

AMENDED IN ASSEMBLY APRIL 8, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 742**

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**Introduced by Assembly Member Cervantes**

February 19, 2019

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An act to add Article 4.7 (commencing with Section 12097.60) to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 742, as amended, Cervantes. Place-Based Economic Strategies Act.

Existing law authorizes the Governor's Office of Business and Economic Development to develop content on its internet website or through other mediums to be used for public dissemination, through outreach activities, in order to provide information and resources to inform the general public about place-based and other geographically targeted economic development programs, including California Promise Zones and California Opportunity Zones. Existing law requires the Governor's Office of Business and Economic Development to convene, at least annually, representatives from various programs and agencies across the state, and from various federal programs and agencies, for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs.

This bill would enact the Place-Based Economic Strategies Act, which would create the Office of Place-Based Economic Strategies, headed by the deputy director of the Office of Place-Based Economic Strategies, for the purposes of supporting place-based and other geographically

targeted economic development programs, including, but not limited to, federal California Promise and California Opportunity Zones. The bill would require the office to serve as a liaison between community and economic stakeholders and the state agencies that oversee programs and offer services that are intended to finance and support business and economic development needs, as specified. *The bill would also require the office to establish a process for identifying and publicizing public and private resources that are available to support Opportunity Zone investments, as specified, and to establish a process for addressing impediments to Opportunity Zone investments, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) While California is currently ranked as having the 5th largest
- 4 economy in the world, there remain certain areas of the state for
- 5 which economic security remains out of reach. Addressing the
- 6 systemic and complex challenges faced by these neighborhoods
- 7 requires deep economic and community development work over
- 8 a sustained period of time. ~~Most importantly, change must come~~
- 9 ~~from within or~~ *Without strengthening community development*
- 10 *capacity at the neighborhood level*, reinvestment will simply result
- 11 in gentrification and the likely dislocation of lower income
- 12 residents and small businesses.
- 13 (b) The state has a range of resources that could help meet the
- 14 needs of these historically underserved communities, including,
- 15 but not limited to:
- 16 (1) The Governor’s Office of Business and Economic
- 17 Development (GO-Biz), which was established within the
- 18 Governor’s office for the purpose of serving as the lead state entity
- 19 for economic strategy and marketing of California on issues
- 20 relating to business development, private sector investment, and
- 21 economic growth.
- 22 (2) The California Competes Tax Credit was established for the
- 23 purpose of awarding individually negotiated tax credits to
- 24 businesses that operate in California based on the total number of
- 25 jobs created or retained, amount of new capital investments made,

1 and the amount of tax credits requested. GO-Biz administers the  
2 California Competes Tax Credit and is authorized to award \$180  
3 million in credits annually.

4 (3) The California Workforce Development Board (CWDB)  
5 was established for the purpose of assisting the state in meeting  
6 the requirements of the federal Workforce Innovation and  
7 Opportunity Act of 2014 (Public Law 113-128), as well as assisting  
8 the Governor in the development, oversight, and continuous  
9 improvement of California’s workforce investment system. In  
10 addition to serving as a policy-making body, the CWDB  
11 administers several grant programs, including, but not limited to:

12 (A) The Supervised Population Workforce Training Grant  
13 Program (Chapter 4 (commencing with Section 1234) of Title 8  
14 of Part 2 of the Penal Code).

15 (B) Pre-Apprenticeship Support, Training, and Placement Grant  
16 2.0, pursuant to the California Clean Energy Jobs Act (Division  
17 16.3 (commencing with Section 26200) of the Public Resources  
18 Code).

19 (C) Regional Clusters of Opportunity Grants.

20 (D) Slingshot Accelerating Income Mobility Through Regional  
21 Collaboration.

22 (E) Equity, Climate, and Jobs: Model High Road Training  
23 Partnerships.

24 (F) The Workforce Accelerator Fund.

25 (4) The Employment Training Panel (Chapter 3.5 (commencing  
26 with Section 10200) of Part 1 of Division 3 of the Unemployment  
27 Insurance Code) was established for the purpose of providing  
28 funding to employers to assist in upgrading the skills of their  
29 workers through training that leads to well-paying and long-term  
30 jobs. Program funding is provided through a special payroll tax  
31 paid by California employers. Eligible “employers” under its core  
32 program include:

33 (A) Single employers subject to the unemployment insurance  
34 tax.

35 (B) Groups of employers, including chambers of commerce,  
36 joint apprenticeship training committees, trade associations, and  
37 economic development corporations.

38 (C) Training agencies, including community colleges and  
39 community college districts, universities or university foundations,

1 adult schools, regional occupation programs, and private training  
2 agencies, as specified.

3 (D) Workforce development boards.

4 (E) Federal Workforce Innovation and Opportunity Act (Public  
5 Law 113-128) recipients, including one-stop career centers now  
6 called America's Job Centers.

7 (5) The Department of Parks and Recreation was established  
8 for the purpose of managing more than 280 park units, which  
9 possess a diverse collection of natural, cultural, and recreational  
10 resources. The Office of Grants and Local Services administers  
11 grant programs, offers technical assistance, and supports activities  
12 which build local, state, and federal partnerships. Examples of  
13 grant programs include:

14 (A) The Habitat Conservation Fund (Section 2786 of the Fish  
15 and Game Code).

16 (B) The Land and Water Conservation Fund Act of 1965 (Public  
17 Law 88-578; 78 Stat. 897) administered pursuant to Chapter 1.9  
18 (commencing with Section 5099) of Division 5 of the Public  
19 Resources Code.

20 (C) The federal Recreational Trails Program.

21 (D) The California Youth Soccer and Recreation Development  
22 Program (Section 5004.5 of the Public Resources Code).

23 (E) The Outdoor Environmental Education Facilities Grant  
24 Program.

25 (F) The Outdoor Recreation Legacy Partnership Program.

26 (6) The Department of Housing and Community Development  
27 was established for the purpose of preserving and expanding safe  
28 and affordable housing opportunities and promoting strong  
29 communities for all Californians. Among other activities, the  
30 Department of Housing and Community Development administers  
31 housing finance, economic development, and community  
32 development programs and provides technical and financial  
33 assistance to local agencies to support community development.  
34 Examples of programs include:

35 (A) The Affordable Housing and Sustainable Communities  
36 Program (Part 1 (commencing with Section 75200) of Division  
37 44 of the Public Resources Code), which funds land use, housing,  
38 transportation, and land preservation projects that support infill  
39 and compact development and reduce greenhouse gas emissions.

1 (B) The federal State Community Development Block Grant  
2 Program (42 U.S.C. Sec. 5306(d)), which makes grants available  
3 to small cities that do not receive federal State Community  
4 Development Block Grant Program funds directly from the United  
5 States Department of Housing and Urban Development. Funding  
6 is available for activities related to community development,  
7 economic development, and community services, as well as  
8 housing activities.

9 SEC. 2. Article 4.7 (commencing with Section 12097.60) is  
10 added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the  
11 Government Code, to read:

12  
13 Article 4.7. Place-Based Economic Strategies Act

14  
15 12097.60. This article shall be known and may be cited as the  
16 Place-Based Economic Strategies Act.

17 12097.61. For purposes of this article, the following terms have  
18 the following meanings:

19 (a) “California Opportunity Zone” means a census tract in this  
20 state that has been designated by the United States Treasury as an  
21 ~~Opportunity Zone~~, *Opportunity Zone* pursuant to Sections 1400Z-1  
22 and 1400Z-2 of the Internal Revenue Code.

23 (b) “California Promise Zone” means a community in this state  
24 that has been designated by the United States Department of  
25 Housing and Urban Development as a Promise Zone.

26 (c) “Office” means the Office of Place-Based Economic  
27 Strategies.

28 12097.62. (a) (1) The Office of Place-Based Economic  
29 Strategies is hereby created within the Governor’s Office of  
30 Business and Economic Development for the purpose of supporting  
31 place-based and other geographically targeted economic  
32 development programs, including, but not limited to, federal  
33 California Promise and California Opportunity Zones.

34 (2) The Deputy Director of the Office of Place-Based Economic  
35 Strategies shall lead, and shall be responsible for, the activities of  
36 the Office of Place-Based Economic Strategies.

37 (b) The office shall support place-based and geographically  
38 targeted economic development areas in their efforts to receive  
39 state ~~assistance~~, *assistance* and to access state resources and

1 services, including, but not limited to, the programs listed in  
 2 subdivision (c).

3 (c) The office shall serve as a liaison between community and  
 4 economic stakeholders and the state agencies that oversee programs  
 5 and offer services that are intended to finance and support the  
 6 business and economic development needs. These state programs  
 7 include, but are not limited to, all of the following:

8 (1) California Competes tax-~~credit~~, *credit* pursuant to Sections  
 9 17059.2 and 23689 of the Revenue and Taxation-~~Code~~, *Code* or  
 10 its successor program.

11 (2) All programs administered by the Board of State and  
 12 Community Corrections.

13 (3) No Place Like Home Program (Part 3.9 (commencing with  
 14 Section 5849.1) of Division 5 of the Welfare and Institutions Code).

15 (4) All programs administered by the California Workforce  
 16 Development Board.

17 (5) The Employment Training Fund (Article 6 (commencing  
 18 with Section 1610) of Chapter 6 of Part 1 of Division 1 of the  
 19 Unemployment Insurance Code).

20 (6) All programs administered by the Department of Parks and  
 21 Recreation or the Department of Housing and Community  
 22 Development that provide grants to local agencies for local park  
 23 creation, rehabilitation, or improvement.

24 *(d) The office shall establish a process for identifying and*  
 25 *publicizing public and private resources that are available to*  
 26 *support Opportunity Zone investments that result in upward*  
 27 *mobility and inclusive economic growth for residents and*  
 28 *businesses located in the Opportunity Zone and surrounding areas.*  
 29 *This subdivision shall be implemented in a transparent manner*  
 30 *and in consultation with local, regional, and statewide economic*  
 31 *and community development stakeholders.*

32 *(e) The office shall establish a process for engaging with*  
 33 *economic and community development stakeholders on potential*  
 34 *governmental and nongovernmental impediments to Opportunity*  
 35 *Zone investments, as well as other lower income areas of the state.*  
 36 *This process shall be undertaken in a transparent manner and in*  
 37 *consultation with local, regional, and statewide economic and*  
 38 *community development stakeholders. The office shall facilitate,*  
 39 *to the extent resources are made available, the resolution and*  
 40 *mitigation of impediments or, when necessary, refer an identified*

- 1 *impediment to another state government entity for further action*
- 2 *and resolution consistent with the provisions of this article.*

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