled Veteran-Owned Business Enterprise (DVBE) as a subcontractor to certify at the conclusion of the contract that all previously represented payments to the DVBE have been made; to include identification of each DVBE subcontractors used; and allows for the replacement of one DVBE subcontractor for another DVBE subcontractor with appropriate departmental approvals. **Status:** This bill was signed by the Governor, Chapter 595, Statutes of 2009.

***SB 959 (Ducheny) Office of Permit Assistance**

This bill reestablishes the Office of Permit Assistance under the Governor's Office of Planning and Research to help facilitate state and local review of commercial and industrial development projects. **Status:** The bill was vetoed by the Governor, September 2010.

SB 974 (Steinberg) Career Pathways Credit and Enterprise Zones

This bill establishes a new Career Pathways Investment Credit, administered by the Superintendent of Public Instruction (SPI), to qualifying business entities that partner with local education agency (LEA) programs to develop and support career pathway programs, as specified. Funding for the credit is provided by eliminating a portion of an existing enterprise zone hiring credit. **Status:** This bill was held under submission in the Assembly Committee on Jobs, Economic Development and the Economy, June 2010.

SB 1084 (Lui) California Economic Security Act

This bill authorizes the establishment of the 13-member California Economic Security Task Force for the purpose of analyzing and developing a strategy to increase self sufficiency and reduce poverty in California by 50% by 2020 and the Task Force sunsets on July 1, 2012. **Status:** This bill was held under submission in the Assembly Committee on Jobs, Economic Development and the Economy, June 2010.

***SB 1155 (Dutton) Capital Access Companies**

This bill amends the Capital Access Company Law by changing the definition of a small business and adding a definition for a smaller business, exempting Capital Access Companies from the

Corporate Securities Law of 1968, exempting businesses from the Capital Access Company Law if they are approved as Small Business Investment Companies by the federal Small Business Administration, replacing existing law conflict of interest provisions with conflict of interest provisions utilized by the federal Small Business Administration for its licensees, and making related changes, as specified. **Status:** The bill was signed by the Governor, Chapter 516, Statutes of 2010.

SCR 53 (Corbett) Incentives to keep NUMMI Motors in Fremont, California

This resolution memorializes the Legislature's priority to take swift and decisive action to protect California workers and industries including doing everything in its power to keep the New United Motor Manufacturing Inc. (NUMMI) facility open. **Status:** This resolution was chaptered by the Secretary of State, Res. Chapter 30, Statutes of 2009.

SJR 29 (Wright) Aerospace Industry: C-17 Production

This resolution urges the President of the United States, the U.S. Congress, and the Department of Defense to take immediate and necessary actions to protect national security by ensuring the continuation of C-17 production to meet future domestic and international airlift needs and to preserve the crown jewel of the American industrial base. **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 138, Statutes of 2010.

Section II - Enterprise Zones and Other Geographically-Targeted Economic Development Areas

The California Enterprise Zone Program and the other geographically-targeted economic development areas (G-TEDAs) represent the state's primary economic development programs in California. Eligibility for G-TEDA designation is limited to areas within communities that can demonstrate blighted conditions such as high poverty or high unemployment rates.

The Department of Housing and Community Development administers four G-TEDA programs including: Enterprise Zones (EZs), Manufacturing Enhancement Areas (MEAs), Local Agency Military Base Realignment Areas (LAMBRAs), and the Targeted Tax Area (TTA).

The G-TEDA programs are based on the principle that targeting significant economic incentives to low-income communities allows these communities to more effectively compete for new businesses and retain existing businesses, resulting in increased tax revenues, less reliance on social services, and lower public safety costs. Residents and businesses directly benefit from these more sustainable economic conditions through improved neighborhoods, business expansion, and job creation.

The 42 EZs, eight LAMBRAs, two MEAs and one TTA are located in portions of 54 Assembly Districts and 34 Senate Districts. Each zone designation is for a period of 15 years, although the initial zones were given an additional five years due to the slow start-up of the program. No other extensions have been authorized.

G-TEDAs range in size from one square mile to over 70 square miles and in geographic locations ranging from Eureka and Shasta Valley near the Oregon border to San Diego and Calexico along the Mexican border. With the approval of the 2006 reforms (discussed later in this section), each designated area is governed by a comprehensive economic strategy that details local government commitments, benchmarks, and baselines.

Community Development Incentives

Under the G-TEDA programs, businesses and other entities located within targeted areas are eligible for a variety of local- and state-provided incentives. Examples of incentives commonly offered by local governments include subsidizing the cost of development, funding related infrastructure improvements, providing job training and technical assistance to local businesses, and/or establishing more streamlined processes for obtaining permits.

The state also offers a number of incentives, including tax credits, priority notification when selling state surplus lands, access to certain brownfield clean-up programs, and preferential treatment for state contracts.

Below is a chart comparing the state tax incentives offered to businesses located in a G-TEDA.

Comparison of State Tax Benefits by Targeted Area					
	Hiring Credit	Longer NOL ¹ Carry-Forward Period	Sales and Use Tax Credit	Accelerated Depreciation	Lender Interest Deduction
Enterprise Zone	X	X	X	X	X
Manufacturing Enhancement Zone	X				
Targeted Tax Area	X	X	X	X	
Local Agency Military Base Realignment Area	X	X	X	X	

Source: Legislative Analyst's Office

Below is a chart summarizing total G-TEDA credits claimed in the 2004 through 2007 tax years.

Comparison of Total G-TEDA Credits Claimed in 2004 to 2007 Tax Years				
	Number of Credits Claimed on Corporate Taxes	Value of Credits Claimed on Bank and Corporate Taxes (thousands)	Number of Credits Claimed on Personal Income Taxes	Value of Credits Claimed on Personal Income (thousands)
2004 Total G-TEDA Credits	3,256	\$218,726	5,054	\$130,401
2005 Total G-TEDA Credits	4,325	\$216,416	8,270	\$146,204
2006 Total G-TEDA Credits	4,851	\$230,751	9,973	\$154,926
2007 Total G-TEDA Credits	5,631	\$251,591	15,461	\$179,343

Source: Franchise Tax Board

The Franchise Tax Board (FTB) reported that in 2007 – the most current data available – \$481 million in G-TEDA credits and deductions were claimed through corporate and personal income tax returns. Additionally, FTB reports hundreds of millions in carryover credits have been earned by businesses located in G-TEDAs, but they have not been claimed. Below is a chart that displays the dollar amount of G-TEDA incentives claimed through each of the tax incentives.

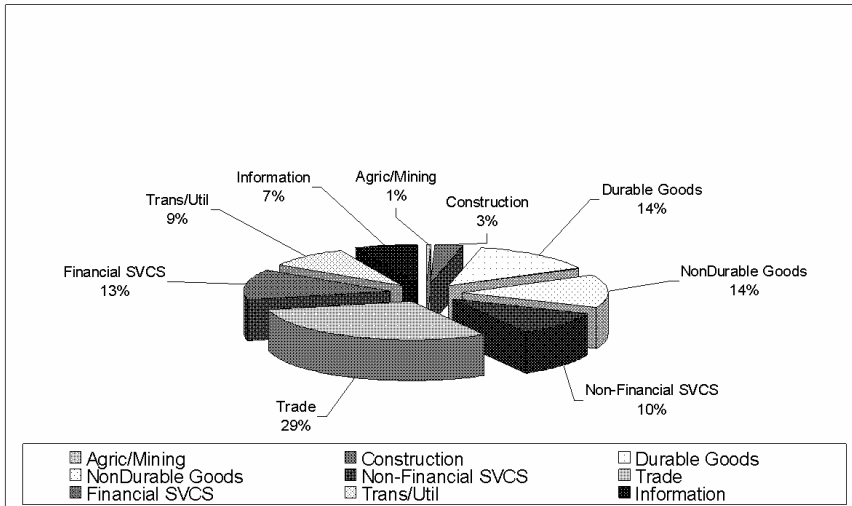
Claimed G-TEDA Incentives 2004 to 2007				
	2004	2005	2006	2007
Hiring and Sales Tax Credit	\$349,127	\$362,620	\$385,677	\$430,934
NOL Deductions	\$72,326	\$74,024	\$126,106	\$207,993
Tax Impact	\$5,171	\$5,966	\$11,351	\$15,807
Net Interest Deductions	\$432,867	\$490,129	\$517,310	\$520,372
Tax Impact	\$29,103	\$32,395	\$34,156	\$34,438
Business Expense Deductions	\$4,387	\$4,770	\$4,463	\$5,136
Tax Impact	\$222	\$200	\$188	\$197
Total Tax Impact	\$383,624	\$401,181	\$431,371	\$481,376

Data Provided by the Franchise Tax Board 11/9/09

¹ NOL= Net Operating Loss

Manufacturing related businesses claimed nearly 50% of all tax credits in 2006. Below is a chart prepared with Franchise Tax Board data on tax credits claimed in 2006.

Figure 5
Tax Credits by Industry in 2006
(Percentage)



Source: FTB.

Assessments of the California Enterprise Zone Program

Measurement of the performance of the enterprise zone program, and the other G-TEDA programs, has been central to the debate on whether to expand or limit it. Complicating the matter is that much of the discussion around the relative successes or failures of the G-TEDA programs and individual areas is anecdotal. The academic attempts to assess the state's G-TEDA programs have produced mixed results. Some of the variance among study findings can be attributed to the limited access to good data sets. Research generally requires the development of a set of assumptions in order to undertake the study. The assumptions made in the case of the G-TEDAs have, however, left most, if not all, of the methodological approaches open to debate. Moreover, the problems in assessing the G-TEDA programs have been further complicated by a lack of consensus on why the programs were established and the objectives being pursued.

Responding to the differing reports, HCD commissioned its own study in 2006, which looked at the impact of the program on neighborhood poverty, income, rents, and vacancy rates. The report showed that, on average, within enterprise zones between 1990 and 2000:

- Poverty rates declined 7.35% more than the rest of the state;
- Unemployment rates declined 1.2% more than the rest of the state;
- Household incomes increased 7.1% more than the rest of the state; and
- Wage and salary income increased 3.5% more than the rest of the state.

Since HCD's 2006 report, two additional reports have been released. One report also found favorable impacts of the enterprise zone program and another found the program lacking in its ability to stimulate jobs.

In November 2008 and later revised and re-released in March 2009, economists from the University of Southern California (USC) released a report with findings consistent to the HCD report. The USC study found that federal empowerment zone, federal enterprise communities, and state enterprise zones have "positive, statistically significant impacts on local labor markets in terms of the unemployment rate, the poverty rate, the fraction with wage and salary income, and employment."

The Public Policy Institute of California (PPIC) released its study of the enterprise zone program in June 2009, looking at whether the EZ program had been successful in creating more jobs than would have otherwise been established without the zone. The main finding of the report was that, "Enterprise zones have no statistically significant effect on either business creation or employment growth rates."

The PPIC report also noted that the effects of the program differed between zones, appearing to have a greater effect on job creation in zones with lesser amounts of manufacturing and those where the administrators spent greater amount of time on marketing and outreach activities. The report further stated that PPIC encouraged a more critical evaluation of the program overall and on individual zones using both employment and other metrics such as poverty, unemployment, and property values.

It is important to note, however, that while the USC and PPIC reports discussed above were released in 2008 and 2009, the business development data used to form the statistical analyses were from 2004 and earlier. This date is significant, as both HCD and the Legislature approved significant reforms to the program in 2006 (discussed below), thus drawing into question whether either of the studies accurately reflect the impact of the enterprise zone program today.

Oversight hearings drive reforms

While the G-TEDA programs have been around for decades, it was not until the winter of 2005 that the first comprehensive legislative oversight hearings were held. Following the hearings, publication of a final report and work group meetings lead by the Assembly Committee on Jobs, Economic Development and the Economy (JEDE), legislation was negotiated and approved on the Senate and Assembly floors on 40-0 and 77-0 votes [AB 1550 (Arambula and Karnette), Chapter 718, Statutes of 2006].

G-TEDA issues again came to the forefront of the Committee's agenda in 2009 and JEDE initiated a thorough examination of how the prior reforms were progressing and which additional areas were in need of improvement. During the course of its 2009 review, JEDE held three public hearings, met with a variety of stakeholder groups, and produced an expanded white paper that details the structure and activities of the G-TEDA program in California, as well as in other states. In addition to the authors of the USC and PPIC reports, hearing testimony was provided by economic development practitioners, researchers, nonprofits, local governments, labor, and business leaders.

At the first hearing, witnesses provided a general overview of the G-TEDA programs including presentations on the most recent program evaluation studies. The second hearing focused on how the G-TEDA programs help the state's innovation-based industries – especially those in the

manufacturing area. At the third hearing, presentations were arranged around three topics: workforce training, small business development, and models for measuring success.

A final report was issued by JEDE in January 2010 which included summaries of each of the hearings, a comparative review of how California's program compared to other state's enterprise zone programs, and a list of the 100 recommendations developed over the course of the hearings. The JEDE report made five key findings, including the need for more structure and accountability mechanisms within the tax incentives and the need to better link workforce development into the overall G-TEDA framework. The final report and other information on the G-TEDA programs are available on the Committee website.

In February of 2010, Speaker John A. Pérez asked JEDE Chairman V. Manuel Pérez to convene a working group to review the final report and develop a comprehensive set of reforms to the enterprise zone program. Members include representatives from Democratic and Republican policy and fiscal staff from both houses of the Legislature, labor organizations, business lobbyists, and local government representatives and associations. Key program revisions under discussion include:

- a) Increasing accountability of the program;
- b) Better targeting of tax incentives to low and moderate income households;
- c) Reforms to structure of the hiring credit; and
- d) Increased integration of the enterprise zone program with other state and local community development programs, including public programs that support workforce development and job placement.

While the work group met over an extended period, it was unable to reach consensus on several key issues. It is expected that in the 2011-12 legislative session, competing legislation will be introduced in this area.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to the G-TEDA programs.

AB 1139 (John Perez) Enterprise Zone Hiring Credits

This bill revises credit eligibility, calculation, redemption and reporting of the hiring credit, under the Personal Income Tax and the Corporate Tax, for businesses located in enterprise zones to become effective on January 1, 2010. **Status:** The bill was held under submission in the Assembly Committee on Jobs, Economic Development and the Economy, January 2010.

AB 1159 (V. Manuel Pérez) Clean Tech and Enterprise Zone

This bill establishes the California Cleantech Advantage Act of 2008. The bill provides a targeted incentive to strengthen California's competitive edge in the leading emerging clean technologies. Specifically, the bill: 1) makes several statements under findings and declarations with respect to the reduction of greenhouse gasses, global warming, renewable energy and the positive effect the

cleantech industry has had in the state; 2) allows for a tax credit to be taken against the taxable income for clean technology related expenditures for up to 4 years and 3) allows the tax credit for each taxable year from January 1, 2009 through January 1, 2016. **Status:** The bill was held under submission in the Assembly Committee on Revenue and Taxation, January 2010.

AB 1554 (JEDE) G-TEDA Omnibus Bill

This bill makes technical changes to the statute related to the Geographically Targeted Economic Development Areas, including grammatical corrections, revising the due date and requiring reporting only for the time the Department of Housing and Community Development administered the program, and eliminating an obsolete reference to an annual work plan. **Status:** The bill was held in the Senate Inactive File, August 2010.

AB 2044 (Caballero) Annual Cap on Enterprise Zone Credits

This bill places annual caps on certain enterprise zone related tax credits and increases the basis for calculating the hiring credit from 150% of minimum wage to 250%. **Status:** The bill was held under submission in Assembly Committee on Jobs, Economic Development and the Economy, April 2010.

AB 2476 (V. Manuel Pérez) Enterprise Zones and Targeted Employment Areas

This bill tightens the criteria for designating a targeted employment area (TEA) for the purposes of establishing one of thirteen worker eligibility criteria under the Enterprise Zone hiring tax credit requirements. The bill tightens criteria by increasing the percentage of low and moderate income residents from 51% to 61% and changing the unit of measurement from census tract to census block. Lastly, the bill requires TEAs designated prior to December 31, 2010 to use the new definition when they update the TEA boundaries to conform to the 2010 census data. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

ABX3 82 (Blakeslee) Enterprise Zone Projects

The bill authorizes the Department of Community Housing and Development (HCD) to designate one special enterprise zone within the City of Fremont and, until January 1, 2010, enables HCD to designate 10 additional special enterprise zones limited to one nonrenewable 15-year term. **Status:** This bill held at the Assembly Desk, September 2009.

SB 584 (Huff) California Disabled Veteran Business Enterprise Program

This bill requires prime contractors who have stipulated that they would use a Disabled Veteran-Owned Business Enterprise (DVBE) as a subcontractor to certify at the conclusion of the contract that all previously represented payments to the DVBE have been made; to include identification of each DVBE subcontractors used; and allows for the replacement of one DVBE subcontractor for another DVBE subcontractor with appropriate departmental approvals. **Status:** This bill was signed by the Governor, Chapter 595, Statutes of 2009.

SB 974 (Steinberg) Career Pathways Credit and Enterprise Zones

This bill establishes a new Career Pathways Investment Credit, administered by the Superintendent of Public Instruction (SPI), to qualifying business entities that partner with local education agency

(LEA) programs to develop and support career pathway programs, as specified. Funding for the credit is provided by eliminating a portion of an existing enterprise zone hiring credit. **Status:** The bill was held under submission in Assembly Committee on Jobs, Economic Development and the Economy, August 2010.

SCR 53 (Corbett) Incentives to keep NUMMI Motors in Fremont, California

This resolution memorializes the Legislature's priority to take swift and decisive action to protect California workers and industries, including doing everything in its power to keep the New United Motor Manufacturing Inc. (NUMMI) facility open. **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 30, Statutes of 2009.

Section III - California's Clean Technology Economy

Clean technology, or “cleantech,” is a relatively new and emerging industry cluster that encompasses a broad range of products and services, including alternative energy generation, wastewater treatment technologies, and production of environmentally friendly consumer products. Although some of these industries are very different, they all use new, innovative technologies, products, and services which have ancillary environmental benefits.

The growth of the cleantech industry is the result of two disparate factors converging to create a new market. First, recent advances in new technologies, research methods, manufacturing, and communications have lowered the cost of environmentally sensitive technologies. Second, an increasing number of consumers and businesses are looking for ways to reduce energy costs, increase clean water supply, and meet new environmental regulatory requirements at the local, state, national, and global levels. Governments, in turn, have adopted new regulatory frameworks to require greater use of recyclable materials, increased use of renewable energy, and lower air pollution and greenhouse gas (GHG) emissions.

Leading cleantech sectors include energy efficiency, transportation, and biofuels. Investments in smart grid technologies also grew from past years. Below is a chart illustrating the wide range of industries engaged in the cleantech industry cluster.

Examples of Cleantech Industries	
Agriculture	Bio-based materials; farm efficiency technologies; micro-irrigation systems; bio-remediation; and non-toxic cleaners and natural pesticides.
Air & Environment	Air purification products and air filtration systems; energy efficient HVAC; universal gas detectors; multi-pollutant controls; and fuel additives to increase efficiency and reduce toxic emissions.
Materials	Biodegradable materials derived from seed proteins; micro-fluidics technology for conducting biochemical reactions; nano-materials; composite materials; thermal regulating fibers and fabrics; environmentally-friendly solvents; nano-technology components for electronics, sensor applications and energy storage; electro-chromic glass; and thermoelectric materials.
Energy	<p><u>Energy Efficiency:</u> Energy management systems; systems that improve output of power generating plants; intelligent metering; solid state micro refrigeration; control technology for HVAC systems; and automated energy conservation networks.</p> <p><u>Energy Generation:</u> Distributed and renewable energy and conversion, including wind, solar/photovoltaic (PV), hydro/marine, biofuels, fuel cells, gasification technologies for biomass, and flywheel power systems.</p> <p><u>Energy Infrastructure:</u> Wireless networks to utilities for advanced metering; power quality monitoring and outage management; integrated electronic systems for the management of distributed power; and demand response and energy management software.</p> <p><u>Energy Storage:</u> Batteries, e.g. thin film and rechargeable; power quality regulation; flywheels; and electro-textiles.</p>
Manufacturing and Industrial	Advanced packaging; natural chemistry; sensors; smart construction materials; business process and data flow mapping tools; precision manufacturing instruments & fault detectors; and chemical management services.
Recycling & Waste	Recycling technologies; waste treatment; internet marketplace for materials; hazardous waste remediation; and bio-mimetic technology for advance metals separation and extraction.
Transportation	Hybrid vehicle technology; lighter materials for cars; smart logistics software; car-sharing; and temperature pressure sensors to improve transportation fuel efficiency; telecommuting.
Water & Wastewater	Water recycling and ultra-filtration systems (e.g. UV membrane & ion exchange systems); sensors and automation systems; and water utility sub-metering technology; desalination

While investor interest in cleantech sectors has increased significantly since 2005, the global recession has had an impact on new investments. For the first three quarters of 2010, cleantech investments were ahead of 2009 for the same period in the previous year ((\$5.73 billion vs. \$5.69 billion), however, overall investments were down by 30% compared to the previous quarter (\$2.18 billion) and were 11% lower than the same period a year ago (\$1.71 billion).

The Impact of Regulation on Cleantech Markets

As noted above, a significant driver of the cleantech market is the regulatory changes related to climate change. In 2004, every industrialized nation in the world outside of the U.S. and Australia signed onto the Kyoto Protocol. Implementation of the Kyoto greenhouse gas emission reductions and growing concerns over "peak oil" and energy independence sent a growing market signal for the need for cleaner and more energy efficient operating processes, equipment, and business models.

In June 2005, the Governor issued an Executive Order for California to reduce its GHG emissions to 1990 levels by 2020 and to achieve an 80% reduction of 1990 levels by 2050. In order to implement his objective, the Governor included \$2 billion in air quality improvements in the state Strategic Growth Plan.

The following year, the Legislature moved the GHG discussion to a statutory mandate level, when the Governor signed AB 32 (Nuñez), Chapter 488, Statutes of 2006, which provided a framework for implementing a comprehensive climate action plan.

In December 2008, the Air Resources Board submitted its Scoping Plan, which laid out future state actions that would be taken to implement the state's targeted GHG reductions. Strong opposition to the plan was expressed by a variety of stakeholder groups, including labor, business, and environmental justice groups.

Opposition by these groups was supported by two separately researched reports – one prepared by the Center for Labor Research and Education at the University of California at Berkeley (CLRE) and another prepared by the Legislative Analyst's Office (LAO). Both reports criticized and challenged the macroeconomic modeling used in the Scoping Plan. The LAO's assessment also found, and the Board later confirmed, that the Scoping Plan was not developed with forethought to its economic implementations to businesses and workers, but rather reduction measures were selected first and the economic analysis was developed after. The CLRE report stated that implementation of the Scoping Plan could lead to the elimination of high wage jobs with benefits and retirement in exchange for traditionally lower wage jobs without benefits in the service sector.

In 2009, the Committee heard and unanimously passed ACR 77 [Resolution Chapter 138, Statutes of 2009], which called on the Air Resources Board to undertake further analysis of the impacts on the Scoping Plan, particularly in the area of potential impact on workforce and the economy.

Although the Air Resources Board did go back and rework some of its macroeconomic modeling, fundamentally, the proposed projects in the Scoping Plan did not change. The Scoping Plan is currently being challenged in court based on its economic and public health impacts. In addition, Proposition 23 was placed on the November 2010 ballot. Had Proposition 23 passed, it would have

limited the implementation of AB 32 in any year that the statewide unemployment rate is higher than 5.5%.

Cleantech Market Becoming More Competitive

In general, California is well positioned to take advantage of the new cleantech market, based on the following factors:

- Thriving technology base;
- Existing entrepreneurial and management talent;
- Access to a full range of capital; and
- Historically progressive environmental laws.

At the same time, though, other states and even foreign countries are also vying for domination of this emerging industry. Connecticut, Massachusetts, Texas, New Mexico, New York, New Jersey, Florida, and Pennsylvania all have proactive cleantech economic policies. Europe and Asia are also successfully building cleantech clusters. Germany and China have already usurped California's once leading position in solar and wind energy through targeted policies and initiatives.

Identifying California's Cleantech Advantage

A March 2008 study by the California Economic Strategy Panel found that the California cleantech industry is primarily engaged in energy generation and energy efficiency, with solar comprising 64% of establishments and 53% of employment. Further, the study found that the manufacturing industry comprised 15% of the establishments and 41% of employment in California cleantech.

Similar to the manufacturing and logistics supply chain, California's cleantech economy is diverse, having multiple points of engagement along the value chain. Business opportunities exist in research and development, commercialization, manufacturing, distribution, and installation and maintenance. Each of these stages requires financing and a skilled workforce.

Currently, the major economic hubs in cleantech are in Southern California and the Bay Area, with green buildings more concentrated in the Bay Area and energy storage and efficiency concentrated in Southern California. The Southern Border Region has a higher regional concentration in the area of water conservation. Wastewater and environmental consulting is more concentrated in the greater Sacramento Region.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session intended to advance California's emerging cleantech economy.

AB 1009 (V. Manuel Pérez) Economic Recovery Bonds

This bill initially authorized the establishment of a direct loan program for the purpose of providing loans to qualified businesses. Final amendments were taken to strike the language in the bill, and

instead, made changes in state law in order to best leverage the \$2.3 billion in new bond authority provided to states under the federal American Economic Recovery and Reinvestment Act. **Status:** The bill was signed by the Governor, Chapter 648, Statutes of 2009.

AB 1420 (V. Manuel Pérez) Inventory of Innovation Infrastructure

This bill requests the California Council on Science and Technology (CCST) and the California Spaceport Authority (CSA) to seek funding to expand their assessment of the state's innovation infrastructure capacity including university research facilities, private research parks, manufacturers and incubators. Further, the bill authorizes the CCST and the CSA to collaborate with public and private colleges and universities, corporations with research capacity, economic development organizations, investment and finance professionals, and the California Community Colleges. **Status:** The bill was held in the Senate Committee on Rules, June 2010.

AB 2437 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2010

This bill authorizes the establishment of the California Manufacturing Competitiveness Act of 2010 for the purpose of retooling and expansion of California's manufacturing facilities, supporting a vibrant logistics network, and retaining and creating jobs. **Status:** The bill was vetoed by the Governor, September 2010.

AB 2443 (V. Manuel Pérez) International Trade Program and Sister State Relationship

This bill requires the State Point of Contact to provide the Legislature with copies of any official position taken or comments to the U.S. Trade Representative relating to a pending trade agreement and authorizes the establishment of Sister State relationship for the purpose of promoting economic growth and trade and investment opportunities. **Status:** The bill was vetoed by the Governor, September 2010.

ACR 77 (Swanson) California Global Warming Solutions Act of 2006

This resolution calls on the California Air Resources Board to meet the statutory requirements of the California Global Warming Solutions Act of 2006 for the preparation of the best available economic analysis of the emission reduction measures proposed in the AB 32 Scoping Plan and related rulemaking, particularly by enumerating the projected employment impacts by industry sector, identification of the types of jobs that will be created and lost to the state, and the expected wage levels for these new jobs. **Status:** This resolution was chaptered by the Secretary of State, Res. Chapter 109, Statutes of 2009.

Section IV - California Manufacturing and Logistical Systems

Manufacturing is one of the top five private industry sectors, responsible for employing 1.4 million workers (9.3%) and contributing \$179 billion to the state's \$1.75 trillion GDP. A robust manufacturing sector has many benefits, including high wage jobs and a significant multiplier effect on other industries and businesses. As an example, the Milken Institute estimates that every job created in manufacturing supports 2.5 jobs in other sectors. In some industry sectors, such as electronic computer manufacturing, the multiplier effect is 16 to one.

Manufacturing is California's most export-intensive activity. Overall, manufacturing exports represent 9.4% (\$144.8 billion in goods) of California's GDP, and computers and electronic products constitute 29.3% of the state's total manufacturing exports. More than one-fifth (21.9%) of all manufacturing workers in California directly depend on exports for their jobs.

Manufacturing in California, however, even prior to the current economic recession, faced many challenges maintaining global and domestic competitiveness, including providing a skilled workforce to support the changing needs of manufacturing and goods movement, and maintaining cost-effective productivity in the face of lower safety and wage standards in emerging foreign markets.

Globalization has given rise to economic clusters in other areas of the U.S. and the world, which directly compete with California businesses. Many states have established targeted economic incentives to attract manufacturing facilities, including Michigan, Tennessee, Mississippi, Arizona and Missouri. The effect of these types of programs on California's economy is that while the state's economy has continued to grow, there has been a shift in the types of jobs and average wages paid.



High wage jobs with benefits, as those available in the manufacturing sector, are being replaced by lower wage jobs without benefits in the service sectors.

The California Manufacturers and Technology Association estimates that California lost 596,000 manufacturing jobs from its peak in January 2001 to December 2009. While part of this reduction reflects the loss of high-tech jobs in 2001 and 2002 and the current recession, the industry as a whole is suffering.

The **chart above** provides an illustration of the change in job growth (2001-2008) between certain industry sectors and the relevance of those shifts to worker wage rates.

While officially California has emerged from the recession, unemployment is expected to remain above double digits throughout 2010 and 2011. Jobs will recover to their pre-recession peak in the first half of 2013; however unemployment rates are likely to remain above 8% through much of 2014.

In the past year, manufacturing, construction, and retail experienced the greatest decline, with each of these sectors shedding over 100,000 jobs across the state. Forecasters at the University of the Pacific Business Forecasting Center state that job growth during the initial part of 2010 will be concentrated in health care, temporary agencies, and professional services. An additional 11,000 manufacturing jobs are expected to be lost in 2010. Hiring in retail and manufacturing should increase in late 2010 and 2011.

Without specific state intervention, California will continue to lose manufacturing jobs and the state moves forward out of the recession.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to manufacturing and logistical systems.

AB 904 (V. Manuel Pérez) Local Authority for Manufacturing Incentives

This bill provides a tool to local municipalities to provide capital investment incentives to attract manufacturers of component parts for renewable energy generation to their regions. **Status:** The bill was signed by the Governor, Chapter 486, Statutes of 2009.

AB 1009 (V. Manuel Pérez) Economic Recovery Bonds

This bill initially authorized the establishment of a direct loan program for the purpose of providing loans to qualified businesses. Final amendments were taken to strike the language in the bill, and instead, made changes in state law in order to best leverage the \$2.3 billion in new bond authority provided to states under the federal American Economic Recovery and Reinvestment Act. **Status:** The bill was signed by the Governor, Chapter 648, Statutes of 2009.

AB 1106 (Fuentes) Clean Tech Small Business Loans and Guarantees

This bill authorizes the California Energy Commission to contract with small business financial development corporations to expend Alternative and Renewable Fuels and Vehicle Technology Program funds. **Status:** The bill was signed by the Governor, Chapter 356, Statutes of 2010.

AB 1420 (V. Manuel Pérez) Inventory of Innovation Infrastructure

This bill requests the California Council on Science and Technology (CCST) and the California Spaceport Authority (CSA) to seek funding to expand their assessment of the state's innovation infrastructure capacity including university research facilities, private research parks, manufacturers and incubators. Further, the bill authorizes the CCST and the CSA to collaborate with public and private colleges and universities, corporations with research capacity, economic development organizations, investment and finance professionals, and the California Community Colleges. **Status:** The bill was held in the Senate Committee on Rules, August 2010.

AB 1830 (Jones) High Speed Rail: Manufacturers

This bill establishes a 5% procurement preference for bids on rolling stock and related equipment that is built in California. **Status:** This bill was vetoed by the Governor, September 2010.

AB 2437 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2010

This bill authorizes the establishment of the California Manufacturing Competitiveness Act of 2010 for the purpose of retooling and expanding California's manufacturing facilities, supporting a vibrant logistics network, and retaining and creating jobs. **Status:** The bill was vetoed by the Governor, September 2010.

SB 959 (Ducheny) Office of Permit Assistance

This bill reestablishes the Office of Permit Assistance under the Governor's Office of Planning and Research to help facilitate state and local review of commercial and industrial development projects. **Status:** The bill was vetoed by the Governor, September 2010.

SCR 53 (Corbett) Incentives for NUMMI Motors in Fremont, California

The purpose of this resolution is to formally recognize the Legislature's intent to take action to protect California workers and industries by retaining the last auto manufacturing plant in California, the New United Motor Manufacturing Inc. (NUMMI) facility. **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 30, Statutes of 2009 .

SJR 29 (Wright) Aerospace Industry: C-17 Production

This measure urges the President of the United States, the U.S. Congress, and the Department of Defense to take immediate and necessary actions to protect national security by ensuring the continuation of C-17 production to meet future domestic and international airlift needs and to preserve the crown jewel of the American industrial base. **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 138, Statutes of 2010.

Section V- Small Business Development and Operations

California's dominance in many economic areas is based, in large part, on the significant role small businesses play in the state's \$1.8 trillion economy. Businesses with fewer than 100 employees comprise more than 98% of all businesses and are responsible for employing more than 37 % of all workers in the state.

Small businesses function as economic engines within their regions, especially in challenging economic times. During the nation's economic downturn from 1999 to 2003, microenterprises (businesses with fewer than five employees) created 318,183 new jobs representing 77% of all employment growth, while larger businesses with more than 50 employees lost over 444,000 jobs. From 2000 to 2001, microenterprises created 62,731 jobs in the state, accounting for nearly 64% of all new employment growth. Common types of microenterprises include engineering, computer system design, housekeeping, construction, landscaping, and personnel services.

Small- and medium-sized businesses are also an important part of California's export economy. Of the almost 52,428 companies that exported goods from California in 2006, 95% were small- and medium-sized enterprises (SME) with fewer than 500 employees. These SMEs generated nearly half (44%) of California's exports in 2006. Nationally, SMEs represented only 29% of total exports. These numbers include the export of goods only, not services.

According to the U.S. Department of Commerce, evidence shows that exporter SMEs could sharply increase their exports by adding new markets. Nearly three-fifths (59%) of SME exporters posted sales in only one country in 2004. For large firms, more than half (53%) exported to five or more foreign markets during the same period. SMEs in California are crucial to the state's international competitiveness and an important means for dispersing the positive economic impacts of trade within the California economy.

Despite the important role played by small businesses in the California economy, unfortunately their needs have often been overlooked in the development of statewide policies and programs. This has most recently been a challenge during the state policy debates on health care, tax policy, and workforce development.

However, it is important to note that some state agencies, such as the California Workforce Investment Board (CWIB), have begun to raise the importance of this issue. The CWIB stated in its biennial strategic plan that while small businesses are critical to all areas of the state, they play a particularly key role in rural areas where there are a limited number of large employers. The CWIB plan further noted that small businesses have difficulty learning about and accessing public workforce development systems, and therefore it is important to give specific attention to their needs.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to small business and microenterprise. Small business procurement legislation is separately listed in the following section, "Disabled Veteran Business Enterprises (DVBE) and Small Business Procurement."

AB 31 (Price) Public Contracts: Small Business Procurement and Contract Act

This bill increases the maximum contract threshold amount for awards to small business (SME), including microbusiness, and disabled veteran-owned business enterprise (DVBE) under the state's streamlined procurement process, from \$100,000 to \$250,000, as specified. The bill also requires contractors to report the contract amount allocated to SMEs and DVBEs with which they made contract commitments. **Status:** Signed by the Governor, Chapter 212, Statutes of 2009.

AB 165 (Carter) Microenterprises: Economic Development

This bill requires the California Workforce Investment Board (CWIB) to make recommendations and provide technical assistance on entrepreneurial training opportunities that could be made available through local workforce investment boards. The bill makes other related changes to the definition of microenterprise, as well as deleting requirements from the duties of the CWIB. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 177 (Ruskin/V. Manuel Pérez) Enforcement of Small Business Act

This bill increases and conforms penalties for persons who falsely engage in activities relating to the Small Business Procurement and Contract Act, including small businesses, microbusinesses, and disabled veteran-owned business enterprises. **Status:** The bill was signed by the Governor, Chapter 342, Statutes of 2010.

AB 184 (Block/V. Manuel Pérez) Small Business Loan Guarantee Program

This bill reactivates the Small Business Loan Guarantee Program by repealing certain portions of the 2009-10 Budget Act. **Status:** The language in the bill was inserted into SB 66 (Price), which was signed by the Governor, Chapter 637, Statutes of 2009.

AB 309 (Price) Public Contracts: Small Business Participation

This bill requires the establishment of a 25% small business participation goal for all state entities and directs the Department of General Services (DGS) to monitor each agency's progress in meeting this goal. It also requires that the Office of the Small Business Advocate receive the same progress report information as state entities and directs DGS and the Office of the Small Business Advocate to work collaboratively to assist state entities in meeting their goal. This goal is currently provided for in Executive Order (EO) D-37-01 and EO S-02-06. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

AB 507 (Arambula) Infrastructure and Economic Development Bank Act

This bill requires projects selected for funding under the Infrastructure State Revolving Fund Program to only be funded if the project meets specified land use and economic development criteria and defines economic development to mean that a project would provide for some quantitative level of economic benefit including, but not limited to, the creation or retention of jobs, growth of the property tax base or growth of the sales tax base. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 699 (Portantino) State Economic Development Strategy

This bill requires the State Economic Development Strategy (ED Strategy) to be updated and submitted to the Legislature by May 1, 2010. Specifically, the bill enacts the Economic Recovery through Sustainable Development and Innovation Act, as well as modifies the content of the ED Strategy to include the role of innovation and expands the membership of the California Economic Strategy Panel. The bill also extends the term of the ED Strategy from every two years to every five years and includes an urgency clause. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 904 (V. Manuel Pérez) Local Authority for Manufacturing Incentives

This bill provides a tool to local municipalities to provide capital investment incentives to attract manufacturers of component parts for renewable energy generation to their regions. **Status:** The bill was signed by the Governor, Chapter 486, Statutes of 2009.

AB 926 (Ruskin) Loss Leader Notice Requirements

This bill requires certain advertising of state contracting opportunities to include a specified statement relating to an existing prohibition against the use of "loss leaders." Specifically, the bill requires every solicitation that appears in the California State Contracts Register, including informational technology equipment, to contain the following statement, "It is unlawful for any person engaged in business within this state to sell or use any article or product as a 'loss leader.'" **Status:** The bill was signed by the Governor, Chapter 490, Statutes of 2009.

AB 1009 (V. Manuel Pérez) Small Business Gap Financing

This bill authorizes the establishment of a direct loan program for the purpose of providing loans to qualified businesses. This bill was later amended to modify statute related to the California Debt Limit Allocation Committee and California Industrial Development Financing Advisory Commission to allow these entities to allocate, issue, and collect data on the new types of bonds authorized under the American Recovery and Reinvestment Act of 2009 (ARRA). **Status:** The bill was signed by the Governor, Chapter 649, Statutes of 2009.

AB 1047 (V. Manuel Pérez) Local Government Assistance Program

This bill establishes a local assistance program within the California Infrastructure and Economic Development Bank to assist small and rural communities to obtain financing for infrastructure projects. Due to lack of resources, these communities have limited funding and staff. The program will assist these communities in developing strategic plans, writing grants, applying for public and private loans and guarantees, issuing bonds, and other activities directly related to obtaining funding for infrastructure programs. The bill also provides that the cost of administering a bond program include the cost of technical assistance and outreach, and creates the Technical Assistance Account within the Infrastructure Bank. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 1106 (Fuentes) Clean Tech Small Business Loans and Guarantees:

This bill authorizes the California Energy Commission to contract with small business financial development corporations to expend Alternative and Renewable Fuels and Vehicle Technology Program funds. **Status:** The bill was signed by the Governor, Chapter 356, Statutes of 2010.

****AB 1555 (V. Manuel Pérez /Felipe Fuentes) Match for Federal Broadband Funding**

As originally introduced, this bill served as a JEDE Committee omnibus bill, however the contents of the bill were deleted in the Senate and it was amended to meet the funding match requirements of the American Recovery and Reinvestment Act of 2009. As signed the bill authorizes the use of up to \$100 million in matching funds to local communities that apply for federal broadband funding pursuant to the federal American Recovery and Reinvestment Act of 2009. **Status:** The bill was signed by the Governor, Chapter 24, Statutes of 2009.

AB 1557 (JEDE) Federal Funding: Economic Stimulus Bill

This bill states that it is the intent of the Legislature that state government serves as a facilitator in assisting Californians to access federal stimulus funds approved in 2008 and 2009. Further, the bill expands existing disclosure requirements related to federal funding. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

****AB 1558 (JEDE) Reorganization of Economic and Workforce Development Programs**

This bill proposes a more streamlined administrative structure for the state's economic and workforce development programs. **Status:** Held under submission in the Senate Committee on Appropriations, June 2010.

AB 1632 (Blumenfield) Financing and Technical Assistance Funds for Small Businesses

This bill provides \$34 million in funds for small business finance and technical assistance, as well as leveraging the impact of \$174 million in federal funding. **Status:** The bill was signed by the Governor, Chapter 731, Statutes of 2010.

AB 1918 (Davis) Public Utilities: Procurement: Minority-, Women-, Disabled Veteran-Owned Business Enterprises

This bill would extend the minority, women-, and disabled veteran-owned business enterprises procurement requirements to wireless telecommunications service providers with gross annual revenues of more than \$25,000,000. **Status:** The bill was signed by the Governor, Chapter 456, Statutes of 2010.

AB 2196 (Smyth) Small Business Advocate: Report on Costly Regulations

This bill requires the Office of the Small Business Advocate (OSBA) to commission a study, to be submitted no later than October 1, 2011, that would identify the ten costliest regulations on small businesses, as specified. The bill also requires the OSBA to convene a small business advisory committee, composed of a cross section of representatives from the small business community.

Status: The bill was held under submission in the Assembly Committee on Jobs, Economic Development and the Economy, April 2010.

AB 2249 (Ruskin) State Government: Small Business Certification

This bill requires the Department of General Services (DGS) to require a Disabled Veteran Business Enterprise (DVBE) to file a completed form 4506-T from the federal Internal Revenue Service, also known as a Request for Transcript of Tax Return, if DGS has received a complaint regarding the DVBE; or if the DVBE is being audited by DGS. **Status:** The bill was signed by the Governor, Chapter 383, Statutes of 2010.

***AB 2581 (Bradford) Banking Development Districts:**

This bill creates the Banking Development District Program to encourage the establishment of banking branches in specific geographic locations where there is a demonstrated need for banking services. **Status:** The bill was vetoed by the Governor, October 2010.

AB 2627 (Nielsen) Disabled Veterans Business Enterprises (DVBE) and Business Utilization Plans (BUP)

This bill re-codifies in the Public Contract Code disabled veterans business enterprise (DVBE) provisions of ownership, percent disabled, and provision of income taxes; adds Disabled Veteran Business Enterprise Services to the title of the Office of Small Business; allows a vendor with state contracts to meet DVBE goals with dollars from other than state contracts; and allows both direct and indirect costs to be contributed to the goal. **Status:** The bill was held under submission in the Senate Committee on Appropriations, August 2010.

AB 2692 (Tran/V. Manuel Pérez) Small Business Regulatory Reform Commission

This bill establishes the seven member Small Business Regulatory Reform Commission for the purpose of recommending regulatory reforms that encourage the development and expansion of small businesses. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

AB 2714 (V. Manuel Pérez) Small Business Advocate

This bill transfers the Office of the Small Business Advocate from the Governor's Office of Planning and Research to the Business Transportation and Housing Agency. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB X3 85 (V. Manuel Pérez) Small Business Gap Financing

This bill authorizes the establishment of a direct loan program for the purpose of providing loans to qualified businesses. This bill was later amended to modify statute related to the California Debt Limit Allocation Committee and California Industrial Development Financing Advisory Commission to allow these entities to allocate, issue, and collect data on the new types of bonds authorized under the American Recovery and Reinvestment Act of 2009. **Status:** The bill was held on the Senate Floor when the 3rd Extraordinary Session closed in September 2009. The language in the bill,

however, was amended into SB 66 (Price), which was signed by the Governor, Chapter 367, Statutes of 2009.

ACR 101 (Furutani) Small Business Month

This resolution recognizes the contributions of small businesses to California's economy and encourages the patronage of small businesses by declaring the month of May 2010 "Buy California Small Business First Month." **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 36, Statutes of 2010.

SB 66 (Price) Small Business Loan Guarantee Program

This bill repeals provisions in the Corporations Code that were approved in the 2009-10 General Government trailer bill that restrict the Small Business Loan Guarantee Program (SBLGP) at the Business, Transportation and Housing Agency from making any future loan guarantees. Additionally, these amendments repeal provisions that revert all funds from the SBLGP that are not needed to guarantee existing loans to the General Fund. **Status:** The bill was signed by the Governor, Chapter 367, Statutes of 2009.

***SB 401 (Wolk and V. Manuel Pérez) Tax Conformity: Foreclosure/Short Sale, ARRA Cash Grants for Renewable Energy:**

This bill brings several provisions within state tax law into conformity with federal rules. In particular, the bill provides tax relief to those who have gone through foreclosure or short sale on a primary residence. The bill changes state tax law so that forgiven mortgage debt is not treated as taxable income. Another provision in the bill ensures that renewable energy projects are not unduly taxed on federal ARRA-funded cash grants that are made in-lieu of renewable energy tax credits. This bill provides an exclusion from taxation for these specified grants, bringing California in conformity with federal law, and helping drive the creation of large scale solar projects in the state. **Status:** The bill was signed by the Governor, Chapter 14, Statutes of 2010.

***SB 959 (Ducheny) Office of Permit Assistance**

This bill reestablishes the Office of Permit Assistance under the Governor's Office of Planning and Research to help facilitate state and local review of commercial and industrial development projects. **Status:** The bill was vetoed by the Governor, October 2010.

SB 1108 (Price) Public Contracts: Small Business Participation

Makes three enhancements to the Small Business Procurement and Contract Act (Small Business Act) including authorizing the implementation of a 25% small business procurement goal, the development of specific administrative procedures for implementing the small business preference, and requiring the state to take a more active role in promoting certification of small businesses. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

***SB 1155 (Dutton) Capital Access Companies:**

This bill amends the Capital Access Company Law, by changing the definition of a small business and adding a definition for a smaller business, exempting Capital Access Companies from the Corporate Securities Law of 1968, exempting businesses from the Capital Access Company Law, if they are approved as Small Business Investment Companies by the federal Small Business Administration, replacing existing law conflict of interest provisions with conflict of interest provisions utilized by the federal Small Business Administration for its licensees, and making related changes, as specified. **Status:** The bill was signed by the Governor, Chapter 516, Statutes of 2010.

SB 1484 (Wright) Public Contracts: Bundled Contracts

This bill prohibits the Department of General Services and other state entities from entering into bundled contracts for goods that exclude certified small businesses (CSB) or Disabled Veteran Business Enterprises (DVBEs). The bill defines contract bundling and provides that state contracting with a CSB, microbusiness or DVBE does not count toward the state's 25% CSB or the 3% DVBE procurement goals, if the contract is with a prime contractor that subcontracts with a CSB, microbusiness or DVBE. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

Section VI - Disabled Veteran Business Enterprises and Small Business Procurement

The Small Business Act, administered through Department of General Services (DGS), was implemented more than 30 years ago to establish a small business preference within the state's procurement process that would increase the number of contracts between the state and California small businesses. In 1998, a disabled veteran-owned business enterprise (DVBE) component was added to state procurement practices. Certification of small businesses, including microbusinesses and DVBEs, is generally undertaken by the DGS.

The Small Business Act states that it is the policy of the State of California that the state aid the interests of small businesses in order to preserve free competitive enterprise and to ensure that a fair portion of the total purchases and contracts of the state be placed with these enterprises.

Improving Small Business and DVBE Participation Rates

Since 2001, there have been four Executive Orders (EO) specifying goals for small business and DVBE participation in state procurement contracts, including EO D-37-01 (2001), EO S-02-06 (2006), EO D-43-01(2001), and EO S-11-06 (2006). The first two EOs set 25% small business participation goals, and the third encouraged the attainment of the 3% DVBE participation goal for all state procurement contracts. The fourth EO set a 25% participation goal for state construction contracts, particularly those awarded by the California Department of Transportation (Caltrans) when implementing Proposition 1B.

These participation goals have also been codified in SB 1517, Chapter 1207, Statutes of 1989, which set a 3% statewide DVBE goal for state contracts. In the following session, SB 2398, Chapter 516, Statutes of 1990, was enacted which extended the DVBE participation program to contracts of the University of California, the Department of Corrections and specified public utilities. During the 2007-08 legislative session, the Governor signed AB 761, Chapter 611, Statutes of 2007, which specifically codified the 25% small business target for contracts related to revenues expended from the 2006 infrastructure bonds.

Notwithstanding the longstanding existence of the Act and these EOs, the state's success in obtaining small business and DVBE participation goals in state procurement contracts has been inconsistent.

For only the second time since the small business participation target was established in 2001, DGS has reported that during the 2007-08 fiscal year the state achieved its small business target by awarding 28.31%, or \$2.65 billion, of the value of all contracts to small businesses. This represents a \$1.3 billion increase in contracts from 2006-07. Agencies and departments which had the highest small business, including microbusiness, participation rates include the Department of Corrections and Rehabilitation (37.55%), the Environmental Protection Agency (31.61%), and the Department of Food and Agriculture (25.94%). The lowest small business participation rates were reported from the Department of Education (10.78%) and the Resources Agency (17.1%).

Over the years, DGS has cited a variety of reasons for failing to meet the 25% target small business participation goal. One of the more significant reasons cited by DGS is the circumstance where an increasing number of contracts are put to bid which exceed \$1 million in value, particularly in the

area of state highway construction contracts. Firms that have the capacity to bid on these larger contracts do not qualify as small businesses.

Additionally, DGS and Caltrans have reported that many small contracting firms cannot qualify for and/or afford the surety bonds and liability insurance policies that are required for public works contracting. In these cases, small contractors are not even eligible to participate as subcontractors with larger prime contractors.

Finally, DGS has noted that many state departments and agencies have only recently begun to track and report small business participation in state contracting procurement. For example, 2005-06 was only the second year that the California State University (CSU) system monitored and reported on small business contracts. With 23 campuses, CSU is a very large procuring agency, and DGS believes that its reporting will have significant impact on participation rates.

The state did not achieve its 3% DVBE participation goal in 2006-07, as only 2.8% of contract dollars, \$186 million, were awarded in contracts including DVBE participation. In 2008-09, the participation rate decreased to 2.39%. Certain agencies did extremely well in initiating contracts with DVBE participation, including the Environmental Protection Agency (20.64%), the Office of the State Treasurer (6.015%), and the Labor and Workforce Development Agency (5.40%). The reporting from other state entities that indicates challenges in meeting DVBE goals include the Department of Education (1.69%) and the Health and Human Services Agency (2.26%).

Separately, in 1986, the Public Utilities Commission (PUC) adopted General Order 156 (GO 156), which created the Women-owned and Minority-owned Business Enterprise program to increase diversity in various utility operations and procurement processes. GO 156 requires the PUC-regulated electrical, gas, and telephone corporations with gross annual revenues exceeding \$25 million to submit annual reports on their progress in meeting the procurement goals. In 1990, DVBEs were included in GO 156 with the passage of SB 2398, Chapter 516, Statutes of 1990, and the PUC adopted D. 95-12-045, setting a 1.5% goal for DVBEs. In 2008, AB 873, Chapter 316, Statutes of 2008, required water corporations to meet the procurement goals or submit an annual correction plan.

While DVBEs face a number of unique challenges, contracting agencies often combine outreach activities to increase small business and DVBE participation rates. In general, this strategy should be effective, as approximately 80% of DVBEs are also certified as a small business. However, separate initiatives must also be aggressively pursued by DGS and other contracting departments in order to consistently meet state DVBE objectives.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to DVBE and small business procurement.

AB 31 (Price) Public Contracts: Small Business Procurement and Contract Act

This bill increases the maximum contract threshold amount for awards to small business, including microbusiness and disabled veteran-owned business enterprise (DVBE), under the state's streamlined procurement process, from \$100,000 to \$250,000, as specified. The bill also requires contractors that make contract commitments to include small business or DVBE participation to report at the

conclusion of the contract on the actual percent of the contract amount that was allocated to those entities. **Status:** The bill was signed by the Governor, Chapter 212, Statutes of 2009.

AB 177 (Ruskin and V. Manuel Pérez) Enforcement of Small Business Act

This bill increases and conforms penalties for persons who falsely engage in activities relating to the Small Business Procurement and Contract Act, including small businesses, microbusinesses, and disabled veteran-owned business enterprises. **Status:** The bill was signed by the Governor, Chapter 342, Statutes of 2010.

AB 569 (Emmerson) Disabled Veteran Business Enterprise Program

This bill re-establishes the good faith effort to meet existing disabled veteran business enterprise goals by a state agency or department on any advertised contract by July 28, 2009. Later, these amendments were struck from the bill and the original language was reinserted. **Status:** The language was removed and the original language relating to meal time rest periods was reinserted, September 2009.

AB 1771 (Mendoza) Public Contracts: Prison Industry Authority

This bill provides that the requirement to purchase Prison Industry Authority (PIA) products would not restrict state agencies from entering into contracts to purchase \$25,000 or less with California certified small businesses, microbusinesses, or disabled veteran business enterprises and that this subdivision shall only apply to contracts for products provided at a lower price than the price available from the PIA. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

AB 1918 (Davis) Public Utilities: Procurement: Minority-, Women-, Disabled Veteran-Owned Business Enterprises:

This bill extends the minority, women-, and disabled veteran-owned business enterprises procurement requirements to wireless telecommunications service providers with gross annual revenues of more than \$25,000,000. **Status:** The bill was signed by the Governor, Chapter 456, Statutes of 2010.

AB 2249 (Ruskin) State Government: Small Business Certification

This bill requires the Department of General Services (DGS) to require a Disabled Veteran Business Enterprise (DVBE) to file a completed form 4506-T from the federal Internal Revenue Service, also known as a Request for Transcript of Tax Return, if DGS has received a complaint regarding the DVBE; or if the DVBE is being audited by DGS. **Status:** The bill was signed by the Governor, Chapter 383, Statutes of 2010.

AB 2627 (Nielsen) Disabled Veterans Business Enterprises (DVBE) and Business Utilization Plans (BUP)

This bill re-codifies in the Public Contract Code DVBE provisions of percentage ownership, percent disabled, and provision of income taxes; adds Disabled Veteran Business Enterprise Services to the title of the Office of Small Business; allows a vendor with state contracts to meet DVBE goals with

dollars from other than state contracts; and allows both direct and indirect costs to be contributed to the goal. **Status:** The bill was held in the Senate Committee on Appropriations, May 2010.

AB 2708 (Bill Berryhill) Procurement Contracts: Contract Bundling

This bill prohibits the Department of General Services and other state entities from entering into bundled contracts for goods which exclude certified small businesses or Disabled Veteran Business Enterprises. **Status:** The bill was held in the Assembly Committee on Jobs, Economic Development and the Economy, April 2010.

SB 548 (Huff) Disabled Veterans Business Enterprise Program

This bill requires prime contractors who have stipulated that they would use a Disabled Veteran-Owned Business Enterprise (DVBE) as a subcontractor to certify at the conclusion of the contract that all previously represented payments to the DVBE have been made. It also requires the awarding department to retain the certification on file and creates civil penalties for providing false information. **Status:** The bill was signed by the Governor, Chapter 595, Statutes of 2009.

SB 1484 (Wright) Public Contracts: Bundled Contracts

This bill prohibits the Department of General Services and other state entities from entering into bundled contracts for goods that exclude certified small businesses (CSB) or Disabled Veteran Business Enterprises (DVBEs). The bill defines contract bundling and provides that state contracting with a CSB, microbusiness or DVBE does not count toward the state's 25% CSB or the 3% DVBE procurement goals, if the contract is with a prime contractor that subcontracts with a CSB, microbusiness or DVBE. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2010.

Section VII - International Trade

California is the eighth largest economy in the world with a state gross product of over \$1.75 trillion. As a global economy, international trade-related commerce represents approximately one-quarter of California's economy. If California were a country, it would be the 11th largest exporter in the world. Exports from California accounted for over 11% of total U.S. exports in goods, shipping to over 220 foreign destinations in 2009.

California's significance in the global marketplace results from a variety of factors, including its strategic west coast location, providing direct access to the growing markets in Asia; its diverse regional economies; its large, ethnically diverse population, representing both a ready workforce and significant consumer base; its access to a wide variety of venture and other private capital; its broad base of small- and medium-sized businesses; and its culture of innovation and entrepreneurship, particularly in the area of high technology.

California's largest industry sector is trade, transportation, and utilities, which encompasses everything from major retail outlets to import-export businesses to transportation and warehousing. Other major nongovernmental industries include professional and business services, educational and health services, and manufacturing.

California leads the nation in export-related jobs. According to U.S. Department of Commerce estimates, for every \$1 million dollars of increased trade activity, 11 new jobs are supported. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national average. One-fifth of all manufacturing workers in California depend on exports for their jobs.

Manufacturing-based, export-related jobs account for approximately 5% of total private sector employment. Besides the production and/or manufacturing of the product being exported, foreign trade results in numerous jobs related to port activity, wholesale trade, warehousing, and transportation.

Foreign Investment in California

The U.S. is the largest recipient of foreign direct investment (FDI) in the world. In 2009, the U.S. received \$152.9 billion in FDI. California receives more FDI than any other state in the U.S.

FDI impacts the California economy in many ways, some of which include assisting in the creation of jobs, boosting worker wages, increasing exports, bringing in new technology and skills, and generally strengthening the state's manufacturing base.

The California Chambers of Commerce estimates that over 542,000 California workers benefit from jobs with foreign-owned firms. Foreign investment in California was responsible for 4.2% of the state's total private-industry employment in 2005. California has had the highest level of employment in foreign-owned firms since at least 1997. Along with employment, foreign-owned firms own more property, plants, and equipment in California than any other state.

Europe is the largest source of FDI. FDI from Asian and Pacific Rim countries has dropped significantly in the last few years. In 2003, leading sources of FDI in California were investors from the United Kingdom, Japan, Switzerland, Germany, and France. Europe, in total, is the largest source of FDI in California. Collectively, Asian Pacific countries have the second highest FDI in California,

with a higher proportion of manufacturing employment commercial property holdings than Europe. Foreign-controlled companies accounted for 8.2% of total manufacturing employment in California in 2005.

Exports and the California Economy

California's land, sea, and air ports of entry serve as key international commercial gateways for products entering the U.S. California exported \$120 billion in goods in 2009, ranking second only to Texas with \$163 billion in export goods. Computers and electronic products were California's top exports in 2009, accounting for 29.3% of all state exports, or \$35 billion.

2009 Exports From California to the World		
Product	Value (\$ in thousands)	Percent
334 _Computers & Electronic Prod.	35,182,767,377	29.3 %
36 _Transportation Equipment	12,826,967,941	10.7 %
333 _Machinery Manufactures	10,709,240,936	8.9 %
325 _Chemical Manufactures	10,233,994,524	8.5 %
339 _Misc. Manufactures	9,130,040,605	7.6 %
111 _Crop Production	7,848,804,565	6.5 %
All Others	34,210,404,051	28.5 %
Total	120,142,219,999	100%

Manufacturing is California's most export-intensive activity. Overall, manufacturing exports represent 9.4% of California's gross domestic product. More than one-fifth (21.9%) of all manufacturing workers in California directly depend on exports for their jobs.

Small- and medium-sized firms generated more than two-fifths (43%) of California's total exports of merchandise. This represents the seventh highest percentage among states and is well above the 29% national average export share for these firms.

Mexico is California's top trading partner, receiving \$17.4 billion in goods in 2009. The state's second and third largest trading partners are Canada and Japan with \$14.2 billion and \$10.9 billion, respectively. Other top-ranking export destinations include China, South Korea, Taiwan, the United Kingdom, Hong Kong, Germany, and Singapore. In 2008, 2.7 million people were employed by business related to trade, transportation, and utilities.

The economic crisis has had significant effects on top California trading partners. Overall, the export of California products to other counties was down in 2009 by \$24.8 billion from 2008 (\$120 billion from \$144.8 billion). Exports to the state's top trading partners were down as follows: Mexico \$3.1 billion, Canada \$3.6 billion, Japan \$2.1 billion and China \$1.2 billion less than the prior year.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to international trade and foreign direct investment in California.

AB 1032 (Blumenfield) International relations: Israel Memorandum of Understanding

This bill requires the Governor to establish a memorandum of understanding (MOU) to formalize a relationship between California and the State of Israel for the purpose of fostering technology and

business development and educational opportunities in the area of clean technologies including, but not limited to, solar energy. **Status:** The bill was held under submission in the Assembly Committee on Appropriations, May 2009.

AB 1276 (Skinner) International Trade Agreements

This bill prohibits a state official, including the Governor, from binding the state to provisions of a Proposed International Trade Agreement without specified statutory authorization. **Status:** The bill was vetoed by the Governor, September 2009.

AB 2443 (V. Manuel Pérez) International Trade Program and Sister State Relationship

This bill requires the State Point of Contact to provide the Legislature with copies of any official position taken or comments to the U.S. Trade Representative relating to a pending trade agreement and authorizes the establishment of Sister State relationships for the purpose of promoting economic growth and trade and investment opportunities. **Status:** The bill was vetoed by the Governor, September 2010.

AJR 27 (Torrico) United States-Colombia Free Trade Agreement

This bill memorializes to the U.S. Congress that the California Legislature opposes the United States-Colombia Trade Promotion Agreement (CTPA), which was signed on November 22, 2006, and is currently being reviewed by the Office of the United States Trade Representative. Among other things, the resolution declares that: 1) Violence against trade unionists persists to this day, with over 500 unionists having been murdered during the administration of current Colombian President Alvaro Uribe; 2) The Office of the Attorney General of Colombia has secured convictions in only about 5% of the over 2,700 cases of murder of trade unionists, and in the vast majority of cases, the person convicted of the crime is not the originator of the crime, but rather carried out the order to kill; 3) Defamatory remarks regarding trade unionists and human rights defenders in Colombia delegitimize the important and valued work of human rights defenders and place individuals and entire organizations at the grave risk of physical retaliation; and 4) The United Nations Special Rapporteur on Extrajudicial Executions, Phillip Alston, recently found that killings of innocent civilians by the armed forces have occurred throughout the country. **Status:** The resolution was chaptered by the Secretary of State, Res. Chapter 145, Statutes of 2010.

Section VIII - Information Technology

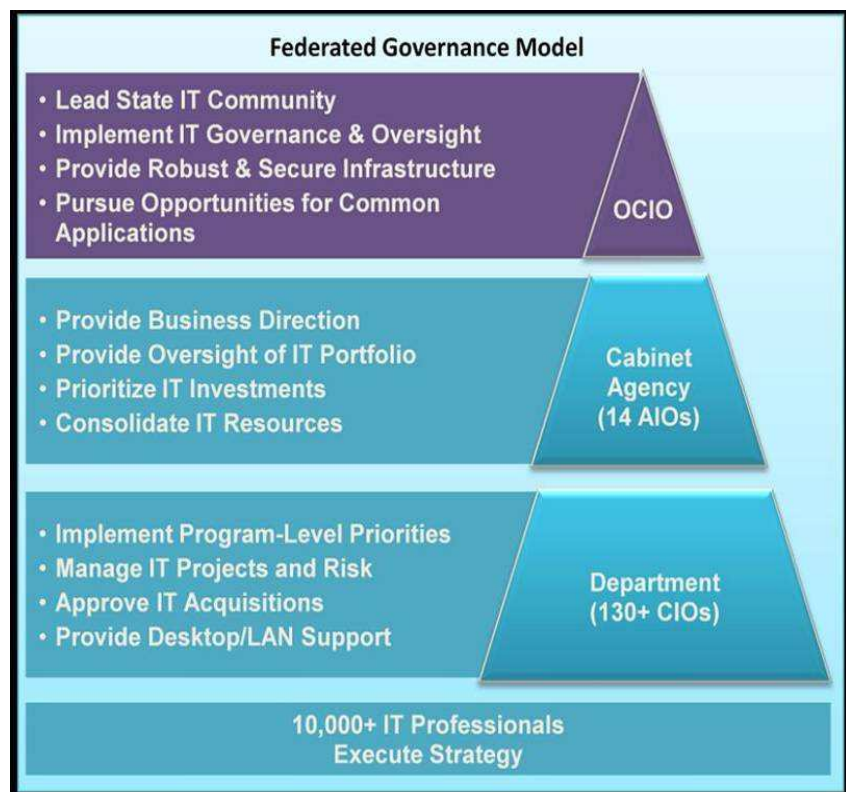
The Department of Technology Services (DTS) was established in 2005 through the consolidation of several major information technology services and state entities: the Stephen P. Teale and California Health and Human Services Agency Data Centers, Department of General Services (DGS), and the Office of Network Services. This consolidation was prompted by recommendations by the Legislative Analyst's Office, which found that consolidating the state's existing data centers would create considerable savings by creating a sole executive and administrative structure; improving use of excess hardware and software; reducing hardware and software costs; reducing impact of pending retirements; and increasing efficiencies in supporting existing computer systems.

The purpose of the DTS is to improve the performance of the Executive Branch in managing its information technology (IT) infrastructure. Serving under the jurisdiction of the State and Consumer Services Agency, DTS has a two-fold mission to:

- Ensure the state receives best value in the acquisition, management, and operation of its IT infrastructure and resources; and
- Protect the state's IT infrastructure through utilization of the most appropriate levels of security, quality, and risk management.

In January 2006, DTS released the first "Strategic Plan for the Department of Technology Services" (Strategic Plan). The Strategic Plan enables DTS agencies, including the State and Consumer Services Agency, the Department of Finance, and DGS to evaluate the validity of the strategic initiatives by providing clear and consistent direction, goals, objectives, strategies, and measures.

As next steps, the Governor approved a new Reorganization Plan (Reorganization) in 2009 that consolidated DTS, the Office of Information Security and DGS-Telecommunications Division under the Chief Information Officer (CIO). The Reorganization gave the CIO the authority to establish IT procurement policy, as well as created an enterprise wide IT management system. The system will allow for the consolidation of software contracts, office automation tools, and networks over the course of five years. The Reorganization also established a "Federated IT Governance Model" that defines the reporting relationship between the CIO, Cabinet, Agency and Department technology leaders. Chart to right detailing model.



In closing, the 2009 California IT Strategic Plan identified six strategic concepts that serve as a framework for the 2010 Strategic Plan:

1. IT as reliable as a utility;
2. Fulfilling technology's potential to transform lives;
3. Self-governance in the digital age;
4. Information as an asset;
5. Economic and sustainable; and
6. Facilitating collaboration that breeds better solutions.

In order to achieve the vision of the strategic plan, the CIO established an operating framework known as "One IT", an enterprise-wide system approach to technology that seeks to enhance public services and reduce costs through operating efficiencies, reliability, and security.

Legislation from 2009-10

Below is a summary of the legislation heard by JEDE during the 2009-10 Legislative Session relating to information technology.

AB 978 (V. Manuel Pérez and Logue) Internet Based One-stop Permitting

This bill requires the State Chief Information Officer (CIO) to collaborate with the Department of Consumer Affairs to acquire a new, integrated, enterprise-wide enforcement and licensing system, that will replace the current licensing and monitoring system being used by the Department of Consumer Affairs. **Status:** The content of this bill was included in the FY 2010-11 Budget .

Section IX - Regulatory Reform

The need for regulatory reform is a high priority on the legislative agenda for small business and was one of the five principle recommendations in the JEDE economic recovery strategy published in March 2009.

Cost of Regulations

There are two major sources of data on the cost of regulatory compliance on businesses, the federal SBA and the state the Office of the Small Business Advocate (OSBA). For the last 10 years, the federal SBA has conducted a peer reviewed study that analyzes the cost of federal government regulations on different sizes of businesses. This research shows that small businesses continue to bear a disproportionate share of the federal regulatory burden. On a per employee basis, it costs about \$2,400, or 45%, more for small firms to comply with federal regulations than their larger counterparts.

The first study on the impact of California regulations on small businesses was released by the OSBA in 2009. This first in-the-nation study found that the total cost of regulations to small businesses averaged to about \$134,000 per business in 2007. Of course, no one would advocate that there should be no regulations in the state. The report, however, importantly identifies that the cost of regulations can provide a significant cost to the everyday operations of California businesses.

Approaches to Regulatory Reform

In general, legislative efforts for regulatory reform take one of two basic approaches. One approach recommends methods for streamlining and fast tracking existing state requirements. The other proposes changes in how regulations are developed and/or approved. Key legislative themes in reforming the state's regulatory process include:

1. Requiring a more 'dynamic' analysis of bills before the Legislature on their impact on business and the economy. Current fiscal committee reviews focus on the bill's direct impact on state funds, most specifically on the General Fund.
2. Shifting the review of the Office of Administrative Law from a procedural review of the regulation package to a substantive review of its impact on business and the economy, including the sufficiency of the assessment of alternatives. Alternatively, another state entity such as the State Auditor or Legislative Analyst's Office could be designated to undertake an expanded review of proposed regulations.
3. Requiring a more meaningful consideration of alternatives and assessment of the cost of implementation of a regulation.
4. Requiring a review of a regulation's impact five-years after its implementation. Alternatively, sunset all regulations and have them go back through the full regulatory review process where they would then be assessed based on real experience.

Legislation in 2009-10 Legislative Session

Below is a summary of regulatory reform legislation herd by JEDE and other policy committees during the 2009-10 Legislative Session.

***AB 231 (Huber) Streamlined CEQA Compliance for Tiered EIRs**

This bill authorizes a lead agency for a project to rely on a finding of overriding consideration involving a prior Environmental Impact Report (EIR) prepared for a prior project if the lead agency determines that the significant environmental effects for a later project that uses a tiered EIR are no greater than those identified in the prior EIR. **Status:** The bill was signed by the Governor, Chapter 432, Statutes of 2010.

AB 978 (V. Manuel Pérez/Logue) Internet Based One-stop Permitting

This bill requires the State Chief Information Officer (CIO) to collaborate with the Department of Consumer Affairs to acquire a new, integrated, enterprise-wide enforcement and licensing system, that will replace the current licensing and monitoring system being used by the Department of Consumer Affairs. **Status:** The content of the bill was included in the FY 2010-11 Budget.

***AB 1318 (V. Manuel Pérez) Streamlining Regulatory Approval for Natural Gas**

The bill enables the construction of a natural gas power plant to be sited adjacent to a 600 MW wind energy farm in Riverside County. The construction will result in a standby or “peaker” power plant designed to complement wind and solar generation facilities in the area by backstopping energy shortfalls due to changing wind patterns or rapid changes in customer demand. **Status:** The bill was signed by the Governor, Chapter 285, Statutes of 2009.

***AB 1846 (V. Manuel Pérez) Streamlined CEQA Compliance for Focused EIR**

This bill expands the use of a “focused” Environmental Impact Report for the installation of mandated pollution control equipment also to include a pollution control project that reduces greenhouse gas emissions for the purposes of AB 32 compliance. **Status:** The bill was signed by the Governor, Chapter 195, Statutes of 2010.

AB 1954 (Skinner and V. Manuel Pérez) Renewable Energy Financing Reform

This bill corrects technical issues that serve as impediments to the financing of renewable energy projects. Specifically, it authorizes the California Public Utilities Commission to provide administrative pre-approval of utility costs for transmission lines that facilitate achieving the Renewables Portfolio Standard. **Status:** The bill was signed by the Governor, Chapter 460, Statutes of 2010.

Section X - JEDE INFORMATIONAL HEARINGS AND ADVISORY GROUPS

During the 2009-10 Session, JEDE held a number of informational hearings on the state's economic development programs and activities. From these hearings, JEDE developed legislation and other follow-up activities. Below is a short summary of these hearings. Additional information on these hearings can be obtained by contacting the JEDE Office at 916-319-2090.

Oversight Hearing on California's Economic Recovery: Charting a New Path Forward

On Tuesday, March 17, 2009, JEDE held its initial hearing examining the \$787 billion federal economic recovery plan and its proposed funding to states, local governments, schools, businesses, and working families. The primary focus of the hearing was on the economic and workforce development portions of the federal plan and how those moneys could be used in California to address our immediate needs and to also serve as a catalyst for the longer-term economic prosperity of the state.

In preparation for this work, the Chairman called for the development of an initial draft of a California Economic Development Recovery Strategy (Economic Recovery Strategy) to assist the state in coming together around a comprehensive blueprint to guide the state's economic and workforce development actions.

The driving principle behind the Economic Recovery Strategy is that government does not create jobs; the private sector does. Further, given the state's current financial situation, the state's role should be that of a facilitator between public resources and local communities, workers, and businesses.

While monetary policy is set in Washington D.C., the federal government has a limited ability to make targeted investments in local communities. The state has the ability and the responsibility to serve in a facilitative role helping to "connect the dots" and maximize the impact of federal stimulus dollars.

In opening the hearing, the Chairman emphasized that this hearing was just one in a number of outreach activities that were being undertaken around the development of the Economic Recovery Strategy. Members of JEDE were encouraged to engage their communities on what the state could do to facilitate local economic and workforce activities.

The hearing included an opening presentation by the Legislative Analyst and two panels. The first panel provided insights on local California communities and shared innovative solutions for leveraging existing state and federal programs to meet the immediate and long term needs of the given communities. The second panel focused on the green economy and on green collar jobs in particular.

At the close of the hearing, Members had an opportunity to discuss next steps in ongoing research on how the state can best facilitate the economic and workforce needs of local communities. A follow-up hearing was held on May 5, 2009.

California's Economic Recovery: The Small Business Catalyst, March 17, 2009

On Tuesday, March 17, 2009, JEDE held its initial hearing examining the \$787 billion federal economic recovery plan and its proposed funding to states, local governments, schools, businesses, and working families. The primary focus of the hearing was on the economic and workforce development portions of the federal plan and how those moneys can be used in California to address our immediate needs and to also serve as a catalyst for the longer-term economic prosperity of the state.

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At the close of the hearing, Members had an opportunity to discuss next steps in our ongoing research on how the state can best facilitate the economic and workforce needs of local communities. A follow-up hearing was held on May 5, 2009.

Oversight Hearing on California's Economic Recovery: Checking-in with Small Businesses

On Tuesday, May 5, 2009, JEDE held a second hearing examining the \$787 billion federal economic recovery plan and its proposed funding to address the immediate needs, as well as the longer term needs of California businesses and working families. The primary focus of this hearing was on how the current economic recession was impacting California small businesses and the 50% of the state's workforce which they employ.

The hearing was divided into three parts: an overview and update on small business development in California; a more focused look at access to capital issues; and finally a discussion of the recovery tools available to small business and unemployed workers during this recession.

The first presentation was made by the Director of the Office of the Small Business Advocate, whose job it is to advocate for and to facilitate the resolution of issues of importance to the small business community. Currently, the Director participates on three economic stimulus working groups comprised of Administration staff.

Presentations during the second panel addressed how small businesses face a triple challenge in accessing capital. First, small businesses' historical sources of start-up and working capital, such as home equity and credit cards, are no longer available. Second, consumer spending has severely constricted new revenues. Third, the flow of private equity, venture, and other sources of growth capital to small businesses has also slowed, which among other issues could potentially jeopardize the state's green economy transformation. Presentations during the panel included both academic studies and real world experiences from a small business owner. Overall, panelists felt that the links between the housing crisis and the financial viability of the state's small businesses should be explored in greater detail.

In the final panel, Members heard how California communities are coming together to better define their local priorities and determine how to best use federal stimulus funds to meet local objectives. Final regional economic recovery strategies were expected to be filed with the Business, Transportation and Housing Agency in early June 2009. Key resources discussed during the panel included small business loan guarantees available through local financial development corporations, services through small business development centers, and new funding through the home foreclosure programs at the U.S. Department of Treasury.

In addition to the issues discussed above, all panelists were asked to provide comments on JEDE's Economic Recovery Strategy, which was released in March 2009. In closing, JEDE Members asked staff to follow-up on obtaining more information about the impact of home foreclosures on small businesses.

The State of California Manufacturing: Can California Regain its Manufacturing Competitiveness?

On Tuesday, June 20, 2009, JEDE held the third in a series of hearings on the current California economy. In this hearing, presentations addressed the state of manufacturing, examined its historical and current importance with the state economy, and discussed new models for enhancing California's manufacturing competitiveness.

Earlier that year, the Milken Institute, with support provided by the California Manufacturers and Technology Association, had released a report that included a detailed assessment of the current state of manufacturing in California and enumerated the actions required to maximize the retention and creation of new manufacturing businesses and jobs. At the hearing, Jack Stewart and Perry Wong provided an overview of the report including, among other issues, the role of manufacturing within the California economy, the economic opportunity cost to the state for not addressing key business development issues, and specific recommendations for helping California regain its global and domestic manufacturing competitiveness.

Panel presentations discussed the challenges and opportunities facing California manufacturing today. More specifically, presenters explored the practical implications of the report's five primary recommendations to:

1. Streamline the regulatory procedures affecting manufacturers;
2. Launch an industry-led campaign to encourage careers in manufacturing;
3. Create a network of education, training, research, and business incubation centers;
4. Create a public-private initiative to conduct research, develop new technologies and processes, and commercialize; and
5. Enhance public incentives for manufacturers through better planning, coordination across government agencies, and partnerships with the private sector.

The California Enterprise Zone Program: A Review and Analysis

During the 2009-10 legislative session, JEDE held a series of hearings (August 18 and October 8 and 19, 2010) reviewing California's Enterprise Zone Program. The hearings were meant to assess the extent to which the Enterprise Zone Program was meeting the needs of workers and businesses in the current California economy. From the hearings, JEDE produced a list of recommended reforms for the Enterprise Zone Program. Those recommendations include:

- Authorizing small businesses to transfer the value of the hiring credit against certain other state taxes owed, i.e. sales tax. Many small businesses have little use for an income tax credit, but could use credits against other state tax liabilities.
- Requiring enterprise zone managers to develop a directory of businesses located in each enterprise zone. Each zone marketing plan should include how existing local, state, and federal resources will be used to retain and grow these businesses, as well as attract new businesses. Too often, zone activities are almost exclusively focused on a few large companies relocating into the zone rather than serving the full range of businesses within the zone.
- Requiring enterprise zones to have "pre-certification" programs for eligible employees. This does not preclude employers from hiring non-"pre-certified" employees and still receive credits; however, identifying prospective employees who are eligible for hiring credit vouchers would make it be easier for small businesses to utilize vouchers.
- Begin a dialogue with the finance community on how to encourage investment in historically underserved communities, including businesses located in an Enterprise Zone.
- Develop a streamlined tax credit documentation process for smaller size businesses.

Defining a Successful Framework to Drive Economic Recovery and Jobs

On Tuesday, February 17, 2010, JEDE continued its focus on economic recovery and job creation activities with the intent of defining a legislative framework for driving economic recovery and job creation. Among other issues examined was the continuing impact of the recession on California small businesses, the challenges facing manufacturing facilities, and the effectiveness of the state's economic and workforce development programs in addressing the needs of businesses in historically underserved communities.

The hearing was divided into three parts. The first panelists provided an overview of the California economy and an economic forecast for the coming 12 to 24 months. During the second panel, Members learn about the state's ongoing support for regional economic recovery efforts, including presentations on the local economic development strategies for the Southern Border Region and the Sacramento Valley and Mid-Sierra Region.

During the third and final set of presentations, the Committee examined specific job creation proposals put forth by the Governor and other key stakeholders, including the California Labor Federation; California Manufacturer and Technology Association; the State Building & Construction Trades Council, AFL-CIO; California Hispanic Chamber of Commerce; and National Federation of Independent Businesses.

Outcomes from the hearing included a published update of the JEDE Economic Recovery Strategy and the beginning of an extended discussion with the Administration on economic recovery and job creation issues.

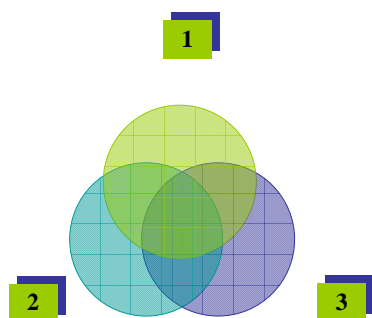
Keeping the Promise: Examination of Workforce Training and Job Development Services for Veterans

On Tuesday, March 2 and April 30, 2010, JEDE, in partnership with the Assembly Committee on Veterans Affairs, held oversight hearings on California's veteran-related workforce training and job development programs.

California has the largest veteran population in the nation, comprising an estimated two million veterans. Each month, thousands of military personnel are released from active service, and far too many face tremendous challenges transitioning back into civilian life. They often do not have a job waiting for them and their family may have relocated during their term of service. These challenges are compounded by a system of services intended to help them that is generally recognized as being difficult and complex to navigate.

During the course of the hearings, Members heard from veterans, government officials, veteran service providers, and workforce development professionals. Presentations included panel discussions on job placement issues, including recommendations on how to increase the number of veterans finding and retaining jobs, as well as presentations and review of California's newest veteran workforce development program, Operation Welcome Home. A special emphasis of the hearing was on veterans returning from the Global War on Terror.

One of the significant findings from the hearings was that California veterans may have access to a wide variety of resources, however there is confusion and inefficiency in linking deserving veterans with the workforce development services they need and benefits they have earned.



As illustrated by the diagram below, program optimization for both the veteran and the public occurs when the program successfully meets three separate sets of criteria:

1. The program effectively links and can be accessed through the broader veteran service network.

2. The program fits within local and regional economic and workforce development delivery models.
3. The program, in and of itself, is well designed (i.e., there is a clear mission, program structure, oversight process, and evaluation methodology).

Achieving this level of integration and coordination is not currently being achieved and will likely require the state to comprehensively review each program's legal requirements, strategic plan, and ability to work effectively with other related state, federal and local programs and services.

2009-10 END OF THE YEAR REPORT - Appendix I

Index by Bill Number

Author/Bill Number	Topic	Status	Page Number
AB 31 (Price)	Public Contracts: Small Business Procurement and Contract Act	Signed by Governor, Chapter 212, Statutes of 2009	26 & 33
AB 35 (Furutani)	Education: Workforce Preparation	Held under submission in the Senate Appropriations Committee	3
AB 165 (Carter)	Microenterprises: Economic Development	Held under submission in the Assembly Appropriations Committee	3 & 26
AB 177 (Ruskin)	Economic development: California Urban Communities Collaborative	Signed by Governor, Chapter 342, Statutes of 2010	3, 26 & 34
AB 184 (Block and V. Manuel Pérez)	Small Business Gap Financing	Language in SB 66, Signed by Governor, Chapter 367, Statutes of 2009	3 & 26
*AB 231 (Huber)	Streamlined CEQA Compliance for Tiered EIRs	Signed by the Governor, Chapter 432, Statutes of 2010	3 & 42
AB 309 (Price)	Public Contracts: Small Business Participation	Held under submission in the Assembly Appropriations Committee	3 & 26
AB 507 (Arambula)	Infrastructure and Economic Development Bank Act	Held under submission in the Assembly Appropriations Committee	3 & 26
AB 569 (Emmerson)	DVBE Contracts: Good Faith Effort	Held at Assembly Desk	34
AB 699 (Portantino)	State Economic Development Strategy	Held under submission in the Assembly Appropriations Committee	4 & 27
AB 904 (V. Manuel Pérez)	Local Authority for Manufacturing Incentives	Signed by Governor, Chapter 356, Statutes of 2010	4, 23 & 27

AB 926 (Ruskin)	Loss Leader Notice Requirements	Chapered by Secretary of State, Chapter 490, Statutes of 2009	4 & 37
AB 978 (V. Manuel Pérez)	Internet Based One-stop Permitting	Language in FY2010-11 Budget Bill	4, 40 & 42
AB 1009 (V. Manuel Pérez)	Economic Recovery Bonds	Signed by the Governor, Chapter 648, Statutes of 2009	4, 20, 23 & 27
AB 1032 (Blumenfield)	International Relations: Israel MOU	Held under submission in the Assembly Appropriations Committee	37
AB 1047 (V. Manuel Pérez)	Local Government Assistance Program	Held under submission in the Assembly Appropriations Committee	4 & 27
AB 1106 (Fuentes)	Clean Tech Small Business Loans and Guarantees	Signed by Governor, Chapter 356, Statutes of 2010	4, 23 & 28
AB 1139 (John Perez)	Enterprise Zone Credits	Held under submission in Assembly Committee on Jobs, Economic Development and the Economy	15
AB 1159 (V. Manuel Pérez)	Clean Tech and Enterprise Zone	Held under submission in Assembly Revenue and Taxation Committee	15
AB 1276 (Skinner)	Conditions for Binding the State to International Trade Agreements	Vetoed by the Governor	37
**AB 1318 (V. Manuel Pérez)	Streamlining Regulatory Approval for Natural Gas	Signed by the Governor - Chapter 285, Statutes of 2009	42
AB 1378 (V. Manuel Pérez)	California Workforce Investment Board: Veterans Workforce Programs	Language in 2010-11 Budget Act	5
AB 1380 (Bass)	I-Bank Board of Directors	Held in Senate Rules Committee	5
AB 1420 (V. Manuel Pérez)	State Government: Research	Held in Senate Rules Committee	5, 21 & 23

AB 1491 (V. Manuel Pérez)	Corporations: Boards of Directors: Diversity	Held under submission in the Assembly Appropriations Committee	5
AB 1554 (JEDE)	Enterprise Zone Omnibus	Held on Senate Floor	5 & 16
**AB 1555 (JEDE)	Economic Development Omnibus	Signed by the Governor, Chapter 24, Statutes of 2009	6 & 28
AB 1556 (JEDE)	Community Block Grant Program	Held under submission in the Assembly Appropriations Committee	6
AB 1557 (JEDE)	Economic Development Omnibus	Held under submission in the Assembly Appropriations Committee	6 & 28
AB 1558 (JEDE)	International Trade and Foreign Investment Omnibus	Held under submission in the Senate Appropriations Committee	6 & 28
AB 1632 (Blumenfield)	Financing and Technical Assistance Funds for Small Businesses	Signed by the Governor, Chapter 731, Statutes of 2010	6 & 28
AB 1771 (Mendoza)	Pubic Contract and Prison Industry Authority	Held under submission in the Assembly Appropriations Committee	34
AB 1830 (Jones)	High Speed Rail: Manufacturers	Signed by the Governor, Chapter 456, Statutes of 2010	6 & 24
**AB 1846 (V. Manuel Pérez)	Streamlined CEQA Compliance for Focused EIR	Signed by the Governor, Chapter 195, Statutes of 2010	42
AB 1918 (Davis)	Minority and Woman Business and DVBE Contractor Goals	Signed by the Governor, Chapter 342, Statutes of 2010	7, 28 & 34
AB 1954 (Skinner and V. Manuel Pérez)	Renewable Energy Financing Reforms	Signed by the Governor, Chapter 460, Statutes of 2010	42
AB 2044 (Caballero)	Annual Cap on Enterprise Zone Credits	Held under submission in Assembly Jobs Committee	16
AB 2196 (Smyth)	Small Business Advocate: Report on Costly Regulations	Held under submission in Assembly Jobs Committee	28

AB 2249 (Ruskin)	State Government: Small Business Certification	Signed by the Governor, Chapter 383, Statutes of 2010	7,29 & 34
**AB 2287 (Bass)	California Business Investment Service	Business Investment language deleted currently a health care bill	7
AB 2437 (V. Manuel Pérez)	California Manufacturing Competitiveness Act of 2010	Vetoed by the Governor	7, 21 & 24
AB 2443 (V. Manuel Pérez)	International Trade Program and Sister State Relationships	Vetoed by the Governor	21 & 38
AB 2446 (Furutani)	CTE High School Graduation Option	Vetoed by the Governor	7
AB 2476 (V. Manuel Pérez)	Targeted Employment Areas and Enterprise Zones	Held under submission in the Assembly Appropriations Committee	16
AB 2518 (V. Manuel Pérez)	Economic Development: California I-Bank: local assistance program	Held under submission in the Assembly Appropriations Committee	7
AB 2581 (Bradford)	Banking Development Districts	Vetoed by the Governor	8 & 29
AB 2627 (Nielsen)	Businesses: Services for Minors	Held under submission in the Senate Appropriations Committee	29 & 34
AB 2692 (Tran and V. Manuel Pérez)	Small Business Regulatory Reform Commission	Held under submission in the Assembly Appropriations Committee	29
AB 2708 (Bill Berryhill)	State Contracts: Procurement Practices: Small Businesses	Held under submission in Assembly Jobs Committee	35
AB 2714 (V. Manuel Pérez)	Office of Small Business Advocate	Held under submission in the Assembly Appropriations Committee	29
AB 2734 (John A. Pérez)	Governor's Office of Economic Development	Vetoed by the Governor	8
ABx3 82 (Blakeslee)	Enterprise Zone Development	Session Closed	8 & 16
ABx3 85 (V. Manuel Pérez)	Small Business Loan Guarantee Program	Session Closed	8 & 29

ACR 77 (Swanson)	California Global Warming Solutions Act of 2006	Chaptered by Secretary of State, Res. Chapter 109, Statutes of 2009	8 & 21
ACR 101 (Furutani)	Small Business Month	Chaptered by Secretary of State, Resolution Chapter 145, Statutes pf 2010	30
AJR 27 (Torricono)	Columbia Free Trade Agreement	Chaptered by Secretary of State, Res. Chapter 145, Statutes of 2010	38
SB 66 (Price)	Small Business Loan Guarantee Program	Signed by Governor, Chapter 367, Statutes of 2009	8 & 30
*SB 401 (Wolk/V. Manuel Pérez)	Tax Conformity: Foreclosure/short Sale, ARRA Cash Grants for Renewable Energy	Signed by Governor, Chapter 14, Statutes of 2010	9 & 30
SB 548 (Huff)	California DVBE Program	Signed by the Governor, Chapter 595, Statutes of 2009	9, 16 & 35
***SB 959 (Ducheny)	Office of Permit Assistance	Vetoed by the Governor	9, 24 & 30
SB 974 (Steinberg)	Career Pathways Credit and Enterprise Zones	Held under submission in Assembly Jobs Committee	9 & 16
SB 1084 (Liu)	California Economic Security Act	Held under submission in the Assembly Appropriations Committee	9
SB 1108 (Price)	Public Contracts: Small Business Participation	Held under submission in the Assembly Appropriations Committee	30
*SB 1155 (Dutton)	Capital Access Companies	Signed by Governor, Chapter 516, Statutes of 2010	9 & 31
SB 1484 (Wright)	Public Contracts: Bundled Contracts	Held under submission in the Assembly Appropriations Committee	31 & 35
SCR 53 (Corbett)	Keep New United Motor Manufacturing Inc., Facility Open	Chaptered by Secretary of State, Res. Chapter 30, Statutes of 2009	10, 17 & 24
SJR 29 (Wright)	Aerospace Industry and C-17 Production	Chaptered by Secretary of State, Res. Chapter 138, Statutes of 2010	10 & 24

* Bills not heard in JEDE

** Content of the bill amended to a different subject matter after leaving JEDE.

2000-10 END OF THE YEAR REPORT - Appendix II

Index by Subject Matter

The California Economy and Emerging Community Vitalization

Author/Bill Number	Topic	Status	Page Number
AB 35 (Furutani)	Education: Workforce Preparation	Held under submission in the Senate Appropriations Committee	3
AB 165 (Carter)	Microenterprises: Economic Development	Held under submission in the Assembly Appropriations Committee	3
AB 177 (Ruskin)	Economic Development: California Urban Communities Collaborative	Signed by Governor, Chapter 342, Statutes of 2010	3
AB 184 (Block/V. Manuel Pérez)	Small Business Loan Guarantee Program	Language in SB 66, Signed by Governor, Chapter 367, Statutes of 2009	3
AB 231 (Huber)	Streamlined CEQA Compliance of Tiered	Signed by Governor, Chapter 432, Statutes of 2010	3
AB 309 (Price)	Contractors: Small Business Participation	Held under submission in the Assembly Appropriations Committee	3
AB 507 (Arambula)	Infrastructure and Economic Development Bank Act	Held under submission in the Assembly Appropriations Committee	3
AB 699 (Portantino)	State Economic Development Strategy	Held under submission in the Assembly Appropriations Committee	4
AB 904 (V. Manuel Pérez)	Local Authority for Manufacturing Incentives	Signed by Governor, Chapter 356, Statutes of 2010	4

AB 926 (Ruskin)	Loss Leader Notice Requirements	Signed by Governor, Chapter 490, Statutes of 2009	4
AB 1009 (V. Manuel Pérez)	Economic Recovery Bonds	Signed by the Governor, Chapter 648, Statutes of 2009	4
AB 1047 (V. Manuel Pérez)	Local Government Assistance Program	Held under submission in the Assembly Appropriations Committee	4
AB 1106 (Fuentes)	Clean tech Small Business Loans and Guarantees	Signed by Governor, Chapter 356, Statutes of 2010	5
AB 1378 (V. Manuel Pérez)	California Workforce Investment Board: Veterans Workforce Programs	Language in FY 2010-11 Budget Act	5
AB 1380 (Bass)	I-Bank Board of Directors	Held in Senate Rules Committee	5
AB 1420 (V. Manuel Pérez)	State Government: Research	Held in Senate Rules Committee	5
AB 1491 (V. Manuel Pérez)	Corporations: Boards of Directors: Diversity	Held under submission in the Assembly Appropriations Committee	5
AB 1554 (JEDE)	G-TEDA Omnibus Bill	Held on Senate Floor	5
**AB 1555 (JEDE)	Economic Development Omnibus	Signed by the Governor, Chapter 24, Statutes of 2009	6
AB 1556 (JEDE)	Community Development Block Grant	Held under submission in the Assembly Appropriations Committee	6
AB 1557 (JEDE)	Federal Funding: Economic Stimulus Bill	Held under submission in the Assembly Appropriations Committee	6
**AB 1558 (JEDE)	Reorganization of State's Economic and Workforce Development Program	Held under submission in the Senate Appropriations Committee	6
AB 1632 (Blumenfield)	Financing and Technical Assistance Funds for Small Businesses	Signed by the Governor, Chapter 731, Statutes of 2010	6

*AB 1830 (Jones)	High Speed Rail: Manufacturers	Signed by the Governor, Chapter 456, Statutes of 2010	6
AB 1918 (Davis)	Minority and Woman Business and DVBE Contractor Goals	Signed by the Governor, Chapter 342, Statutes of 2010	6
AB 2249 (Ruskin)	State Government: Small Business Certification	Signed by the Governor, Chapter 383, Statutes of 2010	7
**AB 2287 (Bass)	California Business Investment Service	Original language regarding business Investment deleted	7
AB 2437 (V. Manuel Pérez)	California Manufacturing Competitiveness Act of 2010	Vetoed by the Governor	7
*AB 2446 (Furutani)	CTE High School Graduation Option	Vetoed by the Governor	7
AB 2518 (V. Manuel Pérez)	Economic Development: California I-Bank: local assistance program	Held under submission in the Assembly Appropriations Committee	7
AB 2581 (Bradford)	Banking Development Districts	Vetoed by the Governor	8
AB 2734 (John A. Pérez)	Governor's Office of Economic Development	Vetoed by the Governor	8
ABx3 82 (Blakeslee)	Enterprise Zone Development	3 rd Extraordinary Session Closed	8
ABx3 85 (V. Manuel Perez)	Small Business Loan Guarantee Program	3 rd Extraordinary Session Closed	8
ACR 77 (Swanson)	California Global Warming Solutions Act of 2006	Chaptered by Secretary of State, Resolution Chapter 109, Statutes of 2009	8
SB 66 (Price)	Small Business Loan Guarantee Program	Signed by Governor, Chapter 367, Statutes of 2009	8
**SB 401 (Wolk/V. Manuel Pérez)	Tax Conformity: Foreclosure/Short Sale, ARRA	Signed by the Governor, Chapter 14, Statutes of 2010	9
SB 548 (Huff)	California DVBE Program	Signed by the Governor, Chapter 595, Statutes of 2009	9
**SB 959 (Ducheny)	Office of Permit Assistance	Vetoed by the Governor	9

SB 974 (Steinberg)	Career Pathways Credit and Enterprise Zones	Held under submission in Assembly Jobs Committee	9
SB 1084 (Liu)	California Economy Security Act	Held under submission in Assembly Jobs Committee	9
**SB 1155 (Dutton)	Capitol Access Companies	Signed by the Governor, Chapter 516, Statutes of 2010	9
SCR 53 (Corbett)	Keep New United Motor Manufacturing Inc., Facility Open	Chapered by Secretary of State, Resolution Chapter 30, Statutes of 2009	10
SJR 29 (Wright)	Areospace Industry: C-17 Production	Chapered by Secretary of State, Resolution Chapter 138, Statutes of 2010	10

Enterprise Zones and Other Geographically Targeted Economic Development Areas

Author/Bill Number	Topic	Status	Page Number
AB 1139 (John Perez)	Enterprise Zone Credits	Held in Assembly JEDE Committee	15
AB 1159 (V. Manuel Pérez)	Clean Tech and Enterprise Zone	Held under submission in Assembly Revenue and Taxation Committee	15
AB 1554 (JEDE)	Enterprise Zone Omnibus	Held on Senate Floor	16
AB 2044 (Caballero)	Annual Cap on Enterprise Zone Credits	Held under submission in Assembly Jobs Committee	16
AB 2476 (V. Manuel Pérez)	Targeted Employment Areas and Enterprise Zones	Held under submission in the Assembly Appropriations Committee	16
ABx3 82 (Blakslee)	Enterprise Zone Development	Session Closed	16
SB 548 (Huff)	California DVBE Program	Signed by the Governor, Chapter 595, Statutes of 2009	16
SB 974 (Steinberg)	Career Pathways Credit and Enterprise Zones	Held under submission in Assembly Jobs Committee	16

SCR 53 (Corbett)	Incentives to Keep NUMMI Motors in Fremont, California	Signed by the Secretary of State, Resolution, Chapter 30, 2009	17
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California's Clean Technology Economy

Author/Bill Number	Topic	Status	Page Number
AB 1009 (V. Manuel Pérez)	Economic Recovery Bonds	Signed by the Governor, Chapter 648, Statutes of 2009	20
AB 1420 (V. Manuel Pérez)	State Government: Research	Held in the Senate Rules Committee	21
AB 2437 (V. Manuel Pérez)	California Manufacturing Competitiveness Act of 2010	Vetoed by the Governor	21
AB 2443 (V. Manuel Pérez)	International Trade Program and Sister State Relationships	Vetoed by the Governor	21
ACR 77 (Swanson)	California Global Warming Solutions Act of 2006	Chaptered by Secretary of State, Res. Chapter 109, Statutes of 2009	21

California Manufacturing and Logistical Systems

Author/Bill Number	Topic	Status	Page Number
AB 904 (V. Manuel Pérez)	Local Authority for Manufacturing Incentives	Signed by the Governor, Chapter 486, Statutes of 2010	23
AB 1009 (V. Manuel Pérez)	Economic Recovery Bonds	Signed by the Governor, Chapter 648, Statutes of 2009	23
AB 1106 (Fuentes)	Clean Tech Small Business Loans and Guarantees	Signed by the Governor, Chapter 356, Statutes of 2010	23
AB 1420 (V. Manuel Pérez)	State Government: Research	Held in the Senate Rules Committee	23
*AB 1830 (Jones)	High Speed Rail: Manufacturers	Signed by the Governor, Chapter 456 – Statutes of 2010	24

AB 2437 (V. Manuel Pérez)	California Manufacturing Competitiveness Act of 2010	Vetoed by the Governor	24
***SB 959 (Ducheny)	Office of Permit Assistance	Vetoed by Governor	24
SCR 53 (Corbett)	Keep New United Motor Manufacturing Inc., Facility Open	Chaptered by Secretary of State, Res. Chapter 30, Statutes of 2009	24
SJR 29 (Wright)	Aerospace Industry and C-17 Production	Chaptered by Secretary of State, Res. Chapter 138, Statutes of 2010	24

Small Business Development and Operations

Author/Bill Number	Topic	Status	Page Number
AB 31 (Price)	Public Contracts: Small Business Procurement and Contract Act	Signed by Governor, Chapter 212, Statutes of 2009	26
AB 165 (Carter)	Microenterprises: Economic Development	Held under submission in the Assembly Appropriations Committee	26
AB 177 (Ruskin)	Economic development: California Urban Communities Collaborative	Signed by Governor - Chapter 342, Statutes of 2010	26
AB 184 (Block and V. Manuel Pérez)	Small Business Gap Financing	Language in SB 66, Signed by Governor, Chapter 367, Statutes of 2009	26
AB 309 (Price)	Public Contracts: Small Business Participation	Held under submission in the Assembly Appropriations Committee	26
AB 507 (Arambula)	Infrastructure and Economic Development Bank Act	Held under submission in the Assembly Appropriations Committee	26
AB 699 (Portantino)	State Economic Development Strategy	Held under submission in the Assembly Appropriations Committee	27

AB 904 (V. Manuel Pérez)	Local Authority for Manufacturing Incentives	Signed by Governor, Chapter 356, Statutes of 2010	27
AB 926 (Ruskin)	Loss Leader Notice Requirements	Signed by the Governor, Chapter 490, Statutes of 2009	27
AB 1009 (V. Manuel Pérez)	Build America Bonds	Signed by the Governor, Chapter 648, Statutes of 2009	27
AB 1047 (V. Manuel Pérez)	Local Government Assistance Program	Held under submission in the Assembly Appropriations Committee	27
AB 1106 (Fuentes)	Clean Tech Small Business Loans and Guarantees	Signed by the Governor, Chapter 356, Statutes of 2010	28
**AB 1555 (JEDE)	Economic Development Omnibus	Signed by the Governor, Chapter 24, Statutes of 2009	28
AB 1557 (JEDE)	Federal Funding: Economic Stimulus Bill	Held under submission in the Assembly Appropriations Committee	28
**AB 1558 (JEDE)	Reorganization of State's Economic and Workforce Development Program	Held under submission in the Senate Appropriations Committee	28
AB 1632 (Blumenfield)	Financing and Technical Assistance Funds for Small Businesses	Signed by the Governor, Chapter 731, Statutes of 2010	28
AB 1918 (Davis)	Minority and Woman Business and DVBE Contractor Goals	Signed by the Governor, Chapter 342, Statutes of 2010	28
AB 2196 (Smyth)	Small Business Advocate: Report on Costly Regulations	Held under submission in Assembly Jobs Committee	28
AB 2249 (Ruskin)	State Government: Small Business Certification	Signed by the Governor, Chapter 383, Statutes of 2010	29
*AB 2581 (Bradford)	Banking Development Districts	Vetoed by Governor	29
AB 2627 (Nielsen)	Businesses: Services for Minors	Held under submission in the Senate Appropriations Committee	29

AB 2692 (Tran and V. Manuel Perez)	Small Business Regulatory Reform Commission	Held under submission in the Assembly Appropriations Committee	29
AB 2714 (V. Manuel Pérez)	Office of Small Business Advocate	Held under submission in the Assembly Appropriations Committee	29
ABx3 85 (V. Manuel Perez)	Small Business Gap Financing	Session Closed	29
ACR 101 (Furutani)	Small Business Month	Chaptered by Secretary of State, Resolution Chapter 145, Statutes of 2010	30
SB 66 (Price)	Small Business Loan Guarantee Program	Signed by Governor, Chapter 367, Statutes of 2009	30
*SB 401 (Wolk/V. Manuel Pérez)	Tax Conformity: Foreclosure/short Sale, ARRA Cash Grants for Renewable Energy	Signed by Governor, Chapter 14, Statutes of 2010	30
*SB 959 (Ducheny)	Office of Permit Assistance	Vetoed by Governor	30
SB 1108 (Price)	Public Contracts: Small Business Participation	Public Contracts: Small Business Participation	30
*SB 1155 (Dutton)	Capital Access Companies	Signed by Governor, Chapter 516, Statutes of 2010	31
SB 1484 (Wright)	Public Contracts: Bundled Contracts	Held under submission in the Assembly Appropriations Committee	31

Disabled Veteran Business Enterprises and Small Business Procurement

Author/Bill Number	Topic	Status	Page Number
AB 31 (Price)	Public Contracts: Small Business Procurement and Contract Act	Signed by the Governor, Chapter 212, Statutes of 2009	33
AB 177 (Ruskin)	Economic development: California Urban Communities Collaborative	Signed by Governor, Chapter 342, Statutes of 2010	34

AB 569 (Emmerson)	DVBE Contracts: Good Faith Effort	Held at Assembly Desk	34
AB 1771 (Mendoza)	Pubic Contract and Prison Industry Authority	Held under submission in the Assembly Appropriations Committee	34
AB 1918 (Davis)	Minority and Woman Business and DVBE Contractor Goals	Signed by the Governor, Chapter 342, Statutes of 2010	34
AB 2249 (Ruskin)	State Government: Small Business Certification	Signed by the Governor, Chapter 383, Statutes of 2010	34
AB 2627 (Nielsen)	Businesses: Services for Minors	Held under submission in the Senate Appropriations Committee	34
AB 2708 (Bill Berryhill)	Procurement Contracts: Contract Bundling	Held under submission in Assembly Jobs Committee	35
SB 548 (Huff)	California DVBE Program	Chaptered by Secretary of State, Chapter 595, Statutes of 2009	35
SB 1484 (Wright)	Public Contracts: Bundled Contracts	Held under submission in the Assembly Appropriations Committee	35

International Trade

Author/Bill Number	Topic	Status	Page Number
AB 1032 (Blumenfield)	International Relations: Israel MOU	Held under submission in the Assembly Appropriations Committee	37
AB 1276 (Skinner)	International Trade Agreements	Vetoed by the Governor	38
AB 2443 (V. Manuel Pérez)	International Trade Program and Sister State Relationships	Vetoed by the Governor	38
AJR 27 (Torricco)	Columbian Free Trade Agreement	Chaptered by Secretary of State, Resolution Chapter 145, Statutes of 2010	38

Information Technology

Author/Bill Number	Topic	Status	Page Number
AB 978 (V. Manuel Pérez/Logue)	Streamlined State Licensing	The content of this bill was included in the FY 2010-11 Budget Act.	40

Regulatory Reform

Author/Bill Number	Topic	Status	Page Number
*AB 231 (Huber)	Streamlined CEQA Compliance for Tiered EIR's	Signed by the Governor, Chapter 432, Statutes of 2010	42
AB 978 (V. Manuel Pérez)	Internet Based One-stop Permitting	Language in 2020-11 Budget Bill	42
*AB 1318 (V. Manuel Pérez)	Jump Starts the Construction of "Peaker" Plant	Signed by the Governor, Chapter 285, Statutes of 2009	42
*AB 1846 (V. Manuel Pérez)	Streamlined CEQA Compliance for Focused EIR	Signed by the Governor, Chapter 195, Statutes of 2010	42
*AB 1954 (Skinner and V. Manuel Pérez)	Renewable Energy Financing Reforms	Signed by the Governor, Chapter 460, Statutes of 2010	42

* **Bill not heard in JEDE**

** **Content of the bill amended to a different subject matter after leaving JEDE.**

Glossary of Terms

Jobs, Economic Development and the Economy

Abbreviations

BTH: Business Transportation and Housing Agency.

CAEZ: California Association of Enterprise Zones.

CalBIS: California Business Investment Services.

CalED: California Association for Local Economic Development.

CALGOLD: California Government Online to Desktops.

CALWORKS: The California Work Opportunity and Responsibility to Kids Program.

CDFI: Community Development Financial Institution.

CEDP: California Economic Development Partnership.

DGS: Department of General Services.

DVBE: Disabled Veterans Business Enterprise.

EDC: Economic Development Corporation.

EDD: Employment Development Department.

EDM: Emerging Domestic Markets

ETP: Employment Training Panel.

EZ: Enterprise Zone.

FDI: Foreign Direct Investment.

G-TEDA: Geographically-Targeted Economic Development Area.

HCD: Department of Housing and Community Development.

I-BANK: Infrastructure and Economic Development Bank.

JEDE: Jobs, Economic Development and the Economy Committee.

JTPA: Job Training Partnership Act.

LAMBRA: Local Agency Military Base Recovery Area.

MASA: Military and Aerospace Support Act.

MEA: Manufacturing Enhancement Area.

MOU: Memorandum of Understanding.

OES: Office of Emergency Services.

OSBA: Office of Small Business Administration.

ROI: Return on Investment.

SBE: Small Business Enterprise.

SBLGP: Small Business Loan Guarantee Program.

TEA: Targeted Employment Area.

TTA: Targeted Tax Area.

WIA: Workforce Investment Act.

WIB: Workforce Investment Board.

Definitions:

BUSINESS TRANSPORTATION AND HOUSING AGENCY (BTH): BTH oversees the activities of 13 departments consisting of more than 42,000 employees, a budget greater than \$11 billion, plus several economic development programs and commissions. Its operations address financial services, transportation, affordable housing, real estate, managed health care plans and public safety.

CALIFORNIA ASSOCIATION OF ENTERPRISE ZONES (CAEZ): Non-profit organization that lobbies on behalf of Enterprise Zones and works to foster economic development within those zones.

CALIFORNIA BUSINESS INVESTMENT SERVICES (CalBIS): Housed in the Labor and Workforce Development Agency, CalBIS serves employers, corporate real estate executives, and site location consultants considering California for new business investment and expansion.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CaLED): CALED is a statewide professional economic development organization dedicated to advancing its members' ability to achieve excellence in delivering economic

development services to their communities and business clients. CALED's membership consists of public and private organizations and individuals involved in economic development.

CALIFORNIA GOVERNMENT ONLINE TO DESKTOPS (CalGOLD): The CalGOLD database provides links and contact information that direct businesses to agencies that administer and issue business permits, licenses and registration requirements from all levels of government. The CalGold listings include descriptions of the requirements, the names, addresses, and telephone numbers of the agencies that administer those requirements and issue the permits and licenses, and in most cases a direct link to the agencies' Internet web pages.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS PROGRAM (CALWORKS): Provides temporary financial assistance and employment focused services to families with minor children who have income and property below State maximum limits for their family size. Most able-bodied aided parents are also required to participate in the CalWORKs GAIN employment services program.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI): Nationwide, over 1000 CDFIs serve economically distressed communities by providing credit, capital and financial services that are often unavailable from mainstream financial institutions. CDFIs have loaned and invested in distressed communities. Their loans and investments have leveraged billions more dollars from the private sector for development activities in low wealth communities across the nation. California offers tax credits for investments in CDFI's under the Insurance Tax Law, as well as under the Personal and Corporate Income Tax Laws.

CALIFORNIA ECONOMIC DEVELOPMENT PARTNERSHIP (CEDP): The CEDP was formed by Governor Schwarzenegger in 2005 as an interagency team to coordinate state government economic development activities. It seeks seamless coordination between the state, regional/local economic development organizations, and public/private resources for the retention, expansion and attraction of jobs in California.

DEPARTMENT OF GENERAL SERVICES (DGS): The department consists of six divisions, 23 operational offices, 4,000 employees and a budget in excess of half a billion dollars. Its functions include e-commerce and telecommunications; siting, acquisition, development, leasing, disposal and management of state properties; architectural approval of local schools and other state-responsibility buildings; printing services provided by the second largest government printing plant in the U.S.; procurement of supplies needed by other state agencies; and maintenance of the vast fleet of state vehicles. The director serves on half a dozen state boards and commissions.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD): HCD is one of 13 departments within BTH. As California's principal housing agency, the mission of HCD is to provide leadership, policies and programs to expand and preserve safe and affordable housing opportunities and promote strong communities for all Californians. HCD is responsible for oversight of California's G-TEDA programs.

DISABLED VETERAN BUSINESS ENTERPRISE (DVBE): Certified DVBE's that meet eligibility requirements are eligible to receive bid preferences on state contracts.

ECONOMIC DEVELOPMENT CORPORATION (EDC): Locally based corporations whose mission is to promote investment and economic growth in their region.

ECONOMIC STRATEGY PANEL: The Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative biennial planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD): EDD offers a wide variety of services under the Job Service, Unemployment Insurance, Disability Insurance, Workforce Investment, and Labor Market Information programs. As California's largest tax collection agency, EDD also handles the audit and collection of payroll taxes and maintains employment records for more than 17 million California workers.

EMERGING DOMESTIC MARKETS (EDM): The term "emerging domestic markets" refers to people, places, or businesses with growth potential, which have historically faced systemic capital constraints. The demographics of emerging domestic markets include ethnic- and women-owned firms, urban and rural communities, companies which serve low- to moderate-income populations, and other small- and medium-sized businesses.

EMPLOYMENT TRAINING PANEL (ETP): ETP is a California State agency that began in 1983 and is designed to fund training that meets the needs of employers for skilled workers and the need of workers for long-term jobs. The program funds the retraining of incumbent, frontline workers in companies challenged by out-of-state competition. ETP also funds training for unemployed workers, and prioritizes small businesses, and employers and workers in high unemployment areas of the State. ETP is funded by a tax on business.

ENTERPRISE ZONE (EZ): Geographically-based economic incentive areas in California that provide regulatory or tax benefits to businesses. There are 42 Enterprise Zones in California.

GEOGRAPHICALLY TARGETED ECONOMIC DEVELOPMENT AREA (G-TEDA): A generic term for all geographically-based economic incentive areas in California, including TTAs, LAMBRAs, EZs, and MEAs.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK): The I-Bank is a state financing authority that provides low-cost financing to public agencies, manufacturing companies, nonprofit organizations and other entities eligible for tax-exempt financing. Since January 1, 1999, the I-Bank has financed more than \$6.5 billion in tax-exempt bonds and loans for economic development and public infrastructure projects throughout the state.

JOB TRAINING PARTNERSHIP ACT (JTPA): JTPA is a federal law that authorizes and funds a number of employment and training programs in California. JTPA's primary purpose is to establish programs to provide job training services for economically disadvantaged adults and youth, dislocated workers and others who face significant employment barriers. These programs help prepare individuals in California for participation in the state's workforce, increasing their employment and earnings potential, improving their educational and occupational skills and reducing their dependency on welfare.

LOCAL AGENCY MILITARY BASE RECOVERY AREA (LAMBRA): A LAMBRA is an area located in California that is designated as such by the Business, Transportation and Housing Agency. LAMBRAs are established to stimulate growth and development in areas that experience military base closures. Taxpayers investing, operating, or located within a LAMBRA may qualify for special tax incentives. There are currently eight LAMBRAs: Southern California International Airport, Castle Air Force Base, Mare Island Naval Base, San Bernardino International Airport and Trade Center, Alameda Naval Air Station, Mather Field/McClellan Park, Liberty Station, and Tustin Marine Corps Air Station.

MANUFACTURING ENHANCEMENT AREA (MEA): Incentives available to businesses located in an MEA are streamlining local regulatory controls, reduced local permitting fees and eligibility to earn \$29,234 or more in state tax credits for each qualified employee hired. All manufacturing businesses that are engaged in those lines of business described in Codes 2011 to 3999, inclusive, of the Standard Industrial Classification (SIC) and are located in the MEA are eligible for program benefits. There are 2 MEAs located in California. They are the Cities of Brawley and Calexico (contacts are listed below). Each community is located in Imperial County. An MEA designation lasts until December 31, 2012.

MICROBUSINESS: A business that was started with less than \$35,000 in equity, and has fewer than five employees.

MILITARY AND AEROSPACE SUPPORT ACT (MASA): Established the Office of Military and Aerospace Support, located in the Business, Transportation and Housing Agency, which has numerous duties of which the main focus is development and implementation of a strategic plan to keep military bases in the state. The office is also charged with assisting communities with the conversion of military bases closed or realigned during prior or recent BRAC rounds. This office is set to sunset on January 1, 2009.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS): The North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. The NAICS and SIC manuals provide code number for every industry. These codes are frequently used in legislation to identify industries, especially

those benefiting from certain tax legislation like the Manufacturers Investment Credit (MIC).

OFFICE OF EMERGENCY SERVICES (OES): The Governor's Office of Emergency Services coordinates overall state agency response to major disasters in support of local government. The office is responsible for assuring the state's readiness to respond to and recover from natural, manmade, and war-caused emergencies, and for assisting local governments in their emergency preparedness, response and recovery efforts.

OFFICE OF SMALL BUSINESS ADMINISTRATION (OSBA): Since its founding on July 30, 1953, the U.S. Small Business Administration has delivered about 20 million loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.

SMALL BUSINESS ENTERPRISE (SBE): A business with 100 or fewer employees, and an average annual gross receipts of \$10 million or less over the previous three tax years, or a manufacturer with 100 or fewer employees. SBE's are eligible to receive a 5% bid preference on state contracts.

SMALL BUSINESS LOAN GUARANTEE PROGRAM (SBLGP): The state Small Business Loan Guarantee Program (SBLGP) provides guarantees on bank loans to small businesses that would otherwise not be made. A network of 11 Small Business Financial Development Corporations - working closely with small business borrowers and local community banks - issues the guarantees on behalf of the state. The guarantees are backed by a trust fund that can be leveraged four times. The state currently guarantees more than \$276 million in outstanding loans.

SPECIAL FUND FOR ECONOMIC UNCERTAINTIES: A fund in the General Fund (a similar reserve is included in each special fund) authorized to be established by statutes and Budget Act control sections to provide for emergency situations. (GC 16418)

TARGETED EMPLOYMENT AREA (TEA): One of many options to voucher an employee, Targeted Employment Areas (TEA) allow residents of certain designated low-income areas to qualify Enterprise Zone employers for substantial hiring credits.

TARGETED TAX AREA (TTA): The Tulare TTA is a program very similar to Enterprise Zones. TTA offers incentives that are only available to companies located in the Tulare TTA and engaged in a trade or business within certain Standard Industrial Codes. State incentives include tax credits for sales and use taxes paid on certain machinery, machinery parts, and equipment; tax credits for hiring qualified employees; and a fifteen year net operating loss carry-forward.

WORKFORCE INVESTMENT ACT (WIA): The federal Workforce Investment Act (WIA), which superseded the Job Training Partnership Act, offers a comprehensive range of workforce development activities through statewide and local organizations. Available workforce development activities provided in local communities can benefit

job seekers, laid off workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. The purpose of these activities is to promote an increase in the employment, job retention, earnings, and occupational skills improvement by participants. California will receive approximately \$454 million from the federal government this year to provide services for adults, laid-off workers, and youth.

WORKFORCE INVESTMENT BOARD (WIB): The Governor has appointed a State Workforce Investment Board (WIB) consisting primarily of representatives from businesses, labor organizations, educational institutions, and community organizations. The State WIB assists the Governor in designing a statewide plan and establishing appropriate program policy.