

AMENDED IN ASSEMBLY MARCH 16, 2020

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 3101**

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**Introduced by Assembly Member Blanca Rubio Assembly Members  
Blanca Rubio and Cervantes**

February 21, 2020

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An act to add Section 18410.3 to, and to add and repeal Sections 17053.9 and 23622.9 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 3101, as amended, Blanca Rubio. ~~Personal income taxes: corporation~~ *Income taxes: credits: California New Markets Tax Credit.*

*Existing federal law allows a New Markets Tax Credit to a taxpayer holding a qualified equity investment in an amount equal to the applicable percentage of the amount paid to the qualified community development entity for investment in low-income communities. The state Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.*

*This bill would allow a California New Markets Tax Credit under the Personal Income Tax Law and the Corporation Tax Law, in modified conformity with the federal New Markets Tax Credit, for taxable years beginning on or after January 1, 2021, and before January 1, 2026, in a specified amount for investments in low-income communities. The bill would limit the total annual amount of credit allowed pursuant to these provisions to \$50,000,000 per calendar year. The bill would impose specified duties on the Governor's Office of Business and Economic Development (GO-Biz) with regard to the application for, and allocation of, the credit. The bill would require GO-Biz to establish*

*and impose reasonable fees upon entities that apply for the allocation of the credit, to be deposited in the California New Markets Tax Credit Account established by the bill within the California Economic Development Fund, and use the revenue, upon annual appropriation by the Legislature, to defray the cost of applying to and administering the credits, as specified. The bill would only authorize the allocation for these credits for those taxable years for which moneys are appropriated to GO-Biz to administer these credits for those taxable years.*

*Existing law requires any bill authorizing a new tax expenditure, including income tax credits under the Personal Income Tax Law and the Corporation Tax Law, to contain, among other things, specific goals, purposes, and objectives that the new tax expenditure will achieve, detailed performance indicators, and data collection requirements, as provided.*

*This bill would also include that additional information required for any bill authorizing a new tax expenditure.*

*The bill would provide that its provisions are severable.*

*This bill would take effect immediately as a tax levy.*

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~~This bill would allow a California New Markets Tax Credit under the Personal Income Tax Law and the Corporation Tax Law, in modified conformity with the federal New Markets Tax Credit, for taxable years beginning on or after January 1, 2021, and before January 1, 2026, in a specified amount for investments in low-income communities. The bill would limit the total annual amount of credit allowed pursuant to these provisions to \$100,000,000 per calendar year. The bill would impose specified duties on the Governor's Office of Business and Economic Development (GO-Biz) with regard to the application for, and allocation of, the credit. The bill would require GO-Biz to establish and impose reasonable fees upon entities that apply for the allocation of the credit, to be deposited in the California New Markets Tax Credit Account established by the bill within the California Economic Development Fund, and use the revenue, upon annual appropriation by the Legislature, to defray the cost of applying to and administering the~~

credits, as specified. The bill would authorize the allocation for these credits only for those taxable years for which moneys are appropriated to GO-Biz to administer these credits for those taxable years.

The bill would provide that its provisions are severable.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. *The Legislature finds and declares the following:*

2     (a) *While many areas of California have recovered from the*  
3 *economic and community development impacts of the 2006*  
4 *financial crisis and the 2010 global recession, Californians in a*  
5 *number of communities and neighborhoods are still experiencing*  
6 *their lingering effects. In some cases, this has resulted in small*  
7 *and medium businesses in low-income areas lacking sufficient*  
8 *access to capital and technical assistance. Given that the state has*  
9 *many needs and limited resources, moneys from the private sector*  
10 *are necessary to fill this capital and investment gap.*

11     (b) *Initially enacted in 2000, the federal government established*  
12 *the New Markets Tax Credit (NMTC) Program, which uses a*  
13 *market-based approach for expanding capital and technical*  
14 *assistance to businesses in lower income communities. The federal*  
15 *program is jointly administered by the Community Development*  
16 *Financial Institutions Fund (CDFI Fund) and the Internal Revenue*  
17 *Service. The NMTC Program allocates federal tax incentives to*  
18 *community development entities (CDEs) and community*  
19 *development financial institutions (CDFIs), which they then use*  
20 *to attract private investors who contribute funds that can be used*  
21 *to finance and invest in businesses and develop real estate in*  
22 *low-income communities.*

23     (c) *Through 14 application rounds (2003 to 2017, inclusive) of*  
24 *the NMTC Program, the CDFI Fund has made 1,105 awards,*  
25 *allocating a total of \$54 billion in tax credit authority to CDEs*  
26 *through a competitive application process, including \$3 billion in*  
27 *American Recovery and Reinvestment Act of 2009 awards and \$1*  
28 *billion of special allocation authority to be used for the recovery*  
29 *and redevelopment of the Gulf Opportunity Zone. Since its*  
30 *inception, the CDFI Fund has allocated tax credit authority to 413*

1 CDEs headquartered in 45 states, the District of Columbia, Puerto  
2 Rico, and Guam. Of the qualified equity investments deployed,  
3 more than 75 percent were in severely distressed areas and 55  
4 percent with unemployment rates 150 percent above the statewide  
5 average.

6 (d) Based on program activities reported through Fiscal Year  
7 2016, CDEs and CDFIs disbursed a total of \$44,421,718,023 in  
8 qualified equity investment proceeds toward 5,333 projects. Since  
9 2003, the NMTC Program has created or retained an estimated  
10 197,585 jobs nationally. It has also supported the construction of  
11 32.4 million square feet of manufacturing space, 74.8 million  
12 square feet of office space, and 57.5 million square feet of retail  
13 space. The United States Department of the Treasury reports that  
14 a secondary benefit is that as these communities develop, they  
15 become more attractive to investors, catalyzing a ripple effect that  
16 spurs further investments and revitalization.

17 (e) For every \$1 invested by the federal government, the NMTC  
18 Program generates over \$8 of private investment. The NMTC  
19 Program catalyzes investment in the most economically challenged  
20 areas of the state. Over 75 percent of New Markets Tax Credit  
21 investments have been made in highly distressed areas, meaning  
22 the household income was less than 60 percent of statewide median  
23 income and the poverty rate was higher than 30 percent.

24 (f) The federal NMTC totals 39 percent of the original  
25 investment amount in the CDE and is claimed over a period of  
26 seven years (5 percent for each of the first three years and 6  
27 percent for each of the remaining four years). Any investment by  
28 any taxpayer in the CDE redeemed before the end of the seven-year  
29 period will be recaptured.

30 (g) Twelve states in the United States have adopted state  
31 programs using the NMTC model including Alabama, Florida,  
32 Illinois, Nevada, and Oregon. While some of the programs  
33 substantially mirror the federal program, others vary in both the  
34 percentage of the credit and some of the policies that form the  
35 foundation of the credit. One of the reasons cited for establishing  
36 state-level programs is to make a state more attractive to CDEs,  
37 which results in increasing the amount of federal NMTCs being  
38 utilized in a state. Further, several studies, including a January  
39 1, 2011, case study by Pacific Community Ventures, showed that  
40 for every dollar of forgone tax revenue, the federal NMTC

1 leverages twelve dollars (\$12) to fourteen dollars (\$14) of private  
2 investment.

3 SEC. 2. Section 17053.9 is added to the Revenue and Taxation  
4 Code, to read:

5 17053.9. (a) There is hereby created the California New  
6 Markets Tax Credit Program as provided in this section and  
7 Section 23622.9. The purpose of this program is to stimulate  
8 private sector investment in lower income communities by  
9 providing a tax incentive to community and economic development  
10 entities that can be leveraged by the entity to attract private sector  
11 investment that in turn will be deployed by providing financing  
12 and technical assistance to small- and medium-sized businesses  
13 and the development of commercial, industrial, and community  
14 development projects, including, but not limited to, facilities for  
15 nonprofit service organizations, light manufacturing, and  
16 mixed-use and transit-oriented development. GO-Biz shall  
17 administer this program as provided in this section and Section  
18 23622.9.

19 (b) (1) For taxable years beginning on or after January 1, 2021,  
20 and before January 1, 2026, and subject to subdivision (k), there  
21 shall be allowed as a credit against the “net tax,” as defined in  
22 Section 17039, in an amount determined in accordance with  
23 Section 45D of the Internal Revenue Code, relating to the new  
24 markets tax credit, as modified in this section.

25 (2) For the purposes of this section, “GO-Biz” means the  
26 Governor’s Office of Business and Economic Development.

27 (c) Section 45D of the Internal Revenue Code is modified as  
28 follows:

29 (1) Section 45D(a)(2) of the Internal Revenue Code, relating  
30 to applicable percentage, is modified by substituting for “(A) 5  
31 percent with respect to the first 3 credit allowance dates, and (B)  
32 6 percent with respect to the remainder of the credit allowance  
33 dates” with the following:

34 (A) Six percent with respect to the first two credit allowance  
35 dates.

36 (B) Three percent with respect to the third credit allowance  
37 date.

38 (C) Six percent with respect to the remainder of the credit  
39 allowance dates.

1 (2) *The term “qualified active low-income community business,”*  
2 *as defined in Section 45D(d)(2) of the Internal Revenue Code, is*  
3 *modified as follows:*

4 (A) *By substituting “any low-income community in California”*  
5 *for “any low-income community” every place it appears in Section*  
6 *45D of the Internal Revenue Code.*

7 (B) *A qualified active low-income community business shall not*  
8 *include any business that derives, or projects to derive, 15 percent*  
9 *or more of its annual revenue from the rental or sale of real estate.*  
10 *This exclusion does not apply to a business that is controlled by,*  
11 *or under common control with, another business if the second*  
12 *business: (i) does not derive or project to derive 15 percent or*  
13 *more of its annual revenue from the rental or sale of real estate;*  
14 *and (ii) is the primary tenant of the real estate leased from the first*  
15 *business.*

16 (C) (i) *Subject to clause (ii), a qualified active low-income*  
17 *community business shall only include a business that, at the time*  
18 *the initial investment is made, has 250 or fewer employees and is*  
19 *located in one or more California low-income communities. The*  
20 *operating business shall meet all other conditions of a qualified*  
21 *active low-income community business, except as modified by this*  
22 *paragraph.*

23 (ii) *The requirement specified in clause (i) does not apply to a*  
24 *business that is located in a tribal trust land held communally by*  
25 *a federally recognized tribe and managed by the tribal government.*

26 (D) *A qualified active low-income community business shall*  
27 *only include a business located in any of the following:*

28 (i) *Census tracts designated by the United States Treasury as*  
29 *a qualified opportunity zone pursuant to Section 1400Z-1 of the*  
30 *Internal Revenue Code, relating to designation.*

31 (ii) *Census tracts with a poverty rate greater than 30 percent.*

32 (iii) *Census tracts, if located within a nonmetropolitan area,*  
33 *with a median family income that does not exceed 60 percent of*  
34 *median family income for this state.*

35 (iv) *Census tracts, if located within a metropolitan area, with*  
36 *a median family income that does not exceed 60 percent of the*  
37 *greater of the California median family income or the metropolitan*  
38 *area median family income.*

39 (v) *Census tracts with unemployment rates at least 1.5 times*  
40 *the national average.*

1 (E) A qualified active low-income community business shall not  
2 include any business that operates or derives revenues from the  
3 operation of a country club, gaming establishment, massage  
4 business or establishment, liquor store, or golf course.

5 (F) A qualified active low-income community business shall not  
6 include any business that operates or derives revenues from the  
7 operation of a sexually oriented business. A “sexually oriented  
8 business” means a commercial enterprise that provides, or has  
9 provided in the 24 months prior to the date of the submission of  
10 an application described in subdivision (d) by the taxpayer, for  
11 an audience of two or more individuals live nude entertainment  
12 or live nude performances where the nudity is a function of  
13 everyday business operations and where nudity is a planned and  
14 intentional part of the entertainment or performance. “Nude”  
15 means clothed in a manner that leaves uncovered or visible,  
16 through less than fully opaque clothing, any portion of the genitals  
17 or, in the case of a female, any portion of the breasts below the  
18 top of the areola of the breasts.

19 (G) A qualified active low-income community business shall  
20 not include a charter school.

21 (3) Section 45D(f) of the Internal Revenue Code, relating to  
22 national limitation on amount of investments designated, is  
23 modified as follows:

24 (A) The following shall apply in lieu of the provisions of Section  
25 45D(f)(1) of the Internal Revenue Code: Subject to paragraph (3)  
26 of subdivision (d), the aggregate amount of qualified equity  
27 investments that may be allocated in any calendar year for  
28 purposes of this section and Section 23622.9 shall be fifty million  
29 dollars (\$50,000,000) per calendar year. The allocation of any  
30 undesignated qualified equity investments shall be returned to  
31 GO-Biz by March 1 of the year following allocation and the value  
32 of the undesignated qualified equity investment shall be available  
33 for allocation in the following calendar years in accordance with  
34 the application process. Any qualified equity investment  
35 attributable to recaptured credits shall be available to GO-Biz on  
36 March 1 of the year following recapture and shall be available  
37 for allocation in the following calendar years in accordance with  
38 subparagraph (B) of paragraph (4). Reallocated qualified equity  
39 investments attributable to recapture credits shall not count against  
40 the annual or the cumulative limit.

1 (B) The references to “the Secretary” in Section 45D(f)(2) of  
2 the Internal Revenue Code, relating to allocation of limitation,  
3 are modified to read “GO-Biz.”

4 (C) The last sentence of Section 45D(f)(3) of the Internal  
5 Revenue Code, relating to carryover of unused limitation, shall  
6 not apply.

7 (4) Section 45D(g)(3) of the Internal Revenue Code, relating  
8 to recapture event, is modified to add the following:

9 (A) GO-Biz shall establish a process, in consultation with the  
10 Franchise Tax Board, for the recapture of credits allowed under  
11 this section from the entity that claimed the credit on a return.

12 (B) Recaptured qualified equity investments revert back to  
13 GO-Biz and shall be reissued. The reissue shall not count toward  
14 the annual or cumulative allocation limitation.

15 (C) Enforcement of each of the recapture provisions shall be  
16 subject to a six-month cure period.

17 (d) (1) GO-Biz shall adopt guidelines necessary or appropriate  
18 to carry out its responsibilities with respect to the allocation,  
19 monitoring, and management of the tax credit program authorized  
20 by this section.

21 (2) (A) GO-Biz shall establish and impose reasonable fees upon  
22 entities that apply for the allocation pursuant to this subdivision  
23 that in the aggregate defray the cost of reviewing applications for  
24 the program. GO-Biz may impose other reasonable fees upon  
25 entities that receive the allocation pursuant to this subdivision that  
26 in the aggregate defray the cost of administering the program.

27 (B) The fees collected shall be deposited in the California New  
28 Markets Tax Credit Account established in Section 18410.3.

29 (3) In developing guidelines, GO-Biz shall adopt an allocation  
30 process that does all of the following:

31 (A) Creates an equitable distribution process that ensures that  
32 low-income community populations across the state have an  
33 opportunity to benefit from the program.

34 (B) Sets minimum organizational capacity standards that  
35 applicants are required to meet in order to receive an allocation  
36 of authority to designate qualified equity investments, including,  
37 but not limited to, its business strategy, targeted community  
38 outcomes, capitalization strategy, and management capacity.

39 (C) Considers the qualified community development entity’s  
40 prior qualified low-income community investments under Section



1 45D of the Internal Revenue Code and other similar programs, as  
2 determined by GO-Biz.

3 (D) Gives priority to both of the following:

4 (i) Applications that commit to addressing the hardest to serve  
5 and undercapitalized lower income populations.

6 (ii) Applications that support neighborhood revitalization  
7 strategies driven by local grassroots stakeholders.

8 (4) Subject to subdivision (k), GO-Biz shall begin accepting  
9 applications on or before January 15, 2021, and shall award  
10 authority to designate qualified equity investments annually  
11 through 2025.

12 (5) In the instance where GO-Biz determines that an application  
13 has a minor, nonsubstantive error or omission, the qualified  
14 community development entity shall be given five business days  
15 to correct the deficiency or provide the omitted information.

16 (6) A member of the review committee, established to review  
17 applications pursuant to this section, shall not have a financial  
18 interest, which includes, but is not limited to, asking, consenting,  
19 or agreeing to receive any commission, emolument, gratuity,  
20 money, property, or thing of value for their own use, benefit, or  
21 personal advantage for procuring or endeavoring to procure for  
22 any person, partnership, joint venture, association, or corporation  
23 any qualified equity investment or other assistance from any  
24 applicant.

25 (e) An approved applicant may transfer all or a portion of its  
26 certified qualified equity investment authority to its controlling  
27 entity or any subsidiary qualified community development entity  
28 of the controlling entity, provided that the applicant and the  
29 transferee notify GO-Biz within 30 calendar days of such transfer  
30 and include the information required in the application with respect  
31 to such transferee with such notice. The transferee shall be subject  
32 to the same rules, requirements, and limitations applicable to the  
33 transferor.

34 (f) Within 200 calendar days of GO-Biz sending notice of  
35 certification, the qualified community development entity or any  
36 transferee, under subdivision (e), shall issue the qualified equity  
37 investment and receive cash in the amount of the certified amount.  
38 The qualified community development entity or transferee, under  
39 subdivision (e), shall provide GO-Biz with evidence of the receipt  
40 of the cash investment within 205 calendar days of the applicant

1 receiving notice of certification. If the qualified community  
2 development entity or any transferee, under subdivision (e), does  
3 not receive the cash investment and issue the qualified equity  
4 investment within 200 calendar days of GO-Biz sending the  
5 certification notice, the certification shall lapse and the entity may  
6 not issue the qualified equity investment without reapplying to  
7 GO-Biz for certification. Lapsed certifications revert back to  
8 GO-Biz and shall be reissued in accordance with the application  
9 process.

10 (g) A qualified community development entity that issues  
11 qualified equity investments shall notify GO-Biz of the names of  
12 taxpayers that are eligible to utilize tax credits pursuant to this  
13 section and any transfer of a qualified equity investment.

14 (h) (1) A qualified community development entity that issues  
15 qualified equity investments shall submit a report to GO-Biz that  
16 provides documentation as to the investment of at least 85 percent  
17 of the funds being deployed within one year of issuance in qualified  
18 low-income community investments in qualified active low-income  
19 community businesses located in California.

20 (2) The qualified community development entity shall submit  
21 an annual report to GO-Biz during the seven years following  
22 submittal of the report, pursuant to paragraph (1). No annual  
23 report shall be due prior to the first anniversary of the initial credit  
24 allowance date. The report shall include, but is not limited to, the  
25 following:

26 (A) The social, environmental, and economic impact the credit  
27 had on the low-income community during the report period and  
28 cumulatively.

29 (B) The amount of moneys used for qualified low-income  
30 investments in qualified low-income community businesses.

31 (C) The number of employment positions created and retained  
32 as a result of qualified low-income community investments and  
33 the average annual salary of such positions.

34 (D) The number of operating businesses assisted as a result of  
35 qualified low-income community investments, by industry and  
36 number of employees.

37 (E) Number of owner-occupied real estate projects.

38 (F) Location of each qualified low-income community business  
39 assisted by a qualified low-income community investment.

1 (G) Documentation that demonstrates the investment of the  
2 funds being deployed within the reporting period in qualified  
3 low-income community investments in qualified low-income  
4 community businesses located in California.

5 (H) Any other information requested by GO-Biz.

6 (i) (1) In the case where the credit allowed by this section  
7 exceeds the “net tax,” the excess may be carried over to reduce  
8 the “net tax” in the following year, and the six succeeding years  
9 if necessary, until the credit is exhausted.

10 (2) A taxpayer allowed a credit under this section for a qualified  
11 equity investment shall not be eligible for any other credit under  
12 this part with respect to that investment.

13 (3) The credit allowed under this section may be in addition to  
14 any credit allowed under Section 45D of the Internal Revenue  
15 Code.

16 (j) GO-Biz shall annually report on its internet website the  
17 information provided by low-income community development  
18 entities and on the geographic distribution of the qualified active  
19 low-income community businesses assisted.

20 (k) (1) The credit authorized by this section shall only be  
21 allocated by GO-Biz for those taxable years for which moneys are  
22 appropriated to GO-Biz to administer the California New Markets  
23 Tax Credit pursuant to 18410.3 for that taxable year. The  
24 appropriation shall specifically identify the California New  
25 Markets Tax Credit.

26 (2) For those taxable years for which those moneys are  
27 appropriated pursuant to paragraph (1), GO-Biz shall post notice  
28 of the appropriation on the homepage of its internet website and  
29 send notice of such appropriation to the Secretary of State and the  
30 Legislative Counsel.

31 (l) The Franchise Tax Board shall prescribe any rules or  
32 regulations that may be necessary or appropriate to implement  
33 the program authorized by this section and Section 23622.9. The  
34 Franchise Tax Board shall have access to any documentation held  
35 by GO-Biz relative to the application and reporting of the qualified  
36 community development entity.

37 (m) This section shall be repealed on December 1, 2026.

38 SEC. 3. Section 18410.3 is added to the Revenue and Taxation  
39 Code, to read:

1 18410.3. (a) *The California New Markets Tax Credit Account*  
2 *is hereby established in the California Economic Development*  
3 *Fund created pursuant to Section 13997.6 of the Government*  
4 *Code.*

5 (b) *Upon annual appropriation, moneys in the fund shall be*  
6 *used for the purposes described in subdivision (d) of Section*  
7 *17053.9 and subdivision (d) of Section 23622.9.*

8 SEC. 4. *Section 23622.9 is added to the Revenue and Taxation*  
9 *Code, to read:*

10 23622.9. (a) *There is hereby created the California New*  
11 *Markets Tax Credit Program as provided in this section and*  
12 *Section 17053.9. The purpose of this program is to stimulate*  
13 *private sector investment in lower income communities by*  
14 *providing a tax incentive to community and economic development*  
15 *entities that can be leveraged by the entity to attract private sector*  
16 *investment that in turn will be deployed by providing financing*  
17 *and technical assistance to small- and medium-sized businesses*  
18 *and the development of commercial, industrial, and community*  
19 *development projects, including, but not limited to, facilities for*  
20 *nonprofit service organizations, light manufacturing, and*  
21 *mixed-use and transit-oriented development. GO-Biz shall*  
22 *administer this program as provided in this section and Section*  
23 *17053.9.*

24 (b) (1) *For taxable years beginning on or after January 1, 2021,*  
25 *and before January 1, 2026, and subject to subdivision (k), there*  
26 *shall be allowed as a credit against the “tax,” as defined in Section*  
27 *23036, in an amount determined in accordance with Section 45D*  
28 *of the Internal Revenue Code, relating to the new markets tax*  
29 *credit, as modified in this section.*

30 (2) *For the purposes of this section, “GO-Biz” means the*  
31 *Governor’s Office of Business and Economic Development.*

32 (c) *Section 45D of the Internal Revenue Code is modified as*  
33 *follows:*

34 (1) *Section 45D(a)(2) of the Internal Revenue Code, relating*  
35 *to applicable percentage, is modified by substituting for “(A) 5*  
36 *percent with respect to the first 3 credit allowance dates, and (B)*  
37 *6 percent with respect to the remainder of the credit allowance*  
38 *dates” with the following:*

39 (A) *Six percent with respect to the first two credit allowance*  
40 *dates.*

1 (B) Three percent with respect to the third credit allowance  
2 date.

3 (C) Six percent with respect to the remainder of the credit  
4 allowance dates.

5 (2) The term “qualified active low-income community business,”  
6 as defined in Section 45D(d)(2) of the Internal Revenue Code, is  
7 modified as follows:

8 (A) By substituting “any low-income community in California”  
9 for “any low-income community” every place it appears in Section  
10 45D of the Internal Revenue Code.

11 (B) A qualified active low-income community business shall not  
12 include any business that derives, or projects to derive, 15 percent  
13 or more of its annual revenue from the rental or sale of real estate.  
14 This exclusion does not apply to a business that is controlled by,  
15 or under common control with, another business if the second  
16 business: (i) does not derive or project to derive 15 percent or  
17 more of its annual revenue from the rental or sale of real estate;  
18 and (ii) is the primary tenant of the real estate leased from the first  
19 business.

20 (C) (i) Subject to clause (ii), a qualified active low-income  
21 community business shall only include a business that, at the time  
22 the initial investment is made, has 250 or fewer employees and is  
23 located in one or more California low-income communities. The  
24 operating business shall meet all other conditions of a qualified  
25 active low-income community business, except as modified by this  
26 paragraph.

27 (ii) The requirement specified in clause (i) does not apply to a  
28 business that is located in a tribal trust land held communally by  
29 a federally recognized tribe and managed by the tribal government.

30 (D) A qualified active low-income community business shall  
31 only include a business located in any of the following:

32 (i) Census tracts designated by the United States Treasury as  
33 a qualified opportunity zone pursuant to Section 1400Z-1 of the  
34 Internal Revenue Code, relating to designation.

35 (ii) Census tracts with a poverty rate greater than 30 percent.

36 (iii) Census tracts, if located within a nonmetropolitan area,  
37 with a median family income that does not exceed 60 percent of  
38 median family income for this state.

39 (iv) Census tracts, if located within a metropolitan area, with  
40 a median family income that does not exceed 60 percent of the

1 greater of the California median family income or the metropolitan  
2 area median family income.

3 (v) Census tracts with unemployment rates at least 1.5 times  
4 the national average.

5 (E) A qualified active low-income community business shall not  
6 include any business that operates or derives revenues from the  
7 operation of a country club, gaming establishment, massage  
8 business or establishment, liquor store, or golf course.

9 (F) A qualified active low-income community business shall not  
10 include any business that operates or derives revenues from the  
11 operation of a sexually oriented business. A “sexually oriented  
12 business” means a commercial enterprise that provides, or has  
13 provided in the 24 months prior to the date of the submission of  
14 an application described in subdivision (d) by the taxpayer, for  
15 an audience of two or more individuals live nude entertainment  
16 or live nude performances where the nudity is a function of  
17 everyday business operations and where nudity is a planned and  
18 intentional part of the entertainment or performance. “Nude”  
19 means clothed in a manner that leaves uncovered or visible,  
20 through less than fully opaque clothing, any portion of the genitals  
21 or, in the case of a female, any portion of the breasts below the  
22 top of the areola of the breasts.

23 (G) A qualified active low-income community business shall  
24 not include a charter school.

25 (3) Section 45D(f) of the Internal Revenue Code, relating to  
26 national limitation on amount of investments designated, is  
27 modified as follows:

28 (A) The following shall apply in lieu of the provisions of Section  
29 45D(f)(1) of the Internal Revenue Code: Subject to paragraph (3)  
30 of subdivision (d), the aggregate amount of qualified equity  
31 investments that may be allocated in any calendar year for  
32 purposes of this section and Section 17053.9 shall be fifty million  
33 dollars (\$50,000,000) per calendar year. The allocation of any  
34 undesignated qualified equity investments shall be returned to  
35 GO-Biz by March 1 of the year following allocation and the value  
36 of the undesignated qualified equity investment shall be available  
37 for allocation in the following calendar years in accordance with  
38 the application process. Any qualified equity investment  
39 attributable to recaptured credits shall be available to GO-Biz on  
40 March 1 of the year following recapture and shall be available

1 for allocation in the following calendar years in accordance with  
2 subparagraph (B) of paragraph (4). Reallocated qualified equity  
3 investments attributable to recapture credits shall not count against  
4 the annual or the cumulative limit.

5 (B) The references to “the Secretary” in Section 45D(f)(2) of  
6 the Internal Revenue Code, relating to allocation of limitation,  
7 are modified to read “GO-Biz.”

8 (C) The last sentence of Section 45D(f)(3) of the Internal  
9 Revenue Code, relating to carryover of unused limitation, shall  
10 not apply.

11 (4) Section 45D(g)(3) of the Internal Revenue Code, relating  
12 to recapture event, is modified to add the following:

13 (A) GO-Biz shall establish a process, in consultation with the  
14 Franchise Tax Board, for the recapture of credits allowed under  
15 this section from the entity that claimed the credit on a return.

16 (B) Recaptured qualified equity investments revert back to  
17 GO-Biz and shall be reissued. The reissue shall not count toward  
18 the annual or cumulative allocation limitation.

19 (C) Enforcement of each of the recapture provisions shall be  
20 subject to a six-month cure period.

21 (d) (1) GO-Biz shall adopt guidelines necessary or appropriate  
22 to carry out its responsibilities with respect to the allocation,  
23 monitoring, and management of the tax credit program authorized  
24 by this section.

25 (2) (A) GO-Biz shall establish and impose reasonable fees upon  
26 entities that apply for the allocation pursuant to this subdivision  
27 that in the aggregate defray the cost of reviewing applications for  
28 the program. GO-Biz may impose other reasonable fees upon  
29 entities that receive the allocation pursuant to this subdivision that  
30 in the aggregate defray the cost of administering the program.

31 (B) The fees collected shall be deposited in the California New  
32 Markets Tax Credit Account established in Section 18410.3.

33 (3) In developing guidelines, GO-Biz shall adopt an allocation  
34 process that does all of the following:

35 (A) Creates an equitable distribution process that ensures that  
36 low-income community populations across the state have an  
37 opportunity to benefit from the program.

38 (B) Sets minimum organizational capacity standards that  
39 applicants are required to meet in order to receive an allocation  
40 of authority to designate qualified equity investments, including,

1 *but not limited to, its business strategy, targeted community*  
2 *outcomes, capitalization strategy, and management capacity.*

3 *(C) Considers the qualified community development entity's*  
4 *prior qualified low-income community investments under Section*  
5 *45D of the Internal Revenue Code and other similar programs, as*  
6 *determined by GO-Biz.*

7 *(D) Gives priority to both of the following:*

8 *(i) Applications that commit to addressing the hardest to serve*  
9 *and undercapitalized lower income populations.*

10 *(ii) Applications that support neighborhood revitalization*  
11 *strategies driven by local grassroots stakeholders.*

12 *(4) Subject to subdivision (k), GO-Biz shall begin accepting*  
13 *applications on or before January 15, 2021, and shall award*  
14 *authority to designate qualified equity investments annually*  
15 *through 2025.*

16 *(5) In the instance where GO-Biz determines that an application*  
17 *has a minor, nonsubstantive error or omission, the qualified*  
18 *community development entity shall be given five business days*  
19 *to correct the deficiency or provide the omitted information.*

20 *(6) A member of the review committee, established to review*  
21 *applications pursuant to this section, shall not have a financial*  
22 *interest, which includes, but is not limited to, asking, consenting,*  
23 *or agreeing to receive any commission, emolument, gratuity,*  
24 *money, property, or thing of value for their own use, benefit, or*  
25 *personal advantage for procuring or endeavoring to procure for*  
26 *any person, partnership, joint venture, association, or corporation*  
27 *any qualified equity investment or other assistance from any*  
28 *applicant.*

29 *(e) An approved applicant may transfer all or a portion of its*  
30 *certified qualified equity investment authority to its controlling*  
31 *entity or any subsidiary qualified community development entity*  
32 *of the controlling entity, provided that the applicant and the*  
33 *transferee notify GO-Biz within 30 calendar days of such transfer*  
34 *and include the information required in the application with respect*  
35 *to such transferee with such notice. The transferee shall be subject*  
36 *to the same rules, requirements, and limitations applicable to the*  
37 *transferor.*

38 *(f) Within 200 calendar days of GO-Biz sending notice of*  
39 *certification, the qualified community development entity or any*  
40 *transferee, under subdivision (e), shall issue the qualified equity*



1 *investment and receive cash in the amount of the certified amount.*  
2 *The qualified community development entity or transferee, under*  
3 *subdivision (e), shall provide GO-Biz with evidence of the receipt*  
4 *of the cash investment within 205 calendar days of the applicant*  
5 *receiving notice of certification. If the qualified community*  
6 *development entity or any transferee, under subdivision (e), does*  
7 *not receive the cash investment and issue the qualified equity*  
8 *investment within 200 calendar days of GO-Biz sending the*  
9 *certification notice, the certification shall lapse and the entity may*  
10 *not issue the qualified equity investment without reapplying to*  
11 *GO-Biz for certification. Lapsed certifications revert back to*  
12 *GO-Biz and shall be reissued in accordance with the application*  
13 *process.*

14 *(g) A qualified community development entity that issues*  
15 *qualified equity investments shall notify GO-Biz of the names of*  
16 *taxpayers that are eligible to utilize tax credits pursuant to this*  
17 *section and any transfer of a qualified equity investment.*

18 *(h) (1) A qualified community development entity that issues*  
19 *qualified equity investments shall submit a report to GO-Biz that*  
20 *provides documentation as to the investment of at least 85 percent*  
21 *of the funds being deployed within one year of issuance in qualified*  
22 *low-income community investments in qualified active low-income*  
23 *community businesses located in California.*

24 *(2) The qualified community development entity shall submit*  
25 *an annual report to GO-Biz during the seven years following*  
26 *submittal of the report, pursuant to paragraph (1). No annual*  
27 *report shall be due prior to the first anniversary of the initial credit*  
28 *allowance date. The report shall include, but is not limited to, the*  
29 *following:*

30 *(A) The social, environmental, and economic impact the credit*  
31 *had on the low-income community during the report period and*  
32 *cumulatively.*

33 *(B) The amount of moneys used for qualified low-income*  
34 *investments in qualified low-income community businesses.*

35 *(C) The number of employment positions created and retained*  
36 *as a result of qualified low-income community investments and*  
37 *the average annual salary of such positions.*

38 *(D) The number of operating businesses assisted as a result of*  
39 *qualified low-income community investments, by industry and*  
40 *number of employees.*

1 (E) Number of owner-occupied real estate projects.

2 (F) Location of each qualified low-income community business  
3 assisted by a qualified low-income community investment.

4 (G) Documentation that demonstrates the investment of the  
5 funds being deployed within the reporting period in qualified  
6 low-income community investments in qualified low-income  
7 community businesses located in California.

8 (H) Any other information requested by GO-Biz.

9 (i) (1) In the case where the credit allowed by this section  
10 exceeds the “tax,” the excess may be carried over to reduce the  
11 “tax” in the following year; and the six succeeding years if  
12 necessary, until the credit is exhausted.

13 (2) A taxpayer allowed a credit under this section for a qualified  
14 equity investment shall not be eligible for any other credit under  
15 this part with respect to that investment.

16 (3) The credit allowed under this section may be in addition to  
17 any credit allowed under Section 45D of the Internal Revenue  
18 Code.

19 (j) GO-Biz shall annually report on its internet website the  
20 information provided by low-income community development  
21 entities and on the geographic distribution of the qualified active  
22 low-income community businesses assisted.

23 (k) (1) The credit authorized by this section shall only be  
24 allocated by GO-Biz for those taxable years for which moneys are  
25 appropriated to GO-Biz to administer the California New Markets  
26 Tax Credit pursuant to 18410.3 for that taxable year. The  
27 appropriation shall specifically identify the California New  
28 Markets Tax Credit.

29 (2) For those taxable years for which those moneys are  
30 appropriated pursuant to paragraph (1), GO-Biz shall post notice  
31 of the appropriation on the homepage of its internet website and  
32 send notice of such appropriation to the Secretary of State and the  
33 Legislative Counsel.

34 (l) The Franchise Tax Board shall prescribe any rules or  
35 regulations that may be necessary or appropriate to implement  
36 the program authorized by this section and Section 17053.9. The  
37 Franchise Tax Board shall have access to any documentation held  
38 by GO-Biz relative to the application and reporting of the qualified  
39 community development entity.

40 (m) This section shall be repealed on December 1, 2026.

1     *SEC. 5. For the purposes of complying with Section 41 of the*  
2 *Revenue and Taxation Code, with respect to Sections 17053.9 and*  
3 *23622.9 of the Revenue and Taxation Code, as proposed to be*  
4 *added by this act, hereafter “credits,” the Legislature finds and*  
5 *declares as follows:*

6     *(a) Specific goals, purposes, and objectives: attract private*  
7 *sector investment in lower income communities in California.*

8     *(b) Performance indicators:*

9     *(1) Amount of qualified low-income community investments*  
10 *issued.*

11     *(2) Amount of dollars deployed in qualified low-income*  
12 *community investments.*

13     *(3) Number of operating businesses assisted as a result of*  
14 *qualified low-income community investments. This data shall be*  
15 *compared to business development, including startups, tax*  
16 *revenues, and new investments within the most immediate*  
17 *geographic area for which data is reasonably available for the 12*  
18 *and 24 months prior to the date on which any tax credits are*  
19 *allowed by the credits.*

20     *(4) Number of employment positions created and retained as a*  
21 *result of qualified low-income community investments and the*  
22 *average annual salary of those positions. These numbers shall be*  
23 *compared to the area median income and unemployment and*  
24 *poverty rates for the most immediate geographic areas for which*  
25 *data is reasonably available for the 12 and 24 months prior to the*  
26 *date on which any credits are allowed.*

27     *(c) Data collection requirements and baseline measurements:*

28     *(1) The baseline measurements include:*

29     *(A) The amount of tax credits issued in the year.*

30     *(B) The unemployment rate of the area.*

31     *(C) The poverty rate of the area.*

32     *(2) Data to collect includes:*

33     *(A) The amount of tax credits issued in the year.*

34     *(B) The number of operating businesses located in a low-income*  
35 *community that are assisted.*

36     *(C) The number of jobs created and retained as a result of*  
37 *qualified low-income community investments.*

38     *SEC. 6. The provisions of this act are severable. If any*  
39 *provision of this act or its application is held invalid, that invalidity*

1 shall not affect other provisions or applications that can be given  
2 effect without the invalid provision or application.

3 SEC. 7. This act provides for a tax levy within the meaning of  
4 Article IV of the California Constitution and shall go into  
5 immediate effect.

6 SECTION 1. The Legislature finds and declares the following:

7 (a) While many areas of California have recovered from the  
8 economic and community development impacts of the 2006  
9 financial crisis and the 2010 global recession, Californians in a  
10 number of communities and neighborhoods are still experiencing  
11 their lingering effects. In some cases, this has resulted in small  
12 and medium businesses in low-income areas lacking sufficient  
13 access to capital and technical assistance. Given that the state has  
14 many needs and limited resources, moneys from the private sector  
15 are necessary to fill this capital and investment gap.

16 (b) Initially enacted in 2000, the federal government established  
17 the New Markets Tax Credit (NMTC) Program, which uses a  
18 market-based approach for expanding capital and technical  
19 assistance to businesses in lower income communities. The federal  
20 program is jointly administered by the Community Development  
21 Financial Institutions Fund (CDFI Fund) and the Internal Revenue  
22 Service. The NMTC Program allocates federal tax incentives to  
23 community development entities (CDEs) and community  
24 development financial institutions (CDFIs), which they then use  
25 to attract private investors who contribute funds that can be used  
26 to finance and invest in businesses and develop real estate in  
27 low-income communities.

28 (c) Through 14 application rounds (2003 to 2017, inclusive) of  
29 the NMTC Program, the CDFI Fund has made 1,105 awards,  
30 allocating a total of \$54 billion in tax credit authority to CDEs  
31 through a competitive application process, including \$3 billion in  
32 American Recovery and Reinvestment Act of 2009 awards and  
33 \$1 billion of special allocation authority to be used for the recovery  
34 and redevelopment of the Gulf Opportunity Zone. Since its  
35 inception, the CDFI Fund has allocated tax credit authority to 413  
36 CDEs headquartered in 45 states, the District of Columbia, Puerto  
37 Rico, and Guam. Of the qualified equity investments deployed,  
38 more than 75 percent were in severely distressed areas and 55  
39 percent with unemployment rates 150 percent above the statewide  
40 average.

1 ~~(d) Based on program activities reported through Fiscal Year~~  
2 ~~2016, CDEs and CDFIs disbursed a total of \$44,421,718,023 in~~  
3 ~~qualified equity investment proceeds toward 5,333 projects. Since~~  
4 ~~2003, the NMTC Program has created or retained an estimated~~  
5 ~~197,585 jobs nationally. It has also supported the construction of~~  
6 ~~32.4 million square feet of manufacturing space, 74.8 million~~  
7 ~~square feet of office space, and 57.5 million square feet of retail~~  
8 ~~space. The United States Department of the Treasury reports that~~  
9 ~~a secondary benefit is that as these communities develop, they~~  
10 ~~become more attractive to investors, catalyzing a ripple effect that~~  
11 ~~spurs further investments and revitalization.~~

12 ~~(e) For every \$1 invested by the federal government, the NMTC~~  
13 ~~Program generates over \$8 of private investment. The NMTC~~  
14 ~~Program catalyzes investment in the most economically challenged~~  
15 ~~areas of the state. Over 75 percent of New Markets Tax Credit~~  
16 ~~investments have been made in highly distressed areas, meaning~~  
17 ~~the household income was less than 60 percent of statewide median~~  
18 ~~income and the poverty rate was higher than 30 percent.~~

19 ~~(f) The federal NMTC totals 39 percent of the original~~  
20 ~~investment amount in the CDE and is claimed over a period of~~  
21 ~~seven years (5 percent for each of the first three years and 6 percent~~  
22 ~~for each of the remaining four years). Any investment by any~~  
23 ~~taxpayer in the CDE redeemed before the end of the seven-year~~  
24 ~~period will be recaptured.~~

25 ~~(g) Twelve states in the United States have adopted state~~  
26 ~~programs using the NMTC model including Alabama, Florida,~~  
27 ~~Illinois, Nevada, and Oregon. While some of the programs~~  
28 ~~substantially mirror the federal program, others vary in both the~~  
29 ~~percentage of the credit and some of the policies that form the~~  
30 ~~foundation of the credit. One of the reasons cited for establishing~~  
31 ~~state-level programs is to make a state more attractive to CDEs,~~  
32 ~~which results in increasing the amount of federal NMTCs being~~  
33 ~~utilized in a state. Further, several studies, including a January 1,~~  
34 ~~2011, case study by Pacific Community Ventures, showed that for~~  
35 ~~every dollar of forgone tax revenue, the federal NMTC leverages~~  
36 ~~twelve dollars (\$12) to fourteen dollars (\$14) of private investment.~~

37 ~~SEC. 2. Section 17053.9 is added to the Revenue and Taxation~~  
38 ~~Code, to read:~~

39 ~~17053.9. (a) There is hereby created the California New~~  
40 ~~Markets Tax Credit Program as provided in this section and Section~~

1 ~~23622.9. The purpose of this program is to stimulate private sector~~  
2 ~~investment in lower income communities by providing a tax~~  
3 ~~incentive to community and economic development entities that~~  
4 ~~can be leveraged by the entity to attract private sector investment~~  
5 ~~that in turn will be deployed by providing financing and technical~~  
6 ~~assistance to small and medium-sized businesses and the~~  
7 ~~development of commercial, industrial, and community~~  
8 ~~development projects, including, but not limited to, facilities for~~  
9 ~~nonprofit service organizations, light manufacturing, and mixed-use~~  
10 ~~and transit-oriented development. GO-Biz shall administer this~~  
11 ~~program as provided in this section and Section 23622.9.~~

12 ~~(b) (1) For taxable years beginning on or after January 1, 2021,~~  
13 ~~and before January 1, 2026, and subject to subdivision (k), there~~  
14 ~~shall be allowed as a credit against the “net tax,” as defined in~~  
15 ~~Section 17039, in an amount determined in accordance with Section~~  
16 ~~45D of the Internal Revenue Code, relating to the new markets tax~~  
17 ~~credit, as modified in this section.~~

18 ~~(2) For the purposes of this section, “GO-Biz” means the~~  
19 ~~Governor’s Office of Business and Economic Development.~~

20 ~~(e) Section 45D of the Internal Revenue Code is modified as~~  
21 ~~follows:~~

22 ~~(1) Section 45D(a)(2) of the Internal Revenue Code, relating to~~  
23 ~~applicable percentage, is modified by substituting for “(A) 5~~  
24 ~~percent with respect to the first 3 credit allowance dates, and (B)~~  
25 ~~6 percent with respect to the remainder of the credit allowance~~  
26 ~~dates” with the following:~~

27 ~~(A) Six percent with respect to the first two credit allowance~~  
28 ~~dates.~~

29 ~~(B) Three percent with respect to the third credit allowance date.~~

30 ~~(C) Six percent with respect to the remainder of the credit~~  
31 ~~allowance dates.~~

32 ~~(2) The term “qualified active low-income community business,”~~  
33 ~~as defined in Section 45D(d)(2) of the Internal Revenue Code, is~~  
34 ~~modified as follows:~~

35 ~~(A) By substituting “any low-income community in California”~~  
36 ~~for “any low-income community” every place it appears in Section~~  
37 ~~45D of the Internal Revenue Code.~~

38 ~~(B) A qualified active low-income community business shall~~  
39 ~~not include any business that derives, or projects to derive, 15~~  
40 ~~percent or more of its annual revenue from the rental or sale of~~

1 real estate. This exclusion does not apply to a business that is  
2 controlled by, or under common control with, another business if  
3 the second business meets both of the following criteria:

4 (i) Does not derive or project to derive 15 percent or more of  
5 its annual revenue from the rental or sale of real estate.

6 (ii) Is the primary tenant of the real estate leased from the first  
7 business.

8 (C) (i) Subject to clause (ii), a qualified active low-income  
9 community business shall only include a business that, at the time  
10 the initial investment is made, has 250 or fewer employees and is  
11 located in one or more California low-income communities. The  
12 operating business shall meet all other conditions of a qualified  
13 active low-income community business, except as modified by  
14 this paragraph.

15 (ii) The requirement specified in clause (i) does not apply to a  
16 business that is located in a tribal trust land held communally by  
17 a federally recognized tribe and managed by the tribal government.

18 (D) A qualified active low-income community business shall  
19 only include a business located in census tracts with a poverty rate  
20 greater than 30 percent, or census tracts, if located within a  
21 nonmetropolitan area, with a median family income that does not  
22 exceed 60 percent of median family income for this state, or census  
23 tracts, if located within a metropolitan area, with a median family  
24 income that does not exceed 60 percent of the greater of the  
25 California median family income or the metropolitan area median  
26 family income, or census tracts with unemployment rates at least  
27 1.5 times the national average.

28 (E) A qualified active low-income community business shall  
29 not include any business that operates or derives revenues from  
30 the operation of a country club, gaming establishment, massage  
31 business or establishment, liquor store, or golf course.

32 (F) A qualified active low-income community business shall  
33 not include any business that operates or derives revenues from  
34 the operation of a sexually oriented business. A “sexually oriented  
35 business” means a commercial enterprise that provides, or has  
36 provided in the 24 months before the date of the submission of an  
37 application described in subdivision (d) by the taxpayer, for an  
38 audience of two or more individuals live nude entertainment or  
39 live nude performances where the nudity is a function of everyday  
40 business operations and where nudity is a planned and intentional

1 part of the entertainment or performance. “Nude” means clothed  
2 in a manner that leaves uncovered or visible, through less than  
3 fully opaque clothing, any portion of the genitals or, in the case  
4 of a female, any portion of the breasts below the top of the areola  
5 of the breasts.

6 ~~(G) A qualified active low-income community business shall~~  
7 ~~not include a charter school.~~

8 ~~(3) Section 45D(f) of the Internal Revenue Code, relating to~~  
9 ~~national limitation on amount of investments designated, is~~  
10 ~~modified as follows:~~

11 ~~(A) The following shall apply in lieu of the provisions of Section~~  
12 ~~45D(f)(1) of the Internal Revenue Code: Subject to paragraph (3)~~  
13 ~~of subdivision (d), the aggregate amount of qualified equity~~  
14 ~~investments that may be allocated in any calendar year for purposes~~  
15 ~~of this section and Section 23622.9 shall be one hundred million~~  
16 ~~dollars (\$100,000,000) per calendar year. The allocation of any~~  
17 ~~undesignated qualified equity investments shall be returned to~~  
18 ~~GO-Biz by March 1 of the year following allocation and the value~~  
19 ~~of the undesignated qualified equity investment shall be available~~  
20 ~~for allocation in the following calendar years in accordance with~~  
21 ~~the application process. Any qualified equity investment~~  
22 ~~attributable to recaptured credits shall be available to GO-Biz on~~  
23 ~~March 1 of the year following recapture and shall be available for~~  
24 ~~allocation in the following calendar years in accordance with~~  
25 ~~subparagraph (B) of paragraph (4). Reallocated qualified equity~~  
26 ~~investments attributable to recapture credits shall not count against~~  
27 ~~the annual or the cumulative limit.~~

28 ~~(B) The references to “the Secretary” in Section 45D(f)(2) of~~  
29 ~~the Internal Revenue Code, relating to allocation of limitation, are~~  
30 ~~modified to read “GO-Biz.”~~

31 ~~(C) The last sentence of Section 45D(f)(3) of the Internal~~  
32 ~~Revenue Code, relating to carryover of unused limitation, shall~~  
33 ~~not apply.~~

34 ~~(4) Section 45D(g)(3) of the Internal Revenue Code, relating~~  
35 ~~to recapture event, is modified to add the following:~~

36 ~~(A) GO-Biz shall establish a process, in consultation with the~~  
37 ~~Franchise Tax Board, for the recapture of credits allowed under~~  
38 ~~this section from the entity that claimed the credit on a return.~~



1 ~~(B) Recaptured qualified equity investments revert back to~~  
2 ~~GO-Biz and shall be reissued. The reissue shall not count toward~~  
3 ~~the annual or cumulative allocation limitation.~~

4 ~~(C) Enforcement of each of the recapture provisions shall be~~  
5 ~~subject to a six-month cure period.~~

6 ~~(d) (1) GO-Biz shall adopt guidelines necessary or appropriate~~  
7 ~~to carry out its responsibilities with respect to the allocation,~~  
8 ~~monitoring, and management of the tax credit program authorized~~  
9 ~~by this section.~~

10 ~~(2) (A) GO-Biz shall establish and impose reasonable fees upon~~  
11 ~~entities that apply for the allocation pursuant to this subdivision~~  
12 ~~that in the aggregate defray the cost of reviewing applications for~~  
13 ~~the program. GO-Biz may impose other reasonable fees upon~~  
14 ~~entities that receive the allocation pursuant to this subdivision that~~  
15 ~~in the aggregate defray the cost of administering the program.~~

16 ~~(B) The fees collected shall be deposited in the California New~~  
17 ~~Markets Tax Credit Account established in Section 18410.3.~~

18 ~~(3) In developing guidelines, GO-Biz shall adopt an allocation~~  
19 ~~process that does all of the following:~~

20 ~~(A) Creates an equitable distribution process that ensures that~~  
21 ~~low-income community populations across the state have an~~  
22 ~~opportunity to benefit from the program.~~

23 ~~(B) Sets minimum organizational capacity standards that~~  
24 ~~applicants are required to meet in order to receive an allocation of~~  
25 ~~authority to designate qualified equity investments, including, but~~  
26 ~~not limited to, its business strategy, targeted community outcomes,~~  
27 ~~capitalization strategy, and management capacity.~~

28 ~~(C) Considers the qualified community development entity's~~  
29 ~~prior qualified low-income community investments under Section~~  
30 ~~45D of the Internal Revenue Code and other similar programs, as~~  
31 ~~determined by GO-Biz.~~

32 ~~(D) Gives priority to both of the following:~~

33 ~~(i) Applications that commit to addressing the hardest to serve~~  
34 ~~and undercapitalized lower income populations.~~

35 ~~(ii) Applications that support neighborhood revitalization~~  
36 ~~strategies driven by local grassroots stakeholders.~~

37 ~~(4) Subject to subdivision (k), GO-Biz shall begin accepting~~  
38 ~~applications on or before January 15, 2021, and shall award~~  
39 ~~authority to designate qualified equity investments annually~~  
40 ~~through 2025.~~

1     ~~(5) In the instance where GO-Biz determines that an application~~  
2     ~~has a minor, nonsubstantive error or omission, the qualified~~  
3     ~~community development entity shall be given five business days~~  
4     ~~to correct the deficiency or provide the omitted information.~~

5     ~~(6) A member of the review committee, established to review~~  
6     ~~applications pursuant to this section, shall not have a financial~~  
7     ~~interest, which includes, but is not limited to, asking, consenting,~~  
8     ~~or agreeing to receive any commission, emolument, gratuity,~~  
9     ~~money, property, or thing of value for their own use, benefit, or~~  
10    ~~personal advantage for procuring or endeavoring to procure for~~  
11    ~~any person, partnership, joint venture, association, or corporation~~  
12    ~~any qualified equity investment or other assistance from any~~  
13    ~~applicant.~~

14    ~~(e) An approved applicant may transfer all or a portion of its~~  
15    ~~certified qualified equity investment authority to its controlling~~  
16    ~~entity or any subsidiary qualified community development entity~~  
17    ~~of the controlling entity, provided that the applicant and the~~  
18    ~~transferee notify GO-Biz within 30 calendar days of that transfer~~  
19    ~~and include the information required in the application with respect~~  
20    ~~to that transferee with that notice. The transferee shall be subject~~  
21    ~~to the same rules, requirements, and limitations applicable to the~~  
22    ~~transferor.~~

23    ~~(f) Within 200 calendar days of GO-Biz sending notice of~~  
24    ~~certification, the qualified community development entity or any~~  
25    ~~transferee, under subdivision (e), shall issue the qualified equity~~  
26    ~~investment and receive cash in the amount of the certified amount.~~  
27    ~~The qualified community development entity or transferee, under~~  
28    ~~subdivision (e), shall provide GO-Biz with evidence of the receipt~~  
29    ~~of the cash investment within 205 calendar days of the applicant~~  
30    ~~receiving notice of certification. If the qualified community~~  
31    ~~development entity or any transferee, under subdivision (e), does~~  
32    ~~not receive the cash investment and issue the qualified equity~~  
33    ~~investment within 200 calendar days of GO-Biz sending the~~  
34    ~~certification notice, the certification shall lapse and the entity may~~  
35    ~~not issue the qualified equity investment without reapplying to~~  
36    ~~GO-Biz for certification. Lapsed certifications revert back to~~  
37    ~~GO-Biz and shall be reissued in accordance with the application~~  
38    ~~process.~~

39    ~~(g) A qualified community development entity that issues~~  
40    ~~qualified equity investments shall notify GO-Biz of the names of~~

1 taxpayers that are eligible to utilize tax credits pursuant to this  
2 section and any transfer of a qualified equity investment.

3 (h) (1) A qualified community development entity that issues  
4 qualified equity investments shall submit a report to GO-Biz that  
5 provides documentation as to the investment of at least 85 percent  
6 of the funds being deployed within one year of issuance in qualified  
7 low-income community investments in qualified active low-income  
8 community businesses located in California.

9 (2) The qualified community development entity shall submit  
10 an annual report to GO-Biz during the seven years following  
11 submittal of the report, pursuant to paragraph (1). No annual report  
12 shall be due before the first anniversary of the initial credit  
13 allowance date. The report shall include, but is not limited to, the  
14 following:

15 (A) The social, environmental, and economic impact the credit  
16 had on the low-income community during the report period and  
17 cumulatively.

18 (B) The amount of moneys used for qualified low-income  
19 investments in qualified low-income community businesses.

20 (C) The number of employment positions created and retained  
21 as a result of qualified low-income community investments and  
22 the average annual salary of those positions.

23 (D) The number of operating businesses assisted as a result of  
24 qualified low-income community investments, by industry and  
25 number of employees.

26 (E) Number of owner-occupied real estate projects.

27 (F) Location of each qualified low-income community business  
28 assisted by a qualified low-income community investment.

29 (G) Documentation that demonstrates the investment of the  
30 funds being deployed within the reporting period in qualified  
31 low-income community investments in qualified low-income  
32 community businesses located in California.

33 (H) Any other information requested by GO-Biz.

34 (i) (1) In the case where the credit allowed by this section  
35 exceeds the “net tax,” the excess may be carried over to reduce  
36 the “net tax” in the following year, and the six succeeding years  
37 if necessary, until the credit is exhausted.

38 (2) A taxpayer allowed a credit under this section for a qualified  
39 equity investment shall not be eligible for any other credit under  
40 this part with respect to that investment.

1     ~~(3) The credit allowed under this section may be in addition to~~  
2     ~~any credit allowed under Section 45D of the Internal Revenue~~  
3     ~~Code.~~

4     ~~(j) GO-Biz shall annually report on its internet website the~~  
5     ~~information provided by low-income community development~~  
6     ~~entities and on the geographic distribution of the qualified active~~  
7     ~~low-income community businesses assisted.~~

8     ~~(k) (1) The credit authorized by this section shall only be~~  
9     ~~allocated by GO-Biz for those taxable years for which moneys are~~  
10    ~~appropriated to GO-Biz to administer the California New Markets~~  
11    ~~Tax Credit pursuant to 18410.3 for that taxable year. The~~  
12    ~~appropriation shall specifically identify the California New Markets~~  
13    ~~Tax Credit.~~

14    ~~(2) For those taxable years for which those moneys are~~  
15    ~~appropriated pursuant to paragraph (1), GO-Biz shall post notice~~  
16    ~~of the appropriation on the homepage of its internet website and~~  
17    ~~send notice of the appropriation to the Secretary of State and the~~  
18    ~~Legislative Counsel.~~

19    ~~(l) The Franchise Tax Board shall prescribe any rules or~~  
20    ~~regulations that may be necessary or appropriate to implement the~~  
21    ~~program authorized by this section and Section 23622.9. The~~  
22    ~~Franchise Tax Board shall have access to any documentation held~~  
23    ~~by GO-Biz relative to the application and reporting of the qualified~~  
24    ~~community development entity.~~

25    ~~(m) This section shall be repealed on December 1, 2026.~~

26    ~~SEC. 3. Section 18410.3 is added to the Revenue and Taxation~~  
27    ~~Code, to read:~~

28    ~~18410.3. (a) The California New Markets Tax Credit Account~~  
29    ~~is hereby established in the California Economic Development~~  
30    ~~Fund created pursuant to Section 13997.6 of the Government Code.~~

31    ~~(b) Upon annual appropriation, moneys in the fund shall be used~~  
32    ~~for the purposes described in subdivision (d) of Section 17053.9~~  
33    ~~and subdivision (d) of Section 23622.9.~~

34    ~~SEC. 4. Section 23622.9 is added to the Revenue and Taxation~~  
35    ~~Code, to read:~~

36    ~~23622.9. (a) There is hereby created the California New~~  
37    ~~Markets Tax Credit Program as provided in this section and Section~~  
38    ~~17053.9. The purpose of this program is to stimulate private sector~~  
39    ~~investment in lower income communities by providing a tax~~  
40    ~~incentive to community and economic development entities that~~

1 can be leveraged by the entity to attract private sector investment  
2 that in turn will be deployed by providing financing and technical  
3 assistance to small and medium-sized businesses and the  
4 development of commercial, industrial, and community  
5 development projects, including, but not limited to, facilities for  
6 nonprofit service organizations, light manufacturing, and mixed-use  
7 and transit-oriented development. GO-Biz shall administer this  
8 program as provided in this section and Section 17053.9.

9 (b) (1) For taxable years beginning on or after January 1, 2021,  
10 and before January 1, 2026, and subject to subdivision (k), there  
11 shall be allowed as a credit against the “tax,” as defined in Section  
12 23036, in an amount determined in accordance with Section 45D  
13 of the Internal Revenue Code, relating to the new markets tax  
14 credit, as modified in this section.

15 (2) For the purposes of this section, “GO-Biz” means the  
16 Governor’s Office of Business and Economic Development.

17 (e) Section 45D of the Internal Revenue Code is modified as  
18 follows:

19 (1) Section 45D(a)(2) of the Internal Revenue Code, relating to  
20 applicable percentage, is modified by substituting for “(A) 5  
21 percent with respect to the first 3 credit allowance dates, and (B)  
22 6 percent with respect to the remainder of the credit allowance  
23 dates” with the following:

24 (A) Six percent with respect to the first two credit allowance  
25 dates.

26 (B) Three percent with respect to the third credit allowance date.

27 (C) Six percent with respect to the remainder of the credit  
28 allowance dates.

29 (2) The term “qualified active low-income community business,”  
30 as defined in Section 45D(d)(2) of the Internal Revenue Code, is  
31 modified as follows:

32 (A) By substituting “any low-income community in California”  
33 for “any low-income community” every place it appears in Section  
34 45D of the Internal Revenue Code.

35 (B) A qualified active low-income community business shall  
36 not include any business that derives, or projects to derive, 15  
37 percent or more of its annual revenue from the rental or sale of  
38 real estate. This exclusion does not apply to a business that is  
39 controlled by, or under common control with, another business if  
40 the second business meets both of the following criteria:

1     ~~(i) Does not derive or project to derive 15 percent or more of~~  
2 ~~its annual revenue from the rental or sale of real estate.~~  
3     ~~(ii) Is the primary tenant of the real estate leased from the first~~  
4 ~~business.~~  
5     ~~(C) (i) Subject to clause (ii), a qualified active low-income~~  
6 ~~community business shall only include a business that, at the time~~  
7 ~~the initial investment is made, has 250 or fewer employees and is~~  
8 ~~located in one or more California low-income communities. The~~  
9 ~~operating business shall meet all other conditions of a qualified~~  
10 ~~active low-income community business, except as modified by~~  
11 ~~this paragraph.~~  
12     ~~(ii) The requirement specified in clause (i) does not apply to a~~  
13 ~~business that is located in a tribal trust land held communally by~~  
14 ~~a federally recognized tribe and managed by the tribal government.~~  
15     ~~(D) A qualified active low-income community business shall~~  
16 ~~only include a business located in census tracts with a poverty rate~~  
17 ~~greater than 30 percent, or census tracts, if located within a~~  
18 ~~nonmetropolitan area, with a median family income that does not~~  
19 ~~exceed 60 percent of median family income for this state, or census~~  
20 ~~tracts, if located within a metropolitan area, with a median family~~  
21 ~~income that does not exceed 60 percent of the greater of the~~  
22 ~~California median family income or the metropolitan area median~~  
23 ~~family income, or census tracts with unemployment rates at least~~  
24 ~~1.5 times the national average.~~  
25     ~~(E) A qualified active low-income community business shall~~  
26 ~~not include any business that operates or derives revenues from~~  
27 ~~the operation of a country club, gaming establishment, massage~~  
28 ~~business or establishment, liquor store, or golf course.~~  
29     ~~(F) A qualified active low-income community business shall~~  
30 ~~not include any business that operates or derives revenues from~~  
31 ~~the operation of a sexually oriented business. A “sexually oriented~~  
32 ~~business” means a commercial enterprise that provides, or has~~  
33 ~~provided in the 24 months before the date of the submission of an~~  
34 ~~application described in subdivision (d) by the taxpayer, for an~~  
35 ~~audience of two or more individuals live nude entertainment or~~  
36 ~~live nude performances where the nudity is a function of everyday~~  
37 ~~business operations and where nudity is a planned and intentional~~  
38 ~~part of the entertainment or performance. “Nude” means clothed~~  
39 ~~in a manner that leaves uncovered or visible, through less than~~  
40 ~~fully opaque clothing, any portion of the genitals or, in the case~~

1 of a female, any portion of the breasts below the top of the areola  
2 of the breasts.

3 (G) A qualified active low-income community business shall  
4 not include a charter school.

5 (3) Section 45D(f) of the Internal Revenue Code, relating to  
6 national limitation on amount of investments designated, is  
7 modified as follows:

8 (A) The following shall apply in lieu of the provisions of Section  
9 45D(f)(1) of the Internal Revenue Code: Subject to paragraph (3)  
10 of subdivision (d), the aggregate amount of qualified equity  
11 investments that may be allocated in any calendar year for purposes  
12 of this section and Section 17053.9 shall be one hundred million  
13 dollars (\$100,000,000) per calendar year. The allocation of any  
14 undesignated qualified equity investments shall be returned to  
15 GO-Biz by March 1 of the year following allocation and the value  
16 of the undesignated qualified equity investment shall be available  
17 for allocation in the following calendar years in accordance with  
18 the application process. Any qualified equity investment  
19 attributable to recaptured credits shall be available to GO-Biz on  
20 March 1 of the year following recapture and shall be available for  
21 allocation in the following calendar years in accordance with  
22 subparagraph (B) of paragraph (4). Reallocated qualified equity  
23 investments attributable to recapture credits shall not count against  
24 the annual or the cumulative limit.

25 (B) The references to “the Secretary” in Section 45D(f)(2) of  
26 the Internal Revenue Code, relating to allocation of limitation, are  
27 modified to read “GO-Biz.”

28 (C) The last sentence of Section 45D(f)(3) of the Internal  
29 Revenue Code, relating to carryover of unused limitation, shall  
30 not apply.

31 (4) Section 45D(g)(3) of the Internal Revenue Code, relating  
32 to recapture event, is modified to add the following:

33 (A) GO-Biz shall establish a process, in consultation with the  
34 Franchise Tax Board, for the recapture of credits allowed under  
35 this section from the entity that claimed the credit on a return.

36 (B) Recaptured qualified equity investments revert back to  
37 GO-Biz and shall be reissued. The reissue shall not count toward  
38 the annual or cumulative allocation limitation.

39 (C) Enforcement of each of the recapture provisions shall be  
40 subject to a six-month cure period.

- 1 ~~(d) (1) GO-Biz shall adopt guidelines necessary or appropriate~~  
2 ~~to carry out its responsibilities with respect to the allocation,~~  
3 ~~monitoring, and management of the tax credit program authorized~~  
4 ~~by this section.~~
- 5 ~~(2) (A) GO-Biz shall establish and impose reasonable fees upon~~  
6 ~~entities that apply for the allocation pursuant to this subdivision~~  
7 ~~that in the aggregate defray the cost of reviewing applications for~~  
8 ~~the program. GO-Biz may impose other reasonable fees upon~~  
9 ~~entities that receive the allocation pursuant to this subdivision that~~  
10 ~~in the aggregate defray the cost of administering the program.~~
- 11 ~~(B) The fees collected shall be deposited in the California New~~  
12 ~~Markets Tax Credit Account established in Section 18410.3.~~
- 13 ~~(3) In developing guidelines, GO-Biz shall adopt an allocation~~  
14 ~~process that does all of the following:~~
- 15 ~~(A) Creates an equitable distribution process that ensures that~~  
16 ~~low-income community populations across the state have an~~  
17 ~~opportunity to benefit from the program.~~
- 18 ~~(B) Sets minimum organizational capacity standards that~~  
19 ~~applicants are required to meet in order to receive an allocation of~~  
20 ~~authority to designate qualified equity investments, including, but~~  
21 ~~not limited to, its business strategy, targeted community outcomes,~~  
22 ~~capitalization strategy, and management capacity.~~
- 23 ~~(C) Considers the qualified community development entity's~~  
24 ~~prior qualified low-income community investments under Section~~  
25 ~~45D of the Internal Revenue Code and other similar programs, as~~  
26 ~~determined by GO-Biz.~~
- 27 ~~(D) Gives priority to both of the following:~~
- 28 ~~(i) Applications that commit to addressing the hardest to serve~~  
29 ~~and undercapitalized lower income populations.~~
- 30 ~~(ii) Applications that support neighborhood revitalization~~  
31 ~~strategies driven by local grassroots stakeholders.~~
- 32 ~~(4) Subject to subdivision (k), GO-Biz shall begin accepting~~  
33 ~~applications on or before January 15, 2021, and shall award~~  
34 ~~authority to designate qualified equity investments annually~~  
35 ~~through 2025.~~
- 36 ~~(5) In the instance where GO-Biz determines that an application~~  
37 ~~has a minor, nonsubstantive error or omission, the qualified~~  
38 ~~community development entity shall be given five business days~~  
39 ~~to correct the deficiency or provide the omitted information.~~



1 ~~(6) A member of the review committee, established to review~~  
2 ~~applications pursuant to this section, shall not have a financial~~  
3 ~~interest, which includes, but is not limited to, asking, consenting,~~  
4 ~~or agreeing to receive any commission, emolument, gratuity,~~  
5 ~~money, property, or thing of value for their own use, benefit, or~~  
6 ~~personal advantage for procuring or endeavoring to procure for~~  
7 ~~any person, partnership, joint venture, association, or corporation~~  
8 ~~any qualified equity investment or other assistance from any~~  
9 ~~applicant.~~

10 ~~(e) An approved applicant may transfer all or a portion of its~~  
11 ~~certified qualified equity investment authority to its controlling~~  
12 ~~entity or any subsidiary qualified community development entity~~  
13 ~~of the controlling entity, provided that the applicant and the~~  
14 ~~transferee notify GO-Biz within 30 calendar days of that transfer~~  
15 ~~and include the information required in the application with respect~~  
16 ~~to that transferee with that notice. The transferee shall be subject~~  
17 ~~to the same rules, requirements, and limitations applicable to the~~  
18 ~~transferor.~~

19 ~~(f) Within 200 calendar days of GO-Biz sending notice of~~  
20 ~~certification, the qualified community development entity or any~~  
21 ~~transferee, under subdivision (e), shall issue the qualified equity~~  
22 ~~investment and receive cash in the amount of the certified amount.~~  
23 ~~The qualified community development entity or transferee, under~~  
24 ~~subdivision (e), shall provide GO-Biz with evidence of the receipt~~  
25 ~~of the cash investment within 205 calendar days of the applicant~~  
26 ~~receiving notice of certification. If the qualified community~~  
27 ~~development entity or any transferee, under subdivision (e), does~~  
28 ~~not receive the cash investment and issue the qualified equity~~  
29 ~~investment within 200 calendar days of GO-Biz sending the~~  
30 ~~certification notice, the certification shall lapse and the entity may~~  
31 ~~not issue the qualified equity investment without reapplying to~~  
32 ~~GO-Biz for certification. Lapsed certifications revert back to~~  
33 ~~GO-Biz and shall be reissued in accordance with the application~~  
34 ~~process.~~

35 ~~(g) A qualified community development entity that issues~~  
36 ~~qualified equity investments shall notify GO-Biz of the names of~~  
37 ~~taxpayers that are eligible to utilize tax credits pursuant to this~~  
38 ~~section and any transfer of a qualified equity investment.~~

39 ~~(h) (1) A qualified community development entity that issues~~  
40 ~~qualified equity investments shall submit a report to GO-Biz that~~

1 provides documentation as to the investment of at least 85 percent  
 2 of the funds being deployed within one year of issuance in qualified  
 3 low-income community investments in qualified active low-income  
 4 community businesses located in California.

5 (2) The qualified community development entity shall submit  
 6 an annual report to GO-Biz during the seven years following  
 7 submittal of the report, pursuant to paragraph (1). No annual report  
 8 shall be due before the first anniversary of the initial credit  
 9 allowance date. The report shall include, but is not limited to, the  
 10 following:

11 (A) The social, environmental, and economic impact the credit  
 12 had on the low-income community during the report period and  
 13 cumulatively.

14 (B) The amount of moneys used for qualified low-income  
 15 investments in qualified low-income community businesses.

16 (C) The number of employment positions created and retained  
 17 as a result of qualified low-income community investments and  
 18 the average annual salary of those positions.

19 (D) The number of operating businesses assisted as a result of  
 20 qualified low-income community investments, by industry and  
 21 number of employees.

22 (E) Number of owner-occupied real estate projects.

23 (F) Location of each qualified low-income community business  
 24 assisted by a qualified low-income community investment.

25 (G) Documentation that demonstrates the investment of the  
 26 funds being deployed within the reporting period in qualified  
 27 low-income community investments in qualified low-income  
 28 community businesses located in California.

29 (H) Any other information requested by GO-Biz.

30 (i) (1) In the case where the credit allowed by this section  
 31 exceeds the “tax,” the excess may be carried over to reduce the  
 32 “tax” in the following year, and the six succeeding years if  
 33 necessary, until the credit is exhausted.

34 (2) A taxpayer allowed a credit under this section for a qualified  
 35 equity investment shall not be eligible for any other credit under  
 36 this part with respect to that investment.

37 (3) The credit allowed under this section may be in addition to  
 38 any credit allowed under Section 45D of the Internal Revenue  
 39 Code.

1 ~~(j) GO-Biz shall annually report on its internet website the~~  
2 ~~information provided by low-income community development~~  
3 ~~entities and on the geographic distribution of the qualified active~~  
4 ~~low-income community businesses assisted.~~

5 ~~(k) (1) The credit authorized by this section shall only be~~  
6 ~~allocated by GO-Biz for those taxable years for which moneys are~~  
7 ~~appropriated to GO-Biz to administer the California New Markets~~  
8 ~~Tax Credit pursuant to 18410.3 for that taxable year. The~~  
9 ~~appropriation shall specifically identify the California New Markets~~  
10 ~~Tax Credit.~~

11 ~~(2) For those taxable years for which those moneys are~~  
12 ~~appropriated pursuant to paragraph (1), GO-Biz shall post notice~~  
13 ~~of the appropriation on the homepage of its internet website and~~  
14 ~~send notice of the appropriation to the Secretary of State and the~~  
15 ~~Legislative Counsel.~~

16 ~~(l) The Franchise Tax Board shall prescribe any rules or~~  
17 ~~regulations that may be necessary or appropriate to implement the~~  
18 ~~program authorized by this section and Section 17053.9. The~~  
19 ~~Franchise Tax Board shall have access to any documentation held~~  
20 ~~by GO-Biz relative to the application and reporting of the qualified~~  
21 ~~community development entity.~~

22 ~~(m) This section shall be repealed on December 1, 2026.~~

23 ~~SEC. 5. For the purposes of complying with Section 41 of the~~  
24 ~~Revenue and Taxation Code, with respect to Sections 17053.9 and~~  
25 ~~23622.9 of the Revenue and Taxation Code, as proposed to be~~  
26 ~~added by Sections 2 and 4 of this act, the Legislature finds and~~  
27 ~~declares as follows:~~

28 ~~(a) Specific goals, purposes, and objectives: attract private sector~~  
29 ~~investment in lower income communities in California.~~

30 ~~(b) Performance indicators:~~

31 ~~(1) Amount of qualified low-income community investments~~  
32 ~~issued.~~

33 ~~(2) Amount of dollars deployed in qualified low-income~~  
34 ~~community investments.~~

35 ~~(3) Number of operating businesses assisted as a result of~~  
36 ~~qualified low-income community investments. This data shall be~~  
37 ~~compared to business development, including startups, tax~~  
38 ~~revenues, and new investments within the most immediate~~  
39 ~~geographic area for which data is reasonably available for the 12~~

1 and 24 months before the date on which any tax credits are allowed  
2 by Section 17053.9 or 23622.9 of the Revenue and Taxation Code.

3 ~~(4) Number of employment positions created and retained as a~~  
4 ~~result of qualified low-income community investments and the~~  
5 ~~average annual salary of those positions. These numbers shall be~~  
6 ~~compared to the area median income and unemployment and~~  
7 ~~poverty rates for the most immediate geographic areas for which~~  
8 ~~data is reasonably available for the 12 and 24 months before the~~  
9 ~~date on which any tax credits are allowed by Section 17053.9 or~~  
10 ~~23622.9 of the Revenue and Taxation Code.~~

11 ~~(e) Data collection requirements and baseline measurements:~~

12 ~~(1) The baseline measurements include:~~

13 ~~(A) The amount of tax credits issued in the year.~~

14 ~~(B) The unemployment rate of the area.~~

15 ~~(C) The poverty rate of the area.~~

16 ~~(2) Data to collect includes:~~

17 ~~(A) The amount of tax credits issued in the year.~~

18 ~~(B) The number of operating businesses located in a low-income~~  
19 ~~community that are assisted.~~

20 ~~(C) The number of jobs created and retained as a result of~~  
21 ~~qualified low-income community investments.~~

22 ~~SEC. 6. The provisions of this act are severable. If any~~  
23 ~~provision of this act or its application is held invalid, that invalidity~~  
24 ~~shall not affect other provisions or applications that can be given~~  
25 ~~effect without the invalid provision or application.~~

26 ~~SEC. 7. This act provides for a tax levy within the meaning of~~  
27 ~~Article IV of the California Constitution and shall go into~~  
28 ~~immediate effect.~~