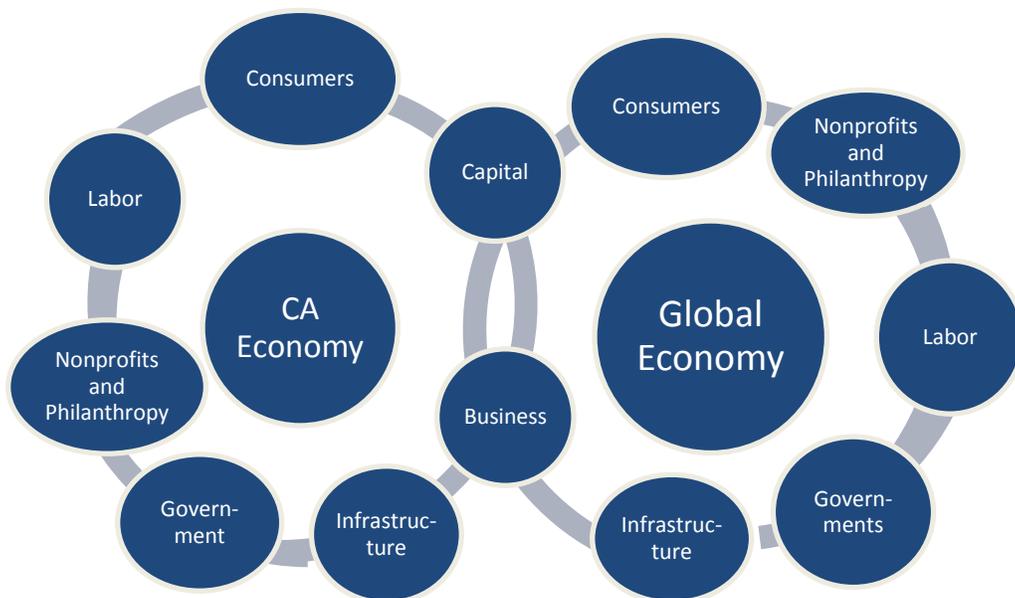


Assembly Committee on Jobs, Economic Development, and the Economy

2011 - 2012

Summary of Legislation



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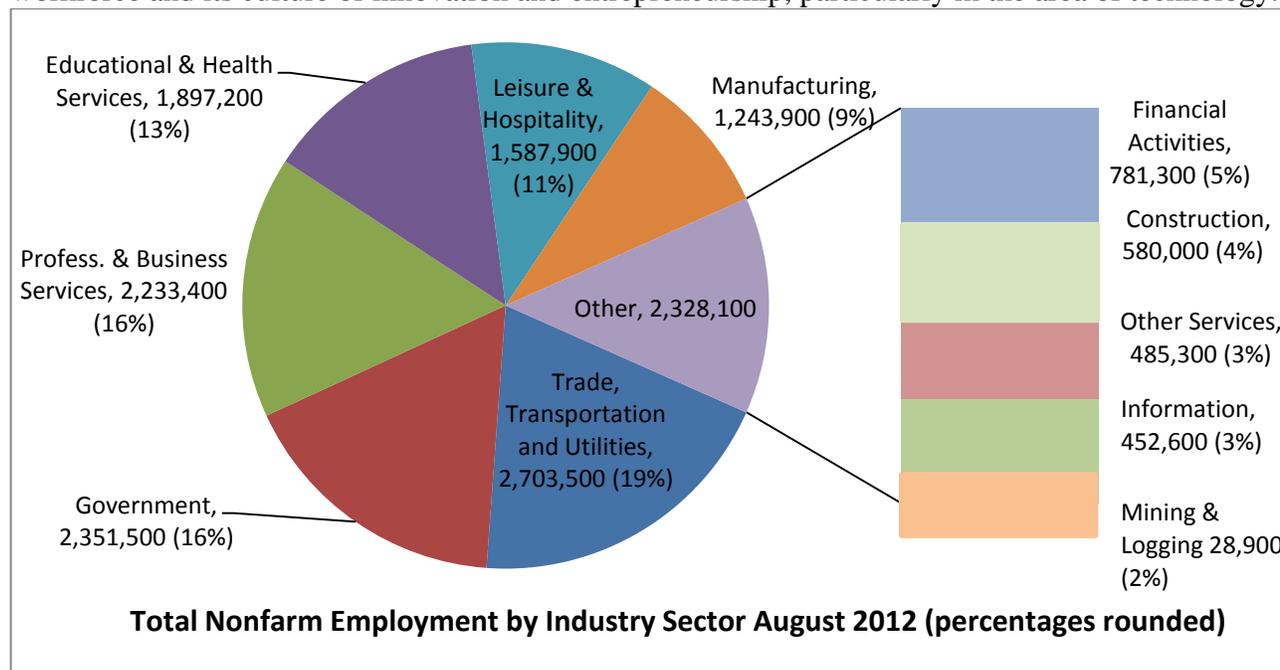
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Section I - The California Economy

California is the one of the largest and most diversified economies in the world with a gross domestic product (GDP) of over \$1.95 trillion in 2011. If California were a country, its 2011 GDP would place it 9th in the worldwide GDP ranking as follows: United States (\$15 trillion), China (\$7.29 trillion), Japan (\$5.86 trillion), Germany (\$3.57 trillion), France (\$2.77 trillion), Brazil (\$2.47 trillion), United Kingdom (\$2.43 trillion), Italy (\$2.19 trillion), India (\$1.86 trillion), the Russian Federation (\$1.85 trillion), and Spain (\$1.49 trillion).

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



The **chart above**, prepared by the California Employment Development Department, provides detail on California's largest industry sectors in August 2012 including the total number of jobs and percentage to state employment. The percentages have been rounded and will therefore not add up to 100 percent.

Key Trends in the Post-Recession Economy

As California slowly moves out of the recession, it is clear that the next economy will require new and more agile thinking about resources and the deployment of human, physical and financial capital. Economic researchers have identified several key emerging trends that will significantly redefine the U.S. economy in the post-recession era:

- Nations and states will become less significant and cities and regions will become the more dominant drivers of economic growth.

- New information and transportation technologies will expand networks making global relationships increasingly more important.
- Both ideas and products will increasingly be developed and assembled within innovation networks that are more collaborative than combative.
- 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.
- Scarcity and rising prices will put increasing pressure on the development and deployment of alternative and lower carbon fuels.
- As the large 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.
- The available workforce will be substantially smaller, more diverse, and have educational backgrounds that were provided through school systems that lag other industrialized nations.

Experts have noted that being successful in the post-recession economy will require governments, businesses and workers to transcend old economic and workforce development frameworks. The emerging workplace will demand deeper collaborations among businesses, workers, governments and educators. Education and training will also need to be more highly integrated with career pathways being well articulated between the K-12, the state's higher education systems, and workforce training providers.

In the post-recession economy, governments will need to conceive of, approve and help finance comprehensive infrastructure networks that support both the joint development, as well as the exchange of goods, services and ideas across rural and urban communities, state-to-state and state-to-nations.

Success in this constantly evolving global economy will require California to implement a sustained innovation agenda that embraces entrepreneurship, creativity, diversity and the new models of business engagement, while also removing barriers to innovation and change.

In August 2012, three policy and research committees of the California State Assembly jointly held an investigative hearing to examine how California could retain its competitive edge and historic position as a "first mover" among nations. During the course of the hearing, presentations were made on the role of innovation within the global, U.S. and state economies and how California could use these best innovation practices to remain a top tier partner in innovation and technology development activities.

Reorganization of the State's Economic Development Programs

In March 2012, the Governor initiated a reorganization process to realign the state's administrative structure. Hearings were held by the Little Hoover Commission and the Legislature to review the reorganization plan, GRP 2, and to provide a list of recommended changes, which were later adopted in practice or through supplemental legislation. Key changes related to the state's economic

development programs including the dismantling of the Business, Transportation and Housing Agency (BTH) and the shifting of a number of key programs and services to the Governor's Office of Business and Economic Development (GO-Biz) including:

- The Small Business Loan Guarantee Program;
- The California Travel and Tourism Commission;
- The California Film Commission;
- The Film California First Program; and
- The Infrastructure and Economic Development Bank (I-Bank).

In addition, the Governor indicated his intent to establish a Small Business Development Center (SBDC) program within GO-Biz. The SBDC is currently co-located at GO-Biz. The GRP 2 also replaced the Secretary of BTH with the Director of GO-Biz as Chair of the California Travel and Tourism Commission and the I-Bank.

The reorganization plan became operative in July 2012, with most program changes becoming effective in July 2013. Legislation is necessary to administratively shift the programs and services to GO-Biz.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to improving the state's economic development activities. Bills heard by JEDE are marked with an *. This is the most general designation category, which provides information on tax expenditures and other economic development programs and services. Other sections of the report provide more targeted information with a list of related legislation including sections on small business, enterprise zones, trade and foreign investment, infrastructure, workforce development and emerging domestic markets.

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.

AB 232 (V. Manuel Pérez) Community Development Block Grant Program:* This bill removes the specific dollar-for-jobs and low- and moderate- income ranking criteria in state law from the small cities portion of the federal Community Development Block Grant Program. The change results in conforming state rules with federal law, allowing the California Department of Housing and Community Development, the program administrator, flexibility to choose among federal options for determining the dollar-for-jobs and ranking criteria. Status: Signed by the Governor, Chapter 386, Statutes of 2012.

AB 581 (John A. Pérez) Access to Healthy Food: This bill creates the California Healthy Food Financing Initiative (CHFFI), the CHFFI fund and the CHFFI Council, for the purpose of expanding access to healthy foods in underserved communities. It requires the Secretary of the California Department of Food and Agriculture (CDFA), by July 1, 2012, to prepare recommended actions to be taken to promote food access within California. Authorizes CDFA to create an Advisory Group as

specified. This authority remains in effect until January 1, 2017. Status: Signed by the Governor, Chapter 505, Statutes of 2011.

AB 624 (John A. Pérez and Blumenfeld) California Organized Investment Network: This bill extends the operation of the credits until January 1, 2017, and require the Insurance Commissioner to establish a California Organized Investment Network Advisory Board, as specified, to advise the California Organized Investment Network on the best methods of increasing insurance investments while providing fair returns to investors and social benefits to underserved communities. Status: Signed by the Governor, Chapter 436, Statutes of 2011.

AB 1069 (Fuentes) Film Tax Extension: This bill extends the applicability of the California Film and Television Tax Credit for five years, thereby authorizing the allocation of an additional \$100 million annually in tax credits to qualified productions from July 1, 2014 until July 1, 2019. Status: Signed by the Governor, Chapter 731, Statutes of 2011.

AB 1072 (Fuentes) California Promise Neighborhoods Initiative: This bill would have established the California Promise Neighborhoods initiative in the Office of Economic Development (office). The office would have required that 40 promise neighborhoods be established throughout the state to maximize collective efforts within a community to improve the health, safety, education, and economic development of each neighborhood and would require the office use existing state resources and federal funds to implement these provisions. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2011.

AB 1233 (V. Manuel Pérez) State Economic & Workforce Development Strategy:* This bill would have required the Director of the Governor's Office of Business and Economic Development to prepare a five-year economic and workforce development strategy. The blueprint will help the state set a strategic path forward by prioritizing and coordinating state activities, supporting local and regional economic development activities, and better leveraging of private and public sector resources. Status: Held in the Assembly Appropriations Committee, 2012.

AB 1255 (V. Manuel Pérez) Corporate Board Registries Notification:* This bill, as it was heard in JEDE, would have enhanced access to information about the range of minority and/or women candidates qualified to serve on corporate boards by requiring that the Secretary of State provide corporations a listing of known registries of potential board candidates. Status: The bill was amended with different language in the Senate, 2012.

AB 1530 (Huffman and V. Manuel Pérez) Clean Manufacturing Zones:* This bill would have enacted the Clean Manufacturing and Job Creation Incentive Act of 2012, which establishes a process for local governments to designate a clean manufacturing zone, access tax credits for local manufacturers and have those manufacturers receive priority on their permit and license applications. Status: Held by the Assembly Committee on Appropriations, 2012.

AB 1646 (Campos) California Demonstration of Emerging Market Opportunities:* This bill would have established the California Demonstration of Emerging Market Opportunities Program, within the Governor's Office of Business and Economic Development, for the purpose of facilitating agreements with for-profit and nonprofit organizations to use state facilities and other resources to test and deploy at scale innovative products, services and processes. Status: Held in the Senate Appropriations Committee, 2012.

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 the Governor's Office of Business and Economic Development. 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.

AB 2037 (Davis and V. Manuel Pérez) California New Market Tax Credit Program:* This bill would have created a \$250 million state New Markets Tax Credit Program (NMTTC) for the purpose of stimulating economic development and hasten California's economic recovery. Status: Held in the Assembly Committee on Appropriations, 2012.

AB 2309 (Hill) Public Private Partnership Model:* This bill would have authorized the Board of Governors of the California Community Colleges, once sufficient funding becomes available, to establish a competitive grant pilot program to evaluate a public-private partnership model designed to accomplish specified objectives relating to business development and job creation. Status: Vetoed by the Governor. The veto message stated: Since I have now signed SB 1402, which reauthorizes the California Community Colleges Economic and Workforce Development Program, the objectives sought by this bill can be achieved under current law.

AB 2619 (V. Manuel Pérez) Start-Up California:* This bill would have established the Start-Up California Impact Investment Venture Fund Program, administered through the I-Bank, for the purpose of providing equity investments to start-ups and small businesses. Status: Held in the Assembly Committee on Appropriations, 2012.

SB 469 (Vargas) Approval of Superstores: This bill would have required cities and counties have an economic impact report prepared before approving or disapproving the construction or conversion of superstore retailers. Status: Vetoed by the Governor. Veto message reads as follows: "This measure would require cities and counties to prepare an economic-impact report when evaluating plans to develop certain big-box stores. While I recognize that the merits of large-scale projects need to be carefully considered, plenty of laws are already on the books that enable and in some cases require cities and counties to carefully assess whether these projects are in a community's best interests. This bill would add yet another layer of review to an already cumbersome process."

SB 892 (Lieu) Economic Development Job Creation, and Competitiveness Agency: This bill would have created the Economic Development, Job Creation, and Competitiveness Agency in state government, under the supervision of a Secretary of Economic Development, Job Creation, and Competitiveness, and set forth their respective duties generally. It would also have required the agency to develop a statewide strategy that identifies goals and objectives for job creation and competitiveness for the state's top economic sectors, and make recommendations to the Governor and Legislature in that regard. Status: Held in the Senate Committee on Labor and Industrial Relations, 2011.

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

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

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

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

The 42 EZs, eight LAMBRAs, two MEAs and one TTA are located in portions of 54 Assembly Districts and 34 Senate Districts. Each zone designation is for a period of 15 years, although the initial zones were given an additional five years due to the slow start-up of the program. No other extensions have been authorized. The MEA and TTA expire on January 1, 2013, however, qualifying census tracts were included in the most recently designated EZs within the Imperial and Tulare Counties.

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

Community Development Incentives

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

The state also offers a number of incentives, including tax credits, priority notification when selling state surplus lands, access to certain brownfield clean-up programs, and preferential treatment for state contracts. Below is a chart comparing the state tax incentives offered to businesses located in a G-TEDA.

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

Source: Legislative Analyst's Office

Below is a chart summarizing total G-TEDA credits claimed in the 2004 through 2009 tax years. The Franchise Tax Board (FTB) only reviews the corporate tax filing for G-TEDA related tax expenditures. Numbers that include personal income taxes usage are based on estimates.

Comparison of Total G-TEDA Credits Claimed in 2004 to 2009 Tax Years				
	Number of Credits Claimed on Corporate Taxes	Value of Credits Claimed on Bank and Corporate Taxes (thousands)	Number of Credits Claimed on Personal Income Taxes	Value of Credits Claimed on Personal Income (thousands)
2004 Total G-TEDA Credits	3,559	\$204,396	5,054	\$130,401
2005 Total G-TEDA Credits	3,909	\$201,283	8,270	\$146,204
2006 Total G-TEDA Credits	4,440	\$217,119	9,973	\$154,926
2007 Total G-TEDA Credits	5,281	\$236,680	15,461	\$179,343
2008 Total G-TEDA Credits	6,415	\$273,505	NA	NA
2009 Total G-TEDA Credits	7,538	\$262,555	NA	NA

Source: Franchise Tax Board

According to information provided by FTB to Housing and Community Development (HCD), in 2007 \$481 million in G-TEDA credits and deductions were claimed through corporate and personal income tax (PIT) returns. Additionally, the FTB reports hundreds of millions (perhaps over \$1 billion) in carryover credits have been earned by businesses located in G-TEDAs, but have not been claimed on tax returns. Below is a chart that displays the dollar amount of G-TEDA incentives claimed on corporate tax returns through each of the tax incentives.

Claimed G-TEDA Incentives on Corporate Tax Returns 2004 to 2009 (thousands)						
	2004	2005	2006	2007	2008	2009
Hiring and Sales Tax Credit	\$204,396	\$201,283	\$217,119	\$236,680	\$273,505	\$262,555
NOL Deductions	\$72,326	\$74,024	\$126,106	\$207,993	\$50,417	\$5,587
Tax Impact	\$5,171	\$5,966	\$11,351	\$15,807	\$3,432	358

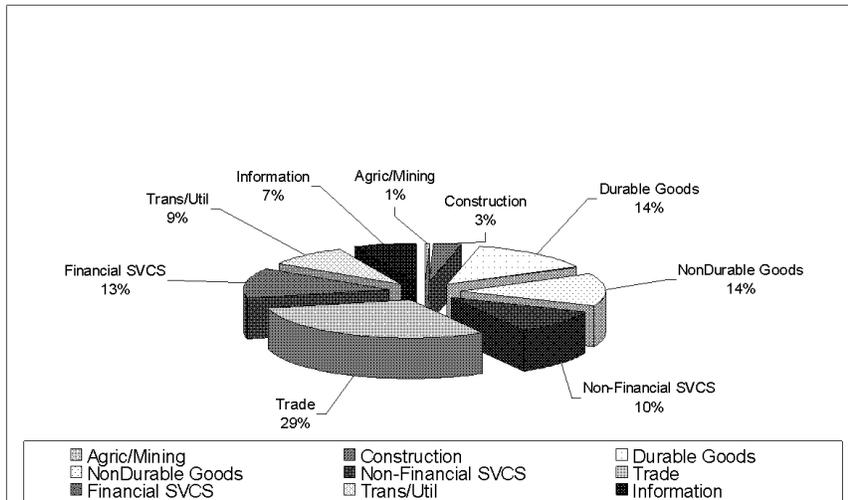
¹ NOL= Net Operating Loss

Net Interest Deductions	\$432,867	\$490,129	\$517,310	\$520,372	264,547	\$265,682
Tax Impact	\$29,103	\$32,395	\$34,156	\$34,438	\$17,281	\$13,268
Business Expense Deductions	\$4,387	\$4,770	\$4,463	\$5,136	\$5,636	\$4,364
Tax Impact	\$222	\$200	\$188	\$197	\$199	\$163
Total Tax Impact	\$238,892	\$239,844	\$262,814	\$287,122	\$294,417	\$276,344

Data Provided by the Franchise Tax Board

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

Figure 5
Tax Credits by Industry in 2006
(Percentage)



Source: FTB.

Assessments of the California Enterprise Zone Program

Measurement of the success and failure of the enterprise zone and the other G-TEDA programs has been central to the debate on whether to expand or limit, the enterprise zone program. Complicating the matter is that much of the discussion around the relative successes or failures of the G-TEDA programs and individual areas is anecdotal. The academic attempts to assess the state's G-TEDA programs have

produced mixed results. Some of the variance among study findings can be attributed to the limited access to good data sets. Research generally requires the development of a set of assumptions in order to undertake the study. The assumptions made in the case of the G-TEDAs have, however, left most, if not all, of the methodological approaches open to debate. Moreover, the problems in assessing the G-TEDA programs have been further complicated by a lack of consensus on why the programs were established and what objectives are trying to be achieved.

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

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

Since HCD's 2006 report, two additional reports have been released. One report found favorable impacts of the enterprise zone program and another found the program lacking in its ability to stimulate jobs. In November 2008 and later revised and re-released in March 2009, economists from

the University of Southern California (USC) found that federal empowerment zones, federal enterprise communities, and state enterprise zones have "positive, statistically significant impacts on local labor markets in terms of the unemployment rate, the poverty rate, the fraction with wage and salary income, and employment."

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

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

It is important to note, however, that while the USC and PPIC reports discussed above were released in 2008 and 2009, the business development data used to form the statistical analyses were from 2004 and earlier. This date is significant, as both HCD and the Legislature approved significant reforms to the program in 2006 (discussed below), and only two of the 42 current zones were subject to the study, raising the question as to whether either of the studies accurately reflect the impact of the enterprise zone program today.

Legislation from 2011-12

In January 2011, Governor Brown released, as part of his 2011-12 proposed budget, a proposal to eliminate the G-TEDA programs, including any previously earned credits that had not yet been applied toward tax liability. Responding to the Governor's proposal, Assemblyman V. Manuel Pérez, the JEDE Chairman, and Assemblyman Luis Alejo jointly introduced a comprehensive reform bill, AB 231, which addressed many of the reform recommendations from JEDE oversight hearings and working group meetings, including proposals for reducing the overall cost of the program and increasing transparency and accountability.

In the Governor's May 2011 budget report, his G-TEDA proposal was modified from eliminating all the G-TEDA programs to eliminating the requirement to target hire credits toward underserved populations, limiting the hire credit to only net new hires (similar to the provisions in AB 1278), and reducing the value of the individual hiring credit from \$37,400 over five years to a one-time credit of \$5,000. Ultimately, the Legislature did not take action on the Governor's May revision proposal or the broader enterprise zone reform proposals offered by JEDE including a second JEDE proposal, AB 1411, that focused on majority vote reforms.

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to the G-TEDA programs. Bills heard by JEDE are marked with an *.

AB 231 (V. Manuel Pérez and Alejo) Comprehensive Enterprise Zone Reforms:* This bill would have made significant changes to the California Enterprise Zone Program for the purpose of making

it more transparent, targeted to lower income communities and accountable to the public. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, January 2012.

AB 232 (V. Manuel Pérez) Enterprise Zones Government Code Changes:* This bill, as it was assigned to JEDE, would have modified the purpose of the California Enterprise Zone Program to be that of helping to stabilize local communities, alleviate poverty, and enhance the state's economic prosperity through the implementation of public and privately funded programs and services that stimulate business and industrial growth in the depressed areas of the state. The bill contained other related government code provisions. The measure was amended in January 2012 to make changes to the Small Cities Community Development Block Grant Program. Status: Signed by the Governor, Chapter 386, Statutes of 2012.

AB 1278 (Hill) G-TEDA Hiring Credits:* This bill, as it was heard in JEDE, would have limited the application of the new hire credit in instances where the tax payer has relocated from one area of California to a G-TEDA on or after January 1, 2011. Under this circumstance, a G-TEDA hire credit would only be allowed for qualified employees who represent a net increase to the total number of California workers employed by the tax payer over the previous tax year. Further, the tax payer would be required to have also made a bona fide offer of employment at the new work location to each employee at the old location that was displaced by the move. The bill did not pass JEDE in this form. The G-TEDA language was stripped from the bill and different language was included which changed its jurisdiction. Status: Vetoed by the Governor, 2012. Veto message reads as follows: "Helping people to quit smoking is a laudable health goal. In fact, many hospitals already designate their campuses 'smoke-free' and impose fines on violators. Nothing in current law prevents hospitals from adopting this practice. Finally, I would note that this bill eliminates penalties for smoking in hospitals. Why?"

AB 1411 (V. Manuel Pérez) Enterprise Zone Accountability Reforms:* This bill would have made six key programmatic/fiscal improvements to the California Enterprise Zone Program relating to cost, transparency and accountability including:

1. De-designation of poor performing zones;
2. Better tracking of local financial and nonfinancial contributions to zone activities;
3. Restricting the eligible areas of new zones to only low-income census tracts;
4. Limiting the overall size of new zones, in areas where previous zones had existed;
5. Better linking state funded workforce and job search programs to zone businesses;
6. Expansion of state-level reporting of zone impacts on job creation and business development.

Status: Held in the Senate Committee on Appropriations, 2012.

AB 2673 (V. Manuel Pérez) Enterprise Zone Reporting:* This bill would have increased reporting requirements for G-TEDAs to better capture the community impact of tax credits awarded through the program and the value of the local resources contributed to the G-TEDA activities. Status: Held in in the Assembly Committee on Jobs, Economic Development and the Economy, 2012. Content of the bill was amended into AB 1411.

SB 301 (DeSaulnier) New Enterprise Zone Designations: This bill, as it was assigned to JEDE, would have prohibited a jurisdiction which applies for an enterprise zone designation, on or after January 1, 2012, that includes area that were once within a previously designated zone from receiving a new zone designation that has a geographic area more than 115% of the size of the previous zone. The bill would have also limited new zone designations in cases where area had been within one or

more previously designated zones to 115% of the largest of those zones. The measure was amended in August 2012 to makes changes to the California health care system. Status: Held in the Assembly Committee on Heath.

Section III - California Manufacturing and Logistical Systems

Manufacturing plays an important role within the California economy, supporting high wage jobs, international trade, and small businesses within a global supply chain. The Milken Institute estimates that for every job created in manufacturing, 2.5 jobs are created in other sectors. In some industry sectors, such as the electronic computer manufacturing, the multiplier effect is 16 to one.

Manufacturing is California's most export-intensive activity, contributing significantly to California's \$159 billion in exports in 2011. Overall, manufacturing exports represent 9.4% (\$120 billion in goods) of California's GDP, and computers and electronic products constitute 29.3% of the state's total manufacturing exports. More than one-fifth (21.9%) of all manufacturing workers in California directly depend on exports for their jobs.

Manufacturing in California, however, even prior to the current economic recession, faced many challenges maintaining global and domestic competitiveness, including securing a skilled workforce to support the changing needs of manufacturing and goods movement and maintaining cost-effective productivity in the face of lower safety and wage standards in emerging foreign markets. Between 2001 and 2011, California lost 33% of its manufacturing base, losing 613,000 jobs.

Research on California's Manufacturing Challenge

According to a June 2010 report by the Milken Institute, "Manufacturing 2.0: A More Prosperous California," the challenges in the manufacturing industry serve as an early warning of the challenges facing the state's economy as a whole. The report found that while manufacturing still drives the state's economy, California's competitive position is losing ground to other states and nations based on its regulatory climate, tax burden and reputation as a difficult and costly place to do business. The Assembly Committee on Jobs, Economic Development and the Economy held a hearing to review the report and hear from manufacturers and labor representatives on possible follow-up actions.

One of the report's key findings is that California is losing a larger share of manufacturing employment at a faster rate than other states. In addressing these challenges, the report recommends the state develop a new cooperative relationship with manufacturing. Among other issues, the report recommends that the state streamline regulatory procedures for manufacturers and increase transparency and accountability in the regulatory process and increase coordination across state agencies for permit and licensing approvals. Recently enacted legislation, AB 617 (Calderon), Chapter 93, Statutes of 2011, requires the adoption of a standardized process for conducting the regulatory impact analysis.

These types of improvements are essential in keeping California communities competitive in retaining and attracting manufacturers. Many states have developed economic development programs that target manufacturing generally, while others focus on sub-industry and sub-subindustry sections such as energy generation, information technology, biotechnology and food processing. As an example, the U.S. Department of Energy has taken a closer look at state incentives related to attracting renewable energy production and manufacturing and reports that 24 states have tax credits, 28 states authorize property assessed clean energy (PACE) programs, and 38 states offer property tax-based incentives.

Site Selection Magazine, a trade paper for the business development community, reports that from 2007 to 2009, California had the slowest growth in manufacturing capacity among the nation's 25 most populous states. While the national average of new manufacturing sites was 28.7 new facilities during this time period, California gained only 3.7.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to manufacturing and logistics. Legislation heard by JEDE is marked with an *.

AB 16 (Perea) High-Speed Rail Authority: This bill requires the High Speed Rail Authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws. Status: Signed by the Governor, Chapter 413, Statutes of 2012.

AB 744 (John A. Pérez) Office of Intellectual Property: This bill requires the Department of General Services to assist state agencies in the management and development of intellectual property that was developed by state employees or with state funding. Among other duties, the department is required to develop a database of state-owned intellectual property starting January 1, 2015. Status: Signed by the Governor, Chapter 463, Statutes of 2012.

AB 894 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2011:* This bill would have established a loan and loan guarantee program to enable the state to draw down federal dollars to support the retooling and expansion of manufacturing in California. Status: Vetoed by the Governor, 2011. The veto message reads as follows: “The objectives of the bill are excellent. However, the loan program it creates can be run by the state’s Infrastructure bank, which already has authority and experience lending directly to businesses.”

AB 1460 (Huber) California Commission on Industrial Relations:* This bill abolishes the California Commission of Industrial Relations. No appointments have been made to the Commission in over a decade. Status: Signed by the Governor, Chapter 164, Statutes of 2012.

AB 1530 (Huffman and V. Manuel Pérez) Clean Manufacturing Zones:* This bill would have enacted the Clean Manufacturing and Job Creation Incentive Act of 2012, which establishes a process for local governments to designate clean manufacturing zone, access tax credits for local manufacturers and have those manufacturers receive priority on their permit and license applications. Status: Held by the Assembly Committee on Appropriations, 2012.

AB 1646 (Campos) California Demonstration of Emerging Market Opportunities:* This bill would have established the California Demonstration of Emerging Market Opportunities Program, within the Governor's Office of Business and Economic Development, for the purpose of facilitating agreements with for-profit and nonprofit organizations to use state facilities and other resources to test and deploy at scale innovative products, services and processes. Status: Held in the Senate Appropriations Committee, 2012.

AB 2619 (V. Manuel Pérez) Start-up California:* This bill would have established the Start-Up California Impact Investment Venture Fund Program, administered through the I-Bank, for the

purpose of providing equity investments to start-ups and small businesses. Status: Held in the Assembly Committee on Appropriations, 2012.

ABX1-40 (Fuentes) Income Taxes: Single Sales Factor: Manufacturing Exemption: This bill would have: made various changes regarding the apportionment income, assignment of sales, and the minimum franchise tax under the corporation tax; instituted specified reductions in the tax rate applied to certain income for purposes of the corporation tax and the personal income tax; established a tax exemption for certain purchases under the sales and use tax; and, set up a process to adjust the sales and use tax exemption amount under certain conditions. Status: Died without final action upon adjournment of the first extraordinary session, September 2011.

SB 550 (Padilla) Manufactured Optical Disc: This bill authorizes law enforcement officials to inspect commercial optical disc manufacturing facilities to ensure compliance with existing laws requiring certain identifying marks on each disc, and increases the fines for individuals who violate provisions regulating manufactured optical discs. Status: Signed by the Governor, Chapter 421, Statutes of 2011.

SB 1128 (Padilla) California Alternative Energy and Transportation Financing Authority:* This bill revises and recasts the provisions of the California Alternative Energy and Advanced Transportation Financing Authority and extends financing authority to provide sales and use tax exclusion for projects that promote the utilization of advanced manufacturing. Status: Signed by the Governor, Chapter 677, Statutes of 2012.

Section IV - California's Clean Technology Economy

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

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

Leading cleantech sectors include energy efficiency, transportation and biofuels. Investments in smart grid technologies were also growing in the past year. Below is a chart developed by Cleantech San Diego illustrating the wide range of industries engaged in the cleantech industry cluster.

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

	and temperature pressure sensors to improve transportation fuel efficiency; telecommuting.
Water & Wastewater	Water recycling and ultra-filtration systems (e.g. UV membrane & ion exchange systems); sensors and automation systems; and water utility sub-metering technology; desalination equipment.
Source: Cleantech San Diego	

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

Cleantech Market Becoming More Competitive

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

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

Other states and even foreign countries, however, are also vying to dominate this new emerging industry. Connecticut, Massachusetts, Texas, New Mexico, New York, New Jersey, Florida, and Pennsylvania all have proactive cleantech economic policies. Europe and Asia are also successfully building cleantech clusters. Germany and China have already usurped California's once leading position in solar and wind energy through targeted policies and initiatives.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session designed to advance California's emerging cleantech economy. Legislation heard by JEDE is marked by an *.

AB 744 (John A. Pérez) Office of Intellectual Property: This bill requires the Department of General Services to assist state agencies in the management and development of intellectual property that was developed by state employees or with state funding. Among other duties, the department is required to develop a database of state-owned intellectual property starting January 1, 2015. Status: Signed by the Governor, Chapter 463, Statutes of 2012.

AB 900 (Buchanan and Steinberg) Jobs and Economic Through Environmental Leadership Act of 2011: This bill enacts the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, which establishes specified review procedures for the judicial review of the environmental impact reports and for certain approvals on a "leadership project." The act authorizes the Governor to certify a leadership project for streamlining pursuant to the act if certain conditions are met. Leadership projects include development project related to the development of a residential, retail, commercial, sports, cultural, entertainment, or recreational use project, or clean renewable energy or clean energy manufacturing project. The bill would repeal the act as of January 1, 2015. Status: Signed by the Governor, Chapter 354, Statutes of 2011.

AB 982 (Skinner) Land Exchange for Renewable Energy-Related Projects: This bill requires the State Lands Commission to enter into an agreement with the federal Department of the Interior to facilitate land exchanges between the state and federal government, to allow for the development of renewable energy projects on state land. Status: Signed by the Governor, Chapter 485, Statutes of 2011.

AB 1150 (V. Manuel Pérez) Self-Generation Incentive Program: This bill extends the authority of the Public Utilities Commission to authorize electrical corporations to continue making the annual collections through December 31, 2016, and the PUC, would continue to administer the program until January 1, 2018. Status: Signed by the Governor, Chapter 310, Statutes of 2011.

AB 1530 (Huffman and V. Manuel Pérez) Clean Manufacturing Zones:* This bill would have enacted the Clean Manufacturing and Job Creation Incentive Act of 2012, which establishes a process for local governments to designate clean manufacturing zone, access tax credits for local manufacturers and have those manufacturers receive priority on their permit and license applications. Status: Held by the Assembly Committee on Appropriations, 2012.

AB 1646 (Campos) California Demonstration of Emerging Market Opportunities:* This bill would have established the California Demonstration of Emerging Market Opportunities Program, within the Governor's Office of Business and Economic Development, for the purpose of facilitating agreements with for-profit and nonprofit organizations to use state facilities and other resources to test and deploy at scale innovative products, services and processes. Status: Held in the Senate Appropriations Committee, 2012.

AB 2144 (John A. Pérez and Atkins) Greenhouse Gas Reduction Fund: This bill would have created the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act to set procedures for the investment of regulatory fee revenues derived from the auction of greenhouse gas allowances pursuant to the cap and trade program adopted by the Air Resources Board under the California Global Warming Solutions Act of 2006. Status: Vetoed by the Governor, 2012. "The veto message reads as follows: "This bill authorizes the creation of Infrastructure and Revitalization Financing Districts to finance economic development projects. These projects would be funded if approved by a 55 percent voter approval. Expanding the scope of infrastructure financing districts is premature. This measure would likely cause cities to focus their efforts on using the new tools provided by the measure instead of winding down redevelopment. This would prevent the state from achieving the General Fund savings assumed in this year's budget."

SB 52 (Steinberg) Clean-up to the Jobs and Economic Improvement Through Environmental Leadership Act of 2011:* This bill would have modified the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, which creates an expedited judicial review procedure under the California Environmental Quality Act for various types of LEED Silver certified infill site projects, clean renewable energy projects, and clean energy manufacturing projects. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

SB 225 (Simitian) California Capital Access Loan Program and Truck Retrofit Financing:* This bill authorizes the California Pollution Control Financing Authority to establish a loss reserve account program for the purposes of financing terminal rental adjustment clause leases. Status: Signed by the Governor, Chapter 492, Statutes of 2011.

SB 618 (Wolk) Solar Easement on Agricultural Lands: This bill allows a city or county and a landowner to concurrently rescind a Williamson Act contract on marginally productive or physically impaired lands and enter into a solar-use easement that restricts the use of land to photovoltaic solar facilities. Status: Signed by the Governor, Chapter 596, Statutes of 2011.

SB 1128 (Padilla) California Alternative Energy and Transportation Financing Authority:* This bill revises and recasts the provisions of the California Alternative Energy and Advanced Transportation Financing Authority and extends financing authority to provide sales and use tax exclusion for projects that promote the utilization of advanced manufacturing. Status: Signed by the Governor, Chapter 677, Statutes of 2012.

Section V- Small Business Development and Operations

California's dominance in many economic areas is based, in part, on the significant role small businesses play in the state's \$1.9 trillion economy. Businesses with less than 100 employees comprise nearly 98% of all businesses, and they are responsible for employing more than 37 % of all workers in the state.

Among other advantages, small businesses are crucial to the state's international competitiveness and are an important means for dispersing the positive economic impacts of trade and manufacturing within the broader California economy. Most importantly, small businesses have consistently functioned as economic engines. A 2011 study report released by the Kaufman Foundation found that more than 90% of all jobs created between 1997 and 2000 came from small and early stage firms and that a lion's share of these jobs came from firms in existence fewer than five years. Consistent with these findings, data from the U.S. Census Bureau shows that from 1990 to 2003 nearly 80% of jobs created came from firms employing 20 or fewer employees.

Harnessing small businesses jobs creation abilities has been especially important during economic recovery. During the nation's economic downturn from 1999 to 2003, microenterprises (businesses with less than five employees) created 318,183 new jobs or 77% of all employment growth, while larger businesses with more than 50 employees lost over 444,000 jobs. In the most recent recession, however, small businesses have been particularly hard hit by the problems in the capital markets resulting from the financial crisis and a drop in consumer spending. Equifax reports that small business bankruptcies were up 81% for the 12 months ending September 2009, as compared to the same period in the previous year. Nationally, bankruptcy filings were up 44% during the same term.

Maintaining a Small Business-Friendly Climate

California currently provides several loan and loan guarantee programs including the Capital Access Program, administered through the State Treasurer's Office, and the Small Business Loan Guarantee Program, administered through BTH and a statewide network of small business financial development corporations.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to small business and microenterprise. Small business procurement legislation is separately listed in the following section, "Disabled Veteran Business Enterprises (DVBE) and Small Business Procurement." Legislation heard by JEDE is marked with an *.

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 also moves the Office of Small Business Advocate to the Office of Economic Development. Status: Signed by the Governor, Chapter 475, Statutes of 2011.

AB 32 (Lara and V. Manuel Pérez) Entrepreneurship: Economic Gardening:* This bill would states the intention of the Legislature to enact legislation that supports entrepreneurship as a form of

economic development and job creation in communities throughout this state. This legislation would have provided for research and assessment of urban and suburban communities regarding their assets, skills, and needs, and utilize that data to determine economic opportunities in those communities and support access to capital for entrepreneurs in these communities. The legislation would also, among other things, identify opportunities for local and state agencies to remove barriers to make siting, zoning, and licensing easier for small businesses, in order to allow for entrepreneurial job creation, and promote the development of entrepreneurial education curricula and programs. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

AB 571 (Hagman) Corporations: Distributions: This bill authorizes a corporation to distribute cash or property to shareholders, including a dividend or repurchase or redemption of shares, if the amount of the corporation's retained earnings prior to the distribution equals or exceeds the sum of the distribution and the cumulative dividends in arrears on certain preferred stock and, after giving effect to the distribution, the value of the corporation's assets equals or exceeds the sum of its liabilities and the liquidation preference of any preferred stock, except as specified. The bill provides that a board of directors may base a determination that the value of its assets exceeds the amount of liabilities on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances, a fair valuation, or any other method that is reasonable under the circumstances. The bill contains other related provisions and other existing laws. Status: Signed by the Governor, Chapter 203, Statutes of 2011.

AB 690 (Solorio) Portable Electronics Insurance: This bill updates the laws governing the sale of insurance in connection with portable electronic devices and their accessories and associated services. Status: Signed by the Governor, Chapter 165, Statutes of 2011.

AB 750 (Hueso) Finance: Investment Trust Blue Ribbon Task Force:* This bill would have created a blue ribbon task force to consider the viability of establishing the California Investment Trust which would serve as a state bank. Status: Vetoed by Governor, 2011. The veto message reads as follows: "This bill would mandate yet another "blue ribbon" task force: in this case to examine whether California should establish a state bank. This is a matter well within the jurisdiction and competence of the Assembly and Senate Banking Committees. Rather than creating a new entity, let's use the resources we have."

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.

AB 981 (Hueso) California Capital Access Program:* This bill modifies the California Capital Access Program (CalCAP), administered through the California Pollution Control Finance Authority (CPCFA), in order to encourage greater participation by financial institutions in the small business credit program. Status: Signed by the Governor, Chapter 484, Statutes of 2011.

AB 1150 (V. Manuel Pérez) Self-Generation Incentive Program: This bill extends the authority of the PUC to authorize electrical corporations to continue making the annual collections through December 31, 2016, and the PUC, would continue to administer the program until January 1, 2018. Status: Signed by the Governor, Chapter 310, Statutes of 2011.

AB 1195 (Allen) Corporation Taxes: The Corporation Tax Law provides that income derived from or attributable to sources within this state includes income from specified types of property. This bill would have made technical, nonsubstantive changes to this provision. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2011.

AB 1379 (Bradford) Pension Investments in Emerging Domestic Markets: This bill would have required any state or local pension system with assets over \$4 billion to report annually to the Controller specified information on emerging domestic market investments, and authorized the Controller to compile and publish the information on its Internet Web site. Status: Vetoed by Governor, 2011. Veto message reads as follows: "This bill takes the state's Infrastructure Bank (I-Bank) out of the Business, Transportation and Housing Agency and makes it a stand-alone agency reporting directly to the Governor. I agree with the author that the I-Bank can be better situated so that it operates more effectively. Toward that end, I will propose a reorganization plan in connection with the upcoming budget that will include changes in the I-Bank. I hope to work with the author to achieve our mutual goals."

AB 2500 (Hueso) State Bank: This bill would have created the State Bank of California for the purpose of:

- Supporting the economic development of the state by increasing access to capital for businesses and farms within the state in partnership with local financial intuitions;
- Providing stability to the local financial sector without entering into competition with community banks, credit unions, or other financial institutions;
- Reducing the cost paid by the state government for banking services; and
- Returning profits beyond those necessary to accomplish the mission and sound operations of the trust to the General Fund.

Status: Held in the Assembly Banking Committee, 2012.

AB 2523 (Hueso) Loan Participation Agreements and Syndications:* This bill would have authorized the California Infrastructure and Economic Development Bank (I-Bank) to enter into participation and syndication loan agreements with financial institutions for the purpose of expanding capital opportunities for small businesses. Status: Held in the Senate Appropriations Committee, 2012.

AB 2619 (V. Manuel Pérez) Start-Up California:* This bill would have established the Start-Up California Impact Investment Venture Fund Program, administered through the I-Bank, for the purpose of providing equity investments to start-ups and small businesses. Status: Held in the Assembly Committee on Appropriations, 2012.

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.

ABX1-40 (Fuentes) Income Taxes: Single Sales Factor: Manufacturing Exemption: This bill would have; made various changes regarding the apportionment income, assignment of sales, and the minimum franchise tax under the corporation tax; instituted specified reductions in the tax rate applied to certain income for purposes of the corporation tax and the personal income tax; established a tax exemption for certain purchases under the sales and use tax; and set up a process to adjust the sales and use tax exemption amount under certain conditions. Status: Died without final action upon adjournment of the first extraordinary session, September 2011.

SB 225 (Simitian) California Capital Access Loan Program and Truck Retrofit Financing: This bill authorizes the California Pollution Control Financing Authority to establish a loss reserve account program for the purposes of financing terminal rental adjustment clause leases. Status: Signed by the Governor, Chapter 492, Statutes of 2011.

SB 294 (Price) Emerging Investment Managers: This bill requires the Board of Administration of the California Public Employees' Retirement System and the California State Teachers Retirement System to provide a five-year strategic plan for emerging manager participation and to report to the Legislature annually on the progress of the plan. Status: Signed by the Governor, Chapter 701, Statutes of 2011.

SB 364 (Yee) Business Tax Credits and Mandatory Reporting: This bill would have imposed a penalty on a qualified taxpayer that claims a business tax incentive or a tax credit, enacted after January 1, 2012, but fails to maintain the requisite number of full-time equivalent employees in subsequent years, as provided. Status: Vetoed by the Governor, 2011. Veto message reads as follows: "This bill imposes penalties on businesses claiming future-enacted hiring/employment credits should the business's number of employees drop by more than 10% during a year. The tactic used in this bill can be effective for assuring that businesses deliver promised employment to the State in exchange for valuable credits. Unfortunately, the bill's approach is too broad. Penalties should be tailored to the unique provisions of each tax credit given."

SB 508 (Wolk) Reporting on Tax Credits: This bill would have provided that a new tax credit, enacted by a bill introduced on or after January 1, 2012, shall be operative for a period not to exceed 10 years and shall include specified goals, objectives, and purposes, as well as other detailed information relating to the credit's effectiveness. Status: Vetoed by the Governor, 2011. Veto message reads as follows: "While I agree that we should consider sunset clauses for personal income and corporate tax credits, one size does not fit all. The legislature should examine all its bills to determine how long they should exist or, indeed, whether they should exist at all."

SB 805 (Senate Veterans Committee) Sales and Use Tax Definitions: This bill amends the sunset date for the provisions of the sales and use tax law that currently classify a qualified itinerant vendor who meets specified criteria, including being a disabled veteran, as a consumer, not a retailer, of specified tangible personal property that is sold by the vendor. Status: Signed by the Governor, Chapter 246, Statutes of 2011.

SB 863 (De León) Workers Compensation Reform: This bill implements a holistic reform of the workers' compensation that would, among other things, provide reforms in the following areas: medical provider networks, independent medical reviews, independent bill review, Workers'

Compensation liens, fee schedules, and medical care. Status: Signed by the Governor, Chapter 363, Statutes of 2012.

SB 1099 (Wright) Streamline Implementation of Regulations:* This bill requires new regulations to take effective on one of four dates in any given year. This limitation is designed to create a regulatory environment that is more predictable. In addition, the bill requires regulations to be posted on the internet web site in an easily identifiable location for a minimum of six months. Status: Signed by the Governor, Chapter 295, Statutes of 2012.

SB 1128 (Padilla) California Alternative Energy and Transportation Financing Authority:* This bill revises and recasts the provisions of the California Alternative Energy and Advanced Transportation Financing Authority and extends financing authority to provide sales and use tax exclusion for projects that promote the utilization of advanced manufacturing. Status: Signed by the Governor, Chapter 677, Statutes of 2012.

SB 1186 (Steinberg & Dutton) American Disabilities Act: This bill reduces statutory damages and provides litigation protections for specified defendants who timely correct construction-related accessibility violations of the Unruh Civil Rights Act. More specifically, the bill: (a) caps statutory damages at \$1,000, instead for \$4,000, for defendants who corrected all violations in the claim within 60 days and that the subject of those violations was fully permitted or that the defendant had hired a certified access specialist to advise on the project found to be in violation; (b) allows a small business defendant to have minimum statutory damages reduced to \$2,000 when that defendant corrects the violation within 30 days of being served the complaint; and (c) allows any one of these two types of defendants who promises to correct the violation within the specified time period to request an early evaluation conference and grant that defendant an immediate stay of the proceedings. Status: Signed by the Governor, Chapter 383, Statutes of 2012.

Section VI - Disabled Veteran Business Enterprises and Small Business Procurement

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

The Small Business Act states that it is the policy of the State of California that the state aid the interests of small businesses in order to preserve free competitive enterprise and to ensure that a fair portion of the total purchases and contracts of the state be placed with these enterprises. The statute further states that DVBE participation is strongly encouraged to address the special needs of disabled veterans seeking rehabilitation and training through entrepreneurship and to recognize the sacrifices of Californians disabled during military service. Statute sets an annual 3% DVBE participation goal and a 25% goal for small and microbusinesses.

The state's success in obtaining these DVBE and small business participation has been inconsistent. Since 2001, when the first executive order set the 25% small business participation target, the state has met its goal only four times. In the most recent report on procurement, 2010-11, DGS reported that \$1.26 billion (22.12%) out of a total of \$5.72 billion of all state contracts are awarded to small businesses.

The state has three times achieved its 3% DVBE participation goal, that being in 2007-08, 2009-10, and 2010-11. In 2010-11, \$272 million out of a total of \$5.64 billion (4.82%) was awarded to DVBEs. The base amounts used to calculate the small business and DVBE goals vary among reporting periods because purchasing categories associated with inmates, such as inmate day labor and medical expenses, as reported by the Department of Corrections and Rehabilitation, are statutorily exempted from DVBE participation.

Over the years, the Department of General Services has cited a variety of reasons for failing to meet the procurement participation goals. One of the more significant reasons cited by DGS is the increasing number of mega contracts often exceeding \$1 million in value. While once only an issue in state highway construction contracts, in the past few years the practice of bundling small size contracts has increased.

Other issues limiting small business participation include:

- Meeting minimum liquidity requirements to cover the cost of materials and staffing until the state makes its payment for services often 30 to 60 days after the services are rendered;
- Qualifying for and/or affording surety bonds and liability insurance policies that are required for public works contracting; and
- Having access to a local workforce that is trained and qualified to undertake specialized work.

The Department of General Services has also noted that many state departments and agencies have only recently begun to track and report small business participation in state contracting procurement. For example, 2005-06 was only the second year that the California State University system monitored and reported on small business contracts. The University of California does not report.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to DVBEs and small business procurement. Legislation heard by JEDE is marked with an *.

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, to be administered by a director appointed by the Governor. The bill also moves the Office of Small Business Advocate to the Office of Economic Development, which has responsibility for, among other things, coordinating the state small business procurement liaisons. Status: Signed by the Governor, Chapter 475, Statutes of 2011.

AB 450 (Wieckowski) CSU Food Service Contracts: This bill would have required that the California State University (CSU) trustees' policies and procedures for the acquisition of food services ensure that the service contractor fully discloses to the CSU campus, auxiliary, or other CSU unit all discounts, rebates, allowances and incentives received from suppliers, and that the contractor pay the full amount of these to the CSU campus. The bill would have also required that these requirements be placed in agreements upon their renewal, extension, or amendment, or be part of any new service agreement. Status: Vetoed by Governor, 2011. The veto message reads as follows: "This bill targets a narrow set of contracts between the California State University campuses and their food vendors. It aims to correct a problem that may or may not exist by requiring those vendors to disclose supplier discounts and pass them on to the campuses. Since they can already do this on their own, this measure is not necessary."

AB 1507 (Mendoza) Public Contracts:* This bill would have provided that the state requirement for agencies to make maximum use of products sold through the Prison Industrial Authority does not preclude state agencies from entering into contracts or purchase orders of \$25,000 or less with California certified small businesses, microbusinesses, or disabled veteran businesses enterprises for products provided at a lower price than the price available from the PIA. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

AB 1783 (Perea) Streamlining Small Business Certification:* This bill requires the Department of General Services to publish on the department's website, and make available to local agencies, a list of small businesses and microbusinesses that have been certified as such by the department. Status: Signed by the Governor, Chapter 114, Statutes of 2012.

AB 2508 (Bonilla) Instate Contractors:* This bill prohibits state contracts that include call center services related to specified public benefit programs if the bid fails to provide certification that the call center work will be performed solely by workers employed in California. Status: Signed by the Governor, Chapter 824, Statutes of 2012.

AB 2630 (Hueso) Procurement Reporting of Targeted Populations:* This bill would have required the Department of General Services, in preparing its report on state contracting activity, to include a list of activities each state agency used to inform small businesses of each of the existing preferences available under state law, and provide the number of preferences used in bidding packages for the year. Status: Held in Senate Appropriations Committee, 2012.

AB 2672 (Assembly Committee Jobs, Economic Development and the Economy) Reporting on G-TEDA Procurement Preferences:* This bill would have required the Department of General Services to annually report on the use of procurement preferences for businesses that produce products and hire workers from within an Enterprise Zone and Local Agency Military Base Recovery Area. Status: Vetoed by the Governor, 2012. The veto message reads as follows: "This bill requires the Department of General Services to report to the Department of Housing and Community Development on the number of businesses that claim enterprise zone or Local Agency Military Base Relocation Area preferences in competing for certain state contracts. More reporting is counter to the intent of Executive Order B-14-11. The information this bill requires is already kept by and available from the Department of General Services."

SB 67 (Price) Small Business Participation in Public Contracts:* This bill would have authorized the Department of General Services to direct all state entities to establish an annual goal of achieving no less than 25% small business participation in state procurement contracts, as specified. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.

SB 733 (Price) High-Speed Rail: Small Business Bidding Preference: This bill would have required the High-Speed Rail Authority to include within its business plan a strategy ensuring the participation of California small businesses in contracts awarded during all phases of the project, as specified. Status: Held in Senate Committee on Appropriations, 2012.

SB 861 (Corbett) Public Contracts and Conflict Minerals in the Democratic Republic of the Congo:* This bill prohibits a company that (1) uses conflict minerals from the Democratic Republic of Congo and (2) is found to be in violation of related disclosure laws by the Securities and Exchange Commission, from bidding on a state goods or services contract. Status: Signed by the Governor, Chapter 715, Statutes of 2011.

SB 922 (Steinberg) Public Contracts: Project Labor Agreements: This bill requires that all project labor agreements (PLAs) incorporate specified provisions, and prohibits state funding assistance, after January 1, 2015, on public works projects of charter cities having ordinances prohibiting the use of PLAs. (This language was amended into AB 900 [Buchanan]) Status: Signed by the Governor, Chapter 431, Statutes of 2011.

SB 1510 (Wright) Commercial Useful Purpose:* This bill tightens the bidder requirements for demonstrating that a small business, microbusiness or DVBE will serve a commercially useful function (CUF) in carrying out a state contract. The purpose of the CUF requirement is to prevent a bidder from using a business as a "pass through" or "front" for another business that would otherwise not qualify for the small business, microbusiness or DVBE bid preference. By meeting the CUF requirements, a bidder may claim a bid preference on competitive state contract awards goods, services, informational technology and public works. Status: Signed by the Governor, Chapter 421, Statutes of 2012.

Section VII - International Trade

California is the ninth largest economy in the world with a state gross product of over \$1.9 trillion. As a global economy, international trade-related commerce represents approximately one-quarter of California's economy. If California were a country, it would be the 11th largest exporter in the world. Exports from California accounted for over 11% of total U.S. exports in goods, shipping to over 220 foreign destinations in 2011.

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

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

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

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

Foreign Investment in California

The U.S. is the largest recipient of foreign direct investment (FDI) in the world. California receives more FDI than any other state in the U.S. The California economy benefits from FDI in many ways, some of which include assisting in the creation of jobs, boosting worker wages, increasing exports, bringing in new technology and skills, and generally strengthening the state's manufacturing base.

The California Chamber of Commerce estimates that over 542,000 California workers benefit from jobs with foreign-owned firms. Approximately 10% of all U.S. workers at foreign-owned firms are located in California, which has had the highest level of employment in foreign-owned firms since at least 1997. Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

Exports and Imports

California's land, sea, and air ports of entry serve as key international commercial gateways for products entering the country. California's largest export market is Mexico, where the value of

exports totaled \$26 billion in 2011. After Mexico, California's top export markets in 2011 were: Canada (\$17.1 billion), China (\$14.1 billion), Japan (\$13 billion), South Korea (\$8.4 billion), Hong Kong (\$7.6 billion), Taiwan (\$6.2 billion), Germany (\$5.3 billion), Netherlands (\$4.6 billion), and the United Kingdom (\$4.1 billion).

California's top five exports in 2011 were: Computer & Electronic Products (\$46 billion); Transportation Equipment (\$15 billion); Machinery, Except Electrical (\$14.8 billion); Miscellaneous Manufactured Commodities (\$13.1 billion), and Chemicals (\$12.4 billion).

China is the largest source of imports into California; the 2011 value of Chinese imports was \$120 billion. China is followed by Japan (\$39.7 billion); Mexico (\$33.6 billion); Canada (\$20.4 billion); and South Korea (\$11.7 billion); and Taiwan (\$10.7 billion). Other major sources of import into California include: Germany (\$9.8 billion); Saudi Arabia (\$8.7 billion), and the United Kingdom (\$2.8 billion).

California's top five imports in 2011 were: Computer and Electronic Products (\$107.6 billion); Transportation Equipment (\$48.8 billion); Oil & Gas (\$30.6 billion); Miscellaneous Manufactured Commodities (\$19.1 billion); and Apparel & Accessories (18.9 billion).

Manufacturing is California's most export-intensive activity. Overall, manufacturing exports represent 9.4% of California's gross domestic product. More than one-fifth (21.9%) of all manufacturing workers in California directly depend on exports for their jobs. Small- and medium-sized firms generated more than two-fifths (43%) of California's total exports of merchandise. This represents the seventh highest percentage among states and is well above the 29% national average export share for these firms.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to international trade and foreign direct investment in California. Legislation heard by JEDE is marked with an *.

AB 1137 (V. Manuel Pérez) Small Business Assistance and Attracting Private Investment:* This bill would have facilitated local economic development and job creation by assisting small businesses to access new export markets for their goods and services, updating the law relating to free trade zones, and authorizing the use of new federal funds under the Small Business Jobs Act of 2010. Status: Held in Senate Committee on Appropriations, 2012.

AB 1409 (Jobs, Economic Development and the Economy Committee) International Trade and Investment Strategy:* This bill, as it passed JEDE, would have required that the next update by Business, Transportation and Housing Agency, of the international trade and investment strategy to include policy goals, objectives and recommendations from the state Goods Movement Action Plan. The measure was amended in the Senate related another subject matter. Status: Held in Senate Rules Committee, 2012.

AB 1410 (Assembly Committee on Jobs, Economic Development and the Economy) International Trade with Mexico:* This bill, as it passed JEDE, would have made technical amendments to the codes relating to international trade and foreign investment. Specifically, the bill reorganized the

statutory placement of the California-Mexico Affairs Office and the California-Mexico Border Relations Council from a general title within state government to a more specific title on foreign relations within the Government Code. No changes are made to the content of sections. The measure was amended in the Senate to accommodate another subject matter. Status: Held in the Senate Committee on Rules, 2012.

AB 1545 (V. Manuel Pérez) Bi-National Infrastructure and Economic Development Bank:* This bill would have expanded the role of the California Infrastructure and Economic Development Bank to include facilitating infrastructure and economic development financing activities within the California and Mexico border region. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2012.

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 the Governor's Office of Business and Economic Development. 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.

AJR 15 (Alejo) Colombia Free Trade Agreement and the California Cut Flower Industry:* This resolution memorializes to the U.S. Congress and the U.S. President that California encourages the federal government to consider the jobs and economic role that the California floriculture industry provides California when advancing free trade agreements, specifically with Colombia. Status: Chaptered by the Secretary of State - Res. Chapter 122, Statutes of 2011.

SB 460 (Price) International Trade Marketing and Promotion:* This bill would have required the Secretary of the Business, Transportation and Housing Agency to convene a statewide business partnership for international trade marketing and promotion. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.

SCR 33 (Price) Foreign Investment:* This bill expresses the sentiment of the Legislature that the EB-5 visa program is beneficial to the state's economic development and provides important opportunities for foreign direct investment to California. Status: Chaptered by the Secretary of State- Res. Chapter 60, Statutes of 2011.

SJR 13 (Vargas) Cross-Border Transmission Lines: This resolution calls upon the United States Department of Energy to reject an application for a cross-border Presidential permit authorizing Energía Sierra Juárez U.S. Transmission LLC to construct, operate, and maintain electric transmission facilities at the U.S.-Mexico border. Status: Chaptered by the Secretary of State-Res. Chapter 96, Statutes of 2011.

Section VIII - Infrastructure

World class infrastructure plays a key role in business attraction, as multinational companies consistently rank the quality of infrastructure among their top four criteria in making investment decisions. Research shows that as U.S. infrastructure has been in decline, infrastructure in other countries is rapidly increasing. The 2010-11 Global Competitiveness Report by the World Economic Forum places U.S. infrastructure 23rd in the world, a drop from its rank of 7th in 2000.

California's infrastructure is in a similar state, according to the American Society of Civil Engineer's report, California Infrastructure Report Card 2012, estimated a \$65 billion a year investment gap. The impact of this lack of investment is compounded by the substantial new investments made in other states and nations, including the expansion of the Panama Canal.

Traditionally, innovation infrastructure has been based around the idea of "Industry Clusters," areas where multiple firms and organizations working in the same, or similar, fields can draw on each other's discoveries, products, and in some cases workforces leading to a highly focused and productive innovation center with prodigious output. Silicon Valley and Hollywood are archetypical examples, specializing in electronics and cinema, respectively.

However, as the world has globalized, transportation and communication times and costs have shrunk. A new global business paradigm is emerging in which location is less relevant and competitive advantage is, based on the quality and efficiency of the technologies that link the location with other areas of the world.

California's Infrastructure is Lagging

It is estimated that California's infrastructure investment gap is estimated at \$65 billion a year. According to the California Infrastructure Report Card, the state's overall infrastructure scored a "C" in 2010, up from a "C-" in 2006. At a more granular level, California scored:

C+ in Aviation	C- in Transportation
D in Levees/Flood Control	D+ In Urban Runoff
B+ in Ports	C+ in Wastewater
B- in Solid Waste	C in Water

Goods Movement Means Jobs

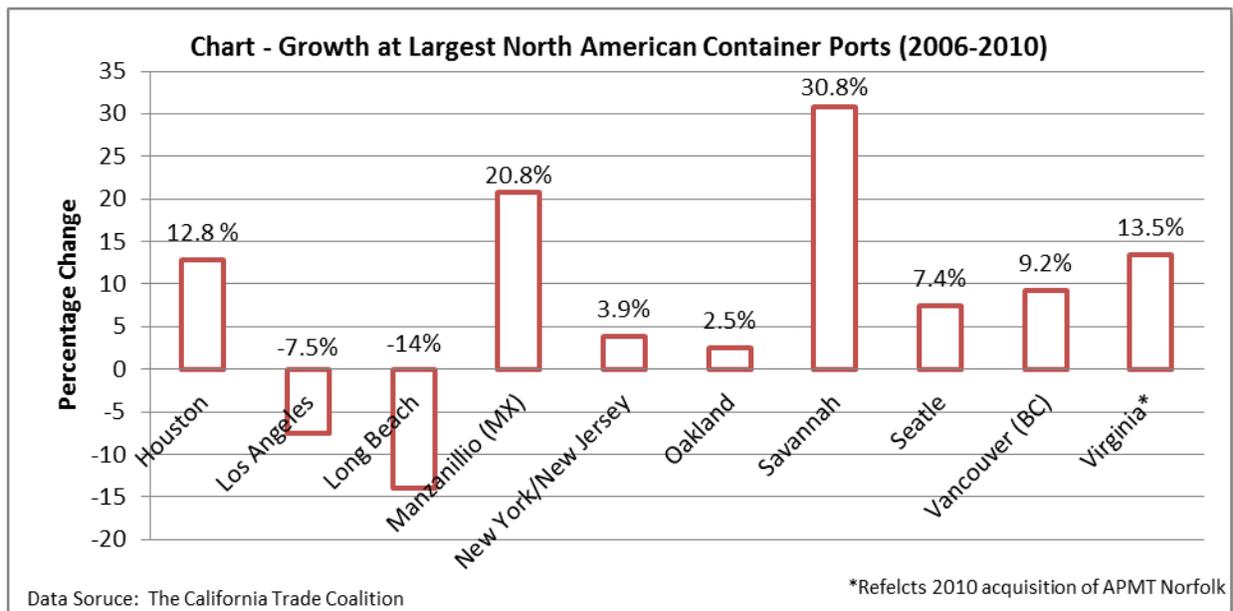
Goods movement supports employment, business profit, and state and local tax revenue. California businesses rely heavily on the state's air/sea ports and their related transportation systems to move manufactured goods.

Firms rely on fast, flexible, and reliable shipping to link national and global supply chains and bring products to the retail market. Transportation breakdowns and congestion can idle entire global production networks. As a result, the capacity and efficiency of seaports, airports, and multimodal linkages have become critical factors in global trade.

Changes in U.S. and global trade patterns in the past 20 years have also placed increasing challenges on California's good movement system. Between 1970 and 2002, for example, imports from Asia, as a share of U.S. trade, increased from 8% to 40%, thereby increasing the flow of imports through California's gateways. Over the same period, U.S. trade shifted toward lighter goods, which are more likely to be shipped by air. While the state may have limited ability to affect these larger patterns, there are actions that the state can take to help California's global gateways keep pace with the growing demand for shipping services.

Nationally, the Port of Los Angeles continued to hold the top rank in terms of two-way trade in 2010 (valued at \$237 billion). It is followed by JFK International Airport (\$162 billion) and the port of Chicago (\$135 billion). Data on California's other major ports are as follows: Long Beach (\$89 billion, ranked 9th); LAX (\$77 billion, ranked 12th); San Francisco International Airport (\$50 billion, ranked 18th); Port of Oakland (\$40 billion, ranked 25th); Otay Mesa Station (\$31 billion); and Calexico-East (\$10 billion).

In terms of container activity, the Los Angeles-Long Beach container port ranked 6th globally, behind Shanghai, Singapore, Hong Kong, Shenzhen and Busan. Dollar value is just one way to look at goods movement in assessing trends; it is also important to look at growth. The chart below – Growth at Largest North American Container Ports, 2006-2010, which shows that California ports are actually losing market share.



For California, expanded supply chains for manufacturing and product distribution have resulted in congested seaports, where cargo ships are often delayed for extended periods of time waiting to unload. Truck access is often cited for the delays. At international airports, truck access is also a problem, and expansion of major airports is severely limited by urbanization, ground access, air quality impacts, and local opposition.

Another congestion challenge exists at the land-based border crossing between California and Mexico. There are six land crossings referred to as Points of Entry (POEs). The San Diego County-Tijuana/Tecate region is home to the San Ysidro-Puerta México, the Otay Mesa-Mesa de Otay, and the Tecate-Tecate POEs while the Imperial County-Mexicali region hosts the Calexico-Mexicali, Calexico East-Mexicali II, and Andrade-Los Algodones.

U.S. firms with significant business passing through the three Imperial Valley ports of entry report that their logistics-supply chain is highly time sensitive and these long wait times delay access to intermediary goods and ultimately lead to problems in the manufacturing chain. Long wait times between Mexico and the U.S along the Imperial County – Baja California border accounted for an estimated output loss of \$1.4 billion and 11,600 lost jobs nationally in 2007. In California losses were estimated at \$436 million and 5,639 jobs.

Financing Infrastructure through Cash and Bonds

Between 2000-2010, California spent \$102 billion from state funds on infrastructure. The state uses two methods for paying for infrastructure development: Direct "pay-as-you-go" spending, where the state funds infrastructure upfront through appropriations from the General Fund or Special Funds accounts, and leverage, where the state finances infrastructure through the use of bonds.

Between 2000-2010, the state appropriated \$35.7 billion in pay-as-you-go financing, including \$1.9 billion from the General Fund (2% of all infrastructure spending) and \$33.8 billion from Special Funds (35% of all infrastructure spending). During the same period the state spent \$66.6 billion in bond financing, including \$59.1 billion from general obligation bonds (representing 58% of total infrastructure spending), \$5.5 billion from lease-revenue bonds (representing 5% of total infrastructure spending), and \$2 billion from traditional revenue bonds (representing 2% of infrastructure spending). The Legislative Analyst Office estimates General Fund costs for debt service on infrastructure bonds will be \$5.5 billion in 2011-12

Almost three-fifths of the state's total infrastructure spending over the last decade was distributed to and administered by local agencies. Transportation represented the largest infrastructure spending category at \$81 billion over the last decade, \$56 billion of which went to highway infrastructure.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to infrastructure in California. Legislation heard by JEDE is marked with an *.

AB 16 (Perea) High-Speed Rail Authority: This bill requires the High-Speed Rail Authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws. Status: Signed by the Governor, Chapter 413, Statutes 2012.

AB 41 (Hill) High Speed Rail and Conflicts of Interest: This bill adds members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly. Status: Signed by the Governor, Chapter 626, Statutes 2012.

AB 145 (Galgiani) High-Speed Rail Authorization: This bill as it was heard by JEDE, would have revised and recast provisions the California High Speed Rail Act. The bill would have continued the authority for the High-Speed Rail Authority to make policy decisions relative to implementation of high-speed rail consistent with Proposition 1A. The bill would have also created the Department of High-Speed Trains within the Business, Transportation and Housing Agency. The bill was amended to relate a different topic with Assemblymember Pan as the author. Status: Vetoed by the Governor, 2012. The veto message reads as follows: "Registration and voting fraud are issues raised not only in California but across the country. It is fundamental that we encourage both registration and voting to the maximum degree while, at the same time, carefully protecting the integrity of the process. The provisions of this bill attempt to ban paying people to obtain voter registration "directly or indirectly on a per-affidavit basis. Current California law provides criminal penalties for voter registration fraud. Without more convincing evidence that per-card incentives hurt the democratic process, I am not prepared to ban them."

AB 391 (Pan) Renewable Energy Resources and Local Publicly Owned Electric Utilities: This bill authorizes rules permitting a local utility to apply excess procurement in one compliance period to subsequent compliance periods in the same manner as allowed for retail sellers, with certain specified exceptions. Status: Signed by the Governor, Chapter 172, Statutes 2012.

AB 423 (Butler) Reorganization of the California Infrastructure Bank:* This bill would have transferred the California Infrastructure Bank from the Business, Transportation and Housing Agency to the Department of Finance. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

AB 615 (Bonnie Lowenthal) High-Speed Rail Exemption: This bill exempts the High-Speed Rail Authority (HSRA) from the Department of General Services involvement, oversight and approval of the following activities and other property rights for the high-speed rail project and would further exclude HSRA from seeking approval of the State Public Works Board and the Department of Finance before appropriated capital outlay funds are expended. The bill would also provide HSRA authority for property disposal, leasing, rental and management, as well as establish where revenues from these activities will be deposited. Status: Signed by the Governor, Chapter 530, Statutes of 2011.

AB 650 (Blumenfeld) Blue Ribbon Task Force on Public Transportation for the 21st Century: This bill would have established a 12-member Blue Ribbon Task Force on Public Transportation for the 21st Century and appropriate \$750,000 from the Public Transportation Account to the Department of Transportation (Caltrans) to fund the activities of the Task Force. Status: Vetoed by Governor, 2011. The veto message reads as follows: "This bill would mandate yet another "blue ribbon" task force: in this case to prepare a report on public transportation at a cost of at least \$750,000. This is a matter well within the jurisdiction and

competence of the Assembly and Senate Transportation Committees. Moreover, Caltrans and the California Transportation Commission are also equipped to probe into these matters. Rather than creating a new entity, let's use the resources we have."

AB 664 (Ammiano) Infrastructure Financing Districts and the America's Cup Venues: This bill authorizes the City and County of San Francisco to form special waterfront infrastructure financing districts (IFDs) on certain waterfront property that may be used as an America's Cup venue and specified property on Treasure Island and Yerba Buena Island. These IFDs would divert property tax increment to leverage financing for development, as specified, including increment that would otherwise be allocated to the Educational Revenue Augmentation Fund. Status: Signed by the Governor, Chapter 314, Statutes of 2011.

AB 696 (Hueso) Economic Development Mandate for Infrastructure Projects:* This bill would have required projects selected for funding under the Infrastructure State Revolving Fund Program, administered through the California Infrastructure and Economic Development Bank, to only be funded if the project meets specified land use and economic development criteria. Status: Vetoed by Governor, 2011. Veto message reads as follows: "This bill, among other things, requires the state Infrastructure Bank to create a methodology to measure the economic development benefits of projects for both public and private applicants. Local government applicants already must make findings that their project promotes economic development and long-term employment. Requiring the I-Bank to speculate on the project's benefits is a costly addition to the application process. Private entities obtain approval from a bond underwriter before federal law allows the state to issue tax-free bonds using its bonding authority. The state has no financial stake or risk in these transactions. Consequently, there is no reason to incur the expense of calculating economic benefits for the transactions of private entities."

AB 700 (Blumenfield) Independent Infrastructure Bank:* This bill would have established an independently administered California Infrastructure and Economic Development Bank and removed the Secretary of the Business, Transportation and Housing Agency as chairperson. Status: Vetoed by the Governor, 2011. Veto message reads as follows: "This bill takes the state's Infrastructure Bank (I-Bank) out of the Business, Transportation and Housing Agency and makes it a stand-alone agency reporting directly to the Governor. I agree with the author that the I-Bank can be better situated so that it operates more effectively. Toward that end, I will propose a reorganization plan in connection with the upcoming budget that will include changes in the I-Bank. I hope to work with the author to achieve our mutual goals."

AB 724 (Bradford) Clean Energy Jobs and Investment Act: This bill would have extended, from January 2012 to 2020, the requirement that the Public Utilities Commission mandate electrical corporations to identify a separate electrical rate component (public goods charge) to fund energy efficiency, renewable energy, and research, development, and demonstration programs that enhance system reliability and provide in-state benefits. Status: Failed passage on the Senate Floor, 2011.

AB 893 (V. Manuel Pérez) Technical Assistance for Infrastructure Development:* This bill would have authorized the California Infrastructure and Economic Development Bank to provide technical assistance outreach to small and rural communities, and adding new reporting

requirements to the appropriate fiscal and policy committees of the legislature. Status: Held on Suspend File of the Senate Committee on Appropriations, 2011.

AB 982 (Skinner) Land Exchange for Renewable Energy-Related Projects: This bill requires the State Lands Commission to enter into an agreement with the federal Department of the Interior to facilitate land exchanges between the state and federal government, to allow for the development of renewable energy project on state lands. Status: Signed by the Governor, Chapter 485, Statutes of 2011.

AB 983 (Perea) Safe Drinking Water Fund: This bill authorizes the Department of Public Health to take specified actions, when implementing the Safe Drinking Water State Revolving Fund, to improve access to financial assistance for projects serving small community water systems and disadvantaged communities. Status: Signed by the Governor, Chapter 515, Statutes of 2011.

AB 1094 (John A. Pérez) Board Membership of the California Infrastructure Bank:* This bill, as it was heard by JEDE, would have added a member of the Assembly and a member of the Senate as advisory members to the board of administration of the California Infrastructure and Economic Development Bank. Amendments were taken to remove the Bank provisions and the bill was related to a different topic and a different author at the time the bill was pulled into the Senate Committee on Rules. Status: Held in the Senate Committee on Rules, 2012.

AB 1545 (V. Manuel Perez) Bi-National Infrastructure and Economic Development Bank:* This bill would have expanded the role of the California Infrastructure and Economic Development Bank (I-Bank) to include facilitating infrastructure and economic development financing activities within the California and Mexico border region. Status: Held in the Assembly Committee on Appropriations, 2012.

ABX1-14 (Skinner) Energy Upgrade Financing: This bill expands the purpose of the California Alternative Energy and Advanced Transportation Financing Authority's Property Assessed Clean Energy program to permit the Authority to offer financial assistance to financial institutions for privately-issued loans for real property projects including energy and water efficiency improvements and renewable distributed generation. Status: Signed by the Governor, Extraordinary Session One Chapter 9, Statutes of 2011.

SB 214 (Wolk) Voter Approval of Infrastructure Financing Districts: This bill would have eliminated the requirement of voter approval to create an infrastructure financing district (IFD) and revised the provisions governing the public facilities that may be financed by a district. Status: Vetoed by the Governor, 2012. The veto message reads as follow: "This bill eliminates the voter requirement for a city or county to create an infrastructure financing district and expands the types of projects that may be financed by such an entity. Expanding the scope of infrastructure financing districts is premature. This measure would likely cause cities to focus their efforts on using the new tools provided by the measure instead of winding down redevelopment. This would prevent the state from achieving the General Fund savings assumed in this year's budget."

SB 245 (Rubio) Military Base Reuse:* This bill would have established the Military and Aerospace Support Act of 2011. The bill also establishes the Office of Military Support (OMS) in the Business, Transportation and Housing Agency, and sets forth the duties of the OMS to provide a central clearinghouse for all defense retention, conversion base reuse and sustainability activities and to interact and communicate with military installations within the state as specified. Status: Held in the Assembly Committee on Appropriations, 2012.

SB 310 (Hancock) Incentives for Transit Development: This bill authorizes cities and counties to create incentives for transit priority projects. Further the bill expresses Legislative intent to provide a process for cities and counties to create development patterns in the form of transit priority projects that comply with the implementation of a sustainable communities strategy, create good jobs, reduce vehicle miles traveled, expand the availability of accessible open-space, build the density needed for transit viability, and meet regional housing targets. Status: Signed by the Governor, Chapter 446, Statutes of 2011.

SB 325 (Rubio) Central California Rail: This bill establishes the Central California Railroad Authority to provide short-line rail freight service within Fresno, Kern, Kings, Merced, and Tulare Counties. Status: Signed by the Governor, Chapter 234, Statutes of 2011.

SB 555 (Hancock) Renewable Energy Facilities: This bill authorizes Mello-Roos Community Facilities Districts to finance renewable energy, energy efficiency, and water efficiency improvements on private property. Status: Signed by the Governor, Chapter 493, Statutes of 2011.

SB 771 (Kehoe) California Alternative Energy and Advanced Transportation Financing Authority: This bill specifies that landfill and digester gas turbines, engines, and microturbines may be considered renewable energy eligible for financial assistance under the California Alternative Energy and Advanced Transportation Financing Authority Act. Status: Signed by the Governor, Chapter 598, Statutes of 2011.

SB 822 (Evans) Five-Year Infrastructure Plan: Existing law requires the Governor, in conjunction with the Governor's Budget, to submit annually to the Legislature a proposed 5-year infrastructure plan containing specified information concerning infrastructure needed by state agencies, public schools, and public postsecondary educational institutions and a proposal for funding the needed infrastructure. This bill makes technical, nonsubstantive changes to this provision. Status: Held in the Assembly Committee on Budget, 2011.

SB 907 (Evans) 20-Year Infrastructure Master Plan:* This bill would have established an 11-member Master Plan for Infrastructure Financing and Development Commission. The Commission is required to submit to the Governor and Legislature, by December 1, 2013, a long-term plan and strategy for the state's infrastructure needs and a prioritized plan to meet those needs. The Commission would have been required to submit periodic progress reports. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

SB 922 (Steinberg) Public Contracts and Project Labor Agreements: This bill requires that all project labor agreements (PLAs) incorporate specified provisions, and prohibits state funding

assistance, after January 1, 2015, on public works projects of charter cities having ordinances prohibiting the use of PLAs. (This language was amended into AB 900 Buchanan) Status: Signed by the Governor, Chapter 431, Statutes of 2011.

SJR 13 (Vargas) Cross-Border Transmission Lines: This resolution calls upon the United States Department of Energy to reject an application for a cross-border Presidential permit authorizing Energía Sierra Juárez U.S. Transmission LLC to construct, operate, and maintain electric transmission facilities at the U.S.-Mexico border. Status: Chaptered by the Secretary of State-Res. Chapter 96, Statutes of 2011.

Section IX - Regulatory Reform

The need for regulatory reforms is a high priority on the small business legislative agenda and was one of the five principle recommendations in the JEDE economic recovery strategy (published in March 2009). Below is information on the cost of regulations and regulatory reform legislation in 2011-12 legislative session.

Cost of Regulations

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

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

Legislation from 2011-12

The Legislature considered a number of bills related to regulatory reforms during this past legislative session. In general, these bills take two basic approaches. One set of bills recommends methods for streamlining and fast tracking existing state requirements. The other set of bills proposes changes in how regulations are developed and/or approved. Key legislative themes in reforming the state's regulatory process include:

1. Requiring an analysis of bills before the Legislature on their impact on business and the economy. Currently, fiscal committee reviews focus on the bill's direct impact on state funds, and most specifically on the General Fund.
2. Shifting the review of the Office of Administrative Law from a procedural review of the regulation package to a substantive review of its impact on business and the economy, including the sufficiency of the assessment of alternatives. Alternatively, another state entity such as the State Auditor or Legislative Analyst's Office could be designated to undertake an expanded review of proposed regulations.
3. Requiring a more meaningful consideration of alternatives and assessment of the cost of the implementation of a regulation.

4. Requiring a review of a regulation's impact five-years after its implementation.
Alternatively, sunset all regulations and have them go back through the full regulatory review process where they could now be assessed based on real experience.

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to regulatory reform. Legislation heard by JEDE is marked with an *.

AB 135 (Hagman) Small Business Member on the Air Resources Board: This bill would have required that at least one of the 11 members of the California Air Resources Board be a small business owner. This bill would sunset on January 1, 2017. Status: Vetoed by Governor, 2011. The veto message reads as follows: "This bill requires that one member of the governing board of the California Air Resources Board be an owner of a small business, as defined, within the past five years. I agree that persons with business experience should be on the Air Board. In fact, four sitting members have such experience. But whether the Air Board should have one member, as provided in this bill, or four, is best left to the discretion of the Governor."

AB 632 (Wagner) Regulations: Legislative Notice: This bill would have required that the notice of proposed action also be submitted to the Legislature if it includes particular information relating to economic and cost impacts of the regulation on businesses and private persons. Status: Held in the Assembly Committee on Business Professions and Consumer Protection, 2012.

AB 892 (Carter) Federal Pilot on Streamlining Environmental Reviews: This bill would have provided for the extension of California Department of Transportation's National Environmental Policy Act delegation authority by extending a waiver of sovereign immunity, as specified. Status: Signed by the Governor, Chapter 482, Statutes of 2011.

AB 900 (Buchanan and Steinberg) Jobs and Economic Through Environmental Leadership Act of 2011: This bill enacts the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, which establishes specified review procedures for the judicial review of the environmental impact reports and for certain approvals on a "leadership project." The act authorizes the Governor to certify a leadership project for streamlining pursuant to the act if certain conditions are met. Leadership projects include development project related to the development of a residential, retail, commercial, sports, cultural, entertainment, or recreational use project, or clean renewable energy or clean energy manufacturing project. The bill would repeal the act as of January 1, 2015. Status: Signed by the Governor, Chapter 354, Statutes of 2011.

AB 1037 (V. Manuel Pérez) Small Business Regulatory Reform:* This bill would have removed statutory barriers that inhibit the full consideration of the impacts of state rules and regulations on the economy, including the small business sector, and requires a review of all regulations on small businesses after five years to identify opportunities to mitigate negative impacts. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.

AB 1409 (V. Manuel Pérez) Small Business Regulation Reforms:* This bill would have modified the state rulemaking process to require state agencies to consider alternative small business compliance mechanisms. Rulemaking agencies would also have been required to consider whether there are opportunities to coordinate or harmonize compliance activities with other state entities with similar or related rules. Further, the bill encouraged the Small Business Advocate to solicit comments from small businesses on proposed regulations and make recommendations on reasonable alternatives as part of the rulemaking process. Status: Held in the Senate Committee on Rules, 2012.

AB 1530 (Huffman and V. Manuel Pérez) Clean Manufacturing Zones: This bill would have enacted the Clean Manufacturing and Job Creation Incentive Act of 2012, which establishes a process for local governments to designate clean manufacturing zone, access tax credits for local manufacturers and have those manufacturers receive priority on their permit and license applications. Status: Held by the Assembly Committee on Appropriations, 2012.

SB 16 (Rubio) Renewable Energy and Expedited Permitting: This bill would have required the Department of Fish and Game to take steps to expedite the processing of renewable energy permits. Status: Signed by the Governor, Chapter 311, Statutes of 2011.

SB 52 (Steinberg) Clean-up to the Jobs and Economic Improvement Through Environmental Leadership Act of 2011:* This bill would have modified the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, which creates an expedited judicial review procedure under the California Environmental Quality Act for various types of LEED Silver certified infill site projects, clean renewable energy projects, and clean energy manufacturing projects. Status: Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.

SB 353 (Blakeslee) Economic Analysis of Regulations: This bill requires an agency to enter into an agreement for the performance of an external economic peer review of an agency's economic assessment for any major rule. The bill prohibited an agency from taking any action to adopt the final version of a major rule unless certain conditions relating to the external economic peer review are met. Status: Held in the Assembly Committee on Governmental Organization, 2012.

SB 366 (Calderon) Agency Review of Regulations: This bill would have required each state agency to undertake specified actions within 180 day of enactment of regulations that have been adopted by a state agency, including but not limited to identifying any regulations that are duplicative, overlapping, inconsistent, or out of date, and adopting, amending, or repealing regulations to reconcile or eliminate any duplication, overlap, inconsistency, or out-of-date provisions, after conducting a publicly noticed hearing and using procedures for adopting emergency regulations. Status: Held in the Assembly Committee on Governmental Organization, 2012.

SB 396 (Huff) Regulation Review Process: This bill would have required each state agency to review each regulation adopted prior to January 1, 1990, and to develop a report with prescribed information that shall be submitted to the Legislature on or before January 1, 2013. The bill also

required each agency, on or before January 1, 2018, and at least every five years thereafter, to conduct additional reviews of regulations that have been in effect for at least 20 years and to submit an annual report to the Legislature that identifies the regulations reviewed during that year and the associated findings. Status: Held in the Senate Committee on Environmental Quality, 2012.

SB 560 (Wright) Small Business Regulations: This bill would have made a number of reforms to help small businesses grow encouraging more realistic regulations and a real assessment of the actual costs of regulations to the business community. The bill would have: 1) authorizes a state agency to consult with “parties who would be subject to the proposed regulations” rather than “interested persons.” It also would have required the agency to notify in writing the Office of Small Business Advocate and the Department of Finance (DOF) if the agency does not, or is unable to, consult with parties subject to the regulation and reasons for not consulting the impacted businesses; 2) revised the economic impact assessment to also include a small business economic impact statement as specified; 3) required the notice of proposed adoption, amendment, or repeal of a regulation to also include the small business impact statement and removes the requirement for an agency to make a specified statement in the notice of proposed adoption, amendment, or repeal of a regulation if the agency is not aware of any cost impacts that a representative private person or business would incur in compliance with the regulation, and instead requires the agency to include a statement describing how a private person or business could comply with the proposed regulation without incurring a cost; 4) required OAL to also return any regulation to the adopting agency if the adopting agency has not provided the above cost estimate and small business economic statement. provides that for any interested person to obtain a judicial declaration as to the validity of any regulation or order of repeal by taking certain actions, “interested person” includes but is not limited to, “a small business or an organization or trade association that represents small businesses and whose members are affected by the regulation.”; and 5) added restrictions for regulations relating to a new or emerging technology, as specified. Status: Held in the Senate Committee on Environmental Quality, 2012.

SB 617 (Calderon) State Government and Financial and Administrative Accountability: This bill revises the state Administrative Procedure Act to require each state agency adopting a major regulation to prepare an economic impact analysis and requires state agencies to implement ongoing monitoring of internal auditing and financial controls and other best practices in financial accounting. Status: Signed by the Governor, Chapter 496, Statutes of 2011.

SB 639 (Cannella) Economic Impact Analysis of Regulations: This bill would have required the California Environmental Protection Agency (CalEPA), the entities that comprise that Agency, and the Division of Occupational Safety and Health, when proposing to adopt, amend, or repeal an administrative regulation, to complete an economic impact analysis (EIA) prior to taking any action. The bill also required the EIA to contain the projected cost of the action to the General Fund, the projected total economic impact of the action, including the cost to private sector employers and the estimated number of jobs to be lost, a description of all feasible regulatory alternatives, a cost-benefit analysis of each alternative, and a summary of written comments, a review of the EIR by an independent entity and that all this information be placed on the CalEPA website. Status: Held in the Senate Committee on Environmental Quality, 2012

SB 643 (Correa) Estimating Cost of Administrative Procedures: This bill would have made an initial statement of the reasons to include the estimated cost of compliance and the related assumptions to be used in determining that estimate, if the proposed regulation impacts housing. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.

SB 1099 (Wright) Streamline Implementation of Regulations:* This bill requires new regulations to become effective on one of four dates in any given year. This limitation is designed to create a regulatory environment that is more predictable. In addition, the bill requires regulations to be posted on the internet web site in an easily identifiable location for a minimum of six months. Status: Signed by the Governor, Chapter 295, Statutes of 2012.

Section X - Workforce Development

Success in the post-recession economy will require new and more agile thinking about resources and deployment of human, physical and financial capital. Economic researchers has identified several key emerging trends, including that nations and states will become less significant and that regions will be the more dominant drivers of economic growth.

Job growth is expected to be driven by smaller size companies that are able to connect and access expanding global markets through the deployment of new technologies that can most cost effectively increase productivity and meet changing market demands. Due to scarcity and rising prices the emerging economy will also be powered by lower carbon fuels. All these new market realities will need to be accomplished with a workforce that is substantially smaller, more diverse, and historically underinvested.

This new workplace environment will require integrated and well-articulated career pathways between K-12 education, the state's higher education systems, and workforce training providers. Unfortunately, most research indicates that this better trained workforce is not and will not be available unless significant changes are made in state and national education and training models. As an example, a February 2011 report released by McKinsey & Company -- "[Growth and Renewal in the United States: Retooling America's Economic Engine](#)," found that over the next decade, the U.S. will face a shortfall of approximately 1.9 million technical and analytical workers.

Given the state's ongoing revenue challenges, a minimal approach would be to better align the state's existing resources including K-12 education and career tech activities, the Community College's Economic and Workforce Development Program, SB 70 career funds, Perkins 1B dollars, Workforce Investment Act funds, as well as other federal and private sector dollars.

Legislation from 2011-12

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2011-12 Legislative Session relating to workforce development. Legislation heard by JEDE is marked with an *.

AB 790 (Furutani) Linked Learning Pilot Program: This bill establishes, commencing with the 2012-13 school year, the Linked Learning Pilot Program to be administered by the Department of Education according to specified requirements for the purpose of implementing district-wide linked learning programs in all participating school districts. The bill requires the Superintendent of Public Instruction (SPI) to report on the program to the Legislature and the Governor, as specified. The bill requires the SPI to use existing state and federal resources to implement the pilot. Status: Signed by the Governor, Chapter 616, Statutes of 2011.

AB 1310 (Furutani) Career Technical Education and Workforce Development: This bill would have required the Secretary of Labor and Workforce Development, in conjunction with the California Workforce Investment Board, the California Community Colleges, the State

Department of Education, and the California Postsecondary Education Commission to develop a strategic plan for connecting the delivery of education and workforce development in the state. Status: Vetoed by Governor, 2011. The veto message reads as follows: "This bill would require the Labor and Workforce Development Agency, in conjunction with the California Workforce Investment Board, the Office of the Chancellor of the California Community Colleges, the State Department of Education, to develop a strategic plan that connects the delivery of education and workforce development in California. Although I heartily agree with the author's goal, I don't think a new law is needed. My Senior Advisor for Jobs and Economic Development and my Secretary of Labor are already working with educators, labor and business leaders to achieve the important objectives of this bill. I have asked them to work with the author and supporters of the bill to make sure their good ideas are acted on."

AB 1330 (Furutani) Graduation Requirements: This bill, commencing with the 2012-13 school year, adds career technical education as an option for pupils to fulfill the existing high school graduation requirement to complete a course in visual or performing arts or foreign language, and requires school districts that elect this option to notify parents, teachers, pupils and the public. These provisions sunset on July 1, 2017. Status: Signed by the Governor, Chapter 621, Statutes of 2011.

AB 1544 (V. Manuel Pérez) Agriculture Jobs & Industry Stabilization Act of 2012: This bill would have created a resident worker program, administered by the Employment Development Department, whereby current undocumented workers in the agriculture and service sectors, and their immediate family members, would be authorized to remain in California as legal residents provided they meet specified criteria. The program would have been paid through fees charged to participants. Status: Held on the Assembly Floor, 2012.

AB 1546 (V. Manuel Pérez) High Skill Foreign Workers: This bill, upon approval of the federal government, would have created a state program that allows high-skilled foreign workers, sponsored or employed by California businesses, to apply for resident immigrant status. Status: Held in the Assembly Committee on Labor and Employment, 2012.

AB 2309 (Hill) Public Private Partnership Model: This bill would have authorized the Board of Governors of the California Community Colleges, once sufficient funding becomes available, to establish a competitive grant pilot program to evaluate a public-private partnership model designed to accomplish specified objectives relating to business development and job creation. Status: Vetoed by the Governor, 2012. The veto message reads as follows: "Since I have now signed SB 1402, which reauthorizes the California Community Colleges Economic and Workforce Development Program, the objectives sought by this bill can be achieved under current law."

SB 43 (Liu) CalFRESH Employment Training: This bill requires those counties that elect to provide a CalFresh Employment and Training (CalFresh E&T) program to screen work registrants and defer (exempt) an individual from mandatory placement if he or she meets federal deferral criteria or resides in a federally determined work surplus area. The bill also requires those counties that elect to participate in the CalFresh E&T program, beginning October 1, 2012, to offer self-initiated workfare to registrants who are mandatorily placed in the program. Status:

Signed by the Governor, Chapter 507, Statutes of 2011.

SB 56 (Corbett) Apprenticeship Oversight: This bill makes changes to the state approval of apprenticeship programs related to the building and trade industry. Status: Signed by the Governor, Chapter 696, Statutes of 2011.

SB 128 (Lowenthal) Funding of High Performance Schools: This bill expands the use of modernization funding under the School Facility Program to include the cost of designs and materials that promote the characteristics of high-performance schools, and expands eligibility for funding from the High Performance Incentive Grant program to include projects approved to receive a Career Technical Education Facilities Program grant. Status: Signed by the Governor, Chapter 622, Statutes of 2011.

SB 292 (Padilla) Community College Transfers: This bill provides clarification of issues that arose during the implementation of the Student Transfer Achievement Reform Act (STAR) program including clarification that students who complete the requirements outlined for a degree for transfer under the STAR program are granted priority in enrollment over all other California Community College transfer students, consistent with the current statutorily outlined enrollment planning and admission priorities. Status: Signed by the Governor, Chapter 353, Statutes of 2011.

SB 361 (Berryhill) Minimum School Day Funding for the Center for Advanced Research and Technology: This bill extends the authorization for The Center for Advanced Research and Technology, a charter school located in Fresno County, to operate and receive revenue limit funding under a specified formula until July 1, 2017. Status: Signed by the Governor, Chapter 625, Statutes of 2011.

SB 461 (Blakeslee) High School Equivalency Certificate: This bill expands the list of people who may receive a high school equivalency certificate to include youth who are at least 17 years of age and have successfully completed the academic curriculum of a National Guard Youth Challenge Program. Status: Signed by the Governor, Chapter 628, Statutes of 2011.

SB 500 (Hancock) Partnership Academies: This bill would have required funds to be allocated to partnership academies on a competitive basis, if the funding is provided through the annual Budget Act. California Partnership Academies were established for the purpose of providing combined academic and occupational training programs to eligible at-risk students in grades 10-12 inclusive [SB 70 (Scott), Chapter 253, Statutes of 2005]. Status: Held in the Assembly Committee on Appropriations, 2011.

SB 650 (Lowenthal) College Promise Partnership: This bill establishes the College Promise Partnership Act, which authorizes the Long Beach Community College District and the Long Beach Unified School District to enter into a partnership for purposes of concurrent enrollment. Status: Signed by the Governor, Chapter 633, Statutes of 2011.

SB 671 (Price) Continuing Education for Court Reporters: This bill would have required the Court Reporters Board of California (Board), on or before July 1, 2012, to adopt regulations to

establish continuing education (CE) requirements for renewal of a court shorthand reporter's certificate, with certain exceptions, and requires the Board to establish a procedure for approving providers of CE courses, as specified. Status: Vetoed by the Governor, 2011. The veto message reads as follows: "This bill would make license renewal for court reporters contingent on continuing education. The whole idea of legally mandated "continuing education" is suspect in my mind. Professionals already are motivated to hone their skills - or risk not getting business. Requiring them to pay fees to "continuing education providers" is an unwarranted burden. I am returning Senate Bill 671 without my signature."

SB 698 (Lieu) High Performance Local Workforce Development Boards: This bill requires the establishment of standards and incentives for "high-performance" local workforce investment boards. Status: Signed by the Governor, Chapter 497, Statutes of 2011.

SB 734 (DeSaulnier) Local Workforce Investment Boards Expenditures II: This bill requires specified minimum amounts of federal Workforce Investment Act funds that are allocated to local boards to be spent on workforce training programs: a) 25% beginning with the 2012 federal program year; and b) 30% beginning with the 2016 federal program year. Status: Signed by the Governor, Chapter 498, Statutes of 2011.

SB 776 (DeSaulnier) Local Workforce Investment Boards Expenditures I: This bill would have established threshold requirements for the percentage of federal Workforce Investment Act funds expended for training programs, support services, and specified bridge services by local boards, as follows: beginning federal program year 2012 - at least 20 percent; beginning federal program year 2014 - at least 30 percent; and beginning federal program year 2016 - at least 40 percent. Further, the bill requires the Employment Development Department to monitor compliance, as specified, and requires a local workforce investment board that does not meet these requirements to submit a corrective action plan. Status: Failed passage in the Assembly Committee on Appropriations, 2012.

SB 779 (Lieu) Personal Finance Education: This bill would have authorized a school district, as part of providing economics instruction in grades 7-12, to include instruction related to the understanding of personal finances, including, but not limited to, budget savings, credit, and identify theft. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2011.

SB 813 (Senate Committee on Veterans Affairs) Priority Registration for Veterans: This bill extends priority registration enrollment for veterans at the California State University and the California Community Colleges, from two to five years. Status: Signed by the Governor, Chapter 375, Statutes of 2011.

SB 922 (Steinberg) Public Contracts: Project Labor Agreements: This bill requires that all project labor agreements (PLAs) incorporate specified provisions, and prohibits state funding assistance, after January 1, 2015, on public works projects of charter cities having ordinances prohibiting the use of PLAs. (This language amended into AB 900 Buchanan) Status: Signed by the Governor, Chapter 431, Statutes of 2011.

SB 1070 (Steinberg) Career Technical Education Pathways: This bill extends the sunset date for the Career Technical Education Pathways Initiative component of the current EWD Program. Status: Signed by the Governor, Chapter 433, Statutes of 2012.

SB 1401 (Lieu) California Workforce Investment Act:* This bill would have modified the California Workforce Investment Act to add guiding principles, emphasizing a "sector strategy" approach, among other changes. Status: Held in the Assembly Appropriations Committee, 2012.

SB 1402 (Lieu) California Workforce and Economic Development Program:* This bill recasts and revises the California Community Colleges Economic and Workforce Development Program to more closely align with economic and workforce best practices and extends the program's sunset date from January 1, 2013 to January 1, 2018. Status: Signed by the Governor, Chapter 361, Statutes of 2012.

SB 1550 (Wright) Career Technical Education: This bill would have required the Community College Chancellor's office to establish a voluntary pilot program involving up to five districts for the purposes of authorizing a district to establish and maintain an extension program offering career and workforce training credit courses, as defined, at fee levels that cover the actual cost of maintaining those courses, and requires the Legislative Analyst's Office to report to the Legislature on this pilot program by June 30, 2016. Status: Held in the Assembly Committee on Higher Education, 2012.

XI - Hearings and Initiatives

During the 2011-12 Session, JEDE held a number of informational hearings on the state's economic development programs and participated in key economic development initiatives. The primary focus of the Committee's activities was on how the state could facilitate economic recovery with a special emphasis on the role of infrastructure and the capital needs of small businesses.

Short summaries of these activities are provided below. Additional information can be obtained through the JEDE website at <http://ajed.assembly.ca.gov/> or by contacting the JEDE Office at 916-319-2090.

Small Business Roundtable to Facilitate the Implementation of the Federal Small Business Jobs Act (October 2010 to November 2012)

In September 2010, the U.S. Congress passed and the President signed the federal Small Business Jobs Act, which provided hundreds of millions of new dollars for California small businesses. Some of these moneys were to be administered through federal agencies, such as the Small Business Administration, while others were awarded to states and implemented through new and existing programs.

Given the state's continuing budget problems, effective leveraging of these federal and state programs was essential. Complicating matters was the transition to of the Governor's Office and its related administrative changes at the same time that the state would need to apply for and begin to utilize these funds. Responding to these challenges, JEDE Chair V. Manuel Pérez began facilitating a monthly roundtable of key small business and economic development stakeholders including state and federal government agencies, community and financial intermediaries, legislative staff, and small business and economic development trade associations. These meetings have continued to help guide legislation and use of the federal program dollars. Current participants include:

Financial and Community Intermediaries

API Small Business Program
California Association for Local Economic Development
California Association of Enterprise Zones
California Association of Microenterprise Opportunity
California Resources and Training
California Small Business Development Centers
California Association of Financial Development Corporations
Pacific Community Ventures

Small Business Advocacy Groups

Asian Business Association of Orange County
Asian Real Estate Association of America
California Asian Pacific Chamber of Commerce

California Black Chamber of Commerce
California Reinvestment Coalition
California Small Business Association
Coalition for Small Business and DVBE's
Hispanic Chamber of Commerce
Latino Business Chamber of Greater Los Angeles
National Federation of Independent Business
Small Business California

State and Federal Government Partners

Governor's Office of Business and Economic Development
California Capital Access Program
California Business Transportation and Housing Agency
California Department of General Services

California Infrastructure and Economic Development Bank
California Recycle Market Development Zones
California Small Business Advocate
California Small Business Loan Guarantee Program
California Workforce Investment Board
U.S. Department of Agriculture, Rural Development
U.S. Small Business Administration
Federal Regional Small Business Advocate
Federal Deposit Insurance Corporation
Federal Reserve System

Legislative Committees

Assembly Committee on Appropriations
Assembly Committee on Budget
Assembly Committee on Insurance
Assembly Committee on Jobs, Economic Development and the Economy
Senate Committee on Business Professions & Economic Development
Senate Government Organization Committee

In addition to the monthly roundtable meetings, stakeholders are encouraged to expand their networks to include roundtable participants. The roundtable takes no public policy positions and, instead, serves as a conduit for sharing information and contributing to the important civic dialogue around poverty alleviation, self-empowerment through workforce development and entrepreneurship, and business creation and expansion to support vital and sustainable communities.

Oversight Hearing on the Role of the I-Bank in the State's Economic Recovery and Long Term Success (March and May 2011)

On Tuesday, March 30, 2011, JEDE held the first in a series of hearings on the role of infrastructure in supporting local, state and federal economic recovery efforts. With California workers and businesses facing some of the harshest economic conditions since the Great Depression, there was clearly a need for a comprehensive and integrated approach to economic development. While some areas of the state were beginning to show signs of recovery by March 2012, others continued to be plagued with unemployment rates above 25%. It is estimated that over 2.25 million Californians lost jobs during the recession and that bankruptcies among small businesses have been nearly double the national average.

At this first hearing, witnesses from labor, business, and the economic development community reported that one of the key recovery challenges was California's aging infrastructure and its inability to support the emerging innovation economy, which is considered fundamental to retaining the state's global competitiveness. Presentations included an in-depth look at the California Infrastructure and Economic Development Bank (I-Bank) and how it could be used to:

1. Complement and enhance existing work by other state entities on clean energy and the state's emerging green economy.
2. Catalyze private equity investments in infrastructure.
3. Enhance the state's ability to leverage additional existing and proposed federal programs.

A white paper was prepared for the hearing and then updated to reflect recommendations from the hearing. Among other information, the white paper profiled the state and regional economies, the I-Bank, and other state and federal infrastructure financing opportunities. The white paper is available on the JEDE website under the "Policy Issues" tab. In addition, JEDE took action and amended four existing I-Bank bills on May 3, 2011 to quickly advance a majority of the hearing recommendations. These measures included:

- **AB 696 (Hueso):** This bill would have required projects selected for funding under the Infrastructure State Revolving Fund Program to only be funded if the project meets specified land use and economic development criteria.
- **AB 700 (Blumenfeld):** This bill would have established an independently administered I-Bank and removes the Secretary of the Business, Transportation and Housing Agency as chairperson.
- **AB 893 (V. Manuel Pérez):** This bill would have made a number of changes to the organization and accountability of the I-Bank including expansion of the membership of the board of director, requiring the I-Bank notify the Legislature when proposing to modify program guidelines, assigning the Director of the I-Bank with the responsibility to oversee outreach activities, limiting EGPR consistency requirement to when the document is current, and adding new reporting requirements about outreach activities, the number of jobs created and retained, and the industries served.
- **AB 1094 (John A. Pérez):** This bill would have expanded the membership of the board of directors of the I-Bank from five to seven members including a member of the Senate and Assembly.

Ultimately, the Governor vetoed the first three measures with the explanation that he wanted to take a broader look at the role and structure of the I-Bank. In March 2012, the Governor proposed a comprehensive reorganization of state government including changes to the I-Bank that would make it more integrated within the state economic development activities. Assemblyman V. Manuel Pérez, JEDE Chair, served on the Assembly's special committee to review the GRP 2, which is discussed in a later part of this section.

Oversight Hearing on California's Economic Recovery: Charting a New Path Forward by Leveraging International Trade (November 2011)

On November 10, 2011, JEDE continued its examination of economic recovery issues by specifically looking for solutions and models that could benefit communities and businesses in the rural portions of the California-Mexico border region and the related economic corridors to San Diego and the more urban portions of Riverside County. Economic disparities within the rural border region had continued to worsen due to a number of factors including the lack of ongoing private sector investment; its remote geographic location; limited infrastructure; and inconsistent access to a skilled workforce.

In addressing these challenges, hearing presentations were organized around two panels. The first panel focused on how local communities currently use international trade and foreign investment within their overall economic recovery strategies. The second panel discussed strategies for attracting more private investment to the region including how infrastructure improvements and more integrated bi-national economic development activities could help to reposition and strengthen the Coachella-Imperial-Mexicali Valleys' global competitiveness.

During the course of the hearing, Members heard testimony from economic development professionals, as well as business and civic leaders from the U.S. and Mexico. Key policy questions addressed included:

- How can the state support local and regional efforts to catalyze private investments in underserved and emerging areas?
- What actions can the state take to minimize economic and workforce challenges of rural communities in and around the California-Baja Mega-Region?
- What steps could be taken to enhance the global competitiveness and economic integration of the Coachella and Imperial Valleys with Mexico?
- What actions can the state take to facilitate cross-border commerce and reduce de facto barriers to cross-border investment?

A white paper was prepared for the hearing that provides background on the U.S. and California trade-based economy; information on the rural portion of the California-Baja Mega Region and related corridors of commerce; a summary of trade related legislation from the current and most recent legislative sessions; and a summary of federal, state and international trade and foreign investment programs and services. The white paper is available on the JEDE website under the "Policy Issues" tab.

In addition, JEDE sponsored legislation, **AB 1545 (V. Manuel Pérez)**, which would have authorized the I-Bank to facilitate infrastructure development within the California/Mexico border region including joining international financing authorities. The bill was held in the Senate Committee on Appropriations and later became one of the primary focuses of the November 2012 JEDE hearing, discussed later in the section.

Work Group Leader and Key Participant in California Financial Opportunities Roundtable
(December 2011 to July 2012)

The California Financial Opportunities Roundtable (CalFOR) is a joint effort by the U.S. Department of Agriculture and the Federal Reserve Bank, San Francisco Region. Its purpose was to create a shared vision and provide recommendations on how best to leverage and allocate existing resources towards the goal of sustainable and scalable economic development, job growth and wealth creation. While sponsored by the USDA Rural Development, the scope of the final guidebook applies to all jurisdictions including urban, suburban and rural with an emphasis on bringing what is produced on the farm to the table of people in all areas of the state, nation and world (aka farm to fork).

The guidebook presents best practices and current knowledge on innovative financial structures, advancements in investment instruments, new intermediaries, and evolving business structures (i.e. Benefit Corporations, Small Business Investment Companies, etc.) Over 90 stakeholders from various aspects of finance, foundations, government, small business, corporations and economic development sectors contributed to seven work groups which were asked to identify opportunities to improve access to capital. JEDE staff chaired the work group on institutional investors who ultimately proposed a new public/private financial structure that used a blended investment approach including small business lenders, community development financial institutions, small business financial development corporations, the state capital access program, pension funds, and foundations. A copy of the final report is available on the JEDE website under the "Policy Issues" tab. The JEDE-

sponsored Small Business Roundtable is planning to play a key role in facilitating implementation of these recommendations.

Member of Special Committee to Review of the Governor's Reorganization Plan, GRP 2 (April to June 2012)

On March 30, 2012, the Governor submitted a reorganization plan (GRP 2) to the Little Hoover Commission, which operationalized his earlier statements on the need to more efficiently manage state operations and to more effectively link economic development activities. Overall, the plan reduces the number of state agencies from 12 to 10.

The GRP 2 was formally submitted for the Legislature's consideration on May 2, 2012. Reorganization plans become effective 60 days following their submittal, unless one of the Houses takes action to modify or disapprove the plan. Given the breadth of issues addressed in the Governor's plan, Assembly Speaker John A. Pérez appointed a special committee to review its contents and make recommendations to the Assembly Floor. The Special Committee was composed of chairs and vice chairs of key Assembly committees, including JEDE Chairman V. Manuel Pérez. JEDE worked with the special committee on economic development-related issues. Among other changes, the GRP 2 proposed the following changes:

- Dismantle the Business, Transportation, and Housing Agency (BTH) and transfer the following programs to to Governor's Office of Business and Economic Development (GO-Biz):
 - o Small Business Loan Guarantee Program;
 - o The California Travel and Tourism Commission;
 - o The California Film Commission;
 - o The Film California First Program; and
 - o The Infrastructure and Economic Development Bank (I-Bank).

The GRP 2 would also codify the Small Business Development Center program within GO-Biz and replace the Secretary of BTH with the Director of GO-Biz as Chair of the California Travel and Tourism Commission and the I-Bank. A newly established Secretary of Transportation would replace the Secretary of State and Consumer Services on the I-Bank board.

- Create a Business and Consumer Services Agency that includes:
 - o The Department of Business Oversight;
 - o The Department of Fair Employment and Housing;
 - o The Department of Housing and Community Development;
 - o The Department of Consumer Affairs;
 - o The Department of Alcohol and Beverage Control;
 - o The California Horse Racing Board; and
 - o The Alfred E. Alquist Seismic Safety Commission.
- Demote the Department of Financial Institutions and the Department of Corporations to divisions within the Department of Business Oversight; the Department of Real Estate and the Office of Real Estate Appraiser to bureaus within the Department of Consumer Affairs; and the California Technology Agency to a department.

- Shift the Department of Resources, Recycling and Recovery to the California Environmental Protection Agency including the CalRecycle small business loan program.
- Create the Government Operations Agency that includes:
 - o Office of Administrative Law (state regulations);
 - o The Public Employees' Retirement System (investments);
 - o The State Teachers' Retirement System (investments);
 - o The State Personnel Board;
 - o The California Victim Compensation and Government Claims Board;
 - o The Department of General Services (procurement preferences for targeted populations);
 - o The Department of Technology;
 - o The Franchise Tax Board; and
 - o The Department of Human Resources.

The Special Committee did not take any actions to change JEDE-related proposals as the proposals were consistent with earlier recommendations from JEDE. JEDE Chairman Pérez did, however, ask that the California Enterprise Zone Program (EZ) and the Small Cities Community Development Block Grant Program also be transferred to GO-Biz. The Administration agreed to consider these changes following the adoption of an EZ reform package.

Oversight Hearing on the Role of Innovation in California's Post Recession Economy (August 2012)

In mid-2012, the state was continuing to slowly move out of the recession and toward a very different post-recession economy. California communities and businesses were facing difficult economic challenges within an evolving economy that had become more technologically advanced and globally interdependent. On August 7, 2012, JEDE held a hearing that focused on these current and emerging trends. The hearing opened with an extensive presentation and Member discussion on the issues shaping California's economy including, the real-world needs of businesses and workers and recommendations for moving the state toward a prosperous post-recession economy.

The hearing was held jointly with the Assembly Select Committees on High Technology, chaired by Assemblymember Paul Fong, and the Assembly Select Committee on Government Efficiently, Technology, and Innovation, chaired by Assemblymember Buchanan. Central to the Members' deliberations was the importance of how California must retain its competitive edge and historic position as a "first mover" among nations.

In preparation for this hearing the JEDE Committee prepared a web-based briefing rather than a traditional white paper. This website was the first-of-its-kind for the California State Assembly. The website can be accessed at <http://ajed.assembly.ca.gov/faq>. Among other materials, the website includes information on key innovation policy concepts, such as the need to support in-state R&D, encourage California manufacturing, think regionally, and address our workforce and infrastructure challenges; as well as recommendations in each of these areas:

1. Enhancing the state's R&D capacity;

2. Incentivizing businesses to invest in our higher education system;
3. Creating an equal playing field for manufacturing; and
4. Supporting industrial innovation through government reforms.

Follow-up to the hearing included support for the establishment of a nonprofit sponsored "Innovation State" web-platform to help Members and the public keep abreast of innovation issues, connect with business and industry leaders, and to generally facilitate a high-level statewide dialogue on California's innovation future.

Oversight Hearing on Border Infrastructure and Economic Development Opportunities in the Surrounding Region (November 2012)

California's \$1.9 trillion economy more naturally functions as an independent economic power (some say as its own nation) rather than simply being one of the 50 U.S. states. In fact, compared to other nations, California has one of the 10 largest economies in the world, due to it being a top-tier trade partner, a best-in-class investment location, a high quality producer of goods and services, and the home to a massive consumer-base. Cross-border trade between California and Mexico was valued at more than \$190 billion in 2011, which makes Mexico the state's most important trade partner.

On November 28, 2012, JEDE held a hearing in Calexico to examine how infrastructure upgrades within the Coachella-Imperial- Mexicali Economic Corridor could enhance the existing bi-national, multimodal transportation network that links the region to the other U.S., Mexican and global markets. This was a joint hearing with the Assembly Select Committee on Bi-National Affairs, chaired by Assemblymember Ben Hueso.

Among other regional strategies, business and government leaders in the economic corridor have prioritized actions that encourage development of small and medium-size manufacturing facilities, revitalization of the Salton Sea, expand renewable energy production, and increase access to domestic and foreign markets. Physical infrastructure, such as efficient border crossings and other transportation enhancements that improve access to other domestic and foreign markets, are essential to the success of these strategies.

During the course of the hearing, testimony was provided by U.S. and Mexican economic development professionals, as well as business, finance and civic leaders. The first panel focused on the new Calexico Border Crossing and the second panel discussed financing infrastructure improvements and logistical linkages that help businesses access customers within the region and other areas of the world.

A briefing memorandum was prepared that frames the key issues and offers a number of suggested recommendations for follow-up actions, including the reintroduction of **AB 1545 (V. Manuel Pérez)** relating to bi-national infrastructure investment authority. A copy of the briefing memorandum is available on the JEDE website under the "Hearings" tab.

2011-12 End of Year Report Appendix I

Index by Bill Order

AB 16	High-Speed Rail Authority	Signed by the Governor, Chapter 413, Statutes of 2012.	13 and 32
AB 29	Office of Business and Economic Development	Signed by the Governor, Chapter 475, Statutes of 2011.	3, 19, and 25
AB 32	Entrepreneurship: economic Gardening	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	19
AB 41	High Speed Rail and Conflicts of Interest	Signed by the Governor, Chapter 626, Statues 2012.	32
AB 135	Small Business Member on the Air Resources Board	Vetoed by the Governor, 2011.	39
AB 145	High-Speed Rail Authorization	Vetoed by the Governor, 2012. (vetoed bill was a different subject matter from the measure that passed JEDE)	33
AB 231	Comprehensive Enterprise Zone Reforms	Held in the Assembly Committee on Jobs, Economic Development and the Economy, January 2012.	9
AB 232	Community Development Block Grant Program [G-TEDA Reforms in earlier version]	Signed by the Governor, Chapter 386, Statutes of 2012.	3 and 10
AB 391	Renewable Energy Resources and Local Publicly Owned Electric Utilities	Signed by the Governor, Chapter 172, Statues 2012.	33

AB 423	Reorganization of the California Infrastructure Bank	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	33
AB 450	CSU Food Service Contracts	Vetoed by the Governor, 2011.	25
AB 571	Corporation: Distributions	Signed by the Governor, Chapter 203, Statutes of 2011.	20
AB 581	Access to Health Foods	Signed by the Governor, Chapter 505, Statutes of 2011.	3
AB 615	High-Speed Rail Exemption	Signed by the Governor, Chapter 530, Statutes of 2011.	33
AB 624	California Organized Investment Network	Signed by the Governor, Chapter 436, Statutes of 2011.	4
AB 632	Regulations: Legislative Notice	Held in the Assembly Committee on Business, Professions, and Consumer Protection, 2012.	39
AB 650	Blue Ribbon Task Force on Public Transportation For the 21st Century	Vetoed by the Governor, 2011.	33
AB 664	Infrastructure Financing Districts and the America's Cup Venues	Signed by the Governor, Chapter 314, Statutes of 2011.	34
AB 690	Portable Electronics Insurance	Signed by the Governor, Chapter 165, Statutes of 2011.	20
AB 696	Economic Development Mandate for Infrastructure Projects	Vetoed by the Governor, 2011.	34
AB 700	Independent Infrastructure Bank	Vetoed by the Governor, 2011.	34
AB 724	Clean Energy Jobs and Investment Act	Failed passage on Senate Floor, 2011.	34

AB 744	Office of Intellectual Property	Signed by the Governor, Chapter 463, Statutes of 2012.	13 and 16
AB 750	Finance: Investment Trust Blue Ribbon Task Force	Vetoed by the Governor, 2011.	20
AB 790	Linked Learning Pilot Program	Signed by the Governor, Chapter 616, Statutes of 2011.	43
AB 892	Federal Pilot on Streamlining Environmental Reviews	Signed by the Governor, Chapter 482, Statutes of 2011.	39
AB 893	Technical Assistance for Infrastructure Development	Held in the Senate Committee on Appropriations, 2011.	34
AB 894	California Manufacturing Competitiveness Act of 2011	Vetoed by the Governor, 2011.	13
AB 900	Jobs and Economic Through Environmental Leadership	Signed by the Governor, Chapter 354, Statutes of 2011.	16 and 39
AB 901	Small Business Act Implementation	Signed by the Governor, Chapter 483, Statutes of 2011.	20
AB 981	California Capital Access Program	Signed by the Governor, Chapter 484, Statutes of 2011.	20
AB 982	Land Exchange for Renewable Energy-Related Projects	Signed by the Governor, Chapter 485, Statutes of 2011.	17 and 35
AB 983	Safe Drinking Water Fund	Signed by the Governor, Chapter 515, Statutes of 2011.	35
AB 1037	Small Business Regulatory Reform	Held in the Assembly Committee on Appropriations, 2011.	39
AB 1069	Film Tax Extension	Signed by the Governor, Chapter 731, Statutes of 2011.	4
AB 1072	California Promise Neighborhoods Initiative	Held on the Suspense File of the Senate Committee on Appropriations, 2011.	4
AB 1094	Board Membership of the California Infrastructure Bank	Held in the Senate Committee on Rules,	35

		2012. (held bill is different from the measure heard in JEDE)	
AB 1137	Small Business Assistance and Attracting Private Investment	Held in the Senate Committee on Appropriations, 2012.	28
AB 1150	Self-Generation Incentive Program	Signed by the Governor, Chapter 310, Statutes of 2011.	20
AB 1150	Self-Generation Incentive Program	Signed by the Governor, Chapter 310, Statutes of 2011.	17
AB 1195	Corporation Taxes	Held in the Senate Committee on Appropriations, 2011.	21
AB 1233	State Economic & Workforce Development Strategy	Held in the Assembly Appropriations Committee, 2012.	4
AB 1255	Corporate Board Registries Notification	Signed by the Governor, Chapter 601, Statutes of 2012. (chaptered bill reflects different subject matter than heard in JEDE)	4
AB 1278	G-TEDA Hiring Credits	Vetoed by the Governor, 2012. (vetoed bill reflects different subject matter than heard in JEDE)	10
AB 1310	Career Technical Education and Workforce Development	Vetoed by the Governor, 2011.	43
AB 1330	Graduation Requirements	Signed by the Governor, Chapter 621, Statutes of 2011.	44
AB 1379	Pension Investments in Emerging Domestic Markets	Vetoed by the Governor, 2011.	21
AB 1409	International Trade and Investment Strategy/Small Business Regulation Reforms	Held in the Senate Committee on Rules, 2012. (As heard in JEDE bill related to trade, later	28 and 40

		amendments changed topic content to Small Business Regulation Reforms)	
AB 1410	International Trade with Mexico	Held in the Senate Committee on Rules, 2012.	28
AB 1411	Enterprise Zone Accountability Reforms	Held in the Senate Committee on Appropriations, 2012.	10
AB 1460	California Commission on Industrial Relations	Signed by the Governor, Chapter 164, Statutes of 2012.	13
AB 1507	Public Contracts	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	25
AB 1530	Clean Manufacturing Zones	Held by the Assembly Committee on Appropriations, 2012.	4, 13, 17, and 40
AB 1544	Agriculture Jobs & Industry Stabilization Act of 2012	Held on the Assembly Floor, 2012.	44
AB 1545	Bi-National Infrastructure and Economic Development Bank	Held in the Senate Committee on Appropriations, 2012.	29 and 35
AB 1546	High Skill Foreign Workers	Held in the Assembly Committee on Labor and Employment, 2012.	44
AB 1646	California Demonstration of Emerging Market Opportunities	Held in the Senate Appropriations Committee, 2012.	4, 13, and 17
AB 1783	Streamlining Small Business Certification	Signed by the Governor, Chapter 114, Statutes of 2012.	25
AB 2012	Economic Development Reorganization	Signed by the Governor, Chapter 294, Statutes of 2012.	5 and 29
AB 2037	California New Market Tax Credit Program	Held in the Assembly Committee on Appropriations, 2012.	5

AB 2144	Greenhouse Gas Reduction Fund	Vetoed by the Governor, 2012.	17
AB 2309	Public Private Partnership Models	Vetoed by the Governor, 2012.	5 and 44
AB 2500	State Bank	Held in the Assembly Committee on Banking, 2012.	21
AB 2508	Instate Contractors	Signed by the Governor, Chapter 824, Statutes of 2012.	25
AB 2523	Loan Participation Agreements and Syndications	Held in the Senate Committee on Appropriations, 2012.	21
AB 2619	Start-up California	Held in the Assembly Committee on Appropriations, 2012.	5, 13, and 21
AB 2630	Procurement Reporting of Targeted Populations	Held in the Senate Committee on Appropriations, 2012.	26
AB 2671	Small Business Access to Capital	Singed by the Governor, Chapter 648, Statutes of 2012.	21
AB 2672	Reporting on G-TEDA Procurement Preferences	Vetoed by the Governor, 2012.	26
AB 2673	Enterprise Zone Reporting	Held in in the Assembly Committee on Jobs, Economic Development and the Economy, 2012. (Content of the bill was amended into AB 1411)	10
ABX1-14	Energy Upgrade Financing	Signed by the Governor, Extraordinary Session One Chapter 9, Statutes of 2011.	35
ABX1-40	Income Taxes: Single Sales Factor: Manufacturing Exemption	Died without final action upon adjournment of the first extraordinary session, 2011.	14 and 22

AJR 15	Colombia Free Trade Agreement and the California Cut Flower Industry	Chaptered by the Secretary of State - Res. Chapter 122, Statutes of 2011.	29
SB 16	Renewable Energy and Expedited Permitting	Signed by the Governor, Chapter 311, Statutes of 2011.	40
SB 43	CalFRESH Employment Training	Signed by the Governor, Chapter 507, Statutes of 2011.	44
SB 52	Jobs and Economic Improvement Through Environmental Leadership Act of 2011	Held in the Assembly Committee on Jobs, Economic Development and the Economy.	17 and 40
SB 56	Apprenticeship Oversight	Signed by the Governor, Chapter 696, Statutes of 2011.	45
SB 67	Small Business Participation in Public Contracts	Held in the Assembly Committee on Appropriations, 2011.	26
SB 128	Funding of High Performance Schools	Signed by the Governor, Chapter 622, Statutes of 2011.	45
SB 214	Voter Approval of Infrastructure Financing Districts	Vetoed by the Governor, 2012.	35
SB 225	California Capital Access Loan Program and Truck Retrofit Financing	Signed by the Governor, Chapter 492, Statutes of 2011.	17 and 22
SB 245	Military Base Reuse	Held in the Assembly Committee on Appropriations, 2012.	36
SB 292	Community College Transfers	Signed by the Governor, Chapter 353, Statutes of 2011.	45
SB 294	Emerging Investment Managers	Signed by the Governor, Chapter 701, Statutes of 2011.	22
SB 301	New Enterprise Zone Designations	Held in the Assembly Health Committee, 2012. (final bill reflects different subject matter than	10

		heard in JEDE)	
SB 310	Incentive for Transit Development	Signed by the Governor, Chapter 446, Statutes of 2011.	36
SB 325	Central California Rail	Signed by the Governor, Chapter 234, Statutes of 2011.	36
SB 353	Economic Analysis of Regulations	Held in the Senate Committee on Governmental Organization, 2012.	40
SB 361	Minimum School Day Funding for the Center for Advanced Research and Technology	Signed by the Governor, Chapter 625, Statutes of 2011.	45
SB 364	Business Tax Credits and Mandatory Reporting	Vetoed by the Governor, 2011.	22
SB 366	Agency Review of Regulations	Held in the Senate Committee on Governmental Organization, 2012.	40
SB 396	Regulation Review Process	Held in the Senate Committee on Environmental Quality, 2012.	40
SB 460	International Trade Marketing and Promotion	Held in the Assembly Committee on Appropriations, 2011.	29
SB 461	High School Equivalency Certificate	Signed by the Governor, Chapter 628, Statutes of 2011.	45
SB 469	Approval of Superstores	Vetoed by the Governor, 2011.	5
SB 500	Partnership Academies	Held in the Senate Committee on Appropriations, 2011.	45
SB 508	Reporting on Tax Credits	Vetoed by the Governor, 2011.	22
SB 550	Manufactured Optical Disc	Signed by the Governor, Chapter 421, Statutes of 2011.	14
SB 555	Renewable Energy Facilities	Signed by the Governor, Chapter 493, Statutes of 2011.	36
SB 560	Small Business Regulations	Held in the Senate	

		Committee on Environmental Quality, 2012.	41
SB 617	State Government and Financial and Administrative Accountability	Signed by the Governor, Chapter 496, Statutes of 2011.	41
SB 618	Solar Easement on Agricultural Lands	Signed by the Governor, Chapter 596, Statutes of 2011.	18
SB 639	Economic Impact Analysis of Regulations	Held in the Senate Committee on Environmental Quality, 2012.	41
SB 643	Estimating Cost of Administrative Procedures	Held in the Assembly Committee on Appropriations, 2011.	42
SB 650	College Promise Partnership	Signed by the Governor, Chapter 633, Statutes of 2011.	45
SB 671	Continuing Education for Court Reporters	Vetoed by the Governor, 2011.	45
SB 698	High Performance Local Workforce Development Boards	Signed by the Governor, Chapter 497, Statutes of 2011.	46
SB 733	High-Speed Rail: Small Business Bidding Preference	Held in the Senate Committee on Appropriations, 2012.	26
SB 734	Local Workforce Investment Boards Expenditures II	Signed by the Governor, Chapter 498, Statutes of 2011.	46
SB 771	California Alternative Energy and Advanced Transportation Financing Authority	Signed by the Governor, Chapter 598, Statutes of 2011.	36
SB 776	Local Workforce Investment Boards Expenditures I	Failed passage in the Assembly Committee on Appropriations, 2012.	46
SB 779	Personal Finance Education	Held in the Assembly Committee on Appropriations, 2011.	46

SB 805	Sales and Use Tax Definitions	Signed by the Governor, Chapter 246, Statutes of 2011.	22
SB 813	Priority Registration for Veterans	Signed by the Governor, Chapter 375, Statutes of 2011.	46
SB 822	Five-Year Infrastructure Plan	Held in the Assembly Committee on Budget, 2011.	36
SB 861	Public Contracts and Conflict Minerals in the Democratic Republic of the Congo	Signed by the Governor, Chapter 715, Statutes of 2011.	26
SB 863	Workers Compensation Reform	Signed by the Governor, Chapter 363, Statutes of 2012.	22
SB 892	Economic Development and Job Creation, and Competitiveness Agency	Held in the Senate Committee on Labor and Industrial Relations, 2011.	5
SB 907	20-Year Infrastructure Master Plan	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	36
SB 922	Public Contracts: Project Labor Agreements	Signed by the Governor, Chapter 431, Statutes of 2011.	26, 36, and 46
SB 1070	Career Technical Education Pathways	Signed by the Governor, Chapter 433, Statutes of 2012.	47
SB 1099	Streamline Implementation of Regulations	Signed by the Governor, Chapter 295, Statutes of 2012.	23 and 42
SB 1128	California Alternative Energy and Transportation Financing Authority	Signed by the Governor, Chapter 677, Statutes of 2012.	14, 18, and 23
SB 1186	American Disabilities Act	Signed by the Governor, Chapter 383, Statutes of 2012.	23
SB 1401	California Workforce Investment Act	Held in the Assembly Committee on Appropriations, 2012.	47

SB 1402	California Workforce and Economic Development Program	Signed by the Governor, Chapter 361, Statutes of 2012.	47
SB 1510	Commercial Useful Purpose	Signed by the Governor, Chapter 421, Statutes of 2012.	26
SB 1550	Career Technical Education	Held in the Assembly Committee on Higher Education, 2012.	47
SCR 33	Foreign Investment	Chaptered by the Secretary of State. Res. Chapter 60, Statutes of 2011.	29
SJR-13	Cross-Border Transmission Lines	Chaptered by the Secretary of State, Res. Chapter 96, Statutes of 2011.	29 and 37

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Index by Subject Matter

The California Economy and Emerging Community Vitalization

Bill Number	Topic	Status	Page Number
AB 29	Office of Business and Economic Development	Signed by the Governor, Chapter 475, Statutes of 2011.	3
AB 232	Community Development Block Grant Program	Signed by the Governor, Chapter 386, Statutes of 2012.	3
AB 581	Access to Health Foods	Signed by the Governor, Chapter 505, Statutes of 2011.	3
AB 624	California Organized Investment Network	Signed by the Governor, Chapter 436, Statutes of 2011.	4
AB 1069	Film Tax Extension	Signed by the Governor, Chapter 731, Statutes of 2011.	4
AB 1072	California Promise Neighborhoods Initiative	Held on the Suspense File of the Senate Committee on Appropriations, 2011.	4
AB 1233	State Economic & Workforce Development Strategy	Held in the Assembly Appropriations Committee, 2012.	4
AB 1255	Corporate Board Registries Notification	Signed by the Governor, Chapter 601, Statutes of 2012. (chaptered bill reflects different subject matter than heard in JEDE)	4
AB 1530	Clean Manufacturing Zones	Held by the Assembly Committee on Appropriations, 2012.	4

AB 1646	California Demonstration of Emerging Market Opportunities	Held in the Senate Appropriations Committee, 2012.	4
AB 2012	Economic Development Reorganization	Signed by the Governor, Chapter 294, Statutes of 2012.	5
AB 2037	California New Market Tax Credit Program	Held in the Assembly Committee on Appropriations, 2012.	5
AB 2309	Public Private Partnership Models	Vetoed by the Governor, 2012.	5
AB 2619	Start-Up California	Held in the Assembly Committee on Appropriations, 2012.	5
SB 469	Approval of Superstores	Vetoed by the Governor, 2011.	5
SB 892	Economic Development and Job Creation, and Competitiveness Agency	Held in the Senate Committee on Labor and Industrial Relations, 2011.	5

Enterprise Zones/Other Geographically-Targeted Economic Development Areas

Bill Number	Topic	Status	Page Number
AB 231	Comprehensive Enterprise Zone Reforms	Held in the Assembly Committee on Jobs, Economic Development and the Economy, January 2012.	9
AB 232	Enterprise Zones Government Code Changes	Signed by the Governor, Chapter 386, Statutes of 2012. (chaptered bill reflects different subject matter than heard in JEDE)	10
AB 1278	G-TEDA Hiring Credits	Vetoed by the Governor, 2012. (vetoed bill reflects different subject matter than heard in	10

		JEDE)	
AB 1411	Enterprise Zone Accountability Reforms	Held in the Senate Committee on Appropriations, 2012.	10
AB 2673	Enterprise Zone Reporting	Held in in the Assembly Committee on Jobs, Economic Development and the Economy, 2012. (Content of the bill was amended into AB 1411)	10
SB 301	New Enterprise Zone Designations	Held in the Assembly Health Committee, 2012. (final bill reflects different subject matter than heard in JEDE)	10

California's Manufacturing and Logistical Systems

Bill Number	Topic	Status	Page Number
AB 16	High-Speed Rail Authority	Signed by the Governor, Chapter 413, Statutes of 2012.	13
AB 744	Office of Intellectual Property	Signed by the Governor, Chapter 463, Statutes of 2012.	13
AB 894	California Manufacturing Competitiveness Act of 2011	Vetoed by the Governor, 2011.	13
AB 1460	California Commission on Industrial Relations	Signed by the Governor, Chapter 164, Statutes of 2012.	13
AB 1530	Clean Manufacturing Zones	Held by the Assembly Committee on Appropriations, 2012.	13
AB 1646	California Demonstration of Emerging Market Opportunities	Held in the Senate Committee on Appropriations, 2012.	13

AB 2619	Start-Up California	Held in the Assembly Committee on Appropriations, 2012.	13
ABX1-40	Income Taxes: Single Sales Factor: Manufacturing Exemption	Died without final action upon adjournment of the first extraordinary session, 2011.	14
SB 550	Manufactured Optical Disc	Signed by the Governor, Chapter 421, Statutes of 2011.	14
SB 1128	California Alternative Energy and Transportation Financing Authority	Signed by the Governor, Chapter 677, Statutes of 2012.	14

California's Clean Technology Economy

Bill Number	Topic	Status	Page Number
AB 744	Office of Intellectual Property	Signed by the Governor, Chapter 463, Statutes of 2012.	16
AB 900	Jobs and Economic Through Environmental Leadership	Signed by the Governor, Chapter 354, Statutes of 2011.	16
AB 982	Land Exchange for Renewable Energy-Related Projects	Signed by the Governor, Chapter 485, Statutes of 2011.	17
AB 1150	Self-Generation Incentive Program	Signed by the Governor, Chapter 310, Statutes of 2011.	17
AB 1530	Clean Manufacturing Zones	Held by the Assembly Committee on Appropriations, 2012.	17
AB 1646	California Demonstration of Emerging Market Opportunities	Held in the Senate Committee on Appropriations, 2012.	17
AB 2144	Greenhouse Gas Reduction Fund	Vetoed by the Governor, 2012.	17
SB 52	Jobs and Economic Improvement Through Environmental Leadership Act of 2011	Held in the Assembly Committee on Jobs, Economic Development and the	52

		Economy	
SB 225	California Capitol Access Loan and Retrofit Financing	Signed by the Governor, Chapter 492, Statutes of 2011.	17
SB 618	Solar Easement on Agricultural Lands	Signed by the Governor, Chapter 596, Statutes of 2011.	18
SB 1128	California Alternative Energy and Transportation Financing Authority	Signed by the Governor, Chapter 677, Statutes of 2012.	18

Small Business Development and Operations

Bill Number	Topic	Status	Page Number
AB 29	Office of Business and Economic Development	Signed by the Governor, Chapter 475, Statutes of 2011.	19
AB 32	Entrepreneurship: economic Gardening	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	19
AB 571	Corporation: Distributions	Signed by the Governor, Chapter 203, Statutes of 2011.	20
AB 690	Portable Electronics Insurance	Signed by the Governor, Chapter 165, Statutes of 2011.	20
AB 750	Finance: Investment Trust Blue Ribbon Task Force	Vetoed by the Governor, 2011.	20
AB 901	Small Business Act Implementation	Signed by the Governor, Chapter 483, Statutes of 2011.	20
AB 981	California Capital Access Program	Signed by the Governor, Chapter 484, Statutes of 2011.	20
AB 1150	Self-Generation Incentive Program	Signed by the Governor, Chapter 310, Statutes of 2011.	20
AB 1195	Corporation Taxes	Held in the Senate Committee on Appropriations, 2011.	21

AB 1379	Pension Investments in Emerging Domestic Markets	Vetoed by the Governor, 2011.	21
AB 2500	State Bank	Held in the Assembly Committee on Banking, 2012.	21
AB 2523	Loan Participation Agreements and Syndications	Held in the Senate Committee on Appropriations, 2012.	21
AB 2619	Start-up California	Held in the Assembly Committee on Appropriations, 2012.	21
AB 2671	Small Business Access to Capital	Signed by the Governor, Chapter 648, Statutes of 2012.	21
ABX1-40	Income Taxes: Single Sales Factor: Manufacturing Exemption	Died without final action upon adjournment of first extraordinary Session, 2011.	22
SB 225	California Capital Access Loan Program and Truck Retrofit Financing	Signed by the Governor, Chapter 492, Statutes of 2011.	22
SB 294	Emerging Investment Managers	Signed by the Governor, Chapter 701, Statutes of 2011.	22
SB 364	Business Tax Credits and Mandatory Reporting	Vetoed by the Governor, 2011.	22
SB 508	Reporting on Tax Credits	Vetoed by the Governor, 2011.	22
SB 805	Sales and Use Tax Definitions	Signed by the Governor, Chapter 246, Statutes of 2011.	22
SB 863	Workers Compensation Reform	Signed by the Governor, Chapter 363, Statutes of 2012.	22
SB 1099	Streamline Implementation of Regulations	Signed by the Governor, Chapter 295, Statutes of 2012.	23
SB 1128	California Alternative Energy and Transportation Financing Authority	Signed by the Governor, Chapter 677, Statutes of 2012.	23

SB 1186	American Disabilities Act	Signed by the Governor, Chapter 383, Statutes of 2012.	23
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Disabled Veteran Business Enterprises and Small Business Procurement

Bill Number	Topic	Status	Page Number
AB 29	Office of Business and Economic Development	Signed by the Governor, Chapter 475, Statutes of 2011.	25
AB 450	CSU Food Service Contracts	Vetoed by the Governor, 2011.	25
AB 1507	Public Contracts	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	25
AB 1783	Streamlining Small Business Certification	Signed by the Governor, Chapter 114, Statutes of 2012.	25
AB 2508	Instate Contractors	Signed by the Governor, Chapter 824, Statutes of 2012.	25
AB 2630	Procurement Reporting of Targeted Populations	Held in the Senate Committee on Appropriations, 2012.	25
AB 2672	Reporting on G-TEDA Procurement Preferences	Vetoed by the Governor, 2012.	26
SB 67	Small Business Participation in Public Contracts	Held in the Assembly Committee on Appropriations, 2011.	26
SB 733	High-Speed Rail: Small Business Bidding Preference	Held in the Senate Committee on Appropriations, 2012.	26
SB 861	Public Contracts and Conflict Minerals in the Democratic Republic of the Congo	Signed by the Governor, Chapter 715, Statutes of 2011.	26
SB 922	Public Contracts: Project Labor Agreements	Signed by the Governor, Chapter 431, Statutes of 2011.	26

SB 1510	Commercial Useful Purpose	Signed by the Governor, Chapter 421, Statutes of 2012.	26
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International Trade

Bill Number	Topic	Status	Page Number
AB 1137	Small Business Assistance and Attracting Private Investment	Held in the Senate Committee on Appropriations, 2012.	28
AB 1409	International Trade and Investment Strategy	Held in the Senate Committee on Rules, 2012.	28
AB 1410	International Trade with Mexico	Held in the Senate Committee on Rules, 2012.	28
AB 1545	Bi-National Infrastructure and Economic Development Bank	Held in the Senate Committee on Appropriations, 2012.	29
AB 2012	Economic Development Reorganization	Signed by the Governor, Chapter 294, Statutes of 2012.	29
AJR 15	Colombia Free Trade Agreement and the California Cut Flower Industry	Chaptered by the Secretary of State - Res. Chapter 122, Statutes of 2011.	29
SB 460	International Trade Marketing and Promotion	Held in the Assembly Committee on Appropriations, 2011.	29
SCR 33	Foreign Investment	Chaptered by the Secretary of State. Res. Chapter 60, Statutes of 2011.	29
SJR 13	Cross-Border Transmission Lines	Chaptered by the Secretary of State. Res. Chapter 96, Statutes of 2011.	Page 29

Infrastructure

Bill Number	Topic	Status	Page Number
AB 16	High-Speed Rail Authority	Signed by the Governor, Chapter	32

		413, Statutes 2012.	
AB 41	High Speed Rail and Conflicts of Interest	Signed by the Governor, Chapter 626, Statues 2012.	32
AB 145	High-Speed Rail Authorization	Vetoed by the Governor, 2012. (vetoed bill was a different subject matter from the measure that passed JEDE)	33
AB 391	Renewable Energy Resources and Local Publicly Owned Electric Utilities	Signed by the Governor, Chapter 172, Statues 2012.	33
AB 423	Reorganization of the California Infrastructure Bank	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	33
AB 615	High-Speed Rail Exemption	Signed by the Governor, Chapter 530, Statutes of 2011.	33
AB 650	Blue Ribbon Task Force on Public Transportation For the 21st Century	Vetoed by the Governor, 2011.	33
AB 664	Infrastructure Financing Districts and the America's Cup Venues	Signed by the Governor, Chapter 314, Statutes of 2011.	34
AB 696	Economic Development Mandate for Infrastructure Projects	Vetoed by the Governor, 2011.	34
AB 700	Independent Infrastructure Bank	Vetoed by the Governor, 2011.	34
AB 724	Clean Energy Jobs and Investment Act	Failed passage on Senate Floor, 2011.	34
AB 893	Technical Assistance for Infrastructure Development	Held in the Senate Committee on Appropriations, 2011.	34
AB 982	Land Exchange for Renewable Energy-Related Projects	Signed by the Governor, Chapter 485, Statutes of 2011.	35

AB 983	Safe Drinking Water Fund	Signed by the Governor, Chapter 515, Statutes of 2011.	35
AB 1094	Board Membership of the California Infrastructure Bank	Held in the Senate Committee on Rules, 2012. (held bill is different from the measure heard in JEDE)	35
AB 1545	Bi-National Infrastructure and Economic Development Bank	Held in the Assembly Committee on Appropriations, 2012.	35
ABX1-14	Energy Upgrade Financing	Signed by the Governor, Extraordinary Session One Chapter 9, Statutes of 2011.	35
SB 214	Voter Approval of Infrastructure Financing Districts	Vetoed by the Governor, 2012.	35
SB 245	Military Base Reuse	Held in the Assembly Committee on Appropriations, 2012.	36
SB 310	Incentive for Transit Development	Signed by the Governor, Chapter 446, Statutes of 2011.	36
SB 325	Central California Rail	Signed by the Governor, Chapter 234, Statutes of 2011.	36
SB 555	Renewable Energy Facilities	Signed by the Governor, Chapter 493, Statutes of 2011.	36
SB 771	California Alternative Energy and Advanced Transportation Financing Authority	Signed by the Governor, Chapter 598, Statutes of 2011.	36
SB 822	Five-Year Infrastructure Plan	Held in the Assembly Committee on Budget, 2011.	36
SB 907	20-Year Infrastructure Master Plan	Held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.	36

SB 922	Public Contracts and Project Labor Agreements	Signed by the Governor, Chapter 431, Statutes of 2011.	36
SJR-13	Cross-Border Transmission Lines	Chaptered by the Secretary of State, Res. Chapter 96, Statutes of 2011.	37

Regulatory Reform

Bill Number	Topic	Status	Page Number
AB 135	Small Business Member on the Air Resources Board	Vetoed by the Governor, 2011.	39
AB 632	Regulations: Legislative Notice	Held in the Assembly Committee on Business, Professions, and Consumer Protection, 2012.	39
AB 892	Federal Pilot on Streamlining Environmental Reviews	Signed by the Governor, Chapter 482, Statutes of 2011.	39
AB 900	Jobs and Economic Through Environmental Leadership	Signed by the Governor, Chapter 354, Statutes of 2011.	39
AB 1037	Small Business Regulatory Reform	Held in the Assembly Committee on Appropriations, 2011.	39
AB 1409	Small Business Regulation Reforms	Held in the Senate Committee on Rules, 2012.	40
AB 1530	Clean Manufacturing Zones	Held in the Assembly Committee on Appropriations, 2012.	40
SB 16	Renewable Energy and Expedited Permitting	Signed by the Governor, Chapter 311, Statutes of 2011.	40
SB 52	Clean-Up to Jobs and Economic Improvement Through Environmental Leadership Act of 2011	Held in the Assembly Committee on Jobs, Economic Development, and the Economy, 2012.	40
SB 353	Economic Analysis of	Held in the Senate	

	Regulations	Committee on Governmental Organization, 2012.	40
SB 366	Agency Review of Regulations	Held in the Senate Committee on Governmental Organization, 2012.	40
SB 396	Regulation Review Process	Held in the Senate Committee on Environmental Quality, 2012.	40
SB 560	Small Business Regulations	Held in the Senate Committee on Environmental Quality, 2012.	41
SB 617	State Government and Financial and Administrative Accountability	Signed by the Governor, Chapter 496, Statutes of 2011.	41
SB 639	Economic Impact Analysis of Regulations	Held in the Senate Committee on Environmental Quality, 2012.	41
SB 643	Estimating Cost of Administrative Procedures	Held in the Assembly Committee on Appropriations, 2011.	42
SB 1099	Streamline Implementation of Regulations	Signed by the Governor, Chapter 295, Statutes of 2012.	42

Workforce Development

Bill Number	Topic	Status	Page Number
AB 790	Linked Learning Pilot Program	Signed by the Governor, Chapter 616, Statutes of 2011.	43
AB 1310	Career Technical Education and Workforce Development	Vetoed by the Governor, 2011.	43
AB 1330	Graduation Requirements	Signed by the Governor, Chapter 621, Statutes of 2011.	44
AB 1544	Agriculture Jobs & Industry Stabilization Act of 2012	Held on the Assembly Floor, 2012.	44

AB 1546	High Skill Foreign Workers	Held in the Assembly Committee on Labor and Employment, 2012.	44
AB 2309	Public Private Partnership Model	Vetoed by the Governor, 2012.	44
SB 43	CalFRESH Employment Training	Signed by the Governor, Chapter 507, Statutes of 2011.	44
SB 56	Apprenticeship Oversight	Signed by the Governor, Chapter 696, Statutes of 2011.	45
SB 128	Funding of High Performance Schools	Signed by the Governor, Chapter 622, Statutes of 2011.	45
SB 292	Community College Transfers	Signed by the Governor, Chapter 353, Statutes of 2011.	45
SB 361	Minimum School Day Funding for the Center for Advanced Research and Technology	Signed by the Governor, Chapter 625, Statutes of 2011.	45
SB 461	High School Equivalency Certificate	Signed by the Governor, Chapter 628, Statutes of 2011.	45
SB 500	Partnership Academies	Held in the Senate Committee on Appropriations, 2011.	45
SB 650	College Promise Partnership	Signed by the Governor, Chapter 633, Statutes of 2011.	45
SB 671	Continuing Education for Court Reporters	Vetoed by the Governor, 2011.	45
SB 698	High Performance Local Workforce Development Boards	Signed by the Governor, Chapter 497, Statutes of 2011.	46
SB 734	Local Workforce Investment Boards Expenditures II	Signed by the Governor, Chapter 498, Statutes of 2011.	46
SB 776	Local Workforce Investment Boards Expenditures I	Failed passage in the Assembly Committee on Appropriations, 2012.	46

SB 779	Personal Finance Education	Held in the Assembly Committee on Appropriations, 2011.	46
SB 813	Priority Registration for Veterans	Signed by the Governor, Chapter 375, Statutes of 2011.	46
SB 922	Public Contracts: Project Labor Agreements	Signed by the Governor, Chapter 431, Statutes of 2011.	46
SB 1070	Career Technical Education Pathways	Signed by the Governor, Chapter 433, Statutes of 2012.	47
SB 1401	California Workforce Investment Act	Held in the Assembly Committee on Appropriations, 2012.	47
SB 1402	California Workforce and Economic Development Program	Signed by the Governor, Chapter 361, Statutes of 2012.	47
SB 1550	Career Technical Education	Held in the Assembly Committee on Higher Education, 2012.	47

Glossary of Terms

Jobs, Economic Development and the Economy

Abbreviations

BTH: Business Transportation and Housing Agency.

CAEZ: California Association of Enterprise Zones.

CalBIS: California Business Investment Services.

CalED: California Association for Local Economic Development.

Cal EMA: California Emergency Management Agency.

CALGOLD: California Government Online to Desktops.

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

CDFI: Community Development Financial Institution.

CEDP: California Economic Development Partnership.

DGS: Department of General Services.

DVBE: Disabled Veterans Business Enterprise.

EDC: Economic Development Corporation.

EDD: Employment Development Department.

ETP: Employment Training Panel.

EZ: Enterprise Zone.

FDI: Foreign Direct Investment.

G-TEDA: Geographically-Targeted Economic Development Area.

GOED: Governor's office of Economic Development.

HCD: Department of Housing and Community Development.

I-BANK: Infrastructure and Economic Development Bank.

JEDE: Jobs, Economic Development and the Economy Committee.

JTPA: Job Training Partnership Act.

LAMBRA: Local Agency Military Base Recovery Area.

MASA: Military and Aerospace Support Act.

MEA: Manufacturing Enhancement Area.

MOU: Memorandum of Understanding.

ROI: Return on Investment.

SBA: Small Business Administration.

SBE: Small Business Enterprise.

SBLGP: Small Business Loan Guarantee Program.

TEA: Targeted Employment Area.

TTA: Targeted Tax Area.

WIA: Workforce Investment Act.

WIB: Workforce Investment Board.

Definitions:

BUSINESS TRANSPORTATION AND HOUSING AGENCY (BTH): BTH oversees the activities of 14 departments consisting of more than 45,000 employees, a budget greater than \$18 billion, plus several economic development programs and commissions. Its operations address financial services, transportation, affordable housing, tourism, managed health care plans and public safety.

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

CALIFORNIA BUSINESS INVESTMENT SERVICES (CalBIS): Housed in the Governor's Office of Economic Development (GOED), CalBIS serves employers, corporate real estate executives, and site location consultants considering California for new business investment and expansion.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED): CALED is a statewide professional economic development organization

dedicated to advancing its members' ability to achieve excellence in delivering economic development services to their communities and business clients. CALED's membership consists of public and private organizations and individuals involved in economic development.

CALIFORNIA EMERGENCY MANAGEMENT AGENCY (Cal EMA): Cal EMA merged the duties and powers of the former Governor's Office of Emergency Services with those of the Governor's office of Homeland Security.

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

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

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

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

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

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

DISABLED VETERAN BUSINESS ENTERPRISE (DVBE): Certified DVBE's that meet eligibility requirements are eligible to receive bid preferences on state contracts. DGS's Procurement Division certifies DVBEs and participates in the DVBE Council.

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

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

EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD): EDD offers a wide variety of services under the Job Service, Unemployment Insurance, Disability Insurance, Workforce Investment, and Labor Market Information programs. As California's largest tax collection agency, EDD also handles the audit and collection of payroll taxes and maintains employment records for more than 16 million California workers.

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

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

GEOGRAPHICALLY TARGETED ECONOMIC DEVELOPMENT AREA (G-TEDA): A generic term for all geographically-based economic incentive areas in California, including Targeted Tax Areas (TTAs), Local Agency Military Base Recovery Areas (LAMBRAs), Enterprise Zones (EZs), and Manufacturing Enhancement Areas (MEAs.)

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT (GOED): GOED is a one-stop shop intended to help businesses to invest and expand in California. It was established in 2010 by Executive Order S-05-10.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK): The I-Bank is a state financing authority that provides low-cost financing to public agencies, manufacturing companies, nonprofit organizations and other entities eligible for tax-exempt financing. Since January 1, 1999, the I-Bank has financed more than \$32 billion in tax-exempt bonds and loans for economic development and public infrastructure projects throughout the state, and various other financings.

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

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

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

MICROBUSINESS: A small business which, together with affiliates, have annual gross receipts of less than \$3,500,000 or is a manufacturer of 25 or fewer employees.

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

industry. These codes are frequently used in legislation to identify industries, especially those benefiting from certain tax legislation like the Manufacturers Investment Credit (MIC).

SMALL BUSINESS ADMINISTRATION (SBA): Since its founding in 1976 the U.S. Small Business Administration has delivered about 20 million loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.

SMALL BUSINESS ENTERPRISE (SBE): A business with 100 or fewer employees, and an average annual gross receipts of \$14 million or less over the previous three tax years, or a manufacturer with 100 or fewer employees. SBE's are eligible to receive a 5% bid preference on state contracts.

SMALL BUSINESS LOAN GUARANTEE PROGRAM (SBLGP): The state Small Business Loan Guarantee Program (SBLGP) provides guarantees on bank loans to small businesses that would otherwise not be made. A network of 11 Small Business Financial Development Corporations - working closely with small business borrowers and local community banks - issues the guarantees on behalf of the state. The program provided 1,319 guaranteed loans in Fiscal Year 2006-07.

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

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

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

WORKFORCE INVESTMENT ACT (WIA): The federal Workforce Investment Act (WIA), which superseded the Job Training Partnership Act, offers a comprehensive range of workforce development activities through statewide and local organizations. Available workforce development activities provided in local communities can benefit job seekers, laid off workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. The purpose of these activities is to promote an increase in the employment, job retention, earnings, and occupational skills improvement by participants.

WORKFORCE INVESTMENT BOARD (WIB): The Governor has appointed a State Workforce Investment Board (WIB) consisting primarily of representatives from

businesses, labor organizations, educational institutions, and community organizations. The State WIB assists the Governor in designing a statewide plan and establishing appropriate program policy.