

# Appendix A

## GO-Biz Response to JEDE Information Requests

Below are a series of questions and data requests. The Chair is requesting the information be provided to the Committee on or before the close of business on Friday, February 19, 2016.

### General Overview

**JEDE Question/Request:** Looking back over the past several years, what have been the primary roles The Governor's Office of Business and Economic Development (Go-Biz) has played within the state's economic development network?

#### **General Background:**

The Governor's Office of Business and Economic Development (GO-Biz) was created by Governor Brown to serve as California's single point of contact for economic development and job creation efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection and incentive identification, permit assistance and clearing of regulatory hurdles, small business assistance, international trade development and foreign direct investment, assistance with state government, and more.

In October of 2011, Governor Brown signed AB 29 (Perez, Chapter 475, Statutes of 2011), codifying the office in statute and renaming it to the Governor's Office of Business and Economic Development. This bill became effective January 1, 2012. Budget authority for the initial GO-Biz positions came in the 2012-2013 Fiscal Year Budget, which took effect July 1, 2012. The first round of Deputy Director and leadership appointments took place in September 2012, with another round following in January 2013.

The Governor's Reorganization Plan 2, implemented in August 2012, moved the State Infrastructure and Economic Development Bank, Film Commission, and Tourism Commission, under the purview of the Governor's Office of Business and Economic Development. GO-Biz, in addition to the programs and services it offers, also serves as the administrative control agency for these organizations.

Also in 2012, Governor Brown signed AB 2012 (Perez, Chapter 294, Statutes of 2012), which created the International Trade and Investment Program within GO-Biz. The bill made GO-Biz the lead state agency for international trade and investment activities. This includes creating international trade and investment offices outside of the United States, and accepting private donations for those purposes. In October 2012, GO-Biz signed a partnership agreement with the Bay Area Council, a San Francisco-headquartered nonprofit business organization, to operate a California Trade and Investment office in Shanghai and organize trade and investment missions to China. Governor Brown announced during his State of the State address in January 2013 that he would head the first such mission to open the office in April 2013.

In 2013, Governor Brown also initiated the Governor's Economic Development Initiative, which ended the old Enterprise Zone program and replaced it with three new economic development tools; a partial sales and use tax exemption for manufacturing and research and development equipment purchases, a targeted new employment credit, and the California Competes Tax Credit. The California Competes Tax Credit became a program within GO-Biz (SB 90, Galgiani, Chapter 70, Statutes of 2013, and AB 93, Committee on Budget, Chapter 69, Statutes of 2013). Governor Brown also signed legislation that created the "Made in California" labeling program, and placed that program within GO-Biz (SB 12,

Corbett, Chapter 541, Statutes of 2013) as well as codified the Innovation Hub Program (AB 250, Chapter 530, Statutes of 2013). GO-Biz also opened the State's first International Trade Office in Shanghai, China in April 2013.

In 2014, Governor Brown worked signed legislation to adopt a new Film and Television Tax Credit Program (AB 1839, Gatto, Chapter 413, Statutes of 2014). He also signed legislation that increased the amount of funding available for Visit California's tourism marketing efforts on behalf of the state (SB 1119, Leno, Chapter 320, Statutes of 2014). Additionally, through a partnership with OPR and CEC, the legislature approved budget action that created the state Zero Emission Vehicle Infrastructure Project manager position within GO-Biz to focus on ZEV fueling station development across the state. GO-Biz also piloted, for the first time, the Capital Infusion Grant Program, a competitive grant program for small business development centers funded by a one-time \$2 million appropriation for fiscal year 2014-2015. GO-Biz also launched the Lean 6 Sigma Training Program for state departments, with 14 projects from 12 departments.

In 2015, GO-Biz launched the California Business Portal, a one stop tool for businesses needing tools or resources ([www.businessportal.ca.gov](http://www.businessportal.ca.gov)). IBank launched its California Lending for Environmental and Economic Needs (CLEEN) program, to focus on providing lending services to municipalities, universities, schools, and hospitals for environmental and energy efficiency projects. Growing on the success of the first round, GO-Biz also continued the Capital Infusion Grant Program for fiscal year 2015-2016 with a second \$2 million general fund appropriation. Also for its second year, GO-Biz operated the Lean 6 Sigma Training Program, with 24 projects from 16 departments across state government.

### **Understanding the Layers of Economic Development Partners:**

Economic development in California involves multiple partners. Economic Development is truly a locally driven activity, which is why nearly every city and county has designated economic development staff. Recognizing the importance and value of regional economies and regional collaboration, nearly every local jurisdiction in the state is a member of a regional economic development organization. These organizations provide economic development services, particularly business attraction, expansion, and retention. Local Chambers of Commerce, Workforce Investment Boards, and the Small Business Development Centers (SBDC's) also provide services at the local and regional level. At the State level, the California Association of Local Economic Development serves as the practitioner association for economic developers, and Team California serves as a statewide marketing arm for California communities and regions providing access to key national and international trade shows and events.

### **Primary Roles of GO-Biz:**

GO-Biz's role is to serve as the state point of contact for economic development activity. We serve as a convener for all of these organizations, as well as the go-to entity for challenges or opportunities that any of the aforementioned entities may have. We coordinate activity at the state level between both local and state activities. We promote and educate our partners and businesses on the many services and opportunities that exist in California. We serve as a point of access for businesses and other economic development organizations to learn about state programs and resolve permitting and regulatory issues. We work to leverage local, state, and federal resources to have a maximum impact on economic development.

GO-Biz has played a role in the attraction of several large scale business expansion projects to the state. We've also focused resources specifically on protecting several of California's key industries, including film, aerospace, manufacturing, travel and tourism, agriculture and food processing,

information technology, and many more. We've also looked closely at where there are gaps in economic development programs or services and have worked hard to address them. Specifically, this administration repealed the old enterprise program and replaced it with three new incentives (a targeted hiring credit, manufacturing partial sales and use tax exemption, and the California Competes Tax Credit). We've worked with the Legislature to provide additional funding for the SBDC's to provide capital readiness and training as we have learned about the challenges to access to capital that small businesses have. We've opened the first California trade office since the demise of the California Trade and Commerce Agency in 2003 and expanded our relationships with international trade partners to both improve California exports and increase foreign direct investment into California. We've worked with countless local, state, and federal entities to remove barriers businesses have encountered, relaunched [CalGOLD](#), the online permit assistance center, and launched the brand new [California Business Portal](#) to provide businesses easy access to the information, tools, and resources they need.

**JEDE Question/Request:** What was the largest number of people that were employed directly by GO-Biz in 2014 and 2015? Please list the number of individuals in each GO-Biz organizational unit.

The largest number of people that were employed by GO-Biz was in December 2015, with a total employee count of 99. This count is broken down below by budget unit.

Unit Number	Employee Count
GO-Biz	45
Film Commission	17
Tourism Commission	5
IBank	32
Total	99

**JEDE Question/Request:** In 2014 or 2015, were people working at GO-Biz through an interagency transfer agreement? If so, please identify their position at GO-Biz, including classification and the government entity from which they were formally aligned.

In Fiscal Year 2014-2015, we had one employee working at GO-Biz via an interagency agreement. The employee is from the Governor's Office. This employee works on our Zero Emission Infrastructure Project Management Team.

**JEDE Question/Request:** Attached is a list of selected legislation signed by the Governor relating to GO-Biz. Please indicate on the list whether the bill has been (1) fully implemented; (2) partially implemented; (3) not implemented. Include other information, as appropriate.

See attached document "Legislation Impacting GO-Biz 2011 to 2015 Responses."

**JEDE Question/Request:** Under each of these organizational units, please list the program and services available.

- **California Business Investment Services unit**

This unit provides comprehensive site selection and incentive identification assistance to businesses looking to locate or expand in California. It also coordinates statewide business attraction, expansion, and retention efforts. This unit works directly with regional economic development organizations,

cities, counties, trade groups, site selectors and consultants, and businesses on a daily basis. The CalBIS team also leads statewide site selection processes.

The CalBIS team has a responsibility in the CPUC approval process for investor owned utilities who offer an economic development rate. The Investor Owned Utilities (IOUs) Pacific Gas & Electric (PG&E) and Southern California Edison (SCE) offer an economic development rate (EDR) authorized by California Public Utilities Commission (CPUC) 2013 Decision 13-10-019 and 2015 CPUC Decision 15-04-006 respectively. Both IOUs can provide either a 12% discount over five years to a qualified company in their service territory or a 30% discount for five years for a qualified company in their service territory that is in an economically distressed area. An applicant must certify that they are considering an out of state location or that the project will not happen in the State but for the EDR.

The utility will preapprove an applicant, and then refer the applicant to CalBIS for an independent business case that is required by the two CPUC decisions. Upon completion of the business case, a decision is made by GO-Biz to support or not support the applicant and an appropriate letter is sent to the utility company. The utility then makes a final decision and if approved sends a contract to the company.

CalBis also plays a role with the critical proposal process that is part of the Employment Training Program (ETP) as described in California Code of Regulations, Title 22, Section 4402.2. CalBIS can request a designation from the Executive Director of ETP for any company. A critical proposal provides the benefit of preferred consideration, expedited processing and/or a higher maximum cap for funding. A recommendation can be made by the Deputy Director of CalBIS, but the designation is at the discretion of the ETP Executive Director. The Panel has final approval of a critical proposal.

#### ○ **Permit Assistance Unit**

The permit assistance unit provides one-on-one direct permitting assistance to business owners. This assistance includes helping businesses understand permitting and licensing processes, navigating the actual process, and helping resolve conflicts between the permitting or regulatory entity and the business applicant. This team also administers [CalGOLD](#), the state's electronic on-line permit assistance center.

This unit also works collaboratively with departments across state government to modernize existing business processes that impact economic development. This includes operating the Lean-6Sigma program, which is currently in its third year of operation. As a result of this program, 38 successful projects have been completed across several departments and agencies that have improved the effectiveness and efficiencies of processes that impact customers. For more information please see [here](#).

Finally, this unit is also responsible for serving as a liaison to the Department of Finance for purposes of reviewing major regulations as defined by statute. Existing regulations require DOF to provide notice to GO-Biz of submitted Standard Regulatory Impact Assessments. GO-Biz reviews these assessments, takes feedback from the related impact community, and provides informal feedback to DOF on the contents of the SRIA's as prepared by the department or agency. GO-Biz has reviewed 17 Major Regulation Packages since implementation of the program in 2014.

#### ○ **Innovation and Entrepreneurship Unit**

The Innovation and Entrepreneurship unit is the state's primary point of contact for promoting

California’s innovation infrastructure. It functions to develop an environment that encourages entrepreneurship, promotes long term economic growth and facilitates job creation through innovation. This unit is primarily responsible for the administration of California’s Innovation Hub (iHub) Program.

○ **California Infrastructure and Economic Development Bank**

The California Infrastructure and Economic Development Bank (IBank) was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. IBank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. IBank's current programs include the Infrastructure State Revolving Fund (ISRF) Loan Program, Statewide Energy Efficiency Program (SWEEP), 501(c)(3) Revenue Bond Program, Industrial Development Revenue Bond Program, Exempt Facility Revenue Bond Program, Governmental Bond Program and the Small Business Loan Guarantee Program. Please see the attached factsheets for more information.

○ **Office of the Small Business Advocate**

The Office of the Small Business Advocate (OSBA) provides information and assistance to small businesses so they can succeed in the California marketplace. OSBA hosts workshops and webinars on varying topics. In partnership with GO-Biz’s Permit Assistance Unit, OSBA also convenes a State interagency working group to represent small business interests in the state’s regulatory policies. OSBA administers two programs – The Made in California labeling program, and the Small Business Development Center Capital Infusion Grant Program.

OSBA oversees the Capital Infusion Program. The program enables the California Small Business Development Center (SBDC) Networks to expand their one-to-one, no-cost, confidential consulting to small business owners to help them attain loans, investor capital, understand and resolve their credit readiness issues and develop funding strategies for business expansion or startup.

Funding for this program was first authorized as part of the fiscal year 2014-2015 state budget and again as part of the 2015-2016 budget. The Capital Infusion Program provides \$2 million in competitive grant funding to the SBDC Network, the largest technical assistance program for small businesses in California. The California SBDC Network is comprised of six regional networks, each having one administrative hub or “Lead Center” and a network of small business development centers. Funds are matched 1:1 by the U.S. SBA. In fiscal year 2014-15, 34 small business development centers across California received grant funds. In fiscal year 2015-16, 41 centers will receive grant funds. OSBA administers the program and oversees all aspects including program management, compliance, and performance progress and outcomes.

Annual metric reports were submitted by the six California SBDC regional networks to OSBA in December 2015. In the first year of the program, the Capital Infusion Program resulted in \$202,645,464 in documented capital infusion, exceeding the capital infusion goal for the program by more than 50%. The program served 9,702 small business owners across the state.

<b>Region</b>	<b>Funding Received</b>	<b>Capital Infusion</b>	<b>Clients Served</b>
Northern CA SBDC	\$382,124	\$30,128,694	2,312
Northeastern CA SBDC	\$192,708	\$17,731,645	569
UC Merced SBDC (Central CA)	\$208,795	\$12,536,699	1,141
Los Angeles SBDC	\$540,000	\$33,933,198	3,147

Orange County/Inland Empire SBDC	\$393,665	\$101,257,667	1,003
San Diego/Imperial Valley SBDC	\$198,000	\$4,304,862	1,051
Pasadena City College SBDC	\$54,708	\$2,477,700	344
University of La Verne SBDC	\$30,000	\$275,000	135
<b>Total</b>	<b>\$2,000,000</b>	<b>\$202,645,465</b>	<b>9,702</b>

○ **Small Business Finance Center (Within the IBank)**

The Small Business Finance Center Currently houses the Small Business Loan Guarantee Program (SBLGP). The SBLGP provides repayment guarantees to lenders of loans to small businesses having difficulty securing financing on their own. The guarantees are issued by non-profit Financial Development Corporations. The Financial Development Corporations partner with community banks to help small business owner’s finance their plans including expanding operations, purchasing new equipment and infusing businesses with working capital. Guarantees may also be issued on loans for start-up costs. Please see the attached factsheet for more information.

○ **International Affairs and Trade Development Unit**

The main purpose of the International Affairs and Trade Development unit is to provide assistance to small and medium sized California companies looking to export or increase their export presence internationally as well as to facilitate foreign direct investment into California. The Office also oversees the operation of the California China Trade Office in Shanghai.

○ **California Competes Tax Credit**

The California Competes Tax Credit Program is a competitive tax credit that awards companies for job creation and new investments made in the state. This includes conducting outreach workshops statewide to potential applicants, assisting applicants through the application process, analyzing applicant’s information, and making recommendations to the California Competes Tax Credit Committee on potential awardees. The team also connects clients who request it to the Cal-BIS team should they have an additional need for GO-Biz services.

○ **Office of External Affairs**

GO-Biz does not have an Office of External Affairs. GO-Biz does have a Deputy Director for External Affairs. This position has been vacant since July 2015. The Governor’s Office is currently in the process of selecting a new appointee for this position. The purpose of this position is to provide statewide coordination and collaboration with key economic development stakeholders as well as internal collaboration on external events with a focus on maximizing our opportunities statewide.

**Data on Business Assistance**

**JEDE Question/Request: How do you track your business assistance activities?**

When GO-Biz was first created, several of our programs developed databases to track the respective business assistance activities they provide. CalBIS has and currently uses a legacy customer relationship management (CRM) system. Until July 2015, all of these tracking systems operated independently.

In 2015, GO-Biz launched the California Business Portal ([www.businessportal.ca.gov](http://www.businessportal.ca.gov)). The California Business Portal (CBP) is a one-stop-shop, assisting *business* owners through the different stages of *business* development. The CBP was initially developed from October 2014 – June 2015 by the CA Department of Technology's Information Technology Leadership Academy (ITLA) with the Governor's Office of Business and Economic Development (GO-Biz) as the Executive Sponsor. CBP partners include the Franchise Tax Board, Secretary of State, Board of Equalization and Employment Development Department. The portal has several key features, including:

- 1. Businessportal.ca.gov** - Provides businesses information about incentives, financing, taxes, regulatory requirements, permits, certifications, licenses, and workforce.
- 2. Business Service Desk** - Provides answers to frequently asked questions (FAQs) related to business activity in California. Questions and answers are searchable through keywords. The service desk aggregates questions and answers across state agencies. Users can submit questions to be answered by CBP Subject Matter Experts.
- 3. Business Mapping Tool** – Provides 65 different mapping layers related to business assistance organizations, permit authorities, and workforce information. Users can find specific location-based information for their business requirements.
- 4. Business Navigator** – Application that guides businesses through a series of questions to provide customized regulation, permit, and business incentive information.

Currently GO-Biz small business and permitting related business assistance requests have been centralized into the Business Service Desk. GO-Biz is currently in the process of integrating a new CRM system into the business portal that will replace the legacy system CalBIS is currently using. This transition will allow for improved data collection on active projects and streamlined reporting.

**JEDE Question/Request: How many California businesses were assisted by GO-Biz in 2014 and in 2015? Do you have data on the general geographic location of these businesses? Do you know the general size of the businesses and industry sectors assisted? If so, please provide.**

These numbers were derived by adding together unit specific data on business assistance for the following programs: Permit Assistance, International (including EB 5 letters), CalBis projects (not all direct contacts), Small Business Assistance provided, and clients served through the Capital Infusion Grant Program. Data from California Competes applicants and awardees are not included in these numbers, although they may have received services from another unit. This data also does not include businesses assisted through the Small Business Loan Guarantee Program or permit assistance provided to production companies by the California Film Commission. Additionally, these numbers are rounded down to account for any double counting by businesses that may have received services from multiple units.

2012: 5,300+ businesses

2013: 6,500+ businesses

2014: 10,250+\* businesses

2015: 12,650+\*\* businesses

\*This number is higher than previously reported. The higher number reflects additional businesses served through the Capital Infusion Grant Program for 2014. This data was not available at the time this number was previously reported.

\*\*This number includes only program data from Q1-Q3 of 2015 for the Capital Infusion Grant

Program. Q4 metrics are still being reported. As a result, this number is anticipated to increase.

**JEDE Question/Request: How many businesses from outside California were assisted by GO-Biz in 2014? How many in 2015? Where were the headquarters of these businesses located? Do you know the general size of the businesses and industry sectors assisted? If so, please provide.**

GO-Biz assisted hundreds of businesses from outside California each year. Many of them are small businesses who are interested in starting or expanding their existing business into California. CalBIS and the International Unit work closely with companies looking to establish a first time presence in California, be it from another state or an international location. Our current business assistance tracking does not allow for us to separate out of state businesses without significant staff resources.

**JEDE Question/Request: Do you track site location referrals? If so, please explain the monitoring process, including data on outcomes. Do you know which areas of the state receive the most referrals? What are the most commonly requested site location requirements?**

The California Business Investment Services (CalBIS) unit works with companies to expand and or retain their presence in California by streamlining the site selection process and offsetting the cost of doing business with the use of local, state, and federal incentives. One of CalBis' core services is providing companies and clients with a confidential site selection service. CalBIS has a vetted and effective internal site selection process that each project follows. See Attachment titled "Site Selection Process PowerPoint" for a step by step presentation on the site selection process.

Whenever a client comes to CalBIS with a project, the client is assigned to a senior business development specialist who guides the client through the site identification and selection process. Our team will gather information about the businesses location requirements and create a "project" with our CRM system. This information is used to create a Request for Information (RFI) that is then sent to the various local economic development corporations (EDC's), cities and counties as directed by the client. If a lead comes from a local community, CalBIS works exclusively with that local community unless the company expressly requests to evaluate another community.

The RFI provides detailed instructions to community recipients on how to respond to the opportunity. Communities interested in vying for a project opportunity submit to CalBIS all relevant information as may be available regarding a site that best matches the client's criteria. All responses are collected electronically. To the extent allowable, CalBIS generally provides communities two weeks to provide a response. However, the client may impose response deadlines with much shorter durations.

After reviewing RFI responses received from each community partner, CalBIS assembles a response package to the client. The response package generally identifies applicable State (and any provided local) economic incentives as well as relevant state (and local if provided) supported resource programs that may benefit the client or assist in making a site selection decision. Once the client has reviewed the state's response package, they provide direction with regard to next steps. They may select a finalist site, short list several sites for comparison, request additional information, delay the decision, or choose not to proceed.

The following is a list of the most frequently requested site requirements by projects. These are often the factors in which communities will be eliminated by the client or continue on in RFI process. These requirements include: land cost, utility cost and availability, available acreage, zoning, overall site readiness, rail service, water/sewer capacity and cost, and a ready and applicably trained workforce.

**JEDE Question/Request: How many letters of business assistance has GO-Biz prepared in 2014? How many in 2015? Do you conduct follow-up with the businesses and individuals to which the letters were provided? Do you track outcomes from these letters? If so, please explain and provide related data.**

CalBIS works with businesses on a daily basis as part of their general role in business attraction, expansion, and retention. Not all interactions result in projects. CalBIS starts a new project whenever a business is actively engaged with CalBIS and in need of specific services they offer. In 2014, CalBIS had approximately 285 projects. In 2015 CalBIS had approximately 243 active projects. All clients involved in active projects receive a customized letter that outlines incentives that may be available. Ongoing dialogue, support, and follow-up continue for the life of the project and beyond. We've provided a draft template of the letter we provide to each active projects.

**JEDE Question/Request: For businesses that received assistance in 2015, can you give examples of the types of services most often provided?**

The answer is dependent on the unit providing service. For CalBIS, the types of services most requested are site selection and incentive identification. For Permit Assistance, the most frequently requested needs focus on resolving complex permitting issues and general information on how to start a business. For Small Business, the needs focus around small business resources and access to capital.  
Outreach Activities and Technical Assistance

**JEDE Question/Request: Please provide a list of outreach activities GO-Biz hosted in 2014 and 2015, including the purpose of the event, location, and number of individuals who attended. Among other events, the information should include, but not be limited to, SBLG events, California Competes Workshops, and the Grow California Summit.**

GO-Biz regularly hosts economic development organizations and groups visiting Sacramento, including regional economic development organizations, cities, counties, associations, trade organizations, and delegations from around the world. From 2014-2015, GO-Biz hosted delegations from Brazil, China (several), Japan, Mexico, South Africa, Hong Kong, Poland, and United Arab Emirates. While the list is not exhaustive, we've tried to provide as much information as possible given the time frame on our outreach.

Please see the attached:

- CCTC Workshop Locations and Dates
- GO-Biz Hosted Outreach for 2014-2015 (Includes Cal Competes Info)

**JEDE Question/Request: Please provide a list of outreach activities GO-Biz participated in that another group hosted in 2014 and 2015. Include the host organization, purpose of the event, and number of individuals in attendance (if known).**

GO-Biz is asked to participate in events across the state on a variety of topics. We've participated in major statewide conferences, national trade shows that are being hosted by California, and regional and local events hosted by organizations of various sizes. In 2015 we attended the Select USA Summit with 9 economic development organizations representing California. We also helped host Bio 2015 in San Diego.

The total list is extensive and staff resources do not allow for pulling this information completely without significantly impacting the services we are providing on a daily basis. As an alternative, we're offering highlights from some of the organizational units within GO-Biz. While the list is not exhaustive, we've tried to provide as much information as possible given the time frame on our outreach.

Please see the attached:

- GO-Biz Participated Outreach for 2014-2015

**JEDE Question/Request: Can you explain how GO-Biz measures the success of its outreach activities? If GO-Biz tracked outcomes from outreach events, please explain the tracking system and provide information about the results of these activities.**

As a new agency, we face a significant challenge in just getting information out to the business community that we exist and what services we offer. Despite our continued efforts, we still interact with businesses every day that are learning about us for the first time. Much of our outreach is focused on getting the word out on our programs and services and educating other service providers on what we do so they can share that information with the businesses they work with in their respective communities.

The purpose of each outreach event is different. In most cases, the purpose of our outreach is to familiarize members of the business community and local and regional partners with our programs and services. To that end, we measure success through many measures, including attendance, new leads, business assistance requests, and increases in web traffic and user interface with the website. While we look at several measures, we recognize that successfully educating someone on our programs and services may not be reflected in any single measure.

**JEDE Question/Request: Please provide a list of technical assistance provided by GO-Biz to businesses in 2014 and 2015. Give examples of the types of assistance provided, including how this differs from any outreach activities described under a separate question.**

We work closely with the Small Business Development Centers, SCORE, the WIB's, and other business assistance organizations to refer business needing assistance to someone in their local area who can assist them. Additionally, we provide extensive hands on technical assistance in our permitting and international unit on the following topics:

Permitting Unit:

-Identifying Permits for Business Owners: Permitting Unit staff assists business owners in identifying the permits and other regulatory requirements needed to start a new business or expand an existing one.

-Resolving Regulatory Compliance Issues for Businesses: Permitting Unit staff also schedule meetings between businesses and the appropriate regulatory agencies to help streamline permitting processes and/or resolve more complex issues that arise through the permitting process.

International Unit:

-Export and import resources, information and assistance: International Unit staff provide guidance to web based customs and immigration resources and offer information on exporting/ importing regulations

## Policy Leadership including Legislation

- Please provide a list of conferences, summits, and town halls that GO-Biz attended in 2014 and 2015, which are not otherwise listed under outreach and technical assistance. Include the purpose of the event, location, and any other information you determine to be relevant. There is no need to identify every meeting in which GO-Biz staff participated. As the state's leading entity for economic development, the JEDE members are interested in your participation with the broader economic development community.

This list would be extensive and staff resources do not allow for pulling this information completely without significantly impacting the services we are providing on a daily basis. To provide a taste of the broad network of stakeholders we engage with, we've provided a list of events that GO-Biz, IBank, and the FDC's who partner with IBank to administer the SBLGP participated in for 2014 and 2015. This list is not at all meant to be exhaustive of GO-Biz activities.

Please see attached:

-GO-Biz Attended Only Outreach for 2014-2015

### **JEDE Question/Request: Please provide a list of legislation sponsored by or supported by GO-Biz from 2012 through 2015.**

GO-Biz provides analysis and policy recommendations to the Governor or all pending legislation that impacts economic development policy and regularly works with stakeholders and members of the legislature on key economic development policy goals, legislation, and regulatory development and implementation.

GO-Biz has directly sponsored 2 bills:

- AB 2389 (Fox, Chapter 116, Statutes of 2014)
- SB 936 (Hertzberg, 2016)

Additionally GO-Biz, for both the 2013-2014 Fiscal Year and 2014-2015 Fiscal Year, sponsored budget action that provided \$2 million in performance based grant funding for the SBDC program (the Capital Infusion Program described above under Office of Small Business Advocate). This year, through IBank, GO-Biz is requesting \$20 million for funding of the CLEEN Center to support infrastructure projects that support energy efficiency or other environmental goals.

### **JEDE Question/Request: Please provide a list of state or federal policies, programs, regulations, strategies, plans, or other government documents on which GO-Biz formally submitted comments in 2013, 2014, and 2015.**

GO-Biz, as a direct arm of the administration, does not formally submit comments on federal policies, programs, regulations, strategies, plans, or other governmental documents.

### **JEDE Question/Request: Please provide a list of public and nonprofit boards, commissions, or advisory bodies on which GO-Biz served in 2013, 2014, and 2015, including nonvoting members.**

Please see the attached document titled "Board, Commission, and Advisory Bodies" for a list of

statutorily mandated and participatory bodies.

## International Trade and Foreign Investment

**JEDE Question/Request:** Please provide a list of MOUs and similar agreements between California and a foreign state, regional, or national government, and specifically identify GO-Biz' role and responsibilities under the agreement. If you would like, include examples of specific activities GO-Biz has taken or facilitated related to these agreements.

Below are MOUs which are either specifically trade and investment MOUs or, have a trade and investment component to them. GO-Biz's role/responsibility in all these MOUs - whether specifically stated or implied (some MOUs do not specifically mention GO-Biz), is to serve as the point of contact and/or liaison office for trade and investment promotion activities under the MOU; and if the MOU establishes a bilateral working group to oversee implementation of the MOU's trade and investment promotion, to serve as the lead for the California side. These MOUs primarily call for closer cooperation in expanding trade and investment (e.g., trade missions), and in exchanging information for trade and investment opportunities.

- [National Ministry of Commerce](#) *April 10, 2013*
- [Province of Jiangsu](#) *April 14, 2013*
- [Province of Guangdong](#) *April 15, 2013*
- [Municipality of Chongqing](#) *April 16, 2013*
  - This MOU was signed by GO-Biz and also the City of Sacramento
- [Inner Mongolia Autonomous Region](#) *October 14, 2013*
- [Province of Guangdong - Sister State](#)
- [State of Israel](#) *March 5, 2014*
- [State of Israel - Addendum](#) *June 11, 2014*
  - Signed by GO-Biz; goal (subject to availability of funds) is to work with the Israeli Office of the Chief Scientist of the Ministry of the Economy to facilitate, support and encourage cooperation projects in the field of Industrial R&D that can be marketed and commercialized
- [Prefecture of Osaka](#) *June 24, 2013*
- [Japan](#) *September 5, 2014*
- [Mexico National Ministry of Economy](#) *July 30, 2014*
- [State of Peru](#) *February 26, 2014*
- [Government of Catalonia](#) *April 6, 2015*

**JEDE Question/Request:** What were the purpose and the outcomes from the January 2016 California and Mexico event in San Diego? What follow-up actions related to business and economic development were discussed?

The primary purpose was to highlight trade and investment opportunities between California and Mexico utilizing the MOU as a platform with a focus on the mega-region of San Diego, Imperial Valley and Baja. The session was divided into two parts – a symposium in the morning which provided panel discussions about incentives and programs available to businesses to export and/or invest in California, opportunities in renewable energy and local business experiences/success stories. The second part of the session was a business networking event. Follow ups included building a contact list and GO-Biz collaboration with the SD Chamber of Commerce's trade mission to Mexico City in April. We plan to hold similar events in other parts of the state with the next one scheduled for

early/mid-April in Los Angeles.

**JEDE Question/Request: Does the Governor plan to open a trade office in Mexico? If so, what would be the timeframe?**

GO-Biz cannot speak on behalf of the Governor. By statute, GO-Biz is authorized to open trade offices through public-private partnerships as is the case with the China Trade Office. To date, no private sector organization has submitted a proposal to open a trade office in Mexico. If such a proposal is received we will consider the merits of opening an office.

**JEDE Question/Request: If funding was available, would the Governor be supportive of trade offices in Europe and Asia?**

Again, GO-Biz cannot speak on behalf of the Governor. GO-Biz would consider any private sector organization proposal to open an overseas trade office based on the merits of possible trade and investment opportunities for CA businesses in that particular country.

**JEDE Question/Request: Please explain GO-Biz' activities related to the EB-5 investment visa program including activities with regional centers and foreign investors.**

The state's/GO-Biz's role is very limited with regard to this federal program – specifically, GO-Biz designates and certifies targeted employment areas in the state that would qualify for EB-5 investment by potential foreign investors. In addition, we conduct an annual survey among regional centers requesting information about the types of projects they are involved with so as to provide information to businesses seeking EB-5 investment. Responses are voluntary and the results are published on our website. With regard to foreign investors we have participated in SelectUSA summits and related events which draw foreign investors from around the world. We also highlight the various state incentives for businesses coming to or expanding in California.

### **California Competes**

**JEDE Question/Request: How many tax credit awards have been awarded since inception? What is the total value of tax credits awarded for all taxpayers and for small business taxpayers? Any credits returned?**

Please see the attachment in the appendix titled “CCTC Aggregate Statistics” that provides detailed information to these questions.

**JEDE Question/Request: What is the average size of credit awards for small business taxpayers? What is the average size of credit awards for all businesses, excluding the small business taxpayers?**

Please see the attachment in the appendix titled “CCTC Aggregate Statistics” that provides detailed information to these questions.

**JEDE Question/Request: Based on the tax credit agreements, how many new jobs are anticipated to be created and how many jobs are anticipated to be retained?**

The CCTC program measures job growth as the net increase of full-time employees determined on an

annual full-time equivalent (AFTE) basis compared to an applicant's "base year" (the applicant's most recently completed tax year). CCTC recipients have committed to a net increase of over 42,000 full-time jobs while also maintaining (retaining) the number of full-time employees in their "base year" calculated on an AFTE basis. To date, the CCTC program has not awarded a credit to a purely "retention-only" applicant. Almost all retention applicants also have at least some growth associated with their proposed projects.

**JEDE Question/Request: How many and what is the dollar amount of credits made to taxpayers doing business in a high unemployment or high poverty areas since the program's inception? Provide a list of the names of the companies and the specific geographic locations including the tax credit amount, number of jobs, investment.**

Please see the attachment in the appendix titled "CCTC Awardees in Locations with High Poverty and or High Unemployment."

**JEDE Question/Request: Please provide a description of how the tax credit agreements are being monitored?**

Each CCTC recipient signs a tax credit agreement (a legally binding contract) which spells out milestones, and terms and conditions that must be adhered to in order to earn the credit and avoid a recapture of the credit. Each agreement spells out the requirements (milestones) for claiming a credit for each tax year of the agreement. These milestones are based on information provided by the recipient during the application process and include: net increase of full-time employees, minimum/average salaries for new full-time employees, and the capital investments in real and personal property made to support the jobs created. Recipients have the entire 5 tax years of the agreement to achieve their milestones. If a recipient misses an individual year's milestones, it can earn the credit at any point until the last year of the agreement.

The Franchise Tax Board (FTB) has the statutory responsibility of reviewing the books of records of all non-small business credit recipients to determine if the recipient has complied with the requirements of the agreement. FTB, at its discretion, may review the books and records of small businesses. If during its books and records review FTB discovers a material breach of the agreement, FTB will notify GO-Biz of the nature of the breach. At that point, GO-Biz would contact the recipient to determine if it can cure the breach pursuant to the terms and conditions of the agreement. If the recipient is unable to cure the breach, GO-Biz would make a recommendation to the California Competes Tax Credit Committee which has the ultimate authority to determine whether or not a recapture of the credit is warranted. It is important to note that it is unlikely that a recipient will be found in material breach until the end of the 5 year agreement as it has the entire five years to achieve each and all of its annual milestones.

**JEDE Question/Request: What industry sectors have applied most often for tax credits? Which industry sectors have received the most credits by dollar amount? Which industry sectors have submitted applications for the greatest capital investment? Which industry sectors have submitted applications for the highest number of jobs?**

Please see the attachment in the appendix titled "CCTC Aggregate Statistics" that provides information by industry sector.

### **Innovation and Entrepreneurship**

**JEDE Question/Request:** Please provide a list of iHubs. The list should include the name(s) of lead partners, a one to two sentence description of each iHub's purpose, and the geographic areas the iHub covers.

1. **Inland SoCal Link** —  
Region: Western Riverside County and the County of San Bernardino  
Lead: Rob Moran, Riverside County Economic Development Agency  
The mission of the InLand SoCal Link iHub is to promote collaboration and industry development in the port tech, advanced manufacturing and logistics sectors.
2. **CNMI (California Network of Manufacturing Innovation)**  
— Region: Statewide  
Lead: James Watson, President & CEO CMTC  
The mission of the CNMI iHub is to serve as a statewide collaborative organization to support and foster the manufacturing sector.
3. **iHub LA**  
Region: City of Los Angeles/LA County  
Lead: Fred Walti, President & CEO, LA Cleantech Incubator (LACI)  
Mike Swords, VP of Partnerships, LA Cleantech Incubator (LACI)  
The mission of iHub LA is to support early stage companies, targeted R&D, and collaboration among the region's key stakeholders, assisting to deliver on the regions goals of sustainability, livability and job creation.
4. **iGATE** —  
Region: Livermore and the Tri Valley  
Lead: Brandon Cardwell, Executive Director  
Marilyn Eakin, Community Manager  
The mission of the iGATE iHub is to power the Tri-Valley startup community through technology showcases, startup education, and shared lab and workspaces as well as bringing national lab technology into the market.
5. **iHub San Joaquin** —  
Region: San Joaquin County  
Lead: Elena Reyes, Sr. Deputy County Administrator, County Administrator's Office  
The mission of iHub San Joaquin is to support health care, sustainable construction technology and agriculture technology.
6. **iHub Sacramento** —  
Region: Sacramento, Butte, Nevada, El Dorado, Placer, Yuba, Sutter, Yolo, and Solano Counties  
Lead: In Transition  
The mission of the Sacramento iHub is to empower the region's natural competitive advantages in agro-sciences, medical services, clean energy, entrepreneurship and government technology to become globally competitive growth clusters.
7. **North Bay iHub** —  
Region: Sonoma, Marin, Napa Counties  
Lead: Ameer Sas, Executive Director SoCo Nexus  
The mission of the North Bay iHub is to create high value jobs in the region by enabling and accelerating the success of technology start-ups within a dynamic, sustainable and synergistic environment.

8. **SF iHub** —  
 Region: County & City of San Francisco  
 Lead: Dennis Conaghan, Executive Director, San Francisco Center for Economic Development  
 Kelsey Mead, Economic Development Coordinator, San Francisco Center for Economic Development  
 The mission of the SF iHub is to serve as a conduit, problem-solver and facilitator for creating new businesses and new jobs sectors ranging from biotechnology to fashion. Their goal is to help companies of all sizes, particularly start-ups and small businesses, navigate through processes and challenges to achieve success.
9. **Innovate North State iHub** —  
 Region: Butte, Sierra, Nevada, Tehama, Shasta and Plumas Counties  
 Lead: *(Naming a new lead as former just resigned)*  
 Operates a new business incubator, The Innovation Lab, which is focused on 5 sectors: Manufacturing, clean tech, medical technology, information technology, and agri-technology/food products.
10. **The Central Valley iHub (formerly the CalValleyTech iHub)** —  
 Region: Merced, Madera, Fresno, Kings and Tulare Counties  
 Lead: Karmjot Grewal, Program Manager, Office of Community & Economic Development Cal State University, Fresno  
 Diane Howerton, Regional Director, UC Merced SBDC Regional Network  
 The mission of the Central Valley iHub is to foster new knowledge and innovative technologies that address the needs of the Central San Joaquin Valley especially water and agriculture.
11. **San Jose/Silicon Valley iHub** —  
 Region: San Jose & Greater Silicon Valley  
 Lead: Chris Burton, Sr. Business Development Manager City of San Jose  
 The mission of the San Jose/Silicon Valley iHub is to coordinate and catalyze activities that increase the job base, entrepreneurship, and research funding in the region.
12. **iDEA iHub** --  
 Region: Kern, Ventura, Orange, Los Angeles, Santa Barbara, San Luis Obispo and San Diego Counties  
 Lead: Bill Hogan, iDEA Hub Executive Director  
 The mission of the iDEA Hub is to provide an ideal backdrop to incubate and grow Defense, Energy and Aerospace technology businesses.
13. **OCTANe** —  
 Region: Orange County  
 Lead: Paul Symczak, VP Entrepreneurship/Executive Director, LaunchPad SBDC  
 The mission of the OCTANe iHub is to enable life science technology, information technology, sports technology, and clean technology companies in Orange County to get started and grow.
14. **Palm Spring iHub (Formerly the Coachella Valley iHub)** —  
 Region: Cities of Palm Springs, Desert Hot Springs and Cathedral City  
 Lead: Joe Wallace, Executive Director Coachella Valley Economic Partnership  
 The mission of the Palm Springs iHub is to be an incubator that provides programs, services, and incentives to start-up businesses focused on clean technology and renewable energy.
15. **San Diego iHub** —  
 Region: San Diego & Imperial Counties and Western Riverside County  
 Lead: Greg McKee, President & CEO of CONNECT

The mission of iHub San Diego is to build upon the region's existing innovation infrastructure and strong culture of collaboration to create convergence among such clusters as cyber security, mobile health, biofuels, solar and energy storage as well as emerging sectors such as biomimicry.

- Please describe how the progress of iHub activities is monitored?

GO-Biz holds up to two in person meeting per year with each iHub. We also convene monthly conference calls with all iHubs to discuss progress, partnership, best practices and changes affecting the California innovation ecosystem. The iHubs are also required to annually self-report progress to GO-Biz. The 2015 report is currently being drafted.

### **Additional Information**

**JEDE Question/Request: Please provide any additional information the JEDE Committee may find useful including case studies, data of program outcomes, and reports by other government and nongovernment entities.**

- Previously Included:
  - Cal Competes LAO Report: 2014
  - International Trade Office Annual Reports 2013, 2014 ,2015
  - International Trade Strategy Report: 2014
  - OSBA and MIC Annual Reports: 2013, 2014, 2015
  - IBANK Annual Activity Report: 2014, 2015
  - SBLGP Annual Report: 2013, 2014, 2015
  - Efforts and Activities of GO-Biz LAO Report: 2013
  - Little Hoover Commission Report, "Creating a Governor's Office of Business and Economic Development." 2010
  - IBank Program Fact Sheets

This Page Intentionally Left Blank

## Appendix B

# GO-Biz Response to JEDE List of Related Legislation Legislation Directly Impacting GO-Biz 2011 through 2015

For each of the bills listed below, please indicate whether the bill has been (1) fully implemented; (2) partially implemented; (3) not implemented.

### *2011-2012 Legislative Session*

- **AB 29 (John A. Pérez, Feuer and V. Manuel Pérez) Office of Business and Economic Development:** This bill establishes The Governor's Office of Business and Economic Development (GO-Biz), to be administered by a director appointed by the Governor. The bill would also moves the Office of the Small Business Advocate to the Office of Economic Development. Status: Signed by the Governor, Chapter 475, Statutes of 2011.

**STATUS:** Implemented

- **AB 901 (V. Manuel Pérez) Small Business Act Implementation:** This bill updates terms and makes clarifications to assist the successful implementation of the federal and state small business acts of 2010. Status: Signed by the Governor, Chapter 483, Statutes of 2011.

**STATUS:** This bill did not include any requirements on GO-Biz.

**AB 2012 (John A. Pérez) Economic Development Reorganization:** This bill transfers the authority for undertaking international trade and foreign investment activities from the Business, Transportation and Housing Agency to GO-Biz. In addition, the bill transfers the responsibility for establishing an Internet-based permit assistance center from the Secretary of the California Environmental Protection Agency to GO-Biz. Status: Signed by the Governor, Chapter 294, Statutes of 2012.

**STATUS:** Implemented

- **AB 2671 (Assembly Committee on Jobs, Economic Development and the Economy) Small Business Access to Capital:** This bill makes the 2007 program enhancements permanent by removing the sunset on the maximum allowable leverage of reserve funds under the Small Business Loan Guarantee Program (SBLGP). More specifically, the bill deletes the sections of the law that would become effective January 1, 2013 that set the maximum reserve of four dollars for every one dollar of loan guaranteed. The effect of this change is to make the five dollars for every one dollar guarantee the permanent maximum reserve. The Director of the SBLGP has the discretion to set a lesser leverage amount for the overall program and for any individual small business financial development corporation. Status: Signed by the Governor, Chapter 648, Statutes of 2012.

**STATUS:** Implemented

### *2013-2014 Legislative Session*

- **AB 93 (Assembly Committee on Budget) California Competes Tax Credit and State Sales and Use Tax Exemption:** This bill institutes three new tax programs, a Sales and Use Tax exemption for manufacturing and bio-tech equipment and similar purchases; a California Competes tax credit for attracting and retaining major employers; and a hiring credit under the Personal Income Tax and

Corporation Tax for employment in specified geographic areas. Additionally, the bill results in the phasing-out and ending of certain tax provisions, related Enterprise Zones and similar tax incentive areas, and the end of the current Small Business New Jobs Credit tax incentive program. The bill also provides for allocating the California Competes tax credit through GO-Biz to assist in retaining existing and attracting new business activity in the state. Status: Signed by the Governor, Chapter 69, Statutes of 2013.

**STATUS:** Implemented

**AB 337 (Allen) Economic Development: International Trade and Investment Strategy:** This bill adds specificity to the development and content of the state international trade and investment strategy (ITI Strategy), which is an existing report requirement of GO-Biz. This bill requires the ITI Strategy to be based on current and emerging market conditions and the needs of investors, businesses, and workers. Specific new content requirements include the addition of a framework, which can be used by GO-Biz to evaluate the changing needs of business during the five-year term of the ITI Strategy. Status: Signed by the Governor, Chapter 776, Statutes of 2014.

**STATUS:** The first Strategy report was issued in February 2014 (see [here](#) for report). This bill became law on January 1, 2015. The changes in this bill will impact the next report, due February 1, 2019.

- **AB 250 (Holden and V. Manuel Pérez) Codification of California Innovation Hubs:** This bill codifies and expands the California Innovation Hub Program at GO-Biz for the purpose of stimulating economic development and job creation through the regional coordination of federal, state, and local innovation-supporting resources. Status: Signed by the Governor, Chapter 530, Statutes of 2013.

**STATUS:** Partially implemented. MOU's have been entered into with most iHub's. Annual reports from each iHub for 2015 activities have been submitted by most iHub's and the report is currently being finalized.

- **AB 393 (Cooley) GO-Biz Website:** This bill requires the Director of GO-Biz to ensure that the GO-Biz website contains information on the fee requirements and fee schedules of state agencies. Status: Signed by the Governor, Chapter 124, Statutes of 2013.

**STATUS:** Implemented. See [here](#) for form and fee finder.

**AB 690 (Campos and Medina) State Government: International Relations:** This bill repeals and recasts statutory provisions relating to the California-Mexico Border Relations Council and adds the Director of GO-Biz to its membership. Status: Signed by the Governor, Chapter 716, Statutes of 2014.

**STATUS:** Implemented.

- **AB 701 (John A. Pérez) I-Bank Board Membership:** As passed by JEDE, this bill would have authorized the I-Bank to serve as the primary state agency for applying to any federal infrastructure bank or financing authority which could have included green and energy related infrastructure. Further, the bill expanded the membership of the board of directors from five to seven members and specified that legislative members will be nonvoting members. Amendments taken in the Senate deleted the content of the bill and added language relating to property tax allocation in Orange County with Assembly Member Quirk-Silva as the author. Status: Signed by the Governor, Chapter 393, Statutes of 2013.

**STATUS:** As the description provides, the chaptered version of this bill does not impact GO-Biz.

**AB 1067 (Medina) EB-5 Immigration Oversight:** This bill establishes the California Foreign Investment Program within GO-Biz to oversee the state's participation in the federal EB-5 foreign investment visa program. Among other things, this office will set the terms and conditions regarding the designation of targeted employment areas, as related to the EB-5 visas. Status: Signed by the Governor, Chapter 535, Statutes of 2013.

**STATUS:** Implemented.

- **AB 1247 (Medina and Bocanegra) Small Business Finance Center:** This bill establishes the California Small Business Finance Center at the I-Bank, within the Governor's Office and Economic Development, and transfers the authority to administer the small business loan guarantee program and other related programs to the I-Bank. Status: Signed by the Governor, Chapter 537, Statutes of 2013.

**STATUS:** Implemented

- **AB 1560 (Quirk-Silva) More Credits for California Competes:** This bill authorizes the Department of Finance to increase the annual tax credit allocation under the California Competes Tax Credit Program by \$25 million per year. The bill includes legislative intent that the increase be used to offset the decrease in the program's funding due to the recently enacted tax credit program for the aerospace industry. Status: Signed by the Governor, Chapter 378, Statutes of 2014.

**STATUS:** GO-Biz has no implementation role in this bill. The aerospace tax credit program has not been utilized at this point in time.

- **AB 2137 (Quirk) Small Business Energy Efficiency:** This bill requires the Office of the Small Business Advocate within GO-Biz to include a link to the Energy Upgrade California Internet Web Site on its homepage. Status: Signed by the Governor, Chapter 290, Statutes of 2014.

**STATUS:** Implemented. You can find the link [here](#).

**SB 12 (Corbett) "Made in California" Labeling:** This bill establishes the "Made in California Program" within GO-Biz for the purpose of encouraging consumer product awareness and to foster the purchases of products manufactured in California. Status: Signed by the Governor, Chapter 541, Statutes of 2013.

**STATUS:** Partially Implemented. Regulations are currently with OAL and going through the public comment process. Program will launch this year. See the Office of the Small Business Advocate annual report for more information [here](#).

- **SB 798 (De León) Green Infrastructure Bank:** This bill establishes the California Green Infrastructure Bank as a public corporation. The executive director of the bank is to be appointed by the Governor and subject to Senate confirmation. The bill authorizes the bank to issue loans and bonds that facilitate green economic development, and adds the bank to the list of investments eligible for funds from the Greenhouse Gas Reduction Fund. Status: Signed by the Governor, Chapter 367, Statutes of 2014.

**STATUS:** The bill was gut-and-amended on January 6, 2014. The new bill has no impact on any GO-Biz program.

**2015-2016 Legislative Session**

***AB 194 (Frazer) Toll Facility Financing:*** This bill extends indefinitely the California Transportation Commission's (CTC's) authority to authorize regional transportation agencies to develop and operate high-occupancy toll lanes and expands the authority to include other toll facilities; adds similar authority for the CTC to authorize the California Department of Transportation to develop toll facilities. Authorizes the California Infrastructure and Economic Development Bank to issue bonds to finance the development, construction, and reconstruction of toll facilities, as specified. Status: Signed by the Governor, Chapter 687, Statutes of 2015.

***STATUS:*** There is no implementation action to take. IBank has the authority to issue bonds should the CTC and Caltrans request they do so.

***AB 1270 (E. Garcia) California Workforce Innovation and Opportunity Act:*** This bill aligns California statute with the new requirements of the federal Workforce Innovation and Opportunity Act of 2014. The bill sets the foundation for policy changes in 2016 through SB 45 (Mendoza). Status: Signed by the Governor, Chapter 94, Statutes of 2015.

***STATUS:*** GO-Biz has no specified role in implementing the provisions of this bill.

***AB 1533 (JEDE) Infrastructure and Economic Development Bank Omnibus Bill:*** This bill updates definitions used by the California Infrastructure and Economic Development Bank when authorizing financing of infrastructure projects and economic development-related facilities. Further, the bill codifies the transfer of federal funds and grantee status from GO-Biz to the Valley Economic Development Center, Inc., as specified. Status: Signed by the Governor, Chapter 383, Statutes of 2015.

***STATUS:*** Implemented.

***AB 1537 (JEDE) Small Business Finance Center:*** This bill expands reporting requirements for programs financed through the California Small Business Finance Center by including annual reporting on the general geographic location of assisted businesses. This information is essential to monitoring that small businesses throughout the state have access to these programs. Status: Signed by the Governor, Chapter 191, Statutes of 2015.

***STATUS:*** These changes will be included in the 2016 SBLGP Annual Report.

***SB 111 (Fuller) Schools on Military Installations:*** This bill expresses the intent of the Legislature to assist school districts in the 2015-16 Fiscal Year to meet the matching share requirement of a school construction grant made by the Office of Economic Adjustment of the federal Department of Defense to construct, renovate, repair, or expand elementary and secondary public schools located on military installations. The bill requires the Department of Finance to explore options on how best to assist school districts in meeting the matching share requirement of the federal school construction grant, including, but not limited to making low-interest loans available to school districts through the California Infrastructure and Economic Development Bank. Status: Signed by the Governor, Chapter 447, Statutes of 2015.

***STATUS:*** GO-Biz has no specified role in implementing this bill.

## Appendix C

### Fast Facts on the California Economy

#### **California Gross Domestic Product (GDP)**

- California's economy is the 8th largest in the world, larger than Russia and Canada.<sup>i</sup>

- In 2014, California GDP grew from \$2.2 billion to \$2.3 billion. California's largest private industry sectors: Finance, insurance, real estate, rental, and leasing (20.2% of state GDP); trade, transportation, and utilities (12.7% of total GDP); professional and business services (12.0% of state GDP); and manufacturing (12.0% of state GDP).<sup>iii</sup>

Comparison of 2014 GDPs			
Country	GDP	Country	GDP
1 - United States	\$17.41 trillion	9 - Italy	\$2.14 trillion
2 - China	\$10.38 trillion	10 - India	\$2.05 trillion
3 - Japan	\$4.61 trillion	11 - Russia	\$1.85 trillion
4 - Germany	\$3.86 trillion	12 - Canada	\$1.78 trillion
5 - United Kingdom	\$2.94 trillion	13 - Australia	\$1.44 trillion
6 - France	\$2.84 trillion	14 - Korea	\$1.41 trillion
7 - Brazil	\$2.35 trillion	15 - Spain	\$1.40 trillion
8 - California*	\$2.31 trillion		

Source: Department of Finance<sup>ii</sup>

#### **Firms, Employment and Wages**

- There were 701,899 firms in California in 2012: 62% had less than 5 employees, 89% had less than 20 employees, 98% had less than 100 employees, and 99% had less than 500 employees (federal small business definition). About 5,660 firms in California had over 500 employees.<sup>iv</sup>
- There were 18.9 million workers in the California labor force in December 2015 with 17.9 million individuals employed. Month over decrease of 10,000 jobs.<sup>v</sup>
- In December 2015, nonfarm employment rose in ten industry sectors. The largest job gains were in the professional and business services (+15,800); construction (+11,200); trade, transportation and utilities (+7,700); leisure and hospitality (+6,800); information (+5,000); financial activities (+3,900); government (+3,700); other services (+2,700) educational and health services (+2,100); and manufacturing (+1,600).<sup>vi</sup>
- California exported \$165.37 billion, a 5% decline from the \$174.13 billion in exports reported in 2014.<sup>vii</sup> Mexico (\$26.8 billion) and Canada (\$16.9 billion) were the state's largest export markets.<sup>viii</sup> In 2014 (most current reported), 755,000 California jobs were related to state exports,<sup>ix</sup> California imported \$403.4 billion in products from other countries, accounting for 17.2% of total U.S. imports;<sup>x</sup> and China (\$137.6 billion) and Mexico (\$41.2 billion) were the state's largest import markets in 2014.<sup>xi</sup>
- California's median household income in 2014 was \$ (\$53,657 for U.S.)<sup>xii</sup> with 16.4%<sup>xiii</sup> of individuals and 22.7%<sup>xiv</sup> of people under 18 lived in poverty (federal basic definition). Using the more comprehensive method for calculating poverty, which accounts for geographic differences, transfer

payments, and out-of-pocket expenses over a 3-year term, 23.4% of California residents live in poverty, as compared to 15.9% nationally in 2013 (most recent available).<sup>xv</sup>

**Future California Job Market**

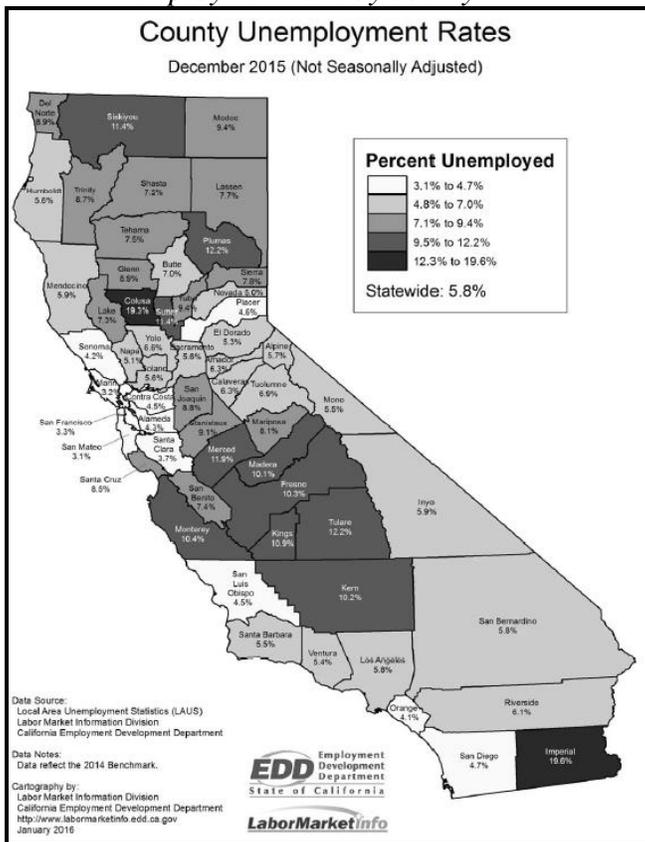
- The Employment Development Department is responsible for accessing future employment needs based on regional industry clusters. *The chart displays employment projections for 2010-2020, including new and replacement jobs.*

Projections for California employment for 2010-2020					
	Industry Sector	Net Jobs		Industry Sector	Net Jobs
1	Hospitality and Tourism	868,186	6	Information and Technology	322,032
2	Retail	731,292	7	Professional, Scientific, & Technical Services	313,080
3	Health Care Services	584,560	8	Financial Services and Real Estate	275,464
4	Education & Knowledge Creation	525,875	9	Construction	263,157
5	Professional and Business Services	445,157	10	Transportation and Logistics	183,710

Source: Employment Development Department<sup>xvi</sup>

**December Unemployment**

- In December 2015, the California seasonally adjusted unemployment rate was 5.8%, up 0.1% from the prior month and down 1.37% from the prior year.<sup>xvii</sup> This figure represents over 1 million unemployed workers.<sup>xviii</sup> Over the same period, the national unemployment rate was 5.0%. *The map displays unemployment rate by county.*<sup>xix</sup>



- The highest unemployment rates by race and ethnicity were among blacks (11.0%), Hispanics (7.6%), and whites (6.0%).<sup>xx</sup>
- Most Californians, 80.4% generally worked full time. There were 1 million persons in California who worked part time involuntarily. They comprise 5.7% of all employed workers during the survey week.<sup>xxi</sup>
- By age group, the highest unemployment group was among workers 16 to 19 (21.1%), down 0.1% from the prior month.<sup>xxii</sup> The largest group of unemployed persons, when sorted by duration, were those unemployed for less than 5 weeks, which represented 28.4% of all unemployed.<sup>xxiii</sup>

Prepared by: Toni Symonds, Chief Consultant; Matthew Hurley, Committee Secretary; and Joaquin Pacheco, JEDE's 2016 Winter Intern.

## **Appendix D**

### **Summary of Related Reports**

1. ***California-China Office of Trade and Investment 2014 Annual Report (May 2014)***: This mandated annual report was prepared by GO-Biz and is a condition of maintaining a foreign trade office. In April 2013, California opened its first international trade office since 2003. The California-China Office of Trade and Investment (CCTO) opened in April 2013 to serve the needs of California businesses exporting into China and Chinese investors looking to invest in California. Actions of the CCTO are set forth in a work plan. Among other accomplishments, the trade office met all its administrative milestones including the hiring of staff, officially opening the office, and leading a high-level trade mission to China. Relative to its inbound investment goals, the CCTO participated in double the number investment targeted attraction events and is working on converting these activities into new investments and businesses opening facilities in California. Relative to increasing outbound trade to China, the CCTO exceeded by 50% the number of outreach events by participating in three during the report year and has sponsored three out of the targeted four business development trips. <http://www.business.ca.gov/International.aspx>
  
2. ***California-China Office of Trade and Investment 2015 Annual Report (December 2015)***: This mandated annual report was prepared by the Governor's Office of Business and Economic Development. The California-China Office (CCO) is located in Shanghai and is operated under a public-private partnership between GO-Biz and the Bay Area Council. As initially designed, the CCO serves California exporters and Chinese investors. In 2016, the CCO partnership will be expanded to include additional private, nonprofit network partners, and local governments in California and China. Activities in 2016 will primarily focus on inbound and outbound business development missions, including trade shows, trade missions, business investment/development events, and focused outreach in particular industry sectors. Strategic industries include: clean technology; life sciences; lifestyle (wine, fashion, tourism); education (services and exchanges); and agricultural technology. 2016 goals include:
  - Increase investment in California by assisting Chinese companies to establish or expand their operations in state, including the creation of a pipeline of high quality Chinese companies, promoting investment, especially from target industries; and engaging with stakeholders.
  - Assist California companies seeking access to Chinese markets, including concentrating efforts on building the knowledge base to be able to provide strategic advice.
  - Build awareness of the CCO and the brand "California" including creating opportunities for speaking engagements, event endorsements, development of communication tools that regularly update relevant stakeholders, and support CCO partners.
  - Assist GO-Biz and other state agencies in advancing the state's business-related MOUs.

The only impediment to implementing the strategy is the difficulty in raising funds. One purpose of the expanded trade network is to address this challenge.

The total estimated expenses for the CCO in 2015 was \$592,744, which included salaries and benefits for two staff people of \$437,843. No state money is used to support the CCO. GO-Biz does have three dedicated positions, of which 25% of their time is dedicated to China-related initiatives, including overseeing and engaging with the CCO. <http://www.business.ca.gov/International.aspx>

3. **California Competes Tax Credit Program Report (December 2014):** This mandated report was prepared by GO-Biz in response to supplemental budget reporting language. The report chronicles the establishment of the program, adoption of regulations, outreach activities, and a summary of the application process. Between the commencement of the program and December 2014, GO-Biz held 29 application workshops throughout the state, including four online webinars. Between the spring of 2014 and October 31, 2014, GO-Biz expended 2,653 hours of California Competes staff and used 2,822 hours of time redirected by other GO-Biz staff. In the first \$45 million round, GO-Biz received 286 applications for a total of \$330 million in tax credits. At the time of the report, first round awards had not been finalized. Two additional allocation rounds are anticipated in the 2015-16 fiscal year for a total of \$106.1 million in tax credits. *Document is not available online. Contact Go-Biz or the JEDE Committee to request a copy.*
4. **California Competes Credit Report (March 2016):** This mandated report was prepared by the Franchise Tax Board (FTB) to disclose the total annual amount of credits claimed under the California Competes Tax Credit in the most recent fiscal years. For the 2014 tax year, filed in 2015, FTB reports that \$3.6 million in credits were claimed on 79 returns. FTB also notes that these numbers do not reflect all fiscal year returns, as some have not been filed at the time of the report. FTB, however, notes that it defers to GO-Biz and the Department of Finance for actual estimated revenues loss. According to data provided by GO-Biz, there have been \$10.5 million in allocated tax credit agreements covering the 2014 tax year. *Document is not available online. Contact JEDE Committee to request a copy.*
5. **California's Future (February 2015):** This report, prepared by the Public Policy Institute of California, identifies, assesses, and makes recommendations on California's most significant long-term policy challenges including: climate change, corrections, the economy, health care, higher education, housing, K-12 education, political landscape, population, social safety net, and water. Among other assessments, the report notes the significant regional economic differences with inland California continuing to have higher rates of unemployment. A selection of recommendations include the importance of stimulating business development as a means for supporting a skilled workforce; embracing policies that support a range of industry sectors and not just a handful of currently dominant sectors; promoting economic opportunity through education; an increase in training alternatives to traditional degrees; and continuing to address the state's high prison recidivism rates. A recommendation included within many of the policy areas is the need to collect better data in order to be able assess the effectiveness of policies and programs.  
<http://www.ppic.org/main/publication.asp?i=895>
6. **California Infrastructure and Economic Development Bank (2013-14 Fiscal Year):** This is a mandated report prepared by the California Infrastructure and Economic Development Bank (I-Bank). In 2013-14 the I-Bank issued \$95.9 million in revenue bonds based on loans in the Infrastructure State Revolving Fund with a "AAA" rating from all three major credit rating agencies. The I-Bank also revised its program guidelines for selecting infrastructure and economic expansion projects under its revolving loan fund. In total, \$12.05 million in loans were approved under the revolving loan fund. The I-Bank also assisted the California Department of Public Health by making a short-term loan of \$35 million. These moneys were used to make improvements to water systems, including projects that addressed drinking water issues, throughout California. As a conduit issuer,

the I-Bank issued \$735.4 million in bonds on behalf of California manufacturing companies, 501(c)(3) nonprofit entities, and for government entities, which used the funds to create and retain jobs, to facilitate research and cultural activities, and other public purposes.

<http://www.ibank.ca.gov/annualreports.htm>

7. ***California International Trade and Investment Strategy (February 2014)***: The International Trade and Investment Strategy is prepared by GO-Biz every five years for the purpose of guiding the implementation of a comprehensive international trade and investment program for the state. The 2014 governing policy framework is that by increasing trade, the state will create jobs, increase revenues, and improve the state's competitiveness – while still being able to serve as a leader in sustainable development. There are four goals including the expansion of California exports, increasing foreign investment, supporting California as a gateway for goods and services into the U.S. and out to foreign markets, and working with federal and international entities to expand global market access. Among other key actions, the 2014 Strategy call the establishment of a Trade Advisory Council, reporting on the outcomes of the China Trade Office, and establishing a process to allow California to be more proactive on advocating before the U.S. Congress and the U.S. Trade Representative. <http://www.business.ca.gov/International.aspx>
8. ***California Small Business Loan Guarantee Program – report on administrative costs (January 2014)***: This mandated special report was prepared by the California Infrastructure and Economic Development Bank (I-Bank) on the administrative costs of the Small Business Loan Guarantee Program, which are issued on behalf of the state by 11 nonprofit organizations known collectively as the Small Business Financial Development Corporations (FDCs). The supplemental budget report was requested as part of the Legislature's and Administration's discussion on increasing administrative payments to the FDCs. The report included information on annual funding including state, federal, and other program moneys (fees and changes) from 2003/04 through 2012/13; a summary of program activity; FDC staffing levels; and a discussion of the adequacy of the current funding levels. Administrative cost findings: funding for state overhead and FDC administration costs remained flat from 2004/05 through FY 2006/07 and then gradually increased through FY 2008/09. In FY 2009/10 funding slightly declined and then spiked in FY 2010/11. Since that time funding consistently declined. As a result, FDCs shifted costs where possible and relied on alternative funding sources, including guarantee fees, loan packaging fees, and other FDC moneys. In reponse to the report, the I-Bank identifies several options to modify the specific administrative award amounts to individual FDCs including making program changes that result in a more competitive program to comparable federal programs, consolidate the number of FDCs, centralize the guarantee authority by having the underwriting automated or undertaken by the I-Bank, or introduce performance-based contracts. <http://ibank.ca.gov/smallbusiness.htm>
9. ***California Small Business Finance Center Annual Report (January 2015)***: This mandated annual report was prepared by the California Infrastructure and Economic Development Bank on its activities in managing the Small Business Finance Center and the Small Business Loan Guarantee Program. In fiscal year 2013-14, 176 guarantees for \$72.2 million in loans were made using \$51.4 million of federal State Small Business Credit Initiative funds. Borrowers reported over 7,235 jobs being created or retained as a result of these federally funded guarantees. The state guarantee program was used to provide 169 guarantees with \$23 million in loans with 2,823 jobs created or retained as a result of the state program. Of the 345 loans guaranteed using the federal and state

funds, 64.6% were male, 17.1% were women, and 18.26% were co-owned by men and women. The race/ethnicity of the owners of the small businesses assisted: 62.9% were Caucasian, 10.43% Asian/Pacific Islander, 8.99% Hispanic, 3.77% African American, 5.22% Asian Indian, and 0.29% Native American. \*Since February 2011, the priority of the program has been to use the federal funds, rather than the state guarantee funds. <http://ibank.ca.gov/annualreports.htm>

10. ***California Small Business Finance Center (February 2016)***: This mandated annual report was prepared by the California Infrastructure and Economic Development Bank on its activities in managing the Small Business Finance Center and the Small Business Loan Guarantee Program. In fiscal year 2014-15, 252 guarantees for \$130 million in loans using \$92.8 million of federal State Small Business Credit Initiative funds. Borrowers reported 11,781 jobs were created or retained. Since February 2011, the priority of the program has been to use the federal funds, rather than the state guarantee funds. During the report term, the state guarantee was only used for renewals within the portfolio and for guarantees that were not eligible under the federal fund requirements. In FY 2014-15, 124 loans for \$37.4 million using \$21.1 million in state guarantees. Borrowers reported 2,813 jobs were created or retained. Of the 376 loans guaranteed using the federal and state funds, 64.63% were male, 17.02% were women, and 18.35% were co-owned by men and women. The race/ethnicity of the owners of the small businesses assisted: 62.77% were Caucasian, 8.51% Asian/Pacific Islander, 9.31% Hispanic, 3.19% African American, 4.52% Asian Indian, and 0.80% Native American.

Two of the 11 small business finance development corporation contracts were not renewed in the report year based on cause, according to the California Infrastructure and Economic Development Bank. \*

11. ***Career Technical Enhancement Fund Report (March 2015)***: The mandated Supplemental Budget Report was prepared by the Workforce and Economic Development Division of the California Community College System. With the enactment of the 2014-15 Budget Act, \$50 million was appropriated to the California Community Colleges for the purpose of expanding, enhancing, and improving career technical education. Among other things, the money could be used for helping community colleges purchase equipment, align and develop curriculum, and provide professional development training. Funding was awarded to districts based on enrollment related criteria and then further divided between individual community colleges (60%) and regions (40%). Key topics covered in the report include addressing the high cost of career technical training, aligning other resources to create a scale and support regional economies, and making better use of local and regional labor market information. The report also discloses on the use of funds by region and industry sector. The California Community College Chancellor is requesting \$25 million in the 2015-16 budget to continue this work. *Document is not available online. Contact JEDE Committee to request a copy.*

12. ***Equity-based Crowdfunding: Potential Implications for Small Business Capital (2015)***. This issue brief, prepared by the SBA Office of the Advocate, provides general background on the crowd funding provisions contained within the federal Jumpstart Our Business Act of 2012, as well as implementation issues and two examples of the online crowdfunding platforms. The brief also includes an outline of how small businesses may benefit once the federal regulations are released. Among other advantages, equity-based crowdfunding does not require collateral as traditional lending, there is no dilution of ownership as would likely be required by venture capital investors,

and should the business fail, there is no requirement to pay the investor back. Further, the investor networks can also provide creditability within their broader business environment.

<https://www.sba.gov/advocacy/promising-future-equity-based-crowdfunding>

13. ***Equity, Growth, and Community: What the Nation Can Learn from America's Metro Areas***. This book examines the impact of social and economic inequality on the vibrancy and success of a community. Most significantly, the researchers looked at how epistemic (or knowledge) communities served as catalysts for helping communities successfully implement strategies that reduce poverty and inequality, while at the same time increase economic growth. The researchers used a combination of qualitative and quantitative methodologies, including 11 case studies, of which one California city participated (Sacramento). <http://www.luminosoa.org/site/books/detail/5/equity-growth-and-community>
14. ***Export Nation 2013, U.S. Growth Post recession, Global Cities Initiative (2013)***. This report, prepared under a joint project of the Brookings Institute and JP Morgan Chase, analyzes key export trends between 2003 and 2012 for the 100 largest metro areas in the U.S. Key findings from the report include:
  - Exports drove post-recession growth in the 100 largest metro areas.
  - Few metro areas are on track to achieve the NEI goal of doubling exports in five years.
  - The 10 largest metro areas, by export volume, produced 28 percent of U.S. exports in 2012.
  - Two-thirds of the largest metro areas underperformed in the United States as a whole on export intensity.
  - The most export-intensive metro areas are highly specialized in certain industries.
  - Metro areas whose export intensity grew fastest experienced higher economic growth.
  - Metro area manufacturing exports grew to record levels in 2012.
  - Services accounted for more than half of post-recession export growth in 11 metros, including San Francisco, Washington DC, and New York.
  - Certain industries, especially in the services sector, produce almost all of their exports in the top 100 metro areas.
  - Both highly specialized and highly diversified metros performed well from 2003 to 2012.
15. ***Foundation for a Better California (2015)***. This report, prepared by the California Chamber of Commerce, provides an overview of the California economy noting that the economic recovery has been uneven and that certain industry sectors continue to lag in job recovery. In setting a public policy platform for moving forward, the report recommends five overarching principles with multiple specific policy actions under each principle. The principles are:
  - Keep taxes on new investment and business operations low, fair, stable, and predictable.
  - Reduce regulatory and litigation costs of operating a business – especially when hiring and keeping employees;
  - Reduce the cost and improve the certainty and stability of investing in new and expanded plants, equipment, and technologies;
  - Invest in public and private works that provide the backbone for economic growth; and
  - Ensure availability of high-quality skilled employees.

The report also includes extended narrative relative to these recommendations, including international trade, data security, and workforce preparation. Within the workforce preparation sections, the report provides background on the opportunity gap, early childhood education, Common Core, and challenges in the state's higher education system.

<http://advocacy.calchamber.com/policy/issues/foundation-for-a-better-california/>

16. **The Global Competitiveness Report 2015-16 (2015)**. This report, prepared for the World Economic Forum, provides a comprehensive assessment of 140 world economies through the use of over 100 indicators spread out among 12 basic categories. The U.S. ranks third in the world, behind Switzerland and Singapore. The Report questions whether sluggish growth and persistent unemployment are the new normal. Among other findings, the report notes a correlation between competitiveness and an economy's ability to nurture, attract, leverage and support talent. While top-ranking countries do this well, in many countries, too few people have access to high-quality education and training, and labor markets are not flexible enough. <http://reports.weforum.org/global-competitiveness-report-2015-2016/>
17. ***A Matter of Degrees: The Effect of Educational Attainment on Regional Economic Prosperity (2013)***. This report, prepared by the Milken Institute, examines the relationship between human capital and regional economic prosperity. The study, which assessed the top 50 metropolitan statistical areas in the U.S., found that educational attainment increases regional prosperity, that there are quantifiable benefits to regional economies for adding even one year of education to its residents, that the regional impact is greatest when the additional year is added in certain technology industries, and that MSAs with clusters of high skilled occupations tend to attract more higher education attained workers. <http://www.milkeninstitute.org/publications/view/564>
18. ***A New Plan for a New Economy: Reimagining Higher Education (2013)***. This report, prepared by the Little Hoover Commission, found that Californians are not adequately served by the current higher education system and, that given the state's finite resources; it needs to develop a way to achieve better outcomes for more students. To address these findings the Commission recommends (1) the development of a new master plan; (2) providing incentives for colleges and districts to collaborate and expand counseling and outreach to middle and high schools; (3) linking a portion of funding to achieving specific goals; (4) requiring the UCs to adopt standardized and comprehensive budgeting processes; (5) providing incentives for developing high-demand introductory courses and bottle-neck courses (traditional and online) that can be transferred to all campuses in all three higher education segments; and, (6) providing incentives for the creation of a student-focused Internet portal that aggregates individual student records into master transcripts of classes that have been taken at different institutions. <http://www.lhc.ca.gov/studies/218/report218.html>
19. ***Office of the Small Business Advocate Annual Report (January 2015)***: This mandated annual report, prepared by the state Small Business Advocate, identifies projects from the report year, as well as activities proposed in the following year. Highlights from the Small Business Advocate's year include her work on establishing two new programs: A \$2 million competitive grant program to fund technical assistance to small businesses looking for capital and a *Made in California* labeling program to create awareness about goods produced in the state. In addition, the Small Business Advocate managed GO-Biz's Interagency Working Group in collaboration with GO-Biz's Permit Assistance Unit, which works on regulatory issues with departments and agencies including the California Environmental Protection Agency and the Department of Industrial Relations. The Advocate also conducted, external outreach activities, including educational workshops for small

business owners, and maintains a comprehensive list of online resources for small businesses on technical assistance, financial assistance, and state procurement opportunities.

<http://www.business.ca.gov/Programs/SmallBusiness.aspx>

20. ***Office of Small Business Advocate and Made in California Program Annual Report (January 2016)***: This mandated annual report, prepared by the state Small Business Advocate, identifies projects from the report year (October 2014-September 2015), including the Made in California Program and activities proposed in the following year. Among other information, the report summarizes findings from the U.S. Small Business Administration's profile on California and a Ewing Marion Kauffman Foundation report on the rise of small business activity in 49 of the 50 states, including California. In May 2015, Governor Brown appointed Jesse Torres to the position of the state Small Business Advocate (Advocate). The report outlines the Advocate's work in four primary areas: advocacy; information gathering and dissemination; coordination of state agencies; and business assistance. The most commonly requested assistance during the report period related to information on how to start or expand a business, access capital, understand regulations, navigate the state procurement process, and obtain business permits. Among other accomplishments, the Advocate re-launched the "Coffee with GO-Biz" event series, engaging with the California Commission on Disability Access, presented at 20 small business events, held the mandatory disaster preparedness workshop, and hosted three free webinars in honor of Small Business Month. The Advocate works to help state agencies work more effectively with the small business community. In addition to managing two business assistance programs, the advocate works with other GO-Biz organizational units and partners including: California Competes Tax Credit; International Affairs and Business Development, California Business and Investment Services, and the California Infrastructure and Economic Development Bank. Under the Advocate's Capital Infusion Program, 34 small business development centers received funds in 2014-15 and 41 in 2015-16. These moneys are used to provide free one-on-one counseling to small businesses seeking capital. The initial \$2 million in funding resulted in 9,702 businesses being served and \$202 million in new capital becoming available to small businesses in the state. Plans for 2015-16 are to continue to work on the four core areas discussed above. The report includes a complete list of 2016 Advocacy goals and expected outcomes. The Made in California program completed the adoption of its regulations and GO-Biz is currently developing its website. In 2016, GO-Biz plans to implement a digital media campaign, develop marketing materials, and maintain its website.

<http://www.business.ca.gov/Programs/SmallBusiness.aspx>

21. ***In Search of a Level Playing Field: What Leaders of Small Business Organizations Think About Economic Development Incentives (2015)***. The report, prepared for Good Jobs First, presents the findings from a national survey of leaders from 39 small business organizations (representing over 24,000 members) on issues relating to economic development incentives. Among the key findings, the survey found:

- 92% believe there is a spending bias on incentives toward large businesses (69% strongly agree)
- 85% believe that the state incentives in their state do not effectively address the current needs of small businesses (36% strongly agree)
- 62% believe that incentives like tax credits are less valuable to small businesses than other forms of assistance. (31% strongly agree)

Overall, the report states that survey respondents called for greater access to capital and that a higher priority should be placed on broader public investments that benefit all size businesses and grow the local consumer base including workforce development, education, and transportation.

<http://www.goodjobsfirst.org/publications>

22. ***The State of Higher Education in California (2015)***: This report provides a demographic profile of Latinos, Blacks, Asian Americans, Native Hawaiians, and Pacific Islanders in California, including issues related to educational attainment, college readiness, and college completion. The report also provides the following recommendations:

- Create a state plan for higher education;
- Ensure colleges assist students to successfully move from remediation courses to college-level work;
- Provide clear transfer pathways to four-year degrees;
- Expand college knowledge in middle and high schools and invest in support services;
- Fund colleges for both enrollment growth and successful outcomes;
- Strengthen financial support options of students coming from lower and middle-income households;
- Allow California public universities to use race/ethnicity as a factor in weighing applicant qualifications for admission.

<http://collegecampaign.org/portfolio/april-2015-state-of-higher-education-in-california-the-latino-report/>

## Appendix E

### Profile of Small Businesses

**Chart 1** shows data on the number and size of businesses in the U.S. and California. **Chart 2** shows the change in the number of businesses firms based on race, ethnicity, and veteran-owned.

<b>Chart 1 - 2011 Business Profile By Size (excludes non-employer firms)</b>						
Area Description	Employment Size	Number of Firms	Percent of Firms	Employees	Percent of Jobs	Annual Payroll (\$1,000)
United States	Total	5,684,424		113,425,965		\$5,164,897,905
California	Total	689,568	12% of U.S. Firms	12,698,427	11% of all U.S. Jobs	\$663,570,657
United States	0-4	3,532,058	62% of U.S. Firms	5,857,662	5% of U.S. Jobs	\$230,422,086
California	0-4	429,139	62% of CA Firms	702,508	5.5% of CA Jobs	\$35,472,447
United States	<20	5,104,014	89.7% of U.S. Firms	20,250,874	17.8% of U.S. Jobs	\$732,759,369
California	<20	614,538	89.1% of CA Firms	2,386,296	18.7% of CA Jobs	\$99,417,066
United States	0-99	5,585,510	98.2% of U.S. Firms	39,130,875	34% of U.S. Jobs	1,478,844,420
California	0-99	672,360	97% of CA Firms	4,587,628	36.1% of CA Jobs	194,611,832
United States	<500	5,666,753	99.6% of U.S. Firms	54,998,312	48.4% of U.S. Jobs	\$2,169,353,973
California	<500	683,999	99.1% of CA Firms	6,331,871	49.8% of CA Jobs	\$280,857,823
United States	500+	17,671	0.3% of U.S. Firms	58,427,653	51.5% of U.S. Jobs	\$2,995,543,932
California	500+	5,569	0.8% of CA Firms	6,366,556	50.1% of CA Jobs	\$382,712,834

Source: U.S. Census <http://www.census.gov/econ/susb/index.html>

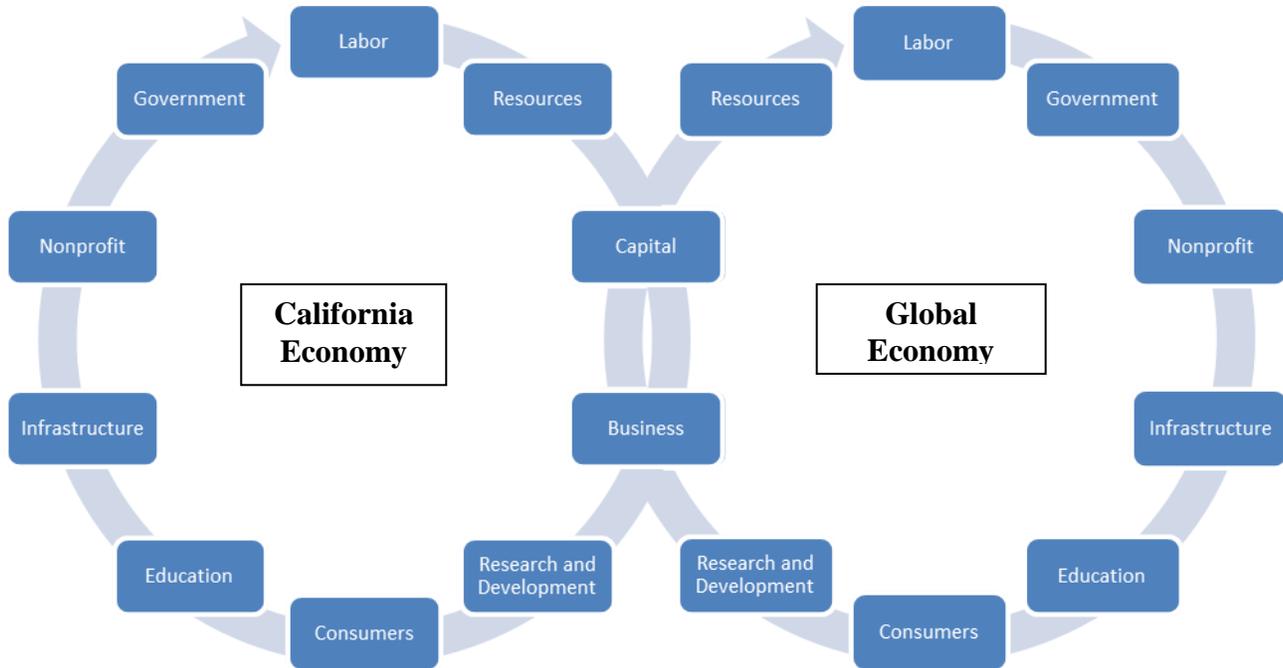
<b>Chart 2 - Percent Change in the Number of Business by Race, Ethnicity, and Veterans (2007 to 2012)</b>			
Business Ownership	Percent Change	Business Ownership	Percent Change
Asian American Women	44.3%	Hispanic Men	39.3%
Asian American Men	25.7%	White Women	10.1%
Black Women	67.5%	Veteran Women	29.6%
Black Men	18.8%	Veteran Men	7.7%
Hispanic Women	87.3%		

Source: 2012 Survey of Business Owners

This Page Intentionally Left Blank

# Appendix F

## Ten Economic Drivers of the California Economy



The strength of the economy is based on how effective each of these drivers is performing. Issues with any one element can impact the capacity and effectiveness of the whole economy.

### Key National and Global Economic Trends

There are a number of key characteristics that differentiate the post-recession economy from that of the latter 20<sup>th</sup> Century. Remaining competitive will require both the public and private sectors to adopt new and more agile thinking about natural resources and the deployment of human, physical, and financial capital. **The Chart** below describes key trends that are redefining the post-recession era.

Key Economic Trends Affecting the California Economy	
<b>1</b>	Cities and regions will become the dominant drivers of economic growth. State and national policies will need to be modified to reflect these emerging centers economic power.
<b>2</b>	Advancing information and transportation technologies are expanding networks, making interregional and global relationships increasingly more important.
<b>3</b>	Ideas and products are increasingly designed and assembled within networks that are more collaborative than combative.
<b>4</b>	Barriers to trade will continue to decline among both developed and emerging economies. The world's largest companies will increasingly be headquartered in emerging foreign markets.
<b>5</b>	Job growth will be driven by smaller size companies that are better able to meet specialized consumer needs and connect to diverse supply chains within expanding global markets.
<b>6</b>	Scarcity and the impact on the environment will continue to put increasing pressure on the development and deployment of alternative and lower carbon fuels.
<b>7</b>	Deepening income inequality will result in costly outcomes and require the diversion of public resources to address unemployment, poverty, social unrest, and violence.
<b>8</b>	As the large "Baby Boomer" population transitions from the workforce, productivity will become even more dependent on accessing middle and high skilled workers that can utilize evolving technologies and systems.
<b>9</b>	The available workforce will be substantially smaller, more diverse, and have educational backgrounds that were provided through school systems that lag other industrialized nations.

Prepared by: The Assembly Committee on Jobs, Economic Development and the Economy

This Page Intentionally Left Blank

**Appendix G**  
**Letters Submitted to the Committee**

**ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND  
THE ECONOMY**

**Submitted Public Testimony**

**Tuesday, March 15, 2016**

**Item**

**1. Governor's Office of Business and Economic Development**

**SUPPORT**

**City of San Marcos**

**City of Murrieta**

**City of San Diego**

**City of Carlsbad**

**City of Lakeport**

**City of Vista**

**2. Program Oversight**

**WRITTEN COMMENTS**

**Tulare County Economic Development Corporation**



March 9, 2016

The Honorable Assemblymember Eduardo Garcia,  
Chair, Assembly Committee on Jobs,  
Economic Development & the Economy (JEDE)  
California State Capitol, Room 4162  
Sacramento, CA 95814

RE: Support for GO-Biz - March 15, 2016 Oversight Hearing

Dear Assemblymember Garcia:

The City of San Marcos supports the Governor's Office of Business and Economic Development (GO-Biz). As you heard at the Assembly Jobs, Economic Development and the Economy (JEDE) Committee Informational Hearing on March 1, 2016, GO-Biz is a valued partner to local economic developers and an important piece to helping us navigate the State's economic development resources.

Since the creation of GO-Biz, the leadership and staff have made it a priority to understand local economic development issues and provide assistance where they can make a difference with their limited resources. They have tapped into our network to leverage their outreach to businesses, gather our feedback on pressing economic development concerns, and to assist us with business retention, expansion, creation, and attention.

The City of San Marcos has utilized the assistance of our local Go-Biz Business Specialist, Sid Voorakkara, on numerous local business assistance issues and his help has been invaluable. Any time our staff has reached out to any member of the Go-Biz Team they have been ready to help and added significant value to our local efforts to help retain jobs and support local businesses.

The Go-Biz Team have created programs and tools that add capacity for us, as well as make California more competitive. Some of the key resources include:

1. Permit Assistance – reviving CalGOLD as a user-friendly, current tool to assist in finding the appropriate permits for a specific business.
2. California Competes – a nationally touted incentive program, recognized for its transparency, performance requirements, and accountability.
3. California Business Portal – “a one-stop-shop, assisting business owners navigate through the different stages of business development.”

The City of San Marcos values the role GO-Biz plays in supporting local economic development in California and our region. They are a necessary State partner that assists us in helping our businesses



---

thrive so we can grow our local economy. If you have questions regarding how GO-Biz helps us make a difference, please feel free to contact our Economic Development Manager, Tess Radmill at 760-744-1050 x 3120.

Sincerely,



Jim Desmond  
Mayor

cc: CALED, Members of the Assembly JEDE Committee  
Include our Senator and Assembly members if they are not already on the committee  
League of California Cities  
San Marcos Chamber of Commerce



## CITY OF MURRIETA

March 9, 2016

Assembly Member Eduardo Garcia, Chairman  
Assembly Committee on Jobs, Economic Development and the Economy  
Post Office Box 942849, Room 4162  
Sacramento, CA 94249-0056  
RE: Oversight Hearing on Governor's Office of Business and Economic Development

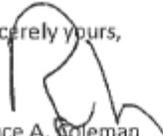
Dear Chairman Garcia:

We understand that the Assembly Committee on Jobs, Economic Development and the Economy will be conducting an oversight hearing on March 15, 2016, regarding the Governor's Office of Business and Economic Development (GO-Biz).

On behalf of the City of Murrieta, we wanted to inform you and members of the Committee that GO-Biz is a major resource for our City, as we work to diversify our local and regional economy in Southwest Riverside County. Our region has grown significantly over recent years as a bedroom community to San Diego, Orange County and Los Angeles. The Murrieta City Council is focused on establishing a more diverse economy so as to create a better housing/jobs balance and reduce the need for 2/3<sup>rd</sup> of our workforce to commute. With this in mind, GO-Biz has been very instrumental in cooperating with the City to help us to implement our comprehensive economic development strategy. This has included working with the GO-Biz international/trade development team to promote the growth of our economic development partnership between Murrieta and a city in the tech-rich Beersheva area of Israel. GO-Biz has worked extensively with us to help our manufacturing companies to utilize the various State financing programs. We have particularly appreciated having the opportunity to work with our regional representative, Mr. Jeff Malin in the GO-Biz office in Los Angeles. By way of illustration, in just the past week, Mr. Malin was available for an impromptu 45-minute conference call with a robotics company located in Murrieta which is looking to expand in the community. In addition, we are working with Mr. Malin to assist with the growth of the last remaining water faucet manufacturing company in the US which is seeking to expand in Murrieta. Mr. Malin participated on a team which led to the retention of a high tech company in our community; the company had been discussing a move to the US South.

In a period when other states are aggressively pursuing economic development and often encouraging California manufacturers and other companies to relocate to their states, we have found that the services provided by GO-Biz are critical to our economic development initiatives. We would be delighted to provide additional information of course. Thank you for this opportunity to comment.

Sincerely yours,

  
Bruce A. Coleman  
Economic Development Director

1 Town Square • Murrieta, California 92562  
phone: 951.304.CITY (2489) • fax: 951.698.4509 • web: murrieta.org



THE CITY OF SAN DIEGO

March 9, 2016

The Honorable Assemblymember Eduardo Garcia  
Chair, Assembly Committee on Jobs  
Economic Development & the Economy (JEDE)  
California State Capitol, Room 4162  
Sacramento, CA 95814

RE: Support of GO-Biz office – March 15, 2016 oversight hearing

Dear Assemblymember Garcia:

I am writing on behalf of the City of San Diego to voice our support of the Governor's Office of Business and Economic Development (GO-Biz). As stated at the Assembly Jobs, Economic Development and the Economy (JEDE) Committee informal hearing on March 1, 2016, GO-Biz is crucial to regional economic development.

Establishing a strong partnership with the GO-Biz office was instrumental for the City to continue developing San Diego into a world-class economic city. Combining our programs with the incentive programs from GO-Biz has benefited many of our local businesses. As of November of last year, 33 companies in the City have benefited from the California Competes Tax Credit program and, together, have created a net increase of 6,656 full-time jobs and an average capital investment of \$35.8 million. San Diego is a Southern California regional economy, and this growth will benefit the State as a whole.

The City of San Diego is fortunate to have the assistance of our local GO-Biz business specialist, Sid Voorakkara, who has been a tremendous asset to our economic development efforts. The GO-Biz staff offers vital assistance in navigating the State's economic development resources.

The GO-Biz office is an invaluable resource to our city, assisting us to help our businesses thrive, so we can grow our local economy. If you have any questions regarding the partnership between the City of San Diego and the GO-Biz office, please contact me at 619-236-6421 or [ecaldwell@sandiego.gov](mailto:ecaldwell@sandiego.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Erik Caldwell'.

Erik Caldwell  
Economic Development Director

**Economic Development**

1200 Third Avenue, Suite 1400, MS 560 • San Diego, California 92101-6110  
Tel: 619-236-6700 Fax: 619-533-3219





[www.carlsbadca.gov](http://www.carlsbadca.gov)

March 11, 2016

The Honorable Assemblymember Eduardo Garcia,  
Chair, Assembly Committee on Jobs  
Economic Development & the Economy (JEDE)  
California State Capitol, Room 4162  
Sacramento, CA 95814

**RE: Support for GO-Biz - March 15, 2016 Oversight Hearing**

Dear Assemblymember Garcia:

In anticipation of your Oversight Hearing of March 15, 2016, I am writing to express my support of the Governor's Office of Economic Development (GO-Biz). The City of Carlsbad is committed to nurturing a robust and vibrant economy at the local level. To achieve this, we must rely upon the partnerships, programs and resources provided by the state level, and GO-Biz has been instrumental in meeting that need.

With more than 50,000 jobs, the economic output of Carlsbad's economy is significant. GO-Biz continues to support Carlsbad's local economic development in Carlsbad with impactful business retention and expansion resources. For example, GO-Biz assisted by partnering with local economic developers to prevent Carlsbad companies like Nordson, a semiconductor manufacturing company, from sending 400 jobs overseas to Asia. GO-Biz has also been a tremendous partner to Carlsbad companies like Abtech Technologies, a Carlsbad-based information and communications technology company that specializes in developing IT platform and providing cybersecurity. Since the creation of GO-Biz, the leadership and staff have made it a priority to understand Carlsbad's local economic development issues and provide assistance where they can make a difference with their limited resources.

As an Elected Official that is involved in and supports economic development, I value the role GO-Biz plays in supporting these efforts in California and our region. They are a necessary State partner that assists us in helping our businesses thrive so we can continue to grow our local economy. If you have questions regarding how GO-Biz helps us make a difference, please feel free to contact our Economic Development Manager, Christina Vincent at 760-602-2712.

Sincerely,

A handwritten signature in black ink that reads 'Matt Hall'.

Matt Hall  
Mayor



City Hall  
1200 Carlsbad Village Drive | Carlsbad, CA 92008 | 760-434-2820 | 760-720-9461 fax



**CITY OF LAKEPORT**

*Over 100 years of community  
pride, progress and service.*



March 5, 2015

The Honorable Assemblymember Eduardo Garcia,  
Chair, Assembly Committee on Jobs,  
Economic Development & the Economy (JEDE)  
California State Capitol, Room 4162  
Sacramento, CA 95814

RE: Support for GO-Biz - March 15, 2016 Oversight Hearing

Dear Assemblymember Garcia:

I am writing on behalf of the City of Lakeport and the Lake County EDC to express my support and feedback regarding the Governor's Office of Business and Economic Development (GO-Biz). As you heard at the Assembly JEDE Committee Informational Hearing on March 1, 2016, GO-Biz is a valued partner to local economic developers and an important piece to helping us navigate the State's economic development resources.

Since the creation of GO-Biz, the leadership and staff have made it a priority to understand local economic development issues and provide assistance where they can make a difference with their limited resources. They have tapped into our network to leverage their outreach to business, gather our feedback on pressing economic development concerns, and to assist us with business retention, expansion, creation, and attention.

Additionally, they have created programs and tools that add capacity for us, as well as make California more competitive. Some of the key resources include:

1. Permit Assistance – reviving CalGOLD as a user-friendly, current tool to assist in finding the appropriate permits for a specific business.
2. California Competes – a nationally touted incentive program, recognized for its transparency, performance requirements, and accountability.
3. California Business Portal – "a one-stop-shop, assisting business owners navigate through the different stages of business development."

GO-Biz in 2014 in partnership with CALED sponsored and facilitated a community meeting with key stakeholders in Lake County to provide a forum for discussion of a regional partnership approach to economic development. The meeting also provided information and education on programs and partnerships available through GO-Biz, CALED and other statewide organizations. This meeting became the catalyst for the newly formed Lake County Economic Development Corporation, forming a partnership

with the cities, county and key agencies working to better the economy of Lake County. The need for this partnership has become even more important after the three major fires in Lake County in 2015, most notably the Valley Fire.

As a city manager and economic developer in a rural county, with very limited resources, we value the role GO-Biz plays in supporting economic development in California. They are a necessary State partner that assists us in helping our businesses thrive so we can grow our local economy. If you have questions regarding how GO-Biz helps us make a difference, please feel free to contact me.

Sincerely,



Margaret Silveira  
City Manager, City of Lakeport  
Board Member Lake County EDC

cc: CALED, Members of the Assembly JEDE Commit



March 9, 2016

**MAYOR &  
CITY COUNCIL**

Judy Ritter  
Mayor

Amanda Rigby

Deputy Mayor

John J. Aguilera  
Councilmember

Cody Campbell  
Councilmember

John Franklin  
Councilmember

**CITY MANAGER**

Patrick Johnson

The Honorable Assemblymember Eduardo Garcia Chair, Assembly Committee on Jobs,  
Economic Development & the Economy (JEDE)  
California State Capitol, Room 4162  
Sacramento, CA 95814  
Fax: (916) 319-2156

RE: Support for GO-Biz - March 15, 2016 Oversight Hearing

Dear Assemblymember Garcia:

The City of Vista supports the Governor's Office of Business and Economic Development (GO-Biz). As you heard at the Assembly Jobs, Economic Development and the Economy (JEDE) Committee Informational Hearing on March 1, 2016, GO-Biz is a valued partner to local economic developers and an important piece to helping us navigate the State's economic development resources.

Since the creation of GO-Biz, the leadership and staff have made it a priority to understand local economic development issues and provide assistance where they can make a difference with their limited resources. They have tapped into our network to leverage their outreach to businesses, gather our feedback on pressing economic development concerns, and to assist us with business retention, expansion, creation, and attention.

The City of Vista has utilized the assistance of our local Go-Biz Business Specialist, Sid Voorakkara, on numerous local business assistance issues and his help has been invaluable. Any time our staff has reached out to any member of the Go-Biz Team they have been ready to help and added significant value to our local efforts to help retain jobs and support local businesses.

The Go-Biz Team have created programs and tools that add capacity for us, as well as make California more competitive. Some of the key resources include:

1. Permit Assistance - reviving CalGOLD as a user-friendly, current tool to assist in finding the appropriate permits for a specific business.
2. California Competes - a nationally touted incentive program, recognized for its transparency, performance requirements, and accountability.
3. California Business Portal - "a one-stop-shop, assisting business owners navigate through the different stages of business development."

The City of Vista values the role GO-Biz plays in supporting local economic development in California and our region. They are a necessary State partner that assists us in helping our businesses thrive so we can grow our local economy. If you have questions regarding how GO-Biz helps us make a difference, please feel free to contact our Economic Development Director, Kevin Ham at (760) 643-5244.

Sincerely,

Judy Ritter  
Mayor

cc: CALED, Members of the Assembly JEDE Committee  
Senator Pat Bates (916) 651-4936  
Assemblymember Rocky Chavez (916) 319-2176  
Assemblymember Marie Waldron (916) 319-2175  
League of California Cities (916) 658-8240  
Vista Chamber of Commerce (760) 726-8654



# ECONOMIC DEVELOPMENT CORPORATION

servicing Tulare County

**Chair**

Craig Vejvoda  
City of Tulare

**Vice Chair**

George Vasquez  
Bank of the Sierra

**Treasurer**

Colby Wells  
The Gas Company

**Secretary**

Teresa Boyce  
City of Exeter

**Immediate Past Chair**

Nick Seals  
Seals-Bichle Contractors

Leonel Benavides  
City of Farmersville

Dr. Rosa Carlson  
Porterville College

Stan Carrizosa  
College of Sequoias

Bill Dolain  
Consultant

Greg Gonzales  
City of Woodlake

Warren Gubler  
City of Visalia

Scott Harness  
City of Dinuba

Chuck Littlefield  
Richard Best Transport

Steven Mecum  
City of Lindsay

Mike Porte  
Newmark Grubb Pearson

Monte Reyes  
City of Porterville

Harroll Wilky  
Workforce Investment Bd.

Dan Zoldak  
Lars Andersen & Assoc.

February 29, 2016

TRANSMITTED VIA FACSIMILE

Assembly Committee on Jobs, Economic Development and the Economy  
The Honorable Eduardo Garcia, Chair  
The Honorable Kim Young, Vice Chair  
1020 N. Street, Room 359  
Sacramento, CA 95814

Mr. Chairman and Committee Members:

I am unable to attend your hearing on March 1, 2016 on the "Methods of Review for Economic Development Activities". However, I would like to take the opportunity to provide the attached written testimony for your consideration.

Thank you for the opportunity and for your continued efforts to improve the economic and support economic development in California.

Very truly yours,

Paul M. Saldana  
President & CEO

- cc: The Honorable Devon Mathis
- The Honorable William Brough
- The Honorable Cheryl Brown
- The Honorable Ed Chau
- The Honorable Mike Gipson
- The Honorable Jacqui Irwin
- Toni Symonds, Chief Consultant
- Julia King, Republican Caucus Consultant

Written Testimony of Paul M. Saldana  
President & CEO, Tulare County Economic Development Corporation

Methods of Review for Economic Development Activities  
March 1, 2016, Sacramento, CA  
Before the Committee on Jobs, Economic Development and the Economy  
California State Assembly  
The Honorable Eduardo Garcia, Chairman

Mr. Chairman and Members of the Committee:

I am unable to attend the meeting today and hear the testimony of the other speakers and provide commentary in person. However, I have reviewed the background report prepared by your staff as well as the applicable appendices and offer the following comments for the record.

For background, I have been a professional economic developer for nearly 30 years, earning designation as a Certified Economic Developer in 1992 and working in economic development roles at the Community College, County, City and non-profit level, exclusively in California, in rural, urban and suburban areas of the state. Likewise, I have managed a variety of economic development programs including redevelopment agencies, enterprise zone programs, small business development centers, finance programs as well as traditional programs in business attraction, retention and expansion. For the last 15 years, I have been President and CEO of the Tulare County Economic Development Corporation, one of only two (2) organizations in California designed as an Accredited Economic Development Organization by the International Economic Development Council ("IEDC"). Throughout my career, I have had the opportunity to testify before your committee as an economic development professional as well during my 6-year tenure as an Executive Committee member and Chairman of the California Association for Local Economic Development ("CALED").

My testimony today focuses on three (3) areas delineated in the background report, the definition of economic development<sup>1</sup>, the state and local relationship<sup>2</sup> and preliminary date requests for GO-Biz<sup>3</sup>.

Definition of Economic Development

Indeed, actions by the State in the elimination of the community redevelopment agencies, enterprise zones and the establishment of the GO-Biz program and other actions by the State would necessitate a review of the definition of economic development as codified in Government Code § 12100(b) et seq. The definition established in AB 1721 (JEDE), Chapter 631, Statutes of 2007, provided a descriptive meaning that encompassed programs, processes and outcomes of economic development, particularly as it relates to economic growth and job creation. The proposed definition lacks some basic foundations of economic development, namely the creation of jobs and the improvement of the quality of life. Moreover, the revised definition does not retain the definition of "local" economic development as it

<sup>1</sup> Memorandum to Assembly Committee on Jobs, Economic Development and the Economy, February 29, 2016, page 4.

<sup>2</sup> Ibid, p. 10

<sup>3</sup> Ibid, Appendix H, P. H:2

Written Testimony of Paul M. Saldana  
 March 1, 2016  
 Before the Assembly Committee on Jobs, Economic Development and the Economy  
 Page 2

currently exists. As recommended, we cannot support the proposed change to the definition of economic development as contained in the background report.

According to the International Economic Development Council, "no single definition incorporates all the different strands of economic development".<sup>4</sup> IEDC's *Economic Development Reference Guide*<sup>5</sup> provides an extensive list of programs, services and activities found throughout the United States. The common denominator of most all economic development programs is the creation of jobs, economic wealth and improved quality of life<sup>6</sup>. The current definition found in Government Code §12100 sufficiently defines what the professional practice of economic development is and can be modified in a manner that retains the Legislative intent of §12100 overall. The following modified definition is proposed for your consideration:

*(5) "Economic development" means any activity, that enhances the factors of productive capacity, such as land, labor, capital, and technology, of a national, state, or local economy. "Economic development" includes policies and programs expressly directed at improving the business climate in business finance, marketing, neighborhood development, small business development, business retention and expansion, technology transfer, and real estate redevelopment. "Economic development" is an investment program designed to leverage private sector capital in such a way as to induce actions that have a positive effect on the level of business activity, employment, income distribution, and fiscal solvency and quality of life of the community.'*

*(6) "Local economic development" is a process of deliberate intervention in the normal economic process of a particular locality to stimulate economic growth of the locality by making it more attractive, resulting in more jobs, wealth, better quality of life, and fiscal solvency. Prime examples of economic development include business attraction, business expansion and retention, and business creation.*

This revised definition would reduce the identification of certain programs and activities in the description, maintain the definition of local economic development, restore the importance of job creation and quality of life improvement in the definition, and hopefully provide a definition that all stakeholders can agree with.

<sup>4</sup> International Economic Development Council, *Economic Development Reference Guide*, [http://www.iedc.org/clientuploads/Downloads/IEDC\\_ED\\_Reference\\_Guide.pdf](http://www.iedc.org/clientuploads/Downloads/IEDC_ED_Reference_Guide.pdf), accessed February 29, 2016

<sup>5</sup> Ibid

<sup>6</sup> Ibid, p.3

<sup>7</sup> Recommended modification restated without marked changes: *"Economic development" means any activity, policy, and designed to leverage private sector capital in such a way as to induce actions that have a positive effect on the level of business activity, employment, income distribution, fiscal solvency and quality of life of the community.*

Written Testimony of Paul M. Saldana  
March 1, 2016  
Before the Assembly Committee on Jobs, Economic Development and the Economy  
Page 3

Redefining the State and Local Relationship

The background report provides several questions that your panel guests will be addressing and as such, these responses may be repetitive. However, having worked in the profession for the past three decades, I have worked with State economic development programs in most all of its formats: Department of Commerce under the Business Transportation and Housing Agency; Trade & Commerce Agency; Economic Development Unit under the Business Transportation and Housing Agency; California Business Investment Services under the Labor and Workforce Development Agency; and the Governor's Office of Business and Economic Development (GO-Biz).

I have had the opportunity to experience and work numerous State programs, including a variety of programs that supported local economic development, such as the Office of Local Economic Development and the Rural Renaissance program, in the mid-1980's through the Enterprise Zone Program and most recently the California Competes Tax Credit. I offer comments in response to the questions listed in the background report<sup>8</sup>:

1. Do stakeholders see the state economic development organization primarily as a leader? convener? facilitator? capacity builder?

The State economic development organization is primarily viewed, from our perspective, as a "partner" in economic development. They provide a critical role in addressing state permitting issues as well as access to incentives, financing and other assistance from statewide programs. Likewise, they partner with local economic development in assisting companies with site selection needs. Secondly, they provide capacity building resources in the areas of innovation, entrepreneurship and international trade development, helping communities and businesses improve their competitiveness.

2. How could the state-local partnership be strengthened to achieve local economic development objectives?

GO-Biz designated staff that work with the regions within the state should have a keen understanding of the local economic development strategies within that region and also understand the industries, resources and services provided by local communities. Go-Biz has taken the time to travel to our area and visit our economic development opportunities and that type of activity should be encouraged and continued. GO-Biz should undertake the development of a statewide economic development strategy, develop and pursue programs, such as California Competes, that help us compete effectively with other states.

---

<sup>8</sup> Memorandum to Assembly Committee on Jobs, Economic Development and the Economy, February 29, 2016, page 10.

Written Testimony of Paul M. Saldana  
March 1, 2016  
Before the Assembly Committee on Jobs, Economic Development and the Economy  
Page 4

3. How do stakeholder organizations and the individuals they work with view the portfolio of economic development programs offered through the state?

The portfolio of economic development programs offered through the state is a suitable role for the state and should continue to be supported by the Legislature.

4. Is there sufficient information on available programs and how to use them?

Yes, GO-Biz does an effective job at ensuring that sufficient information is available, and more importantly, they make staff available to explain the programs to stakeholders and businesses when questions do arise.

5. What are the most useful programs? Are there significant gaps?

The most useful programs, from our perspective, is the Business Investment Services Unit, which provides a single point of contact for companies considering investment or expansion within California; the permit streamlining unit provides an invaluable service to businesses and communities and the incentives and financing programs help businesses in their location and expansion needs.

6. How can information sharing and collaboration between local and state economic developers be improved?

The relationship between local and state economic developers was best when State staff was directly assigned to work with and advocate for the regions of California, particularly the rural areas such as the San Joaquin Valley. Currently, however, only Los Angeles, San Diego and San Francisco have designated "Senior Business Development Specialists". Having a designated specialist for the other regions of the state is recommended.

Preliminary Data Requests for Go-BIZ

We applaud the Committee and staff for developing the list of questions for GO-Biz as part of your oversight hearing scheduled for March 15. The response to several of the questions will help us at the local level identify areas in which there may be gaps between the state and local programs, as well as areas where there might be better alignment of opportunity. For example, the business assistance questions related to geographic location and industry will help us at the local level better understand the nature of the companies contacting GO-Biz for assistance. Likewise, site location referrals, monitoring and outcomes are important to us, particularly since local economic development organizations are the primary recipient of those referrals. To date, we only know about the projects that are referred to us and understanding how many projects GO-Biz processes on an annual basis combined with the other demographic factors of the referrals will help us to determine the competitiveness of our communities and our region.

The one area of questioning that is not within the direct responsibility of GO-Biz but should be included to provide the Committee with the ability of fully evaluating the State's economic development program

Written Testimony of Paul M. Saldana  
March 1, 2016  
Before the Assembly Committee on Jobs, Economic Development and the Economy  
Page 5

is the New Employment Hiring Tax Credit (NEC), which is promoted by GO-Biz but administered by the Franchise Tax Board ("FTB"). Questions similar to those listed on Appendix H for California Competes should also be asked of the FTB, particularly as it relates to the geographic location of the business, the industry for which the tax credit is issued and how the tax credits are being monitored, etc. Information can be provided in such a manner as not to breach the confidentiality of the taxpayer(s) while providing the Committee and Legislature to evaluate fully the State's economic development program.

Summary

Thank you for the opportunity to provide these comments and recommendations as well as the leadership of the Committee to provide oversight and direction to GO-Biz, a vital and important partner for economic development in California. As always, the Committee staff is comprehensive in their research and their background report is thought provoking and addresses the questions that will enhance economic development, job creation and the economy in California. I look forward to the outcomes of your hearing(s) and will continue to provide input and testimony to assist in your endeavor.

Paul M. Saldana  
President & CEO  
Economic Development Corporation serving Tulare County  
506 N. Kaweah Avenue, Suite A  
Exeter, CA 93221  
(559) 592-1349  
Paul@SequoiaValley.com

# End Notes

- 
- <sup>i</sup> Top Countries Ranked by Its GDP, California's World Ranking 2014, [http://www.dof.ca.gov/html/fs\\_data/latestecondata/FS\\_Misc.htm](http://www.dof.ca.gov/html/fs_data/latestecondata/FS_Misc.htm), accessed 6/29/15
- <sup>ii</sup> Top Countries Ranked by Its GDP, California's World Ranking 2014, [http://www.dof.ca.gov/html/fs\\_data/latestecondata/FS\\_Misc.htm](http://www.dof.ca.gov/html/fs_data/latestecondata/FS_Misc.htm), accessed 6/29/15
- <sup>iii</sup> "Value Added by Industry as a Percentage of GDP" prepared by Bureau of Economic Analysis, released 4/23/2015
- <sup>iv</sup> 2012 U.S. and State Industry Totals Data, Statistics of U.S. Businesses, U.S. Census <http://www.census.gov/econ/susb/> or [http://www2.census.gov/econ/susb/data/2012/us\\_state\\_totals\\_2012.xls](http://www2.census.gov/econ/susb/data/2012/us_state_totals_2012.xls), accessed 4/08/15
- <sup>v</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>vi</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>vii</sup> California Trade Report, Beacon Economics," [https://beaconecon.com/products/trade\\_report](https://beaconecon.com/products/trade_report) accessed 2/22/16
- <sup>viii</sup> International Trade Administration, U.S. Department of Commerce, "Global Patterns of a State's Exports," <http://tse.export.gov/TSE/MapDisplay.aspx> accessed 4/09/15
- <sup>ix</sup> International Trade Administration, Jobs Supported by State Exports 2014, [http://www.trade.gov/mas/ian/build/groups/public/@tg\\_ian/documents/webcontent/tg\\_ian\\_005411.pdf](http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_005411.pdf) accessed 2/22/2016
- <sup>x</sup> U.S.Census, "State Imports for California 2014", <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>, accessed 4/09/15
- <sup>xi</sup> U.S. Census, "State Imports California 2014", <http://www.census.gov/foreign-trade/statistics/state/data/imports/ca.html>, accessed 3/9/15
- <sup>xii</sup> ACS 2014; <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> accessed 2/22/2016
- <sup>xiii</sup> ACS 2014; <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> accessed 2/22/2016
- <sup>xiv</sup> ACS 2014, <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> accessed 2/22/2016
- <sup>xv</sup> U.S. Census, ACS, <https://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-251.pdf> accessed 08/12/2015
- <sup>xvi</sup> EDD, Quarterly Market Review, April 2014 [http://www.calmis.ca.gov/SpecialReports/Statewide\\_REA\\_Profile\\_Jun2014.pdf](http://www.calmis.ca.gov/SpecialReports/Statewide_REA_Profile_Jun2014.pdf), Accessed 4/09/15
- <sup>xvii</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xviii</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xix</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xx</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xxi</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xxii</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16
- <sup>xxiii</sup> EDD, Labor Market Review, December 2016, <http://www.labormarketinfo.edd.ca.gov/Publications/Labor-Market-Analysis/calmr.pdf>, accessed 1/27/16