Assembly Committee on Jobs, Economic Development, and the Economy

2017 – 2018 Session Report
Including
A Summary of Legislation

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Dear Interested Parties:

As Chairwoman of the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE), I am pleased to publish the Committee's 2017-2018 Session Report. Among other materials, the report includes a list and description of legislation, as well as policy issue briefings related to JEDE’s jurisdiction.

Among other areas, JEDE has responsibility to oversee issues related to California’s manufacturing and logistical networks, international trade and foreign investment, business incentives, business and capital formation, infrastructure, small business and disabled veteran business enterprises, regulatory reform, and workforce development.

If you have any questions or need further information, please do not hesitate to contact the JEDE Committee Office at 916.319.2090 or visit the JEDE Committee website at http://ajed.assembly.ca.gov/.

Sincerely,

SHARON QUIRK-SILVA
Chair
Assembly Committee on Jobs, Economic Development, and the Economy
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Section I – Advancing a Prosperous and Inclusive Economy

California is home to over 30 million people, providing the state with one of the most diverse populations in the world, often comprising the single largest concentration of nationals outside their native country. In 2017, this diverse group of business owners and workers produced $2.7 trillion in goods and services; $171 billion of which were exported to over 220 countries around the world. California's 2017 GDP ranks the state economy as the fifth largest in the world.

Many policy makers and economists describe California as having not a single economy, but having a highly integrated network of a dozen or so regional economies. While biotech has a comparative advantage in some regions, information technology drives growth in others. This economic diversity is one of the reasons California was able to so aggressively move out of the recession, ranking number two in the nation by Business Insider for fastest growing economy in the nation in August 2014 and as having the fourth best overall economy in March 2015. More recently, Bloomberg, a financial news service, reported that without California, the US economic growth rate would have been flat in 2016.

There are approximately 19.3 million people within the California workforce, generally contributing to over a dozen industry sectors, plus government. Chart 1 displays California 2017 GDP as reported by industry sector.

![Chart 1 – 2017 California GDP by Industry](image_url)

The Finance and Insurance sector is consistently the largest contributor to state GDP, comprising 21.7% of the California economy in 2017, including 17.6% of all jobs in the state. One of the unique qualities of California's economy is its multiple dominant industry sectors. The state's three primary industry sectors in terms of GDP – Finance and Insurance; Trade, Transportation, and Utilities; and Professional and Business Services – provide a foundation to other industry sectors, including...
Manufacturing and Information. As shown in Chart 2, Education & Health Services represent the industry with the largest number of employees.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment 2017 (000)</th>
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<tbody>
<tr>
<td>Trade, Transportation, &amp; Utilities</td>
<td>3,042,600.00</td>
</tr>
<tr>
<td>Educational &amp; Health Services</td>
<td>2,636,600.00</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>2,563,100.00</td>
</tr>
<tr>
<td>Government</td>
<td>2,553,500.00</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>1,951,300.00</td>
</tr>
<tr>
<td>Mining (including Oil and Gas)</td>
<td>1,311,900.00</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>830,500.00</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>809,100.00</td>
</tr>
<tr>
<td>Construction</td>
<td>563,300.00</td>
</tr>
<tr>
<td>Other Services</td>
<td>523,700.00</td>
</tr>
<tr>
<td>Information</td>
<td>22,000.00</td>
</tr>
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</table>

*Chart 2* displays aggregate data on employment by industry and does not reflect California workers who are self-employed, unpaid family workers, and those working in private households. Further, the chart reflects both full- and part-time employment. The Employment Development Department estimates that over 18% of workers are employed part-time. Individuals who hold more than one job may be counted more than once. Given the rapidly changing global and domestic markets, these data limitations are problematic for policy makers as well as the public in understanding our economy.

Income inequality is rising in the U.S., with the top 10% of households receiving 50% of all revenues and top 1% receiving 20% of income. While California unemployment is at historic lows, unemployment within certain geographic regions and population groups remains significantly higher, as does the number of people in the state who are not participating within the core economy. The chart below displays unemployment-related information by selected counties and population groups.

<table>
<thead>
<tr>
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<th>Unemployment Rate August 2018</th>
<th>Unemployment Rate August 2017</th>
<th>Unemployment Rate August 2018 (12-month moving average)</th>
<th>Unemployment Rate August 2017 (12-month moving average)</th>
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<tbody>
<tr>
<td>California</td>
<td>4.3%</td>
<td>4.9%</td>
<td>4.3%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Colusa County</td>
<td>8.2%</td>
<td>9.3%</td>
<td>6.5%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Imperial County</td>
<td>20.3%</td>
<td>22%</td>
<td>5.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>5.1%</td>
<td>5.1%</td>
<td>4.3%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Orange County</td>
<td>3.1%</td>
<td>3.8%</td>
<td>15.7%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Riverside County</td>
<td>4.7%</td>
<td>5.8%</td>
<td>6.9%</td>
<td>8.3%</td>
</tr>
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</table>
In addressing income inequality and creating inclusive economic growth, the Legislature undertook a range of activities. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

**Legislation from 2017-18**

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18 Legislative Session relating to improving the state's economic development activities including those related to creating a more inclusive economy. Legislation not heard by JEDE is marked with asterisks (**). This is the most general designation category, which provides information on tax expenditures and other economic development programs and services. Other sections of the report provide more targeted information with a list of related legislation, including sections on small business, trade and foreign investment, infrastructure, workforce development, and manufacturing.

**AB 56 (Holden) - California Infrastructure and Economic Development Bank: housing.**

This bill clarifies the scope of projects eligible to be funded through the Infrastructure State Revolving Fund, administered by the California Infrastructure and Economic Development Bank (IBank), to include infrastructure necessary for the development of housing. More specifically, the bill defines housing-related infrastructure to mean city streets; drainage, water supply, and flood control; environmental mitigation measures; power and communications; public transit improvement that directly support transit oriented housing; sewage collection and treatment; and water treatment and distribution.

**Status:** Signed by the Governor, Chapter 289, Statutes of 2017.

**AB 75 (Steinorth, Quirk-Silva) - Personal income taxes: earned income credit.**

**This bill would have expanded the definition of “earned income” for the California Earned Income Tax Credit (CalEITC) to include specified earnings from self-employment, and sets the CalEITC adjustment factor at 85%. Legislative actions related to the 2017-18 Budget made a number of similar changes to the CalEITC. Please refer to the Budget Section for more details.**

**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 162 (Cervantes, Quirk-Silva) - Income taxation: credits.**

This bill, as passed by the Assembly, would have modified the definition of a small business under the California Competes Tax Credit, administered by the Governor's Office of Business and Economic Development, to mean any business with 50 or fewer full-time equivalent employees, on average, in the current and two preceding tax years. Budget actions related to the adoption of the 2018-19 Budget extended the term of the tax credit for an additional five-year term and eliminated the 25% small business set aside. Following these budget actions, Senate amendments were taken to remove the tax credit provisions from AB 162 and to insert language related to a different subject.

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*The Employment Development Department estimates that 11.7 million people in California were not participating in the workforce in August 2018, including 38.1% of Blacks and 34.4% of individuals between the ages of 20 and 24.*
mater. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of the California Competes Tax Credit provisions.

**Status:** Died on the Senate Floor, 2017-18 Session.

**AB 225 (Caballero, Steinorth) - Personal income taxes: earned income credit: earned income amount.**

This bill would have increased the earned income thresholds at which the California Earned Income Tax Credit (CalEITC) begins to phase out. Specifically, this bill would have:

1) Increased the earned income thresholds annually for taxable years beginning on or after January 1, 2017, and before January 1, 2023, as specified;

2) Provided that the earned income thresholds specified for taxable years beginning on or after January 1, 2023, shall be annually adjusted for inflation; and

3) Suspended the scheduled increase in earned income thresholds in years when the scheduled California’s minimum wage increase is also suspended.

Legislative actions related to the 2017-18 Budget made a number of similar changes to the CalEITC. Please refer to the Budget Section for more details.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 316 (Waldron, Salas) - Workforce development.**

This bill would have appropriated $200 million for the purpose of implementing the Employment Revitalization Initiative through the California Workforce Development Board (CWDB), $100 million for performance-based contracts awarded through the Employment Training Panel (ETP), and $10 million for specified Workforce Accelerator Grants. In expending these funds, the bill would have expanded ETP contracts for training middle-skill workers in priority industry sectors and established a new CWDB grant program to assist individuals who face multiple employment barriers to receive remedial education and work readiness skills that ultimately lead to their successful participation in middle-skill training programs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 358 (Grayson) - Regional economic development areas.**

This bill would have enacted the Regional Economic Development Area Act for the purpose of certifying regional economic development areas that include, but are not limited to, active and inactive military bases.

**Status:** Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.

**AB 361 (Cervantes) - Income taxes: credit: apprentices.**

**This bill would have allowed a Personal Income Tax and Corporation Tax credit equal to $1,000 for each registered apprentice, as defined, who is employed and trained by the taxpayer and who worked seven months or more during the taxable year. The credit would have been available for taxable years 2018 through 2022, and a taxpayer may not have received more than $10,000 in tax credits each taxable year.**
Status: Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 427 (Muratsuchi) - California Aerospace Commission.**
This bill would have enacted the California Aerospace and Aviation Act of 2018, which would have established the seventeen-member California Aerospace and Aviation Commission (Commission) for the purpose of serving as a central point of contact for related industries and supporting the health and competitiveness of these industries in California. The Commission would have been under the administrative purview of the Governor's Office of Business and Economic Development.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill enacts the California Aerospace and Aviation Act of 2018, which establishes the California Aerospace and Aviation Commission within the Governor's Office of Business and Economic Development.

While the value of the aviation and aerospace industry is critical to the economy of this state, this bill would create a new bureaucracy that replicates many of the things the state is already doing. I think the goals of this bill can be easily handled under current law by the Governor's Office of Business and Economic Development.

**AB 490 (Quirk-Silva) - Taxation: credits: College Access Tax Credit.**
**This bill extends for five years the sunset date (2018 to 2023) for the College Access Tax Credit, which authorizes a taxpayer to claim a credit in an amount equal to 50% of the amount contributed to the College Access Fund. The credit may be applied to the taxpayer’s liability under the Insurance Tax Law, Personal Income Tax Law, and the Corporation Tax Law, as specified.**

**Status:** Signed by the Governor, Chapter 527, Statutes of 2017.

**AB 547 (Chávez) - California Prompt Payment Act: disabled veteran business enterprises.**
This bill would have required state agencies to pay properly submitted, undisputed invoices from certified disabled veteran business enterprises within 30 calendar days of receiving the invoice. The measure was dropped by the author in order to provide public utilities an opportunity to address the issue of slow payments through administrative actions.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the state to pay invoices within 30 days when submitted by a disabled veteran business enterprise that is also small business. The Prompt Payment Act already requires invoices to be paid within 45 days. While I am supportive of our small disabled veteran business enterprises, I think that it is important for the state to continue to focus on making timely payments on all state contracts. Rather than introducing a new process that could undo the state's progress, I would simply encourage state agencies to accelerate payments on invoices whenever possible.

**AB 647 (Reyes) - Personal income taxes: credit: full-time community college students.**
**This bill would have provided a refundable Personal Income Tax credit for community college expenses. The bill would have allowed, for taxable years 2018 through 2023, a credit worth up to $2,000 for qualified community college expenses for a full-time community college student who did not claim the credit in the prior year. A refund would only have been available in years that the**
Legislature appropriates funds for that purpose.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 755 (Eduardo Garcia) - Local agencies: capital investment incentive program.**
**This bill extends the authorization for cities and counties to establish a Capital Investment Incentive Program (CIIP) from January 1, 2018, to January 1, 2019. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least $150 million. The incentive may only be offered after the proponent and the local government agree to a “Community Services Agreement” that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid.**

**Status:** Signed by the Governor, Chapter 709, Statutes of 2017.

**AB 767 (Quirk-Silva) - GO-Biz Information Technology.**
This bill would have codified the role of the Information Technology Unit within the Governor's Office of Business and Economic Development, which is responsible for the design and maintenance of an online Internet platform called the California Business Development Portal. In addition, the bill would have rebranded the state's permit and licensing technical assistance application as the California Business License Center and provided dedicated staff to update and expand the California Business Portal. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill codifies the Information Technology unit within the Governor's Office of Business and Economic Development and authorizes two positions in statute for this purpose. This bill is unnecessary given the 2018 Budget Act included funding for staff positions to perform activities substantially similar to those prescribed in this measure. The annual budget process is the best venue to evaluate the resources and staff needed for various state programs such as the one contemplated by this proposal.

**AB 778 (Caballero) - Community development investment tax credits.**
**This bill would have re-established the California Organized Investment Network (COIN) tax credit. The COIN program provided a tax credit equal to 20% of the qualified amount invested in a state-certified community development financial institution (CDFI). The total for all credits for all recipients was capped at $10 million per year, which is required to leverage $50 million in eligible investments. CDFIs work as financial intermediaries providing access to credit, loans, and investments to small businesses and non-profits that serve economically disadvantaged communities.**

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** I am returning the following two bills without my signature: Assembly Bill 778 and Senate Bill 289. Both of these bills create a new tax break. These bills are an end run of the budget process, and would commit us to spending more than eight million dollars through 2018-19. The budget process allows for all tax break proposals to be weighed equally through public
hearings, negotiations and, finally, approval of a balanced budget. As I said last year, I believe this is the best way to evaluate and prioritize all new spending proposals, including those that create new tax breaks.

**AB 916 (Quirk-Silva, Arambula) – California Work Opportunity Tax Credit.**
This bill would have established the California Work Opportunity Tax Credit (CalWOTC), which would have authorized a credit under the personal income tax and the corporate tax of up to 40% of a qualified worker's wages, not to exceed $2,400 per employee. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.
**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 999 (Burke) - Income taxes: credit: small business investment.**
This bill would have established a five-year, $75 million tax credit program to support private investments in small businesses in qualifying high-technology fields. The bill provided that a qualified investment meet all of the following requirements:

1) The investment is equal to or greater than $10,000 when made directly by the taxpayer or $50,000 if the funds are deposited by the taxpayer into a qualified fund;

2) The small business in which the funds are being invested is certified by the state as a qualifying small business;

3) The qualified small business does not issue securities that are traded on a public exchange or have a liquidation event within 180 days after the date on which the investment was made.
**Status:** Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.

**AB 1111 (Eduardo Garcia, Arambula, Baker, Eggman, Cristina Garcia, Maienschein, Quirk-Silva, Reyes, Santiago, Steinorth) - Removing Barriers to Employment Act: Breaking Barriers to Employment Initiative.**
This bill establishes the Breaking Barriers to Employment Initiative for the purpose of assisting individuals who have multiple barriers to employment to receive the remedial education and work readiness skills to help them to successfully participate in training, apprenticeship, or employment opportunities that will lead to self-sufficiency and economic stability. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
**Status:** Signed by the Governor, Chapter 824, Statutes of 2017.

**AB 1149 (Arambula, Eduardo Garcia) - Workforce investment boards: funding.**
This bill expands the type of funds that count toward a 10% credit that a local workforce development board may use to offset the existing requirement that at least 30% of its annual base allocations be used for training. Qualifying funds include those moneys expended for supportive services that are required in order for the client to participate in an eligible training program, as specified.
**Status:** Signed by the Governor, Chapter 324, Statutes of 2017.
**AB 1209 (Gonzalez Fletcher) - Employers: gender pay differentials.**

**This bill would have required employers of 500 or more employees to collect information, as specified, on gender wage differentials for exempt employees and board members located in California and biennially submit it to the Secretary of State for publication on its Internet website.**

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require employers with 500 or more employees in California to provide to the Secretary of State specific information regarding gender wage differentials for exempt employees and board members.

I have strongly supported polices that ensure women are compensated equitably and will continue to do so. While transparency is often the first step to addressing an identified problem, it is unclear that the bill as written, given its ambiguous wording, will provide data that will meaningfully contribute to efforts to close the gender wage gap. Indeed, I am worried that this ambiguity could be exploited to encourage more litigation than pay equity.

Since the Equal Pay Act was signed into law in 2015, the Pay Equity Task Force, which is comprised of members from this administration, business, academia, labor, the legislature and pay equity advocates, has been engaged in analysis of the new law, as well as workplace and compensation policies that can lead to successful compliance with the Act. Guidance and recommendations coming out of the Task Force will assist companies around the state with assessing their current wage practices.

**AB 1256 (Brough) - Minimum franchise tax: annual tax: small business.**

**This bill, for taxable years 2018 through 2022, would have reduced the second taxable year’s minimum franchise tax (MFT) to $100 for a new small business that is a corporation, as defined, and reduced the first taxable year’s annual tax to $100 for new small businesses that are limited partnerships, limited liability partnerships, or limited liability companies, as defined. Implementation of this bill would have been subject to appropriation by the Legislature.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1300 (Calderon) - Income taxes: credits: motion pictures.**

**This bill would have required the California Film Commission to allocate a credit for postproduction music scoring or recording in an amount equal to 30% or 25% of qualified expenditures attributable to the production of a motion picture filmed outside of California, as specified. In order to avoid double-dipping, the bill also would have eliminated the authority for the Commission to issue a credit under the film tax credit for music.**

**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 1336 (Mullin) - California Workforce Development Board.**

This bill expands the duties and authorities for the California Workforce Development Board (CWDB) relative to the development and oversight of the workforce metrics dashboard. Among other provisions, the bill requires the CWDB to determine the approach for measuring labor market impacts, provided that the board uses statistically rigorous methodologies to estimate, assess, and isolate the impact of programs on participant outcomes and authorizes the use of social security
numbers of individuals participating in adult education programs for tracking outcomes related to
credential attainment, training completion, degree attainment, and participant earnings from
workforce education and training programs. Existing law limited the use of these social security
numbers to only tracking labor market outcomes.
**Status:** Signed by the Governor, Chapter 211, Statutes of 2017.

**AB 1376 (Caballero) - Apprenticeship: preapprenticeship programs for women.**

**This bill would have required the Division of Apprenticeship Standards within the Department of
Industrial Relations to develop curricula for, and to provide certification for, pre-apprenticeship
programs for women in the construction trades.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1552 (Quirk-Silva) - Women, minority, disabled veteran, and LGBT business enterprise
procurement: late payment penalties.**

This bill would have required public utilities with gross revenues exceeding $25 million to timely pay
undisputed invoices to its contractors or automatically include a late penalty for certified small
business suppliers, as specified, when the payment is made. An agreement was reached between a
group of public utilities and the author to address the issue of late payment of undisputed invoices
through nonstatutory measures.

**Status:** Held without further action in the Senate Committee on Energy, Utilities, and
Communications, 2017-18 Session.

**AB 1553 (Cervantes, Gomez) - Economic development: Capital Access Loan Program.**

**This bill makes changes to the capital access program for small business as specified. Specifically,
this bill:**

1) Authorizes the use of moneys in the California Americans with Disabilities Act Small Business
Capital Access Loan Program fund for payments to participating financial institutions or borrowers to
provide incentives to participate in the ADA program, as specified;

2) Requires the appropriate authority to adopt related regulations, as specified; and

3) Allows small business assistance funds to include contributions and nonreimbursable payments
made directly to borrowers or participating programs administered by the California Pollution
Control Financing Authority as part of the California Capital Access Loan Program.

**Status:** Signed by the Governor, Chapter 644, Statutes of 2017.

**AB 1716 (Committee on Jobs, Economic Development, and the Economy) - Sales and use taxes:
exemption: manufacturing: income taxes: credit; jobs and investment.**

This bill would have extended the California Competes Tax Credit for five years. The Assembly
Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill. Budget
actions supported by JEDE implemented similar provisions as part of the 2017-18 Budget.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.
AB 1734 (Calderon, Bloom, Bonta, Gonzalez Fletcher) - Income taxes: credits: motion pictures.
**This bill would have established the motion picture tax credit program, similar to the existing tax credit program. The bill would have authorized the California Film Commission to award, on or after July 1, 2020, and before July 1, 2025, up to $330,000,000, in credits annually. Credits were to be awarded up to the value of 20% or 25% of qualified expenditures up to $100 million for the production of a qualified motion picture in this state, as defined.
**Status:** Died in the Senate Committee on Governance and Finance, 2017-18 Session.

AB 1878 (Lackey) - Corporate income taxes: exclusion: space transportation companies.
**This bill would have authorized a tax credit against tax liabilities attributed to revenues generated by a space transportation company undertaking space transportation activities, defined as the movement or attempted movement of people or property, including without limitation, launch vehicles, satellites, payloads, cargo, refuse, or any other property to space.
**Status:** Held without further action in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

AB 1900 (Brough) - Capital investment incentive programs: repeal date.
**This bill extends the Capital Investment Incentive Program (CIIP) from January 1, 2019, to January 1, 2024. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least $150 million. The incentive may only be offered after the proponent and the local government agree to a “Community Services Agreement” that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid.
**Status:** Signed by the Governor, Chapter 382, Statutes of 2018.

AB 1904 (Cervantes) - Income taxes: credits: apprenticeships.
**This bill would have authorized, beginning in tax year 2019 through 2022, a tax credit of up to $10,000 which could be claimed on taxpayers’ Personal Income Tax or Corporation Tax for the hiring and training of registered apprentices. Apprentices would have been required to be at least 16 years old and currently enrolled in high school or a General Educational Development (GED) test preparation program, or receive a high school diploma or GED credential while participating in the apprenticeship. An individual taxpayer would have been authorized to claim no more than ten apprentices per year. The maximum aggregate amount of credits to be allocated in a single tax year would have been limited to $10 million.
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

AB 1922 (Fong) - California Competitiveness and Innovation Act.
**This bill would have increased the homeowner's property tax exemption, modified the personal income tax rates and brackets, increased the renter's credit, and eliminated the minimum franchise tax.
**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.
**AB 1972 (Choi) - Income share agreements: postsecondary training: gross income exclusion.**

This bill would have authorized an individual to enter into an income share agreement with anyone for payments to, or on behalf of, that individual for the cost associated with a postsecondary training program or any other program designed to increase the individual’s human capital, employability, or earning potential. In exchange for this payment, the individual would have agreed to share a specified portion of future income. Income sharing agreements, as authorized by this bill, would have been exempted from the usury provision of the California Constitution.

**Status:** Died in the Assembly Committee on Banking and Finance, 2017-18 Session.

**AB 2312 (Eduardo Garcia) - Taxation.**

This bill would have authorized the California Tax Credit Committee to make preliminary awards of California Competes Tax Credits to certain local governments for the purpose of attracting and retaining manufacturing facilities with significant numbers of jobs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2463 (Quirk-Silva, Cervantes) - Small Business Assistance Act of 2018.**

This bill would have expanded the definition of an eligible grant applicant under the Small Business Technical Assistance Expansion Program (Small Business Program) administered by the Governor's Office of Business and Economic Development. As this bill passed the Assembly, AB 2463 authorized the establishment of the Small Business Program. Subsequent budget actions established a substantively similar Small Business Program, so the bill was amended to include technical amendments to the program.

**Status:** Died on the Senate Floor, 2017-18 Session.

**AB 2574 (Bloom) - Sales and use taxes: exemption: research and development: design: digital interactive media.**

This bill would have established a partial sales-and-use tax exemption for tangible personal property purchased prior to January 1, 2014, and used for the development and design of digital interactive media property.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2596 (Cooley, Kiley, Quirk-Silva) - California Economic Development Strategic Plan.**

This bill would have required the Governor's Office of Business and Economic Development to take the lead in preparing a California Economic Development Strategic Action Plan (ED Action Plan). The purpose of the ED Action Plan was to identify economic challenges and provide a set of actions to address the shifting economic landscape, changing demographics, and unique strengths of California’s industries, businesses, workers, and entrepreneurs. Donations were authorized to fund the development of the ED Action Plan. The ED Action Plan was to be updated every five years and include policy recommendations and evaluation criteria.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the Governor's Office of Business and Economic Development, or GO-Biz, to lead the preparation of a California Economic Development Strategic Plan. Since its inception, GO-Biz has expanded direct foreign investment, created opportunities for small businesses, identified incentives for growth, and helped resolve barriers for businesses...
navigating the government. These successes are due, in part, to the ability of GO-Biz to nimbly respond to rapidly changing economic factors including unpredictable federal decisions, natural disasters and more. I don't believe an ongoing costly study and report will provide any additional benefit to these efforts.

**AB 2762 (Carrillo, Muratsuchi) - Public contracts: disabled veteran business enterprises: local small business enterprises: social enterprises.**

This bill increases the maximum value of a small business procurement preference used by a local agency when awarding a contract based on the lowest responsible bidder from 5% to 7% and sets a maximum financial value of $150,000, as specified. In addition, the bill authorizes, effective January 1, 2019, through January 1, 2024, a specified local agency to establish a disabled veteran business preference and a social enterprise preference for use in a public contract awarded to the lowest responsible bidder. When more than one preference is applied to a bid package, the bill sets a maximum percentage value of multiple preferences at no more than 15% of the lowest responsible bidder and a maximum financial value of multiple preferences at no more than $200,000. These provisions only apply to a public contract awarded by a local agency within Los Angeles County and the Bay Area, as specified.

**Status:** Signed by the Governor, Chapter 654, Statutes of 2018.

**AB 2936 (Nazarian) - Income taxes: credits: motion pictures.**

**This bill would have extended California’s Film and Television Tax Credit Program through 2024-25. Legislative actions taken as part of the adoption of the 2018-19 State Budget made similar provisions. Refer to the Budget Summary section of the report for more details.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2957 (Gallagher) - Water: University of California: California Institute for Water Innovation and Technology: corporate income taxes: credit: water technology.**

**This bill would have requested the Regents of the University of California to establish the California Institute for Water Innovation and Technology (Institute) at a satellite campus within the City of Oroville, or within the County of Butte downstream of Lake Oroville, and allowed a tax credit for businesses located in water technology and innovation zones for five years after the establishment of the Institute.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 3030 (Caballero) - California Environmental Quality Act: exemption: qualified opportunity zones.**

**This bill would have exempted certain residential and mixed-use projects from the California Environmental Quality Act. In order to qualify, the project would have needed to be comprised of at least 50% affordable housing, be financed by a “qualified opportunity fund,” and meet other additional specified requirements, including that it be consistent with the local land use plan, development of the project meet prevailing wage requirements, and the project not have any significant impacts that have not been publicly disclosed, analyzed, and mitigated.**

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.
**SB 62 (Jackson) - Affordable Senior Housing Act of 2017.**
This bill would have established the Affordable Senior Housing Program with the Governor's Office of Business and Economic Development for the purpose of guiding and serving as a catalyst for the development of affordable senior housing and supportive care campus-style developments.
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**SB 551 (Hueso) - Capital Access Loan Program for Small Businesses.**
This bill would have transferred certain funding and loan portfolios from the California Pollution Control Financing Authority (CPCFA) to the Small Business Finance Center administered by the California Infrastructure and Economic Development Bank. These transfers related to moneys and loan portfolios associated with the $84 million awarded to the CPCFA through the federal Small Business Credit Initiative (SSBCI) and the 2010 General Fund appropriation of $6 million under Assembly Bill 1632 of the 2009-10 Regular Session, Chapter 731 of the Statutes of 2010, as specified.
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**SB 635 (Hueso) - Governor's Office of Business and Economic Development: Office of the Promise Zone Coordinator.**
This bill authorizes the Governor's Office of Business and Economic Development (GO-Biz) to develop and post information on its website, as well as undertake other outreach activities, which support Promise Zones and Opportunity Zones, as specified. This bill also requires GO-Biz to convene representatives from various state and federal programs to discuss how California can leverage the federal Promise Zones or Opportunity Zones to meet state and local community and economic development needs, as specified.
**Status:** Signed by the Governor, Chapter 888, Statutes of 2018.

**SB 826 (Jackson) - Corporations: boards of directors.**
**This bill requires a publicly held corporation with a principal executive office located in California to have a minimum number of women on its board of directors, as specified. It further requires the Secretary of State to review and issue reports regarding corporations’ compliance with the bill’s provisions and to impose fines for violations of the bill, as specified.
**Status:** Signed by the Governor, Chapter 954, Statutes of 2018.

**SB 951 (Mitchell) - Taxes: credits: motion pictures: Legislative Analyst’s Office report.**
**This bill would have delayed, from January 1, 2019, to July 1, 2023, the date by which the Legislative Analyst's office (LAO) must provide specified legislative committees a public report evaluating the economic effects and administration of the Film Tax Credit.
**Status:** Died on the Assembly Floor, 2017-18 Session.

**SB 964 (Allen) - Public Employees’ Retirement Fund and Teachers’ Retirement Fund: investments: climate-related financial risk.**
**This bill requires the California Public Employees' Retirement System and California State Teachers' Retirement System to report every three years on the climate-related financial risk of their respective public market portfolios. Among other things, the analysis is required to include**
information on the alignment of the fund with the Paris climate agreement and with California climate policy goals, as well as information on the exposure of the fund to other long-term risks. The first report is due on or before January 1, 2020.

**Status:** Signed by the Governor, Chapter 731, Statutes of 2018.

**SCR 10 (Pan) - Filipino American History Month.**

**This resolution would have recognized the month of October 2017 as Filipino American History Month and the 430th anniversary of the first presence of Filipinos in the continental U.S.**

**Status:** Died on the Senate Floor, 2017-18 Session.

**SCR 49 (Pan) - Day of Inclusion.**

**This resolution would have acknowledged December 17 each year as an annual “Day of Inclusion” in recognition and appreciation of the priceless contributions of all immigrants to the greatness of the U.S. and California.**

**Status:** Died on the Senate Floor, 2017-18 Session.

**SCR 87 (Nguyen) - Republic of Vietnam Month.**

**This resolution proclaims the month of October 2018 as Republic of Vietnam Month, in commemoration of the 62nd anniversary of the adoption of the first Constitution of the Republic of Vietnam, in honor of the lives lost for freedom and democracy during the Vietnam War, and in recognition of the positive contributions of Vietnamese Americans to the State of California.**

**Status:** Adopted by the Senate and Assembly, Resolution Chapter 181, Statutes of 2018.
Section II – Building a Workforce for a Prosperous and Inclusive Economy

As California continues to transition from the recession, businesses and workers face an economy that is comprised of more highly integrated industry sectors that are also more geographically dispersed. Advances in technology and processes are occurring more rapidly. Competitiveness is increasingly defined in terms of speed, flexibility, specialization, and innovation. These changes are placing new challenges on California's training and workforce system.

Economists have identified eight key trends, outlined in Chart 4, that are significantly influencing the U.S. and global economies. Several of these trends will have significant impacts on workforce development in particular.

<table>
<thead>
<tr>
<th>Chart 4 – Key Economic Trends Affecting the California Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cities and regions will become more dominant economic players.</td>
</tr>
<tr>
<td>2 Global networks will be supported through more advanced information and transportation technologies.</td>
</tr>
<tr>
<td>3 Barriers to trade will continue to decline among both developed and emerging economies.</td>
</tr>
<tr>
<td>4 The world's largest companies will increasingly be headquartered in emerging foreign markets.</td>
</tr>
<tr>
<td>5 Global and more diversified markets will provide new opportunities for entrepreneurs and smaller size businesses.</td>
</tr>
<tr>
<td>6 Scarcity and rising prices will increase pressure on the development and deployment of cleaner technologies.</td>
</tr>
<tr>
<td>7 The retirement of Boomers will place an even greater need for middle- and high-skilled workers.</td>
</tr>
<tr>
<td>8 The U.S workforce will be smaller, more ethnically diversified, and have educational backgrounds that are lower than many other developed economies.</td>
</tr>
</tbody>
</table>

The rise of smaller businesses is one of these trends. Due to their ability to provide innovative technologies and help other businesses access global markets, small businesses and the entrepreneurs that lead them are vital economic players. Recent data released from the U.S. Census show how entrepreneurship is continuing to be an important avenue for social mobility for women and individuals of color. These small and adaptable businesses will have an inherent advantage in the ‘Next Economy,’ provided proprietors are able to learn the skill sets necessary to run a successful business and have access to appropriately trained workers.

Another key economic trend is the rising importance of regional economies as one of the primary drivers of economic growth. The economic foundation of many strong regional economies are innovation-based industry clusters which have the ability to support high-paying jobs, lucrative career ladders, and longer term job stability.

Economic researchers have shown that industry clusters arise in areas where local universities, research labs, and competing businesses within the same industry provide a critical mass of skilled workers in that same industry. Though the economic composition of regions may differ in California, each region has strengths and weaknesses. Implementation of the federal Workforce Innovation and Opportunity Act of 2014 (WIOA) offers California a unique opportunity to identify regionally significant emerging and dominant industries and bring together business, education, and training stakeholders to collaboratively align policies and resources.

The state's WIOA implementation plan serves as a key document for outlining how California's education, workforce training, and business development activities align and can serve to strengthen
an organization's mission, goals, and objectives. According to the Legislative Analyst's Office, California spends $6.5 billion annually on more than two dozen workforce programs, approximately 62% of which are state funds. In developing the state’s WIOA implementation plan, the LAO document states that the plan is designed to provide a foundation for partnerships beyond federally funded core labor programs and to engage related programs, such as Temporary Assistance to Needy Families, Adult Education Block Grants, and career technical education programs offered through the California Community College system and K-12 public education.

The purpose of these broader partnerships is to provide a more comprehensive framework between private industry and the state publicly funded workforce and education systems that support regional competitiveness, entrepreneurship, apprenticeships, and other ‘earn and learn’ strategies. Serving individuals who have historically faced barriers to employment is another key feature of the state's plan, which proposes to address the state's growing challenge with income inequality by developing career pathways that provide workers with economic security and career advancement.

The Employment Training Panel (ETP) was an early mover and began in 2015 to modify programs and create new initiatives to support the implementation of WIOA. Among other actions, the ETP Board approved the “No Barriers” initiative which authorizes greater program flexibility to encourage employers to train disabled workers for higher skilled jobs within their organizations.

The WIOA implementation process is advantaged by the extensive outreach and collaboration efforts of the California Community College's Task Force of Workforce, Job Creation and a Strong Economy and the Doing What Matters for Jobs policy framework. Legislation passed as part of recent budget approval processes (2015-16, 2016-17, 2017-18) has provided substantial new revenues for career technical education through the K-12 public education system, helped implement the California Community College's Task Force recommendations, and removed barriers to the sharing of information to improve tracking of activities and outcomes. Section VIII includes more information on specific budget appropriations for the 2017-18 and the 2018-19 fiscal years.

Advances in information technology and the pressure to have more environmentally sensitive products that address consumer preferences will also influence the basic education and training needs of California workers. Even entry-level workers will be expected to have important soft skills, such as the ability to work in teams, actively listen, communicate effectively with co-workers and bosses, and negotiate workplace needs in a positive manner. Unlike hard skills, which are about a person's ability to perform a certain task or activity, soft skills provide the tools necessary to learn and advance in the state's continually evolving workplace environment.

Many of these new market realities are already coming to fruition and, for now, California’s workforce is underprepared to meet these demands. There are still numerous unemployed and underemployed workers in California, while, at the same time, there are industries that are unable to find qualified workers to fill empty positions. Strong early education programs, career technology pathways, accessible higher education, and effective and timely workforce development programs are key to equipping California workers with the skillsets necessary to meet market demands.

State Goals for the Workforce Innovation and Opportunity Act

- Producing a million “middle-skill” postsecondary, industry recognized, credentials by 2027.
- Double the number of people enrolled in apprenticeship programs.

State Goals for the Workforce Innovation and Opportunity Act
California's Future Economic Growth and External Markets

The California Economic Development Department’s ten-year forecast cites the state's continued population growth and the rise of foreign imports and exports to be key contributors to the state's long-term job growth. Employment in California is forecasted to expand to over 18 million jobs by 2018, which includes the recovery of the 1.1 million jobs lost during the recession. While these new jobs are a welcome development, they also pose a new challenge. A report by the Little Hoover Commission (LHC) forecasts that California’s workforce will be underqualified to meet the needs of the state’s future economy. Based on current student enrollment numbers for certificates and degrees, the deficit of qualified workers will grow to 2.3 million by 2025. In response to this finding, the LHC recommends the development of a new master plan for higher education with the overriding goal of increasing the number of Californians with degrees, certificates, and diplomas to meet the state’s future needs.

*Chart 5* displays projected job growth by industry sectors for the period of 2012 to 2022. As discussed in more detail below, future growth of the California economy is highly linked to the state's adaptation to globalization, including the state's ability to link goods and services across state and regional boundaries, as well as to prepare a rapidly changing workforce for the 21st century economy.

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>2012-2022 Jobs Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining &amp; Logging</td>
<td>4,500</td>
</tr>
<tr>
<td>Other Services</td>
<td>50,400</td>
</tr>
<tr>
<td>Transporation, Utilities, &amp; Warehousing</td>
<td>66,600</td>
</tr>
<tr>
<td>Information</td>
<td>68,100</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>89,000</td>
</tr>
<tr>
<td>Government</td>
<td>97,100</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>108,300</td>
</tr>
<tr>
<td>Construction</td>
<td>201,700</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>222,500</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>302,000</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>550,200</td>
</tr>
<tr>
<td>Total</td>
<td>576,300</td>
</tr>
</tbody>
</table>

The Employment Development Department's (EDD's) 2012 to 2022 forecast estimates that California's labor force employment will reach 18.7 million, including self-employment, unpaid family workers, private household workers, and farm and nonfarm workers. This estimate represents a 14.9% increase over the ten-year period with an additional 2,296,700 being added to nonfarm employment. As shown in *Chart 5*, 72% of the increase in jobs is expected in four industry sectors: education and health care services; professional and business services; leisure and hospitality; and retail trade.
The Legislature undertook a range of activities to support workforce development during the two-year session. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

Legislation from 2017-18 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during 2017-18 Legislative Session relating to workforce development. Legislation not heard by JEDE is marked with asterisks (**).

**AB 316 (Waldron, Salas) - Workforce development.**
This bill would have appropriated $200 million for the purpose of implementing the Employment Revitalization Initiative through the California Workforce Development Board (CWDB), $100 million for performance-based contracts awarded through the Employment Training Panel (ETP), and $10 million for specified Workforce Accelerator Grants. In expending these funds, the bill would have expanded ETP contracts for training middle-skill workers in priority industry sectors and established a new CWDB grant program to assist individuals who face multiple employment barriers to receive remedial education and work readiness skills that ultimately lead to their successful participation in middle-skill training programs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 361 (Cervantes) - Income taxes: credit: apprentices.**
**This bill would have allowed a Personal Income Tax and Corporation Tax credit equal to $1,000 for each registered apprentice, as defined, who is employed and trained by the taxpayer and who worked seven months or more during the taxable year. The credit would have been available for taxable years 2018 through 2022, and a taxpayer may not have received more than $10,000 in tax credits each taxable year.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 490 (Quirk-Silva) - Taxation: credits: College Access Tax Credit.**
**This bill extends for five years the sunset date (2018 to 2023) for the College Access Tax Credit, which authorizes a taxpayer to claim a credit in an amount equal to 50% of the amount contributed to the College Access Fund. The credit may be applied to the taxpayer’s liability under the Insurance Tax Law, Personal Income Tax Law, and the Corporation Tax Law, as specified.

**Status:** Signed by the Governor, Chapter 527, Statutes of 2017.

**AB 579 (Flora, Cooper, Gonzalez Fletcher) - Apprenticeship: fire protection: firefighter preapprenticeship program.**
**This bill requires the Division of Apprenticeship Standards, in collaboration with the California Firefighter Joint Apprenticeship Committee, to develop a statewide firefighter pre-apprenticeship program designed to recruit candidates from underrepresented groups.

**Status:** Signed by the Governor, Chapter 344, Statutes of 2017.
**AB 581 (McCarty) - Apprenticeships on public works projects.**

This bill classifies any apprenticeship training program that is unable to demonstrate properly how grant funds were used or any program found misusing grant funds as ineligible to receive any future grants from the California Apprenticeship Council. This bill also requires that these apprenticeship programs keep adequate records for the Division of Apprenticeship Standards (DAS) to verify that grant funds were used solely for training purposes and gives DAS the power to rescind the registration of the violating apprenticeship program.

**Status:** Signed by the Governor, Chapter 553, Statutes of 2017.

**AB 647 (Reyes) - Personal income taxes: credit: full-time community college students.**

This bill would have provided a refundable Personal Income Tax credit for community college expenses. The bill would have allowed, for taxable years 2018 through 2023, a credit worth up to $2,000 for qualified community college expenses for a full-time community college student who did not claim the credit in the prior year. A refund would only have been available in years that the Legislature appropriates funds for that purpose.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 849 (Acosta) - California Workforce Development Board: task force.**

This bill would have directed the California Workforce Development Board to convene and lead a multi-agency task force with the goal of resolving inconsistencies among performance measures for the state’s workforce education and training programs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 902 (Santiago) - Career technical education and workforce development.**

This bill would have required the Secretary of Labor and Workforce Development, in conjunction with the California Workforce Development Board, the Office of the Chancellor of the California Community Colleges, and the State Department of Education, to develop a strategic plan for connecting the delivery of education and workforce development.

**Status:** Died in the Assembly Committee on Labor and Employment, 2017-18 Session.

**AB 916 (Quirk-Silva, Arambula) - California Work Opportunity Tax Credit.**

This bill would have established the California Work Opportunity Tax Credit (CalWOTC), which would have authorized a credit under the personal income tax and the corporate tax of up to 40% of a qualified worker's wages, not to exceed $2,400 per employee. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 957 (Levine) - Public postsecondary education: higher education regional workforce coordination: California Workforce Development Board.**

This bill requires the California State University, and requests the University of California, to engage in the development of regional workforce development plans, organized under the auspices of the state's implementation of the federal Workforce Innovation and Opportunity Act of 2014.

**Status:** Signed by the Governor, Chapter 661, Statutes of 2017.
AB 1111 (Eduardo Garcia, Arambula, Baker, Eggman, Cristina Garcia, Maienschein, Quirk-Silva, Reyes, Santiago, Steinorth) - Removing Barriers to Employment Act: Breaking Barriers to Employment Initiative.
This bill establishes the Breaking Barriers to Employment Initiative for the purpose of assisting individuals who have multiple barriers to employment to receive the remedial education and work readiness skills to help them to successfully participate in training, apprenticeship, or employment opportunities that will lead to self-sufficiency and economic stability. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
Status: Signed by the Governor, Chapter 824, Statutes of 2017.

AB 1149 (Arambula, Eduardo Garcia) - Workforce investment boards: funding.
This bill expands the type of funds that count toward a 10% credit that a local workforce development board may use to offset the existing requirement that at least 30% of its annual base allocations be used for training. Qualifying funds include those moneys expended for supportive services that are required in order for the client to participate in an eligible training program, as specified.
Status: Signed by the Governor, Chapter 324, Statutes of 2017.

AB 1175 (Ting) - The Every Kid Counts (EKC) Act: state-funded investment accounts.
**This bill would have required the state to deposit an amount of one hundred dollars ($100) into each account opened under the Golden State Scholarshare Trust Act. Implementation of this bill would have been subject to appropriation.
Status: Died in the Assembly Committee on Higher Education, 2017-18 Session.

AB 1336 (Mullin) - California Workforce Development Board.
This bill expands the duties and authorities for the California Workforce Development Board (CWDB) relative to the development and oversight of the workforce metrics dashboard. Among other provisions, the bill requires the CWDB to determine the approach for measuring labor market impacts, provided that the board uses statistically rigorous methodologies to estimate, assess, and isolate the impact of programs on participant outcomes and authorizes the use of social security numbers of individuals participating in adult education programs for tracking outcomes related to credential attainment, training completion, degree attainment, and participant earnings from workforce education and training programs. Existing law limited the use of these social security numbers to only tracking labor market outcomes.
Status: Signed by the Governor, Chapter 211, Statutes of 2017.

AB 1376 (Caballero) - Apprenticeship: preapprenticeship programs for women.
**This bill would have required the Division of Apprenticeship Standards within the Department of Industrial Relations to develop curricula for, and to provide certification for, pre-apprenticeship programs for women in the construction trades.
Status: Died in the Assembly Committee on Appropriations, 2017-18 Session.
**AB 1425 (Kalra) - Apprentices.**

**This bill would have increased the penalty from a monetary fine to a yearlong ban for contractors who fail to notify local apprenticeship programs of contract award information necessary to ensure compliance with the required apprentice ratio on the worksite.**

**Status:** Died on the Senate Floor, 2017-18 Session.

**AB 1656 (Burke) - Certified nurse assistant training.**

**This bill would have required the Employment Training Panel to establish a grant award program to fund training programs for certified nurse assistants.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1731 (Committee on Jobs, Economic Development, and the Economy) - Apprenticeships: training funds: audits.**

This bill requires the California Chancellor's Office of the Community Colleges to provide guidance to local educational agencies on the allocation and oversight of apprenticeship training funds. The bill codifies recommendations from a 2016 audit of the Department of Apprenticeship Standards and the Chancellor's Office and their oversight of the Air Conditioning Trade Association and its Commercial Sheet Metal Apprenticeships program. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.

**Status:** Signed by the Governor, Chapter 94, Statutes of 2017.

**AB 1734 (Calderon, Bloom, Bonta, Gonzalez Fletcher) - Income taxes: credits: motion pictures.**

**This bill would have established the motion picture tax credit program, similar to the existing tax credit program. The bill would have authorized the California Film Commission to award, on or after July 1, 2020, and before July 1, 2025, up to $330,000,000, in credits annually. Credits were to be awarded up to the value of 20% or 25% of qualified expenditures up to $100 million for the production of a qualified motion picture in this state, as defined.**

**Status:** Held without further action in the Senate Committee on Governance and Finance, 2017-18 Session.

**AB 1904 (Cervantes) - Income taxes: credits: apprenticeships.**

**This bill would have authorized, beginning in tax year 2019 through 2022, a tax credit of up to $10,000 which could be claimed on taxpayers’ Personal Income Tax or Corporation Tax for the hiring and training of registered apprentices. Apprentices would have been required to be at least 16 years old and currently enrolled in high school or a General Educational Development (GED) test preparation program, or receive a high school diploma or GED credential while participating in the apprenticeship. An individual taxpayer would have been authorized to claim no more than ten apprentices per year. The maximum aggregate amount of credits to be allocated in a single tax year would have been limited to $10 million.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1972 (Choi) - Income share agreements: postsecondary training: gross income exclusion.**

**This bill would have authorized an individual to enter into an income share agreement with anyone for payments to, or on behalf of, that individual for the cost associated with a postsecondary training...**
program or any other program designed to increase the individual’s human capital, employability, or earning potential. In exchange for this payment, the individual would have agreed to share a specified portion of future income. Income sharing agreements, as authorized by this bill, would have been exempted from the usury provision of the California Constitution.

**Status:** Died in the Assembly Committee on Banking and Finance, 2017-18 Session.

**AB 2312 (Eduardo Garcia) - Taxation.**

This bill would have authorized the California Tax Credit Committee to make preliminary awards of California Competes Tax Credits to certain local governments for the purpose of attracting and retaining manufacturing facilities with significant numbers of jobs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2358 (Carrillo) - Apprenticeships: discrimination: prohibition.**

**This bill prohibits discrimination in any building and construction trade’s apprenticeship program on the basis of certain enumerated categories with regards to acceptance into or participation in the program as specified.**

**Status:** Signed by the Governor, Chapter 675, Statutes of 2018.

**AB 2420 (Quirk-Silva) - Workforce development: soft skills training.**

**This bill authorizes the Employment Training Panel to include “soft skills,” as defined, in the type of job-related basic and literacy skills training for which a training contract may be provided.**

**Status:** Signed by the Governor, Chapter 216, Statutes of 2018.

**AB 2596 (Cooley, Kiley, Quirk-Silva) - California Economic Development Strategic Plan.**

This bill would have required the Governor's Office of Business and Economic Development to take the lead in preparing a California Economic Development Strategic Action Plan (ED Action Plan). The purpose of the ED Action Plan was to identify economic challenges and provide a set of actions to address the shifting economic landscape, changing demographics, and unique strengths of California’s industries, businesses, workers, and entrepreneurs. Donations were authorized to fund the development of the ED Action Plan. The ED Action Plan was to be updated every five years and include policy recommendations and evaluation criteria.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the Governor's Office of Business and Economic Development, or GO-Biz, to lead the preparation of a California Economic Development Strategic Plan. Since its inception, GO-Biz has expanded direct foreign investment, created opportunities for small businesses, identified incentives for growth, and helped resolve barriers for businesses navigating the government. These successes are due, in part, to the ability of GO-Biz to nimbly respond to rapidly changing economic factors including unpredictable federal decisions, natural disasters and more. I don't believe an ongoing costly study and report will provide any additional benefit to these efforts.
**AB 2915 (Caballero) - Workforce development boards: mutual disaster aid assistance: memorandum of understanding.**

**This bill requires the California Workforce Development Board to develop, in conjunction with the Employment Development Department and with input from local workforce development boards, a policy regarding mutual aid agreements between local boards to enable them to effectively respond to disasters.**

**Status:** Signed by the Governor, Chapter 722, Statutes of 2018.

**AB 2974 (Reyes) - Workforce development: local workforce development board.**

**This bill would have expanded the facilitation and engagement responsibilities of a local workforce development board to include supporting the efforts of employers to align with public contracting needs in a manner that will support local workforce opportunities.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 3018 (Low) - State contracts: skilled and trained workforce.**

**This bill enhances compliance with skilled and trained workforce rules by strengthening public agency reporting requirements, creating penalties for noncompliance, and providing the Labor Commissioner with the authority to issue a civil wage and penalty assessment against a contractor or subcontractor found in violation of state law. Although an awarding body is authorized to withhold payment from a contractor or subcontractor if the skilled and trained workforce requirements are not met, existing law did not include provisions to address the magnitude of the violation. This bill was intended to provide a procedure to determine the appropriate amount of money that should be withheld.**

**Status:** Signed by the Governor, Chapter 882, Statutes of 2018.

**AB 3231 (Gray) - Employment: public works: apprenticeship.**

**This bill authorizes a Joint Labor-Management Committee to seek a court order requiring a public works contractor or subcontractor to provide certified payroll records, and requires the California Apprenticeship Council to include in its annual report to the Legislature any apprenticeship standards that were proposed or adopted in the previous year.**

**Status:** Signed by the Governor, Chapter 682, Statutes of 2018.

**AJR 44 (Low) - Trade with the People’s Republic of China.**

This bill would have memorialized the California Legislature's active support for the continued coordination and collaboration between California and the People’s Republic of China (China) on issues of mutual economic, cultural, and environmental benefit. The resolution also would have urged the U.S. President and the U.S. Congress to support legislative actions that further strengthen ties between California and China.

**Status:** Held without further action in the Senate Committee on Rules, 2017-18 Session.

**SB 539 (De León, Portantino) - Cal Grants: taxes: credits: College Access Tax Credit.**

**This bill would have expanded the College Access Tax Credit by increasing both the applicable percentage rate from 50% to 75% and the total aggregate credit cap from $500 million to $1 billion.**

**Status:** Vetoed by the Governor during the 2017-18 Session.
**Governor's Veto Message:** This bill would increase the amount of tax credit that taxpayers can claim when paying into the College Access Tax Credit Fund, as well as increase the total aggregate amount of credits that can be claimed. This measure started as a bold idea but because of adverse changes in the federal tax law, it now confuses an already complicated scheme and could invite intervention by the Internal Revenue Service.

**SB 1470 (Stern) - Commission on the Future of Work.**

**This bill would have created the Commission on the Future of Work (Commission), an advisory body comprised of eight appointed members, as specified. The Commission would have organized research to understand the impact of technology on workers, employers, and the California economy, and develop recommendations on a policy framework to manage the development, deployment, regulation, taxation, and fair distribution of the benefits of technology used in the workplace. The Commission would have been required to submit its recommendations to the Legislature and the Governor no later than November 1, 2019.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.
Section III – Engaging Global Markets to Support Economic Growth

International trade and foreign investment are important components of California's $2.7 trillion economy, supporting over 4 million California jobs. The value of trade to the California economy is increasing as reflected by the percentage of California jobs tied to trade having more than doubled from 1992 to 2013: 10.6% vs. 21.8%. Nationally, jobs supported by U.S. exports totaled 10.7 million with nearly 684,000 of those jobs being in California.

Businesses from a range of industry sectors support trade and foreign investment activities in California. Among other advantages, the workers in these businesses earn on average 13% to 28% higher wages than the national average. California ranks second nationally in export-related jobs, behind Texas.

Advances in transportation and communication technologies are encouraging the development of previously undeveloped markets and expanding multinational business opportunities for California firms. With more than 95% of consumers located outside the U.S. and emerging economies experiencing a growing middle class, accessing these global markets is key to California's continued economic growth. Today, four of California's top five exports include component parts, which leave the state to be combined and assembled into final products in foreign countries.

California's land, sea, and air ports-of-entry serve as key international commercial gateways. In 2016, $573.5 billion in products entered and exited the U.S. through these ports. If California were a country, it would be the 28th largest exporter and the 10th largest importer in the world, based on 2016 trade numbers. Exports out of California were valued at $171.9 billion and represented 11.1% of total U.S. exports in 2017. Imports into California were valued at $440 billion and represented 18.8% of total U.S. imports in 2017.

Chart 6 shows data of the export of goods to the state's top six trade partners, based on origin of movement. Please note that federal reporting separates data from China and Hong Kong. If combined, California's largest export market in 2017 would have been China and Hong Kong, who received over $28.5 billion in California products. Top-ranking export destinations not shown on the chart include Germany, the Netherlands, and the United Kingdom.

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>$159.4</td>
<td>$161.7</td>
<td>$168.0</td>
<td>$174.1</td>
<td>$165.3</td>
<td>$163.5</td>
<td>$171.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>$25.8</td>
<td>$26.3</td>
<td>$23.9</td>
<td>$25.4</td>
<td>$26.7</td>
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</tr>
<tr>
<td>Canada</td>
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<td>$18.8</td>
<td>$18.2</td>
<td>$17.2</td>
<td>$16.1</td>
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<td>China</td>
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</tr>
<tr>
<td>Hong Kong</td>
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<td>$7.8</td>
<td>$7.7</td>
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<tr>
<td>South Korea</td>
<td>$8.4</td>
<td>$8.2</td>
<td>$8.3</td>
<td>$8.6</td>
<td>$8.6</td>
<td>$8.2</td>
<td>$9.6</td>
</tr>
</tbody>
</table>

Source and presentation breakdown: International Trade Administration, accessed 3/8/2018

California also exports services to businesses, consumers, other organizations, and governments around the world. Between 2006 and 2016, the export of California services has increased 87%,
increasing from $73 billion to $136 billion in services. California's largest service sectors in 2016 included:

1) Royalties and License Fees at $37.5 billion;
2) Travel Services at $32.9 billion;
3) Business, Professional, and Technical Services at $28.4 billion;
4) Transportation Services at $12.2 billion;
5) Financial Services at $11.2 billion; and
6) Telecommunications, Computer, and Information Services at $10.4 billion.

Canada was California's largest service export market receiving $9.4 billion in services in 2016, which supported an estimated 61,315 jobs. California's second largest service export market was China with $9.1 billion in services in 2016 and support for 61,349 jobs.

In addition to exporting goods and services, the California economy benefits from foreign-owned firms. The federal International Trade Administration estimates that in 2015 (most recent data) over 710,000 California workers have benefited from jobs with foreign-owned firms.

California has had the highest level of employment in foreign-owned firms in the nation since at least 1997. In 2015, jobs in California foreign-owned firms represented 5.1% of all private sector jobs in the state, up from 4.1% in 2013. Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

The Legislature undertook a range of activities to support trade and foreign investment during the two-year session. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

**Legislation from 2017-18 Session**

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18 Legislative Session relating to international trade and foreign investment in California. Legislation not heard by JEDE is marked with asterisks (**).

**AB 162 (Cervantes, Quirk-Silva) - Income taxation: credits.**
This bill, as passed by the Assembly, would have modified the definition of a small business under the California Competes Tax Credit, administered by the Governor's Office of Business and Economic Development, to mean any business with 50 or fewer full-time equivalent employees, on average, in the current and two preceding tax years. Budget actions related to the adoption of the 2018-19 Budget extended the term of the tax credit for an additional five-year term and eliminated the 25% small business set aside. Following these budget actions, Senate amendments were taken to remove the tax credit provisions from AB 162 and to insert language related to a different subject matter. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of the California Competes Tax Credit provisions.

**Status:** Died on the Senate Floor, 2017-18 Session.
**AB 923 (Ridley-Thomas) - State government: international trade and investment strategy.**
This bill would have required the Governor's Office of Business and Economic Development to include an analysis of dominant and emerging foreign markets within the already mandated state international trade and investment strategy. More specifically, the bill would have required an analysis and identification of dominant and emerging foreign markets for California goods and services, including, but not limited to, the state's top trade partners of Mexico and Canada and potential new markets in countries located in Africa and the Caribbean.
**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 962 (Travis Allen, Quirk-Silva) - State infrastructure financing for seaports.**
This bill would have established a process by which a harbor agency can monetize the future financial value of installing and operating a port using technology and processes that result in the reduction of mobile source emissions. Administered through the California Infrastructure and Economic Development Bank, this valuation would have been used to establish the amount of a future state appropriation.
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1300 (Calderon) - Income taxes: credits: motion pictures.**
**This bill would have required the California Film Commission to allocate a credit for postproduction music scoring or recording in an amount equal to 30% or 25% of qualified expenditures attributable to the production of a motion picture filmed outside of California, as specified. In order to avoid double-dipping, the bill also would have eliminated the authority for the Commission to issue a credit under the film tax credit for music.**
**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18.

**AB 1561 (Quirk-Silva) - Economic development: infrastructure: logistic hubs.**
This bill requires the next update to the state International Trade and Investment Strategy to include a discussion of the role of logistics in supporting California's trade-based economy, including inland ports. The bill also expands the specific authority of the California Infrastructure and Economic Development Bank to finance inland ports. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
**Status:** Signed by the Governor, Chapter 313, Statutes of 2018.

**AB 1715 (Quirk-Silva, Berman, Cervantes, Patterson, Rodriguez) - International trade and investment offices.**
This bill would have required the Governor's Office of Business and Economic Development to develop and implement a process for engaging with public and private entities that are interested in partnering with the State of California in operating a trade and investment office in a foreign country. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.
**Status:** Vetoed by the Governor during the 2017-18 Session.
**Governor's Veto Message:** This bill establishes a process for the Governor's Office of Business and Economic Development to accept proposals from public and private entities that are interested in collaborating with the state to operate an international trade and investment office in a foreign country.
country. Nothing prohibits any public or private entity from submitting a letter of interest for establishing an international trade and investment office in a foreign nation. I am not convinced the legislatively mandated process sought by this bill to establish trade offices will improve the state's ability to pursue successful partnerships with other countries.

**AB 1727 (Committee on Jobs, Economic Development, and the Economy) - Foreign trade and investment.**
This bill makes technical and structural changes to the content and the statutory placement of the codes relating to Foreign Trade Zones and the California Foreign Investment Program. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill. **Status:** Signed by the Governor, Chapter 13, Statutes of 2017.

**AB 1878 (Lackey) - Corporate income taxes: exclusion: space transportation companies.**
**This bill would have authorized a tax credit against tax liabilities attributed to revenues generated by a space transportation company undertaking space transportation activities, defined as the movement or attempted movement of people or property, including without limitation, launch vehicles, satellites, payloads, cargo, refuse, or any other property to space.** **Status:** Held without further action in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 2596 (Cooley, Kiley, Quirk-Silva) - California Economic Development Strategic Plan.**
This bill would have required the Governor's Office of Business and Economic Development to take the lead in preparing a California Economic Development Strategic Action Plan (ED Action Plan). The purpose of the ED Action Plan was to identify economic challenges and provide a set of actions to address the shifting economic landscape, changing demographics, and unique strengths of California's industries, businesses, workers, and entrepreneurs. Donations were authorized to fund the development of the ED Action Plan. The ED Action Plan was to be updated every five years and include policy recommendations and evaluation criteria. **Status:** Vetoed by the Governor during the 2017-18 Session. **Governor's Veto Message:** This bill would require the Governor's Office of Business and Economic Development, or GO-Biz, to lead the preparation of a California Economic Development Strategic Plan. Since its inception, GO-Biz has expanded direct foreign investment, created opportunities for small businesses, identified incentives for growth, and helped resolve barriers for businesses navigating the government. These successes are due, in part, to the ability of GO-Biz to nimbly respond to rapidly changing economic factors including unpredictable federal decisions, natural disasters and more. I don't believe an ongoing costly study and report will provide any additional benefit to these efforts.

**AB 2687 (Quirk-Silva, Limón) - Office of Small Business.**
This bill integrates the Small Business Advocate (Advocate) within the state's existing disaster preparedness, response, and recovery activities and updates the role of the Advocate within the small business procurement and regulatory assistance activities. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill. **Status:** Signed by the Governor, Chapter 266, Statutes of 2018.
**AJR 44 (Low) - Trade with the People’s Republic of China.**
This bill would have memorialized the California Legislature's active support for the continued coordination and collaboration between California and the People’s Republic of China (China) on issues of mutual economic, cultural, and environmental benefit. The resolution also would have urged the U.S. President and the U.S. Congress to support legislative actions that further strengthen ties between California and China.
**Status:** Held without further action in the Senate Committee on Rules, 2017-18 Session.

**SB 357 (Hueso, De León) - International trade and investment office: Mexico.**
This bill would have required the Governor's Office of Business and Economic Development, on or before July 1, 2018, to enter into an agreement to establish an international trade and investment office in Mexico City, Mexico.
**Status:** Vetoed by the Governor during the 2017-18 Session.
**Governor's Veto Message:** This bill directs the Governor's Office of Business and Economic Development to establish and operate a trade and investment office in Mexico City. California and Mexico have a proven partnership of trade, commerce, and the exchange of culture that runs long and deep. Our relationship with Mexico is fundamental to our mutual prosperity. Through memorandums of understanding, we are directly working with the Mexican government and business community on climate change, trade, transportation, tourism, and education. As I stated in 2014 when I vetoed a nearly identical bill, I remain unconvinced that California needs a legislatively-mandated trade office to continue our ongoing and enduring partnership with Mexico.

**SB 964 (Allen) - Public Employees’ Retirement Fund and Teachers’ Retirement Fund: investments: climate-related financial risk.**
**This bill requires the California Public Employees' Retirement System and California State Teachers' Retirement System to report every three years on the climate-related financial risk of their respective public market portfolios. Among other things, the analysis is required to include information on the alignment of the fund with the Paris climate agreement and with California climate policy goals, as well as information on the exposure of the fund to other long-term risks. The first report is due on or before January 1, 2020.**
**Status:** Signed by the Governor, Chapter 731, Statutes of 2018.

**SCR 10 (Pan) - Filipino American History Month.**
**This resolution would have recognized the month of October 2017 as Filipino American History Month and the 430th anniversary of the first presence of Filipinos in the continental U.S..**
**Status:** Died on the Senate Floor, 2017-18 Session.

**SCR 49 (Pan) - Day of Inclusion.**
**This resolution would have acknowledged December 17 each year as an annual “Day of Inclusion” in recognition and appreciation of the priceless contributions of all immigrants to the greatness of the U.S. and California.**
**Status:** Died on the Senate Floor, 2017-18 Session.
**SCR 81 (Lara) - Nayarit, Mexico: sister state relationship.**
This resolution memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with the State of Nayarit, Mexico, for the purpose of encouraging and facilitating economic, educational, and cultural exchanges that further promote the prosperity of both regions and to improve the international understanding and goodwill between the regions. The sister state agreement will be developed through the mutual cooperation and engagement of the Legislatures of the State of Nayarit, Mexico, and the Legislature of California, including participation by the State Assembly and the State Senate. Upon adoption, the Secretary of the Senate is to transmit copies of the resolution to the author for distribution.

**Status:** Adopted by the Senate and Assembly, Resolution Chapter 185, Statutes of 2017.

**SCR 87 (Nguyen) - Republic of Vietnam Month.**

**This resolution proclaims the month of October 2018 as Republic of Vietnam Month, in commemoration of the 62nd anniversary of the adoption of the first Constitution of the Republic of Vietnam, in honor of the lives lost for freedom and democracy during the Vietnam War, and in recognition of the positive contributions of Vietnamese Americans to the State of California.**

**Status:** Adopted by the Senate and Assembly, Resolution Chapter 181, Statutes of 2018.
California's dominance in many economic areas is based, in part, on the significant role small businesses play in the state's $2.7 trillion economy. Two separate studies, one by the U.S. Census Bureau and another by the Kaufman Foundation, found that net job growth was strongest among businesses with less than 20 employees. Among other advantages, small businesses are crucial to the state's international competitiveness and are an important means for dispersing the positive economic impacts of trade within the California economy. Among other advantages, small businesses are crucial in the state's international competitiveness and are an important means for dispersing the positive economic impacts of trade within the California economy.

Businesses with no employees make up the single largest component of businesses in California, 3.1 million out of an estimated 4 million firms in 2014, representing over $162 billion in revenues with the highest number of businesses (over 539,000) in the professional, scientific, and technical services industry sector. Excluding non-employer firms, businesses with less than 20 employees comprise over 86% of all businesses and employ approximately 24% of all workers. Businesses with less than 100 employees represent 97% of all businesses and employ 54% of the workforce. These non-employer and small employer firms create jobs, generate taxes, support important industry sectors, and revitalize communities.

While their small size provides many advantages, operating with a limited amount of workers also results in certain market challenges, including having difficulty in meeting the procedural requirements of the state's complex regulatory structure and the traditional credit and collateral requirements of mainstream financial institutions. Specialized technical assistance, access to credit enhancements, and collaborative marketing opportunities help many small businesses overcome or at least minimize these difficulties.

**The 2012 Survey of Business Owners**

In August 2015, the U.S. Census Bureau published initial data from the 2012 Survey of Business Owners. The last survey was made in 2007. While the data significantly trails real-time, it is the most comprehensive source for tracking trends in entrepreneurship, including ownership by women and individuals of color.

*Chart 7* shows selected data from the 2012 Survey of Small Business Owners. Among other findings, the data shows a 27.5% increase in women-owned businesses between 2007 and 2012, as compared to a 7.9% increase in businesses owned by men and a -45.8% decrease in firms owned equally by men and women. Women-owned businesses also experienced the greatest increase in the number of people they employed and wages paid.
States with the highest percentage of women-owned firms included the District of Columbia, Georgia, Maryland, New Mexico, and Florida. Delaware, Alaska, North Dakota, Maine, and New Jersey were the states where women-owned firms collected the highest amount of receipts.

Women entrepreneurs, according to the Ewing Marion Kauffman Foundation, have unique skill sets, which both set them apart from other business owners and make them successful entrepreneurs. Among other things, the Kauffman Foundation states that women entrepreneurs have a more nuanced understanding of businesses’ risk/reward profiles. Women are more comfortable with financial risks but more sensitive about risks that may seem foolhardy. The Kauffman Foundation also believes that there is a correlation between a rise in women entrepreneurs and increased business returns and payout ratios.

In California, business ownership by women was up 13.7%, which was the highest among states with the largest number of women-owned businesses. In Texas, women-owned businesses were up 8.7%; Florida, 8.18%; New York, 7.3%; and Illinois, 4.23%. California also had the highest number of Hispanic and Asian American women-owned firms. For businesses owned by Black women, Georgia had the largest number of firms and California had the fifth largest number.

**Chart 8** displays additional information from the 2012 Survey of Business Owners relative to race and ethnicity. The largest percentage changes in business ownership were by Hispanic women, where the number of firms grew by 87.3% between 2007 and 2012. As a comparison, male Hispanic-owned firms grew by 39.3%.

### Using Entrepreneurship to Address Income Disparity

In understanding how business ownership can shift the income disparity dynamic, it may be useful to consider a 2011 Congressional Budget Office (CBO) report on after-tax incomes of American households.

The CBO found that between 1979 and 2007, income for households at the higher end of the income scale rose much more rapidly than income for households in the middle and at the lower end of the
income scale. Most significantly, by the end of the reporting period (2005-2007), the after-tax income received by the top 20% exceeded the after-tax income of the remaining 80%. Chart 9 illustrates the CBO's findings in more detail.

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>Income Earners</th>
<th>Percentile</th>
<th>Percentage Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Top 1%</td>
<td>100th</td>
<td>275%</td>
</tr>
<tr>
<td>2</td>
<td>Next 20%</td>
<td>81st to 99th</td>
<td>65%</td>
</tr>
<tr>
<td>3</td>
<td>Next 60%</td>
<td>20th to 80th</td>
<td>40%</td>
</tr>
<tr>
<td>4</td>
<td>Bottom 20%</td>
<td>1st to 19th</td>
<td>18%</td>
</tr>
</tbody>
</table>


The two primary reasons for the increase in income disparities were (a) the uneven distribution in the sources of household income and (b) the differing economic circumstances of those sources. Households in the higher income brackets (1 & 2) received a majority of their income through capital gains and business income, which as a share of total income increased in value, while individuals in the bottom two brackets (3 & 4) received a majority of their income from labor income and capital income, which decreased in value. With the recession, this income disparity has continued to increase, in part, because of the impact of long term unemployment on wages (a core component of labor income) and rental rates (a core component of capital income).

The report’s findings also suggest that policies that inhibit access to self-employment serve to reinforce income disparities and that policies which result in more entrepreneurial opportunities, especially to individuals within historically underserved populations, may serve to reduce income disparities.

The Legislature undertook a range of activities during the 2017-18 Session to support small business development. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

Legislation from 2017-18 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18 Legislative Session relating to small business and microenterprise. Small business procurement legislation is separately listed in the following section, “Leveraging Government Contracting for Targeted Business Development.” Legislation not heard by JEDE is marked with asterisks (**).  

**AB 75 (Steinorth, Quirk-Silva) - Personal income taxes: earned income credit.**

**This bill would have expanded the definition of “earned income” for the California Earned Income Tax Credit (CalEITC) to include specified earnings from self-employment, and sets the CalEITC adjustment factor at 85%. Legislative actions related to the 2017-18 Budget made a number of similar changes to the CalEITC. Please refer to the Budget Section for more details.**

**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 86 (Calderon) - Entrepreneur-in-Residence Act of 2016.**

This bill would have established the Government Innovation Fellows Program, as a pilot program, to identify opportunities to apply advanced skill sets and innovative practices in effective ways to improve the delivery of state services. The Fellows program was to be administered by the Government Operations Agency and was scheduled to sunset on January 1, 2021.
**Status**: Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 162 (Cervantes, Quirk-Silva) - Income taxation: credits.**

This bill, as passed by the Assembly, would have modified the definition of a small business under the California Competes Tax Credit, administered by the Governor's Office of Business and Economic Development, to mean any business with 50 or fewer full-time equivalent employees, on average, in the current and two preceding tax years. Budget actions related to the adoption of the 2018-19 Budget extended the term of the tax credit for an additional five-year term and eliminated the 25% small business set aside. Following these budget actions, Senate amendments were taken to remove the tax credit provisions from AB 162 and to insert language related to a different subject matter. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of the California Competes Tax Credit provisions.

**Status**: Died on the Senate Floor, 2017-18 Session.

**AB 225 (Caballero, Steinorth) - Personal income taxes: earned income credit: earned income amount.**

This bill would have increased the earned income thresholds at which the California Earned Income Tax Credit (CalEITC) begins to phase out. Specifically, this bill would have:

1) Increased the earned income thresholds annually for taxable years beginning on or after January 1, 2017, and before January 1, 2023, as specified;

2) Provided that the earned income thresholds specified for taxable years beginning on or after January 1, 2023, shall be annually adjusted for inflation; and

3) Suspended the scheduled increase in earned income thresholds in years when the scheduled California’s minimum wage increase is also suspended.

Legislative actions related to the 2017-18 Budget made a number of similar changes to the CalEITC. Please refer to the Budget Section for more details.

**Status**: Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 361 (Cervantes) - Income taxes: credit: apprentices.**

**This bill would have allowed a Personal Income Tax and Corporation Tax credit equal to $1,000 for each registered apprentice, as defined, who is employed and trained by the taxpayer and who worked seven months or more during the taxable year. The credit would have been available for taxable years 2018 through 2022, and a taxpayer may not have received more than $10,000 in tax credits each taxable year.

**Status**: Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 442 (Frazier) - Employer liability: small business and microbusiness.**

**This bill would have prohibited the Division of Occupational Safety and Health (DOSH) from commencing any enforcement action for any non-serious violation against any employer where the employer is a small business or microbusiness, without first giving the employer written notice and providing the employer 30 days to correct the violation.

**Status**: Died in the Assembly Committee on Labor and Employment, 2017-18 Session.
AB 767 (Quirk-Silva) - GO-Biz Information Technology.
This bill would have codified the role of the Information Technology Unit within the Governor's Office of Business and Economic Development, which is responsible for the design and maintenance of an online Internet platform called the California Business Development Portal. In addition, the bill would have rebranded the state's permit and licensing technical assistance application as the California Business License Center and provided dedicated staff to update and expand the California Business Portal. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

Status: Vetoed by the Governor during the 2017-18 Session.

Governor's Veto Message: This bill codifies the Information Technology unit within the Governor's Office of Business and Economic Development and authorizes two positions in statute for this purpose. This bill is unnecessary given the 2018 Budget Act included funding for staff positions to perform activities substantially similar to those prescribed in this measure. The annual budget process is the best venue to evaluate the resources and staff needed for various state programs such as the one contemplated by this proposal.

AB 778 (Caballero) - Community development investment tax credits.
**This bill would have re-established the California Organized Investment Network (COIN) tax credit. The COIN program provided a tax credit equal to 20% of the qualified amount invested in a state-certified community development financial institution (CDFI). The total for all credits for all recipients was capped at $10 million per year, which is required to leverage $50 million in eligible investments. CDFIs work as financial intermediaries providing access to credit, loans, and investments to small businesses and non-profits that serve economically disadvantaged communities.

Status: Vetoed by the Governor during the 2017-18 Session.

Governor's Veto Message: I am returning the following two bills without my signature: Assembly Bill 778 and Senate Bill 289. Both of these bills create a new tax break. These bills are an end run of the budget process, and would commit us to spending more than eight million dollars through 2018-19. The budget process allows for all tax break proposals to be weighed equally through public hearings, negotiations and, finally, approval of a balanced budget. As I said last year, I believe this is the best way to evaluate and prioritize all new spending proposals, including those that create new tax breaks.

AB 784 (Dababneh, Kalra) - Pilot Program for Increased Access to Responsible Small Dollar Loans.
**This bill would have made permanent the existing Pilot Program for Increased Access to Responsible Small Dollar Loans (pilot program) that is currently authorized through January 1, 2023. In addition, this bill would have increased the lending cap under the program from $2,500 to $5,000 and eliminated the use of “finders”—entities that bring together the borrower and lender. According to the Assembly Appropriations Committee analysis, “In an attempt to increase the availability of affordable, credit-building installment loans made in California in amounts below $2,500, the state authorized the pilot program in 2010 through the enactment of SB 1146 (Florez), Chapter 640, Statutes of 2010. Subsequently the Legislature modified the pilot program with SB 318 (Hill), Chapter 467, Statutes of 2013 and SB 235 (Block), Chapter 505, Statutes of 2015 with the intent of
attracting more lenders to join the pilot program and increasing the availability of pilot program loans across the state.”

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 916 (Quirk-Silva, Arambula) - California Work Opportunity Tax Credit.**
This bill would have established the California Work Opportunity Tax Credit (CalWOTC), which would have authorized a credit under the personal income tax and the corporate tax of up to 40% of a qualified worker's wages, not to exceed $2,400 per employee. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 923 (Ridley-Thomas) - State government: international trade and investment strategy.**
This bill would have required the Governor's Office of Business and Economic Development to include an analysis of dominant and emerging foreign markets within the already mandated state international trade and investment strategy. More specifically, the bill would have required an analysis and identification of dominant and emerging foreign markets for California goods and services, including, but not limited to, the state's top trade partners of Mexico and Canada and potential new markets in countries located in Africa and the Caribbean.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 999 (Burke) - Income taxes: credit: small business investment.**
This bill would have established a five-year, $75 million tax credit program to support private investments in small businesses in qualifying high-technology fields. The bill provided that a qualified investment meet all of the following requirements:

1) The investment is equal to or greater than $10,000 when made directly by the taxpayer or $50,000 if the funds are deposited by the taxpayer into a qualified fund;

2) The small business in which the funds are being invested is certified by the state as a qualifying small business;

3) The qualified small business does not issue securities that are traded on a public exchange or have a liquidation event within 180 days after the date on which the investment was made.

**Status:** Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.

**AB 1230 (Burke) - Small Business Development Center Program: appropriation.**
This bill would have appropriated $2 million from the General Fund to the California Economic Development Fund for the purpose of providing a cash match for the six regional lead centers that have contracts with the U.S. Small Business Administration to administer the federal Small Business Development Center Program (SBDC) in California. As a condition of receiving funds, the lead SBDC centers would have been required to submit written confirmation from SBA that the state funds will be matched by federal funds on a one-for-one basis.

**Status:** Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.
AB 1256 (Brough) - Minimum franchise tax: annual tax: small business.
**This bill, for taxable years 2018 through 2022, would have reduced the second taxable year’s minimum franchise tax (MFT) to $100 for a new small business that is a corporation, as defined, and reduced the first taxable year’s annual tax to $100 for new small businesses that are limited partnerships, limited liability partnerships, or limited liability companies, as defined. Implementation of this bill would have been subject to appropriation by the Legislature.
Status: Died in the Assembly Committee on Appropriations, 2017-18 Session.

AB 1266 (Burke) - State Enterprise Loan Fund.
This bill would have increased the amount of funds available to the State Assistance Fund for Enterprise Business and Industrial Development Corporation (SAFE-BIDCO) to make direct loans to small businesses from $2.5 million to $5 million.

AB 1547 (Quirk-Silva) - State finance: financing authorities.
This bill abolishes the California Industrial Development Financing Advisory Commission, while retaining the California Debt Limit Allocation Committee with substantially overlapping duties relative to industrial development bonds. The bill also updates definitions and provisions of three programs to better meet market conditions, including the California Small Business Capital Access Loan Program for Americans with Disabilities Act, the California Small Business Capital Access Loan Program for Seismic Safety, and the California Sales and Use Tax Exclusion Program. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
Status: Signed by the Governor, Chapter 645, Statutes of 2018.

AB 1553 (Cervantes, Gomez) - Economic development: Capital Access Loan Program.
**This bill makes changes to the capital access program for small business as specified. Specifically, this bill:

1) Authorizes the use of moneys in the California Americans with Disabilities Act Small Business Capital Access Loan Program fund for payments to participating financial institutions or borrowers to provide incentives to participate in the ADA program, as specified;

2) Requires the appropriate authority to adopt related regulations, as specified; and

3) Allows small business assistance funds to include contributions and nonreimbursable payments made directly to borrowers or participating programs administered by the California Pollution Control Financing Authority as part of the California Capital Access Loan Program.
Status: Signed by the Governor, Chapter 644, Statutes of 2017.

AB 1922 (Fong) - California Competitiveness and Innovation Act.
**This bill would have increased the homeowner's property tax exemption, modified the personal income tax rates and brackets, increased the renter's credit, and eliminated the minimum franchise tax.
Status: Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.
**AB 2420 (Quirk-Silva) - Workforce development: soft skills training.**
This bill authorizes the Employment Training Panel to include “soft skills,” as defined, in the type of job-related basic and literacy skills training for which a training contract may be provided.
**Status:** Signed by the Governor, Chapter 216, Statutes of 2018.

**AB 2463 (Quirk-Silva, Cervantes) - Small Business Assistance Act of 2018.**
This bill would have expanded the definition of an eligible grant applicant under the Small Business Technical Assistance Expansion Program (Small Business Program) administered by the Governor's Office of Business and Economic Development. As this bill passed the Assembly, AB 2463 authorized the establishment of the Small Business Program. Subsequent budget actions established a substantively similar Small Business Program, so the bill was amended to include technical amendments to the program.
**Status:** Died on the Senate Floor, 2017-18 Session.

**AB 2503 (Irwin) - Corporations: limited liability companies: dissolution: cancellation: abatement of taxes.**
This bill establishes two administrative processes for dissolving a domestic corporation or limited liability company when its powers, rights, and privileges have been suspended by the Franchise Tax Board or when it has ceased operations in California.
**Status:** Signed by the Governor, Chapter 679, Statutes of 2018.

**AB 2510 (Muratsuchi) - Limited liability companies: annual tax: microbusinesses.**
This bill would have reduced the limited liability (LLC) annual tax to $100 for a microbusiness. The bill also would have reinstated and made permanent the $800 annual tax exemption for an LLC that is solely owned by a deployed member of the Armed Forces.
**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 2574 (Bloom) - Sales and use taxes: exemption: research and development: design: digital interactive media.**
This bill would have established a partial sales-and-use tax exemption for tangible personal property purchased prior to January 1, 2014, and used for the development and design of digital interactive media property.
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2596 (Cooley, Kiley, Quirk-Silva) - California Economic Development Strategic Plan.**
This bill would have required the Governor's Office of Business and Economic Development to take the lead in preparing a California Economic Development Strategic Action Plan (ED Action Plan). The purpose of the ED Action Plan was to identify economic challenges and provide a set of actions to address the shifting economic landscape, changing demographics, and unique strengths of California’s industries, businesses, workers, and entrepreneurs. Donations were authorized to fund the development of the ED Action Plan. The ED Action Plan was to be updated every five years and include policy recommendations and evaluation criteria.
**Status:** Vetoed by the Governor during the 2017-18 Session.
Governor's Veto Message: This bill would require the Governor's Office of Business and Economic Development, or GO-Biz, to lead the preparation of a California Economic Development Strategic Plan. Since its inception, GO-Biz has expanded direct foreign investment, created opportunities for small businesses, identified incentives for growth, and helped resolve barriers for businesses navigating the government. These successes are due, in part, to the ability of GO-Biz to nimbly respond to rapidly changing economic factors including unpredictable federal decisions, natural disasters and more. I don't believe an ongoing costly study and report will provide any additional benefit to these efforts.

**AB 2687 (Quirk-Silva, Limón) - Office of Small Business.**
This bill integrates the Small Business Advocate (Advocate) within the state's existing disaster preparedness, response, and recovery activities and updates the role of the Advocate within the small business procurement and regulatory assistance activities. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
**Status:** Signed by the Governor, Chapter 266, Statutes of 2018.

**AB 2915 (Caballero) - Workforce development boards: mutual disaster aid assistance: memorandum of understanding.**
**This bill requires the California Workforce Development Board to develop, in conjunction with the Employment Development Department and with input from local workforce development boards, a policy regarding mutual aid agreements between local boards to enable them to effectively respond to disasters.**
**Status:** Signed by the Governor, Chapter 722, Statutes of 2018.

**AB 2974 (Reyes) - Workforce development: local workforce development board.**
**This bill would have expanded the facilitation and engagement responsibilities of a local workforce development board to include supporting the efforts of employers to align with public contracting needs in a manner that will support local workforce opportunities.**
**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 3030 (Caballero) - California Environmental Quality Act: exemption: qualified opportunity zones.**
**This bill would have exempted certain residential and mixed-use projects from the California Environmental Quality Act. In order to qualify, the project would have needed to be comprised of at least 50% affordable housing, be financed by a “qualified opportunity fund,” and meet other additional specified requirements, including that it be consistent with the local land use plan, development of the project meet prevailing wage requirements, and the project not have any significant impacts that have not been publicly disclosed, analyzed, and mitigated.**
**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AJR 44 (Low) - Trade with the People’s Republic of China.**
This bill would have memorialized the California Legislature's active support for the continued coordination and collaboration between California and the People’s Republic of China (China) on issues of mutual economic, cultural, and environmental benefit. The resolution also would have
urged the U.S. President and the U.S. Congress to support legislative actions that further strengthen ties between California and China.

**Status:** Died in the Senate Committee on Rules, 2017-18 Session.

**SB 325 (Mendoza) - Pilot Program for Increased Access to Responsible Small Dollar Loans.**

**This bill would have modified the Pilot Program for Increased Access to Responsible Small Dollar Loans (Program), including the following:**

1) Clarified allowable charges and fees imposed by lenders in connection with pilot program loans;
2) Allowed a licensed lender to provide a borrower a “paid in full” notice, as specified, even when the payment(s) were made electronically;
3) Renamed the term “finder” to “referral partner”;
4) Required a licensee to train each referral partner to ensure program compliance, as specified;
5) Deleted provisions requiring a second duplicate disclosure notification;
6) Contained provisions to recalculate the total compensation paid to referral partners without changing the total amount allowable; and
7) Revised the content of the report annually submitted by the Commissioner of the Department of Business Oversight (DBO) to include information on borrowers that were denied participation in the program and additional borrower information as specified.

**Status:** Died in the Assembly Committee on Banking and Finance, 2017-18 Session.

**SB 357 (Hueso, De León) - International trade and investment office: Mexico.**

This bill would have required the Governor's Office of Business and Economic Development, on or before July 1, 2018, to enter into an agreement to establish an international trade and investment office in Mexico City, Mexico.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill directs the Governor's Office of Business and Economic Development to establish and operate a trade and investment office in Mexico City. California and Mexico have a proven partnership of trade, commerce, and the exchange of culture that runs long and deep. Our relationship with Mexico is fundamental to our mutual prosperity. Through memorandums of understanding, we are directly working with the Mexican government and business community on climate change, trade, transportation, tourism, and education. As I stated in 2014 when I vetoed a nearly identical bill, I remain unconvinced that California needs a legislatively-mandated trade office to continue our ongoing and enduring partnership with Mexico.

**SB 551 (Hueso) - Capital Access Loan Program for Small Businesses.**

This bill would have transferred certain funding and loan portfolios from the California Pollution Control Financing Authority (CPCFA) to the Small Business Finance Center administered by the California Infrastructure and Economic Development Bank. These transfers related to moneys and loan portfolios associated with the $84 million awarded to the CPCFA through the federal Small Business Credit Initiative (SSBCI) and the 2010 General Fund appropriation of $6 million under
Assembly Bill 1632 of the 2009-10 Regular Session, Chapter 731 of the Statutes of 2010, as specified.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**SB 635 (Hueso) - Governor’s Office of Business and Economic Development: Office of the Promise Zone Coordinator.**

This bill authorizes the Governor's Office of Business and Economic Development (GO-Biz) to develop and post information on its website, as well as undertake other outreach activities, which support Promise Zones and Opportunity Zones, as specified. This bill also requires GO-Biz to convene representatives from various state and federal programs to discuss how California can leverage the federal Promise Zones or Opportunity Zones to meet state and local community and economic development needs, as specified.

**Status:** Signed by the Governor, Chapter 888, Statutes of 2018.

**SB 930 (Hertzberg) - Financial institutions: cannabis.**

**This bill would have enacted the Cannabis Limited Charter Banking and Credit Union Law to allow for the licensure and supervision of cannabis limited charter banks and credit unions authorized to offer limited depository services to cannabis businesses. According to the Assembly Appropriations Committee analysis, “Federal law prevents some cannabis businesses from accessing financial services provided by banks and credit unions, including basic checking accounts and electronic payment services that nearly all business rely to facilitate transactions with their customers. As a result, most cannabis businesses in California lack basic banking services. According to a survey conducted by the California Growers Association in 2017, more than two-thirds of its membership is unbanked, with cultivators having the lowest level of access along the supply chain. Unbanked cannabis businesses are forced to transact primarily in cash, which presents public safety challenges and makes it difficult for state and local agencies collect taxes and enforce state laws.”**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**SCR 81 (Lara) - Nayarit, Mexico: sister state relationship.**

This resolution memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with the State of Nayarit, Mexico, for the purpose of encouraging and facilitating economic, educational, and cultural exchanges that further promote the prosperity of both regions and to improve the international understanding and goodwill between the regions. The sister state agreement will be developed through the mutual cooperation and engagement of the Legislatures of the State of Nayarit, Mexico, and the Legislature of California, including participation by the State Assembly and the State Senate. Upon adoption, the Secretary of the Senate is to transmit copies of the resolution to the author for distribution.

**Status:** Adopted by the Senate and Assembly, Resolution Chapter 185, Statutes of 2017.
Section V – Leveraging Public Contracting for Targeted Business Development

The Small Business Act, administered through the Department of General Services (DGS), was implemented more than thirty years ago to establish a small business preference within the state's procurement process that would increase the number of contracts between the state and small businesses. In 1998, a disabled veteran business enterprise (DVBE) component was added. California has a thirty-year history of using state contracting to support business development within targeted business populations. Statute sets an annual 3% DVBE procurement participation goal, and a 2006 executive order sets a 25% goal for small businesses and microbusinesses within state agencies, departments, boards, and commissions.

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

Statute further states that DVBE participation is strongly encouraged to recognize the sacrifices of California's disabled military veterans and to address the special needs of disabled veterans seeking rehabilitation and training through entrepreneurship.

In order to assist state agencies in reaching these goals, the state authorizes both a procurement preference for using a certified small business as a prime or subcontractor and a streamlined alternative procurement process for smaller size contracts (between $5,000 and $250,000) where a state agency can contract directly with a certified small business after comparing the bid against two additional small businesses. The state also administers a DVBE incentive that allows a state agency to set an incentive percentage for a particular transaction based upon a business strategy to achieve their annual 3% DVBE procurement participation goal. All state agencies are required to allow for a 5% preference for certified small business contract participation.

In the state's experience, a majority of DVBEs are smaller size firms with 75.4% having dual certifications as a DVBE and microbusiness and 9.6% having dual certifications as a DVBE and small business. The remaining 15% of DVBEs operate with only a single DVBE certification.

Given the importance of small businesses to California's economy, these procurement preferences play a key role in distributing state expenditures throughout the state, and among a variety of business types. The charts below (Charts 10 and 11) display small business and DVBE procurement participation for the most recent four fiscal years for which data is available.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Contract Dollars</th>
<th>Total Small Business and Microbusiness Contract Dollars</th>
<th>Total Percent</th>
<th>Total Number of Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>$5,855</td>
<td>$2,112</td>
<td>36.08%</td>
<td>116,169</td>
</tr>
<tr>
<td>2014-15</td>
<td>$8,117</td>
<td>$2,079</td>
<td>25.61%</td>
<td>482,707</td>
</tr>
</tbody>
</table>
Based on the data displayed above, the state appears to be consistently meeting its 25% small business and 3% DVBE procurement participation goals. Although DGS works diligently to gather and aggregate this information, the data is not consistently reported by state agencies, nor do all of the agencies report annually. As an example, in 2011-12, 86% of the mandatory reporting entities reported their contracting activity to DGS. In 2012-13, 79% reported their contracting activity, and in 2015-16, 80% reported.

For 2015-16 contracting, the following state entities did not report: the Natural Resources Agency, Fish and Game Commission, Board of Forestry, and the San Gabriel and Lower Los Angeles Rivers and Mountain Conservancy.

The Legislature undertook a range of activities to support and reform the state's procurement practices. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

**Legislation from 2017-18 Session**

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18 Legislative Session relating to DVBE and small business procurement. Legislation not heard by JEDE is marked with asterisks (**).

**AB 547 (Chávez) - California Prompt Payment Act: disabled veteran business enterprises.**

This bill would have required state agencies to pay properly submitted, undisputed invoices from certified disabled veteran business enterprises within 30 calendar days of receiving the invoice. The measure was dropped by the author in order to provide public utilities an opportunity to address the issue of slow payments through administrative actions.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the state to pay invoices within 30 days when submitted by a disabled veteran business enterprise that is also small business. The Prompt Payment Act already requires invoices to be paid within 45 days. While I am supportive of our small disabled veteran business enterprises, I think that it is important for the state to continue to focus on making
timely payments on all state contracts. Rather than introducing a new process that could undo the state's progress, I would simply encourage state agencies to accelerate payments on invoices whenever possible.

**AB 632 (Acosta) - Small Business Procurement and Contract Act: small business and disabled veteran business enterprises.**
This bill would have increased the maximum contract amount for direct source contracting with a disabled veteran business enterprise under the Streamline Procurement Option from $250,000 to $500,000.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 961 (Quirk-Silva) - Disabled Veteran Business Enterprise Program.**
This bill would have tightened the existing monitoring and accountability requirements for state procurement activities related to the disabled veteran business enterprise (DVBE) targeted procurement program. The bill, among other provisions, would have required the California Department of Veteran Affairs to annually compare the list of attendees at promotional events with the list of newly certified DVBEs and the list of participants in a state contract, as specified. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the Department of Veteran Affairs to maintain specific records of promotional efforts related to the disabled veteran business enterprise program. The department should continue to review its outreach strategies for this important program within its existing authority. This bill is unnecessary to fulfill such efforts and adds another layer of bureaucratic monitoring.

**AB 1445 (Reyes) - Public contracting: small business goal.**
This bill, as it passed the Assembly, made a number of changes to the reporting on small business participation in state procurement activities, including the reporting of prime and subprime contracting activity separately. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of the reporting provisions. Amendments in the Senate removed these provisions and inserted unrelated content.

**Status:** Signed by the Governor, Chapter 380, Statutes of 2018.

**AB 1552 (Quirk-Silva) - Women, minority, disabled veteran, and LGBT business enterprise procurement: late payment penalties.**
This bill would have required public utilities with gross revenues exceeding $25 million to timely pay undisputed invoices to its contractors or automatically include a late penalty for certified small business suppliers, as specified, when the payment is made. An agreement was reached between a group of public utilities and the author to address the issue of late payment of undisputed invoices through nonstatutory measures.

**Status:** Held without further action in the Senate Committee on Energy, Utilities, and Communications, 2017-18 Session.
**AB 1635 (Quirk-Silva) - Public contracts: small business participation.**

This bill would have required specified state entities to establish and achieve a 25% small business participation goal within their annual state contracting and permitting activities. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2687 (Quirk-Silva, Limón) - Office of Small Business.**

This bill integrates the Small Business Advocate (Advocate) within the state's existing disaster preparedness, response, and recovery activities and updates the role of the Advocate within the small business procurement and regulatory assistance activities. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.

**Status:** Signed by the Governor, Chapter 266, Statutes of 2018.

**AB 2762 (Carrillo, Muratsuchi) - Public contracts: disabled veteran business enterprises: local small business enterprises: social enterprises.**

This bill increases the maximum value of a small business procurement preference used by a local agency when awarding a contract based on the lowest responsible bidder from 5% to 7% and sets a maximum financial value of $150,000, as specified. In addition, the bill authorizes, effective January 1, 2019, through January 1, 2024, a specified local agency to establish a disabled veteran business preference and a social enterprise preference for use in a public contract awarded to the lowest responsible bidder. When more than one preference is applied to a bid package, the bill sets a maximum percentage value of multiple preferences at no more than 15% of the lowest responsible bidder and a maximum financial value of multiple preferences at no more than $200,000. These provisions only apply to a public contract awarded by a local agency within Los Angeles County and the Bay Area, as specified.

**Status:** Signed by the Governor, Chapter 654, Statutes of 2018.

**AB 2974 (Reyes) - Workforce development: local workforce development board.**

**This bill would have expanded the facilitation and engagement responsibilities of a local workforce development board to include supporting the efforts of employers to align with public contracting needs in a manner that will support local workforce opportunities.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**SB 605 (Galgiani) - Small Business Procurement and Contract Act: small business.**

This bill expands the number of businesses which can utilize the special provisions in the Small Business Procurement and Contract Act when bidding on a state contract. The bill creates a new category of certified small business for public works contracts, and increases the maximum revenue limits on the existing definition of certified small business and microbusiness. More specifically, the bill:

1) Increases the average annual gross revenue limit for businesses eligible for state small business procurement benefits and incentives, as follows:
   a) The revenue cap for small businesses is increased from $10 million to $15 million; and
   b) The revenue cap for microbusinesses is increased from $2.5 million to $5 million.
2) Establishes a new category of small business for the purpose of state public works contracts and related engineering contracts, as specified. The new category is identical to the existing category, except that the business may employ up to 200 employees and have average annual gross receipts of up to $36 million, as specified.

3) Mandates the Department of General Services to conduct a biennial review of the average annual gross receipts of small businesses undertaking state contracting activities, as specified. DGS is required, commencing in 2019, to adjust the average annual gross receipt levels to reflect the changes in the California Consumer Price Index (CPI).

**Status**: Signed by the Governor, Chapter 673, Statutes of 2017.

**SB 1179 (Newman) - Public contracts: Disabled Veteran Business Enterprise Program.**

This bill would have required a contracting agency to give a prime contractor that fails to certify at the completion of the contract that each certified disabled veteran business subcontractor has been paid, a reasonable opportunity to comply. If the prime contractor still failed to comply, the bill would have required the contractor to be suspended from participating in a state contract for five years for a first violation and permanently upon a second violation.

**Status**: Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.

**SB-1180 (Newman) - California Disabled Veteran Business Enterprise Program.**

This bill would have required an awarding state department to maintain all records of the information provided by the prime contractor relative to the payment of the certified disabled veteran business that participated in the performance of the contract. The bill would have also required the awarding department to establish review procedures for those records to ensure the accuracy and completeness of the award amounts and reported paid amounts, including maintaining records in a manner that facilitates access and review by external auditors for a minimum of six years after collection.

**Status**: Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.
Section VI – Nurturing Manufacturing and Emerging Technologies

Manufacturing plays an important role within the California economy, supporting international trade and small businesses within the global supply chain while providing high-paying jobs. In 2017, California’s 39,629 manufacturing establishments accounted for 11.8% of all manufacturing plants in the U.S. and employed 10% of all manufacturing workers in the nation. By most indicators, California is the largest manufacturing state in the nation.

In 2017, the California manufacturing sector contributed over $300 billion to the state economy, in which durable manufacturing goods (primary metals, machinery, and electronics) were valued at $166.2 billion and non-durable goods (petroleum, chemical, food and beverages) were valued at $123.6 billion.

Manufacturing employed 1.3 million workers in California in 2017, accounting for 7.8% of the state’s non-farm employment. California has the largest manufacturing workforce in the nation, followed by Texas. Manufacturing annual wages in 2016 (most current) were $34.0 billion for top ranked California and $24.6 billion for second place Texas.

Average hourly earnings in manufacturing were $31.58 in January of 2018, as compared to $30.1 for all private industry sectors and $18.04 for leisure and hospitality jobs.

Manufacturing is California’s most export-intensive activity, with $148 billion in manufactured goods exported in 2017, accounting for 86% of California’s annual exports. The two largest exports by aggregate dollar value in 2017 were computers and electronic products valued at $42.6 billion and transportation equipment at $19.2 billion.

Also, manufacturing jobs have a large employment multiplier effect. According to the Milken Institute, each manufacturing job supports roughly 2.9 other jobs in the overall state's economy. In some specialized manufacturing sectors, such as electronics and computer manufacturing, the multiplier effect is as high as 16 to 1. One of the reasons for the large multiplier effect is the extended supply chains that are needed to support manufacturing and the export of goods, including small businesses and logistic companies.

Manufacturing in the Future

EDD currently projects that, between 2016 and 2026, total employment in California will rise by 16.3%, with total employment in the manufacturing sector in California rising by only 0.1%, as shown in Chart 12 below.

<table>
<thead>
<tr>
<th></th>
<th>Annual Average Employment 2016</th>
<th>Estimated Employment in 2026</th>
<th>Numerical Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>18,089,600</td>
<td>20,022,700</td>
<td>1,933,100</td>
<td>10.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,311,200</td>
<td>1,312,500</td>
<td>1,300</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Source: “Projections of Employment by Industry and Occupation, Long-Term (Ten Years) Projections,” EDD, 2018

While the aggregate employment growth is low, some subsectors are anticipated to have more significant increases, including motor vehicle manufacturing (103.1%) and industrial machinery.
manufacturing (12.6%). **Chart 13** provides a more detailed look at selected job growth in the manufacturing sector.

<table>
<thead>
<tr>
<th>Chart 13 – Selected Net Job Growth in Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Durable Goods Manufacturing (321,327,331-339)</td>
</tr>
<tr>
<td>Wood Product Manufacturing</td>
</tr>
<tr>
<td>Other Wood Product Manufacturing</td>
</tr>
<tr>
<td>Primary Metal Manufacturing</td>
</tr>
<tr>
<td>Fabricated Metal Product Manufacturing</td>
</tr>
<tr>
<td>Machinery Manufacturing</td>
</tr>
<tr>
<td>Motor Vehicle Manufacturing</td>
</tr>
<tr>
<td>Aerospace Product and Parts Manufacturing</td>
</tr>
<tr>
<td>Ship and Boat Building</td>
</tr>
<tr>
<td>Furniture and Related Product Manufacturing</td>
</tr>
<tr>
<td>Medical Equipment and Supplies Manufacturing</td>
</tr>
<tr>
<td>Nondurable Goods Manufacturing (311-316,322-326)</td>
</tr>
<tr>
<td>Food Manufacturing</td>
</tr>
<tr>
<td>Beverage and Tobacco Product Manufacturing</td>
</tr>
<tr>
<td>Apparel Manufacturing</td>
</tr>
<tr>
<td>Paper Manufacturing</td>
</tr>
<tr>
<td>Petroleum and Coal Products Manufacturing</td>
</tr>
<tr>
<td>Chemical Manufacturing</td>
</tr>
<tr>
<td>Pharmaceutical and Medicine Manufacturing</td>
</tr>
<tr>
<td>Plastics and Rubber Products Manufacturing</td>
</tr>
</tbody>
</table>

### Attracting New Manufacturing

The JEDE Committee spent a significant amount of time considering how the state can support manufacturing and overcome the challenges of California’s complex tax and regulatory system. In the Regulatory Reform section of the report, more information is provided on legislation to streamline existing regulations. Additionally, have also been made to update and extend business incentives that are designed to expand and attract new manufacturing facilities to California.

During the 2017-18 session, the Legislature and Governor extended the term and expanded the scope of the partial sales tax exemption for manufacturing equipment as part of the adoption of the 2017-18 State Budget. The $200 million annual California Competes Tax Credit was extended for an additional five years as part of the 2018-19 State Budget actions, except for $20 million which is being refocused on providing small business technical assistance. The Legislature and the Governor also passed two significant tax credits for the aerospace and film industries.

The Legislature undertook a range of activities to support manufacturing during the two-year session. Legislation is described below, related hearings are summarized in **Section VIII**, and budget actions are outlined in **Section IX**.
Legislation from 2017-18 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18 Legislative Session relating to international trade and foreign investment in California. Legislation not heard by JEDE is marked with asterisks (**).

**AB 427 (Muratsuchi) - California Aerospace Commission.**
This bill would have enacted the California Aerospace and Aviation Act of 2018, which would have established the seventeen-member California Aerospace and Aviation Commission (Commission) for the purpose of serving as a central point of contact for related industries and supporting the health and competitiveness of these industries in California. The Commission would have been under the administrative purview of the Governor's Office of Business and Economic Development.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill enacts the California Aerospace and Aviation Act of 2018, which establishes the California Aerospace and Aviation Commission within the Governor's Office of Business and Economic Development.

While the value of the aviation and aerospace industry is critical to the economy of this state, this bill would create a new bureaucracy that replicates many of the things the state is already doing. I think the goals of this bill can be easily handled under current law by the Governor's Office of Business and Economic Development.

**AB 600 (Cooper) - Sales and use taxes: exemption: manufacturing and research: useful life: electric power generation.**

**This bill would have modified the manufacturer’s partial sales tax exemption (Exemption) by expanding eligibility to certain agricultural businesses as well as to those engaged in electric power generation or distribution. The bill also would have modified the definition of “useful life” for the purposes of determining eligible property purchases subject to the Exemption and extended the sunset of the Exemption from July 1, 2022, to July 1, 2027. Legislative actions related to the 2017-18 Budget made a number of similar changes to the Exemption. Please refer to the Budget Section for more details.**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 755 (Eduardo Garcia) - Local agencies: capital investment incentive program.**

**This bill extends the authorization for cities and counties to establish a Capital Investment Incentive Program (CIIP) from January 1, 2018, to January 1, 2019. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least $150 million. The incentive may only be offered after the proponent and the local government agree to a “Community Services Agreement” that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid.**

**Status:** Signed by the Governor, Chapter 709, Statutes of 2017.
**AB 767 (Quirk-Silva) - GO-Biz Information Technology.**
This bill would have codified the role of the Information Technology Unit within the Governor's Office of Business and Economic Development, which is responsible for the design and maintenance of an online Internet platform called the California Business Development Portal. In addition, the bill would have rebranded the state's permit and licensing technical assistance application as the California Business License Center and provided dedicated staff to update and expand the California Business Portal. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill codifies the Information Technology unit within the Governor's Office of Business and Economic Development and authorizes two positions in statute for this purpose. This bill is unnecessary given the 2018 Budget Act included funding for staff positions to perform activities substantially similar to those prescribed in this measure. The annual budget process is the best venue to evaluate the resources and staff needed for various state programs such as the one contemplated by this proposal.

**AB 916 (Quirk-Silva, Arambula) - California Work Opportunity Tax Credit.**
This bill would have established the California Work Opportunity Tax Credit (CalWOTC), which would have authorized a credit under the personal income tax and the corporate tax of up to 40% of a qualified worker's wages, not to exceed $2,400 per employee. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 957 (Levine) - Public postsecondary education: higher education regional workforce coordination: California Workforce Development Board.**
This bill requires the California State University, and requests the University of California, to engage in the development of regional workforce development plans, organized under the auspices of the state's implementation of the federal Workforce Innovation and Opportunity Act of 2014.

**Status:** Signed by the Governor, Chapter 661, Statutes of 2017.

**AB 999 (Burke) - Income taxes: credit: small business investment.**
This bill would have established a five-year, $75 million tax credit program to support private investments in small businesses in qualifying high-technology fields. The bill provided that a qualified investment meet all of the following requirements:

1) The investment is equal to or greater than $10,000 when made directly by the taxpayer or $50,000 if the funds are deposited by the taxpayer into a qualified fund;

2) The small business in which the funds are being invested is certified by the state as a qualifying small business;

3) The qualified small business does not issue securities that are traded on a public exchange or have a liquidation event within 180 days after the date on which the investment was made.

**Status:** Died in the Assembly Committee on Jobs, Economic Development, and the Economy, 2017-18 Session.
**AB 1547 (Quirk-Silva) - State finance: financing authorities.**
This bill abolishes the California Industrial Development Financing Advisory Commission, while retaining the California Debt Limit Allocation Committee with substantially overlapping duties relative to industrial development bonds. The bill also updates definitions and provisions of three programs to better meet market conditions, including the California Small Business Capital Access Loan Program for Americans with Disabilities Act, the California Small Business Capital Access Loan Program for Seismic Safety, and the California Sales and Use Tax Exclusion Program. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
*Status:* Signed by the Governor, Chapter 645, Statutes of 2018.

**AB 1716 (Committee on Jobs, Economic Development, and the Economy) - Sales and use taxes: exemption: manufacturing: income taxes: credit: jobs and investment.**
This bill would have extended the California Competes Tax Credit for five years. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill. Budget actions supported by JEDE implemented similar provisions as part of the 2017-18 Budget.
*Status:* Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1731 (Committee on Jobs, Economic Development, and the Economy) - Apprenticeships: training funds: audits.**
This bill requires the California Chancellor's Office of the Community Colleges to provide guidance to local educational agencies on the allocation and oversight of apprenticeship training funds. The bill codifies recommendations from a 2016 audit of the Department of Apprenticeship Standards and the Chancellor's Office and their oversight of the Air Conditioning Trade Association and its Commercial Sheet Metal Apprenticeships program. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.
*Status:* Signed by the Governor, Chapter 94, Statutes of 2017.

**AB 1878 (Lackey) - Corporate income taxes: exclusion: space transportation companies.**
**This bill would have authorized a tax credit against tax liabilities attributed to revenues generated by a space transportation company undertaking space transportation activities, defined as the movement or attempted movement of people or property, including without limitation, launch vehicles, satellites, payloads, cargo, refuse, or any other property to space.
*Status:* Held without further action in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 1900 (Brough) - Capital investment incentive programs: repeal date.**
**This bill extends the Capital Investment Incentive Program (CIIP) from January 1, 2019, to January 1, 2024. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least $150 million. The incentive may only be offered after the proponent and the local government agree to a “Community Services Agreement” that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the
manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid.

**Status:** Signed by the Governor, Chapter 382, Statutes of 2018.

**AB 1904 (Cervantes) - Income taxes: credits: apprenticeships.**

**This bill would have authorized, beginning in tax year 2019 through 2022, a tax credit of up to $10,000 which could be claimed on taxpayers’ Personal Income Tax or Corporation Tax for the hiring and training of registered apprentices. Apprentices would have been required to be at least 16 years old and currently enrolled in high school or a General Educational Development (GED) test preparation program, or receive a high school diploma or GED credential while participating in the apprenticeship. An individual taxpayer would have been authorized to claim no more than ten apprentices per year. The maximum aggregate amount of credits to be allocated in a single tax year would have been limited to $10 million.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1922 (Fong) - California Competitiveness and Innovation Act.**

**This bill would have increased the homeowner's property tax exemption, modified the personal income tax rates and brackets, increased the renter's credit, and eliminated the minimum franchise tax.

**Status:** Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 2312 (Eduardo Garcia) - Taxation.**

This bill would have authorized the California Tax Credit Committee to make preliminary awards of California Competes Tax Credits to certain local governments for the purpose of attracting and retaining manufacturing facilities with significant numbers of jobs.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 2463 (Quirk-Silva, Cervantes) - Small Business Assistance Act of 2018.**

This bill would have expanded the definition of an eligible grant applicant under the Small Business Technical Assistance Expansion Program (Small Business Program) administered by the Governor's Office of Business and Economic Development. As this bill passed the Assembly, AB 2463 authorized the establishment of the Small Business Program. Subsequent budget actions established a substantively similar Small Business Program, so the bill was amended to include technical amendments to the program.

**Status:** Died on the Senate Floor, 2017-18 Session.

**AB 2503 (Irwin) - Corporations: limited liability companies: dissolution: cancellation: abatement of taxes.**

**This bill establishes two administrative processes for dissolving a domestic corporation or limited liability company when its powers, rights, and privileges have been suspended by the Franchise Tax Board or when it has ceased operations in California.

**Status:** Signed by the Governor, Chapter 679, Statutes of 2018.
**AB 2596 (Cooley, Kiley, Quirk-Silva) - California Economic Development Strategic Plan.**
This bill would have required the Governor's Office of Business and Economic Development to take the lead in preparing a California Economic Development Strategic Action Plan (ED Action Plan). The purpose of the ED Action Plan was to identify economic challenges and provide a set of actions to address the shifting economic landscape, changing demographics, and unique strengths of California’s industries, businesses, workers, and entrepreneurs. Donations were authorized to fund the development of the ED Action Plan. The ED Action Plan was to be updated every five years and include policy recommendations and evaluation criteria.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill would require the Governor's Office of Business and Economic Development, or GO-Biz, to lead the preparation of a California Economic Development Strategic Plan. Since its inception, GO-Biz has expanded direct foreign investment, created opportunities for small businesses, identified incentives for growth, and helped resolve barriers for businesses navigating the government. These successes are due, in part, to the ability of GO-Biz to nimbly respond to rapidly changing economic factors including unpredictable federal decisions, natural disasters and more. I don't believe an ongoing costly study and report will provide any additional benefit to these efforts.

**AB 2957 (Gallagher) - Water: University of California: California Institute for Water Innovation and Technology: corporate income taxes: credit: water technology.**
**This bill would have requested the Regents of the University of California to establish the California Institute for Water Innovation and Technology (Institute) at a satellite campus within the City of Oroville, or within the County of Butte downstream of Lake Oroville, and allowed a tax credit for businesses located in water technology and innovation zones for five years after the establishment of the Institute.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 3030 (Caballero) - California Environmental Quality Act: exemption: qualified opportunity zones.**
**This bill would have exempted certain residential and mixed-use projects from the California Environmental Quality Act. In order to qualify, the project would have needed to be comprised of at least 50% affordable housing, be financed by a “qualified opportunity fund,” and meet other additional specified requirements, including that it be consistent with the local land use plan, development of the project meet prevailing wage requirements, and the project not have any significant impacts that have not been publicly disclosed, analyzed, and mitigated.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AJR 13 (Lackey) - National Aeronautics and Space Administration.**
This resolution expresses the Legislature's advocacy for the U.S. President and the U.S. Congress to continue to place an emphasis on increasing funding to the National Aeronautics and Space Administration's budget and encouraging the expansive use of public-private partnerships to propel the industry forward into the next generation of advancement.

**Status:** Signed by the Governor, Chapter 144, Statutes of 2017.
**AJR 44 (Low) - Trade with the People’s Republic of China.**
This bill would have memorialized the California Legislature's active support for the continued coordination and collaboration between California and the People’s Republic of China (China) on issues of mutual economic, cultural, and environmental benefit. The resolution also would have urged the U.S. President and the U.S. Congress to support legislative actions that further strengthen ties between California and China.  
**Status:** Held without further action in the Senate Committee on Rules, 2017-18 Session.

**SB 635 (Hueso) - Governor’s Office of Business and Economic Development: Office of the Promise Zone Coordinator.**
This bill authorizes the Governor's Office of Business and Economic Development (GO-Biz) to develop and post information on its website, as well as undertake other outreach activities, which support Promise Zones and Opportunity Zones, as specified. This bill also requires GO-Biz to convene representatives from various state and federal programs to discuss how California can leverage the federal Promise Zones or Opportunity Zones to meet state and local community and economic development needs, as specified.  
**Status:** Signed by the Governor, Chapter 888, Statutes of 2018.

**SB 964 (Allen) - Public Employees’ Retirement Fund and Teachers’ Retirement Fund: investments: climate-related financial risk.**
**This bill requires the California Public Employees' Retirement System and California State Teachers' Retirement System to report every three years on the climate-related financial risk of their respective public market portfolios. Among other things, the analysis is required to include information on the alignment of the fund with the Paris climate agreement and with California climate policy goals, as well as information on the exposure of the fund to other long-term risks. The first report is due on or before January 1, 2020.  
**Status:** Signed by the Governor, Chapter 731, Statutes of 2018.

**SCR 81 (Lara) - Nayarit, Mexico: sister state relationship.**
This resolution memorializes the intent and commitment of the California Legislature to extend an invitation to formalize a sister state relationship with the State of Nayarit, Mexico, for the purpose of encouraging and facilitating economic, educational, and cultural exchanges that further promote the prosperity of both regions and to improve the international understanding and goodwill between the regions. The sister state agreement will be developed through the mutual cooperation and engagement of the Legislatures of the State of Nayarit, Mexico, and the Legislature of California, including participation by the State Assembly and the State Senate. Upon adoption, the Secretary of the Senate is to transmit copies of the resolution to the author for distribution.  
**Status:** Adopted by the Senate and Assembly, Resolution Chapter 185, Statutes of 2017.
Section VII – Removing Regulatory Barriers to Economic Growth

Small businesses form the core of California's $2.4 trillion economy. Research shows that net new job creation is strongest among businesses with less than 20 employees, that small businesses have historically led the state's local and regional economies out of recessions, and that these businesses are essential to the state's global competitiveness by meeting niche industry needs. Reflective of their important role, the JEDE Committee Members have repeatedly voted to support legislation designed to help the state achieve a regulatory environment that encourages small businesses development while still maintaining public health and safety standards.

Cost of Regulations on Business

There are two major sources of data on the cost of regulatory compliance on businesses: the federal Small Business Administration (SBA) and the Office of the Small Business Advocate (OSBA). In 1995, the federal SBA began conducting peer reviewed studies that analyze the cost of federal government regulations on businesses of different sizes. This research has consistently shown that small businesses continue to bear a disproportionate share of the federal regulatory burden. On a per employee basis, small businesses face an annual regulatory cost of $10,585 per employee, which is 36% higher than the regulatory costs facing large firms (defined as firms with 500 or more employees).

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

Regulatory costs are driven by a number of factors including multiple definitions of small business in state and federal law, the ineffective implementation of laws that were designed to allow for regulatory modification based on size, the lack of e-commerce solutions to address outdated paperwork requirements, procurement requirements that favor larger size bidders, and a lack of technical assistance to alleviate these obstacles that inhibit small business success.

State and Federal Advocacy for Regulatory Flexibility

In 1976, the federal government established the Federal Office of Advocacy (FAO) within the federal Small Business Administration. The purpose of the FAO is to “protect, strengthen and effectively represent the nation's small businesses within the federal government's legislative and rule-making processes.”

Among its duties, the FAO reviews federal regulations and makes recommendations on how to reduce the burden on small firms and maximize small business participation with the federal government. In 2017 and 2018 (as of October 18), the FAO issued 36 letters to federal agencies requesting alternative implementation methods and encouraging better technical review of proposed regulations. In addition, the FAO developed a fact sheet summarizing key points in each FAO letter, which can be used in future regulatory flexibility discussions by the rule making entity.
Another activity of the FAO is the convening of issue-specific Small Business Advocacy Review Panels. Utilizing the FAO as a facilitator has proven to be particularly useful in developing more detailed comments and making specific and technical recommendations to assist the rulemaking entity in modifying a rule to lessen its impact on small businesses, without reducing the policy objective.

While California has an Office of the Small Business Advocate, the state advocate does not currently have the staff, nor the directed statutory mission, to formally comment on pending state regulations. On a case by case basis, the Governor's Office of Business and Economic Development is able to engage with other state agencies on state regulatory proposals through its Office of Permit Assistance, but again, state statutory direction is permissive and not mandatory.

Adoption of New Rules

Another important component of the federal small business framework is the Regulatory Flexibility Act of 1980, which is designed to provide a process for assessing and mitigating the potential impact of federal regulations on small businesses. The process includes the publication of a regulatory agenda, an initial and final regulatory flexibility analysis, and a mandatory periodic review of the rules. In 1996, a judicial review of regulations was added to the federal Small Business Regulatory Enforcement Fairness Act.

Adopted over a series of years, California law currently has several, but not all, of the key elements of the federal regulatory flexibility model. As an example, existing state law sets forth an extensive process for the development and adoption of regulations, including requiring the identification of potential adverse impacts on small businesses and individuals. California law further states that the purpose of the rulemaking process is to avoid the imposition of unreasonable and unnecessary regulations or compliance requirements. Businesses, however, have repeatedly testified before legislative committees that they believe that California's regulatory process is expensive, overly burdensome, and that agencies do not consistently apply state rulemaking laws. Perhaps most importantly, businesses have stated that the same policy objectives could be achieved in a less laborious manner.

Given these challenges, regulatory reform continues to be a major topic of legislation. The last major program improvement was enacted through SB 617 (Calderon), Chapter 496, Statutes of 2011, which required an enhanced economic impact analysis for regulations anticipated to have an impact of $50 million or more. The SB 617 process follows the federal regulatory model; however, the process is silent as to the assessment of costs based on size of business.

In addressing the challenges faced by businesses in meeting state regulatory requirements, the Legislature undertook a range of activities during the 2017-18 Session. Legislation is described below, related hearings are summarized in Section VIII, and budget actions are outlined in Section IX.

Legislation from 2017-18 Session

The Legislature considered a number of bills related to regulatory reforms during this past legislative session. Below is a summary of the legislation heard by, or of interest to, JEDE during the 2017-18
Legislative Session relating to regulatory reform. Legislation not heard by JEDE is marked with asterisks (**).

**AB 86 (Calderon) - Entrepreneur-in-Residence Act of 2016.**
This bill would have established the Government Innovation Fellows Program, as a pilot program, to identify opportunities to apply advanced skill sets and innovative practices in effective ways to improve the delivery of state services. The Fellows program was to be administered by the Government Operations Agency and was scheduled to sunset on January 1, 2021.

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 442 (Frazier) - Employer liability: small business and microbusiness.**
**This bill would have prohibited the Division of Occupational Safety and Health (DOSH) from commencing any enforcement action for any non-serious violation against any employer where the employer is a small business or microbusiness, without first giving the employer written notice and providing the employer 30 days to correct the violation.

**Status:** Died in the Assembly Committee on Labor and Employment, 2017-18 Session.

**AB 657 (Cunningham) - State government: small business liaisons.**
This bill requires certain state agencies to prominently display the name and contact information of the small business liaison on the agencies’ websites and to notify the Governor's Office of Business and Economic Development and the Department of General Services of liaison position vacancies, as specified.

**Status:** Signed by the Governor, Chapter 81, Statutes of 2017.

**AB 767 (Quirk-Silva) - GO-Biz Information Technology.**
This bill would have codified the role of the Information Technology Unit within the Governor's Office of Business and Economic Development, which is responsible for the design and maintenance of an online Internet platform called the California Business Development Portal. In addition, the bill would have rebranded the state's permit and licensing technical assistance application as the California Business License Center and provided dedicated staff to update and expand the California Business Portal. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill.

**Status:** Vetoed by the Governor during the 2017-18 Session.

**Governor's Veto Message:** This bill codifies the Information Technology unit within the Governor's Office of Business and Economic Development and authorizes two positions in statute for this purpose. This bill is unnecessary given the 2018 Budget Act included funding for staff positions to perform activities substantially similar to those prescribed in this measure. The annual budget process is the best venue to evaluate the resources and staff needed for various state programs such as the one contemplated by this proposal.

**AB 912 (Obernolte) - Small business: California Small Business Regulatory Fairness Act.**
This bill would have required a state agency to assist small businesses in complying with statutes and regulations and to establish policies that would allow small businesses, under certain specified circumstances, to have the total amount of civil penalties reduced for noncompliance. In order to
qualify for a penalty reduction:
1) The violation was not willful or criminal;
2) The violation did not pose an imminent threat to health or safety or threaten the environment; and
3) The small business had a low degree of culpability when judged in light of its size, length of operation, and the sophistication of its owners or managers.

If all three of the circumstances described above are met, the state agency policy would have been required to provide for a range of penalty reductions based on the degree to which certain factors apply, including, but not limited to:
1) The degree to which the small business cooperated with the investigation;
2) The degree to which the small business made corrective actions;
3) The prior history of the small business in meeting regulatory requirements of the agency; and
4) The degree to which the level of the penalty would impede the small business from continuing to conduct business.

Status: Died in the Assembly Committee on Appropriations, 2017-18 Session.

**AB 1922 (Fong) - California Competitiveness and Innovation Act.**

**This bill would have increased the homeowner's property tax exemption, modified the personal income tax rates and brackets, increased the renter's credit, and eliminated the minimum franchise tax.**

Status: Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 2503 (Irwin) - Corporations: limited liability companies: dissolution: cancellation: abatement of taxes.**

**This bill establishes two administrative processes for dissolving a domestic corporation or limited liability company when its powers, rights, and privileges have been suspended by the Franchise Tax Board or when it has ceased operations in California.**

Status: Signed by the Governor, Chapter 679, Statutes of 2018.

**AB 2510 (Muratsuchi) - Limited liability companies: annual tax: microbusinesses.**

**This bill would have reduced the limited liability (LLC) annual tax to $100 for a microbusiness. The bill also would have reinstated and made permanent the $800 annual tax exemption for an LLC that is solely owned by a deployed member of the Armed Forces.**

Status: Died in the Assembly Committee on Revenue and Taxation, 2017-18 Session.

**AB 2687 (Quirk-Silva, Limón) - Office of Small Business.**

This bill integrates the Small Business Advocate (Advocate) within the state's existing disaster preparedness, response, and recovery activities and updates the role of the Advocate within the small business procurement and regulatory assistance activities. The Assembly Committee on Jobs, Economic Development, and the Economy is the sponsor of this bill.

Status: Signed by the Governor, Chapter 266, Statutes of 2018.
**AB 2915 (Caballero) - Workforce development boards: mutual disaster aid assistance: memorandum of understanding.**

**This bill requires the California Workforce Development Board to develop, in conjunction with the Employment Development Department and with input from local workforce development boards, a policy regarding mutual aid agreements between local boards to enable them to effectively respond to disasters.**

**Status:** Signed by the Governor, Chapter 722, Statutes of 2018.

**AB 3018 (Low) - State contracts: skilled and trained workforce.**

**This bill enhances compliance with skilled and trained workforce rules by strengthening public agency reporting requirements, creating penalties for noncompliance, and providing the Labor Commissioner with the authority to issue a civil wage and penalty assessment against a contractor or subcontractor found in violation of state law. Although an awarding body is authorized to withhold payment from a contractor or subcontractor if the skilled and trained workforce requirements are not met, existing law did not include provisions to address the magnitude of the violation. This bill was intended to provide a procedure to determine the appropriate amount of money that should be withheld.**

**Status:** Signed by the Governor, Chapter 882, Statutes of 2018.

**AB 3030 (Caballero) - California Environmental Quality Act: exemption: qualified opportunity zones.**

**This bill would have exempted certain residential and mixed-use projects from the California Environmental Quality Act. In order to qualify, the project would have needed to be comprised of at least 50% affordable housing, be financed by a “qualified opportunity fund,” and meet other additional specified requirements, including that it be consistent with the local land use plan, development of the project meet prevailing wage requirements, and the project not have any significant impacts that have not been publicly disclosed, analyzed, and mitigated.**

**Status:** Died in the Senate Committee on Appropriations, 2017-18 Session.

**AB 3231 (Gray) - Employment: public works: apprenticeship.**

**This bill authorizes a Joint Labor-Management Committee to seek a court order requiring a public works contractor or subcontractor to provide certified payroll records, and requires the California Apprenticeship Council to include in its annual report to the Legislature any apprenticeship standards that were proposed or adopted in the previous year.**

**Status:** Signed by the Governor, Chapter 682, Statutes of 2018.

**SB 62 (Jackson) - Affordable Senior Housing Act of 2017.**

This bill would have established the Affordable Senior Housing Program with the Governor's Office of Business and Economic Development for the purpose of guiding and serving as a catalyst for the development of affordable senior housing and supportive care campus-style developments.

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.
**SB 325 (Mendoza) - Pilot Program for Increased Access to Responsible Small Dollar Loans.**

**This bill would have modified the Pilot Program for Increased Access to Responsible Small Dollar Loans, including the following:**

1) Clarified allowable charges and fees imposed by lenders in connection with pilot program loans;

2) Allowed a licensed lender to provide a borrower a “paid in full” notice, as specified, even when the payment(s) were made electronically;

3) Renamed the term “finder” to “referral partner”;

4) Required a licensee to train each referral partner to ensure program compliance, as specified;

5) Deleted provisions requiring a second duplicate disclosure notification;

6) Contained provisions to recalculate the total compensation paid to referral partners without changing the total amount allowable; and

7) Revised the content of the report annually submitted by the Commissioner of the Department of Business Oversight to include information on borrowers that were denied participation in the program and additional borrower information as specified.

**Status:** Died in the Assembly Committee on Banking and Finance, 2017-18 Session.

**SB 396 (Lara) - Employment: gender identity, gender expression, and sexual orientation.**

**This bill requires that employers with 50 more employees include, as a part of the existing sexual harassment training, training on harassment based on gender identity and adds transgender and gender nonconforming to the list of individuals facing employment barriers for the purposes of workforce investment training.**

**Status:** Signed by the Governor, Chapter 858, Statutes of 2017.

**SB 635 (Hueso) - Governor’s Office of Business and Economic Development: Office of the Promise Zone Coordinator.**

This bill authorizes the Governor's Office of Business and Economic Development (GO-Biz) to develop and post information on its website, as well as undertake other outreach activities, which support Promise Zones and Opportunity Zones, as specified. This bill also requires GO-Biz to convene representatives from various state and federal programs to discuss how California can leverage the federal Promise Zones or Opportunity Zones to meet state and local community and economic development needs, as specified.

**Status:** Signed by the Governor, Chapter 888, Statutes of 2018.

**SB 789 (Bradford) - California Environmental Quality Act: sports and entertainment project.**

**This bill would have exempted certain transportation projects related to the 2028 Los Angeles Olympic Games, as well as a fixed guideway transportation project within the Inglewood Sports and Entertainment Project (ISEP) from the California Environmental Quality Act (CEQA). The bill would have also limited CEQA review and expedites judicial review of a basketball arena and other related projects within the ISEP. Further, the bill would have authorized the City of Inglewood to
commence an eminent domain action against properties within the ISEP prior to completing CEQA review.

**Status:** Held without further action in the Assembly Committee on Natural Resources, 2017-18 Session.

**SB 930 (Hertzberg) - Financial institutions: cannabis.**

**This bill would have enacted the Cannabis Limited Charter Banking and Credit Union Law to allow for the licensure and supervision of cannabis limited charter banks and credit unions authorized to offer limited depository services to cannabis businesses. According to the Assembly Appropriations Committee analysis, “Federal law prevents some cannabis businesses from accessing financial services provided by banks and credit unions, including basic checking accounts and electronic payment services that nearly all business rely to facilitate transactions with their customers. As a result, most cannabis businesses in California lack basic banking services. According to a survey conducted by the California Growers Association in 2017, more than two-thirds of its membership is unbanked, with cultivators having the lowest level of access along the supply chain. Unbanked cannabis businesses are forced to transact primarily in cash, which presents public safety challenges and makes it difficult for state and local agencies collect taxes and enforce state laws.”**

**Status:** Died in the Assembly Committee on Appropriations, 2017-18 Session.
Section VIII – Summary of Committee Hearings

During the 2017-18 legislative session, the JEDE Committee held six informational hearings addressing key economic and community development issues and examining six core policy actions:

1. Where are the opportunities for enhancing California business and worker competitiveness and support for their economic integration within the broader global marketplace?
2. Can the state's existing education and training systems meet the challenges of the post-recession economy? How can the state help to transcend historic divisions between career tech, college degrees, and employer needs?
3. How can the state enhance the conditions necessary to support business start-ups, microenterprise, and small business development?
4. What actions can the state take to reduce de facto barriers to business start-ups, re-shoring of manufacturing, and expansion of research and development facilities in California?
5. How can the state support local and regional efforts to catalyze private investment, especially in historically underserved and emerging areas of the state?
6. Does the state have an appropriate game plan to attract private capital to meet the state's significant infrastructure needs?

Based on a growing body of research that shows that income inequality and the lack of social mobility correlate to lower economic growth, one additional overarching policy action was proposed: What is the role of the state in building a more inclusive economy? Below are summaries of the three informational hearings. More information is available on the JEDE website at: http://ajed.assembly.ca.gov/faq

Policy and Legislative Priorities for 2017 (Sacramento, California)

On Tuesday, February 14, 2017, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) convened its first hearing of the 2017-18 Session. This hearing was the first in a series of informational hearings designed to provide Committee Members with a foundation from which to undertake the committee's primary missions of overseeing current state programs and evaluating legislative proposals. In addition, the Members adopted committee rules.

During the course of the hearing, Committee Members were briefed on the priorities of both Administration officials and California businesses, workers, and entrepreneurs. Hearing presentations were provided by:

- **Tim Rainey**, Executive Director, California Workforce Development Board
- **James Mayer**, President and Chief Executive Officer, California Forward
- **Dorothy Rothrock**, President, California Manufacturers and Technology Association
- **Bob Lanter**, Executive Director, California Workforce Association
- **Mark Hebert**, California Director, Small Business Majority
- **Panorea Avdis**, Director, Governor's Office of Business and Economic Development
A public comment period followed the six speakers and provided time for other economic development professionals, businesses, and the general public to add their voices to the dialogue.

A background memorandum was developed by JEDE staff to describe the proposed committee rules, provide general information on the state economy, and frame key issues and policy questions. The appendices contained fact sheets and other short narratives developed by the JEDE staff and other stakeholder groups.

**Overview of the California Economy: Supporting Upward Mobility Through Economic Growth (Sacramento, California)**

On Tuesday, February 28, 2017, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) convened the second in a series of informational hearings designed to provide Committee Members with a foundation from which to undertake the committee's primary missions of overseeing current state programs and evaluating legislative proposals.

Presentations in the first panel provided an overview of the California economy, including a snapshot of state revenues, federal revenues that pass through the state budget, and identification of key issues that may impact the state’s economic position. Panelists included:

- **Jason Sisney**, Chief Deputy Legislative Analyst, Office of the Legislative Analyst
- **Jerry Nickelsburg**, Adjunct Professor of Economics, Anderson School of Management and Senior Economist, UCLA Anderson Forecast

Following the first panel, an upward mobility model in California was highlighted. Since 2010, the Fresno Bridge Academy had helped low-income families transition from public assistance to jobs that provided economic independence. **Pete Weber**, Director and founder of the Bridge Academy and Co-Chair of California Forward, delivered a presentation highlighting their signature 18-month, employment-training program, including lessons learned and opportunities for replicating the model in other areas of the state.

In the second panel, Members heard from stakeholder groups who work directly with individuals to help them achieve their business and community development goals. Panelists included:

- **Scott Hauge**, President and Founder, Small Business California
- **Malaki Seku-Amen**, President and Chief Executive Officer, California Urban Partnership
- **Heidi Pickman**, Communications and Policy Director, California Association for Microenterprise Opportunity

To inspire and develop policies that support upward mobility of historically overlooked areas of the state and groups of individuals, presentations focused on how best to both strengthen the underlying fundamental business environment and create opportunities for individuals to customize their career pathways to success. A public comment period provided time for other economic development professionals, businesses, and the general public to add their voices to the dialogue.

A background report was developed by JEDE staff to provide general information on the structure of the hearing, the California economy, key policy issues, and recommendations for additional follow-up actions. The appendix included a number of fact sheets developed by the JEDE staff, as well as
information provided by witnesses and other stakeholder organizations including, but not limited to, highlights of a workforce engagement model employed by the Los Angeles County Economic Development Corporation and excerpts from the 2017 California Economic Summit Playbook, prepared by California Forward.

**Supporting a Just Transition to a Lower Carbon Economy (Sacramento, California)**

On Wednesday, August 30, 2017, the Joint Legislative Committee on Climate Change Policies (JLCCCP) and the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) jointly convened an informational hearing designed for Members to hear directly from business, labor, and community leaders about actions already being undertaken toward, as well as discuss new actions and priorities to provide for, a just transition to a lower carbon economy. The goal of the hearing was to develop recommendations to assist the state in moving from a range of one-off environmental initiatives to an integrated set of actions that engage across a broad set of business and community players.

The term “just transition” was used to refer to intentional actions and investments that result in new economic opportunities, sustainable business enterprises, vibrant communities, and viable career pathways for those potentially displaced, disenfranchised, or otherwise impacted by climate change. Given the state's need to transition to a lower carbon economy, it is important that state actions be carefully examined to ensure that they do not further exacerbate existing social and economic conditions, such as income inequality, poverty, environmental injustice, and other challenges to economic growth, upward mobility, and community prosperity.

The hearing was organized in three parts: opening remarks by Members to set the framework for the hearing; a dialogue with a first panel of industry and labor leaders on industry innovations and evolving workforce needs; and presentations from a second panel on models and initiatives that could be employed to set an equitable and comprehensive transition to a lower carbon economy. Panelists included:

- **Kristin Decas**, Port of Hueneme and California Association of Port Authorities
- **Michael Shaw**, California Manufacturing and Technology Association
- **Cesar Diaz**, State Building and Construction Trades Council of California
- **Bob Lanter**, California Workforce Association
- **Jim Caldwell**, California Community Colleges Strong Workforce Program
- **Malaki Seku-Amen**, California Urban Partnership
- **Simeon Gant**, Green Technical Education and Employment

A public comment period followed the seven scheduled speakers, which provided an opportunity for other economic development professionals, business owners, and the general public to add their voices to the dialogue.

A background report was developed by JEDE and JLCCCP staff to provide general information on the structure of the hearing, California’s high-carbon economy, and key policy issues. The appendices included summaries of related legislation and reports, fact sheets developed by JEDE staff, and information provided by witnesses and other stakeholder organizations.
The Future of Career Technical Education (CTE) in California (Buena Park, California)

On Monday, October 2, 2017, this first of two joint informational hearings of the Assembly Committee on Education, Assembly Budget Subcommittee No. 2 on Education Finance, Assembly Select Committee on Career Technical Education and Building a 21st Century Workforce, and Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) was convened to provide Members information regarding CTE in California. An update on the current status of CTE in the state was provided by Natasha E. Collins, Senior Fiscal and Policy Analyst at the Legislative Analyst’s Office.

Models of quality CTE programs were then provided by California educators, administrators, students, and collaborators who highlighted the successes they have experienced. Panelists included:

- **Sonje Berg**, Principal, Buena Park High School
- **Jessica Fernandes**, Agriculture Teacher, Buena Park High School
- **Ms. Gonzalez**, Culinary and Hospitality Teacher, Buena Park High School
- **Dr. Stephanie Houston**, Superintendent, Colton-Redlands-Yucaipa Regional Occupational Program
- **Terrance Davis**, Advanced Manufacturing Teacher, Redlands High School
- **Aaron Gonzalez**, Graduate, Class of 2017, Redlands High School
- **Michael Matsuda**, Superintendent, Anaheim Union High School District
- **Scott Reindl**, Career Readiness Specialist, Anaheim Union High School District

A final panel emphasized the importance of partnerships in supporting CTE programs and included the following speakers:

- **Nicole Rice**, California Manufacturers and Technology Association
- **Derek Kirk**, North Orange County Chamber of Commerce
- **Jeremy Smith**, State Building and Construction Trades Council of California

A public comment period concluded the hearing, which provided an opportunity for other economic development professionals, business owners, educators, and the general public to add their voices to the dialogue.

The Future of Career Technical Education (CTE) in California (Sacramento, California)

On Wednesday, February 21, 2018, this second of two joint informational hearings of the Assembly Committee on Education, Assembly Budget Subcommittee No. 2 on Education Finance, Assembly Select Committee on Career Technical Education and Building a 21st Century Workforce, and the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) was convened to provide Members additional information regarding CTE in California.

An update on K-12 CTE and future funding proposals was provided by the first panel, which included:

- **Natasha E. Collins**, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- **Donna Wyatt**, Career and College Transition Division, California Department of Education
Much like the first joint informational hearing, educators, administrators, students, and partners shared their experiences with their own CTE programs and highlighted the successes they have found. Panelists included:

- **Lisa Mierczynski**, California Department of Finance
- **Amber Alexander**, California Department of Finance

- **Alyssa Lynch**, Superintendent, Metropolitan Education Department
- **Grant Hayden**, Student, Metropolitan Education Department
- **John Boncher**, President and CEO, Cupertino Electric
- **Jim Canova**, Board Member, Metropolitan Education Department
- **Kristen Boroski**, Director of Career Readiness, Fresno Unified School District
- **Nick Valenzuela**, Teacher, Sunnyside High School
- **Hazel Tcha**, Student, Roosevelt High School

**Tim Rainey**, Executive Director of the California Workforce Development Board, spoke to the role of K-12 CTE in building a strong workforce before the final panel presented on the importance of partnerships in supporting CTE programs. Panelists included:

- **Jeremy Smith**, State Building and Construction Trades Council of California
- **Duane Davies**, California Sheet Metal and Air Conditioning Contractors Association
- **Nicole Rice**, California Manufacturers and Technology Association
- **Marlene Garcia**, CompTIA

A public comment period followed, which provided an opportunity for other economic development professionals, business owners, educators, and the general public to add their voices to the dialogue.

**California International Trade and Foreign Investment: Profile on China (Sacramento, California)**

On Tuesday, March 13, 2018, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) and the Assembly Select Committee on Asia/California Trade and Investment Promotion (ACTIP) convened an informational hearing to examine trade and investment activities between California and the People's Republic of China.

After opening remarks by Members, **Ren Faqiang**, Deputy Consul General of the Consulate General of the People's Republic of China in San Francisco, provided remarks on recent economic development activities between California and China and how these activities have deepened the relationship between the two governments.

Remarks from officials of the Governor’s Office of Business and Economic Development (GO-Biz) followed. **Panorea Avdis**, Director of GO-Biz, provided remarks on the role GO-Biz plays as California’s primary point of contact for businesses and economic development. **Awinash Bawle**, Deputy Director for International Affairs and Business Development, provided an overview of how International Affairs directly supports businesses, here and abroad, on issues relating to expanding bilateral trade and investment opportunities with China and other key trading partners. **Ruda Guo**, Commercial Attaché of the Consulate General of the People’s Republic of China in Los Angeles,
provided remarks on the work the Chinese provinces and U.S.-California joint working group had done to-date to encourage trade and investment cooperation.

A panel of trade partners shared innovative and high impact initiatives their organizations are undertaking to support California businesses' access to markets in China, increase Chinese investment in California, and support the expansion of Chinese-owned businesses into California. Panelists included:

- **Darlene Chiu**, Executive Director, ChinaSF
- **Tim Kelley**, President and CEO, Imperial Economic Development Corporation
- **Peter Shiao**, Chairman, CHINAWEEK
- **Ray Bowman**, Director, Small Business Development Center of Ventura and Santa Barbara Counties

A public comment period followed, which provided an opportunity for other economic development professionals, trade professionals, business owners, and the general public to add their voices to the dialogue.

A background report was developed by JEDE staff to provide general information on the structure of the hearing, California’s trade-dominated economy and international agreements with China, and key policy issues. Appendices included fact sheets developed by JEDE staff and descriptions of related legislation and reports.
Section IX – Economic Development Related Budget Actions

This section includes summaries of the 2017-18 and the 2018-19 California Budget actions related to economic, community, and workforce development.

2017-18 Budget Highlights

*Investments in Economic and Small Business Development*

- **Approved the expansion** of the **Earned Income Tax Credit** (EITC) to include self-employment income and increased the income range for which EITC is allowed from $14,161 to $22,300. The increase represents just slightly more than the annual income of a fulltime minimum wage worker. Under this proposal, the number of families participating in this program is expected to quadruple.

- **$3 million** for the **Capital Infusion Program**, administered through the Governor's Office of Business and Economic Development. This is $1 million above the Governor's May Revise Proposal.

- **$200,000** (General Fund) ongoing and **two permanent positions** to implement the **State Clearinghouse Federal Grant Administrator** initiative pursuant to AB 1348 (Irwin), Chapter 444, Statutes of 2016.

- **$1 million** for the **Green Small Business Network**, which supports certification of green businesses that demonstrate a reduction in the use of water and energy and production of pollutants.

- **$5 million** in ongoing (General Fund) to support and expand **Veteran’s Resource Centers**. Additionally provides **$7 million** in one-time funding to create and expand **Veterans Resource Centers**, of which $2 million one-time will go to support the veteran center at Norco Community College.

- **$157,000** ongoing (General Fund) to fund one position for, and provisional language requiring a progress report on the development of new program guidelines for, the **Small Cities Community Development Block Grant Program**. Significant concerns were raised by the League of California Cities and the California Association for Local Economic Development about the proposed guidelines and their impact of the 15% economic development set aside.

- **$1.5 million** in one-time (Proposition 98) funding for the Department of Education to establish the **California-Grown Fresh School Meals Grant Program** to incentivize schools to purchase California-grown food and expand the number of freshly prepared meals.

- **$2.3 million** in Air Pollution Control Funds and 14 positions to implement provisions of the Volkswagen Consent Decree, including new funding projects in the **Zero Emission Investment Plan**. Also provides up to **$20 million** in State Highway Account Funds to, among other things, expand the use of these funds for **hydrogen fueling stations**.
• **$3.66 million** one-time to fund the administration of the California Hub for Energy Efficiency Financing Pilot Program through the California Alternative Energy and Advanced transportation Financing Authority.

• **$49,000 for 2017-18, and $16,000 in 2018-19 and ongoing** to support the additional workload associated with the offering of **four insurance licensing exams in Spanish**, mandated through AB 1899 in 2016.

• **$2.4 million** from the Business Programs and Modernization Fund to continue implementation of the California Business Connect. The total project cost of 2017-18 is $4.11 million, with $2.04 million coming from existing resources of the Secretary of State.

**Investments in the Current and Future Workforce**

• **$150 million** in one-time (Proposition 98) funds to implement the Guided Pathways Program to improve student outcomes at Community Colleges.

• Provides **$200 million** in 2017-18 in one-time (Proposition 98) funds for the Career Technical Education Incentive Grant.

• **Rejected the Governor's proposal to eliminate funding for the Career Technical Education Pathways Program.** Provides **$15.3 million** in ongoing (Proposition 98) funds for the Department of Education to retain the program.

• **$8 million** one-time to the Economic Workforce Development Program, located within the Community College Chancellor's Office, to fund the creation and expansion of career technical education programs in areas with high unemployment.

• **$57.8 million** from the Clean Energy Job Creation Fund (Proposition 39 funds) to support projects in the areas of lighting efficiency, systems efficiency, and other energy efficiency programs, including **workforce training**.

• **Extended the Economic and Workforce Development Program** within the Community College Chancellor's Office for one year.

• **Approved trailer bill language** that ensures that **veterans** are eligible to pay **in-state tuition** rates at California Community Colleges.

• **$3 million** in one-time General Fund moneys to support the Career Online High School program offered through the California State Library.

• **$670,000** in additional General Funds for the Work for Warriors program, administered through the California Military Department.

• **$2 million and necessary trailer bill language** for the Supervised Population Workforce Training Grant funded programs to develop competitive workforce training programs for
individuals on parole, probation, mandatory supervision, and post release community supervision. In addition, $250,000 one-time General Fund for expansion of the **Underground Scholars program** to the community colleges.

- **$5 million** in one-time (General Fund) moneys to provide the necessary equipment and technology to support career technical education programs at the Department of Corrections and Rehabilitation. In addition, the budget **continues the $5.5 million** in existing restorative justice and innovative long-term offender programming.

- **$211,000** (special funds) for an **electric on-line paramedic licensing application system**.

- **Approved trailer bill language** to create a **CalWORKs Outcomes and Accountability** effort that will assist with evaluating the strengths and areas for improvement in the program over time.

- **$4 million** (General Fund) for 2017-18 on a one-time basis to fund **allied health educational awards** and stipends for qualified individuals completing their high school diploma or enrolled in an eligible educational or training program leading to a career technical education program certificate, an associate's degree, or a bachelor's degree.

- **Adopts trailer bill language** which requires that performance objectives included in regional center contracts measure progress and outcomes in implementing the **Employment First policy**. Updates the rate paid for vouched community-based training services and specified supportive employment services to $14.99 per hour and $36.57 per hour, respectively, to reflect the rate increases provided in 2016 enacted legislation: Assembly Bill X2 1 (Thurmond), Chapter 3, Statutes of 2016.

- **Approved one permanent full-time position** to support the management of the **California Innovations Program**, which is funded through a six-year, $9 million federal Work-Based Learning Grant for Students with Disabilities.

- Approved **trailer bill language** to align statute with the requirements of the **$500 million in Proposition 51**, a 2016 state General Obligation bond, designated for facilities that support K-12 career technical education programs.

- **$15 million** (General Fund) loan to cover the necessary start-up and administrative costs of **Secure Choice Retirement Savings**, a retirement program open to small business owners and workers with deposits made through payroll deductions.

- **$877,000** in federal funds from 2016-17 and **$923,000** on 2017-18, for the purpose of expanding existing **apprenticeship programs** and creating new programs in nontraditional fields. An additional $300,000 is provided for apprenticeship programs in collaboration with the California Firefighter Joint Apprenticeship Committee to develop a pilot program.

- **Authorizes funding** from the Road and Accountability Act for **pre-apprenticeship programs**, including those targeting underserved communities and women in nontraditional fields.
2018-19 Budget Highlights

The stability and financial integrity of national, state, and local budgets are important to the long-term growth of an economy. Governments play crucial roles in supporting the highly integrated set of economic drivers, including preparing a qualified workforce, building infrastructure, and setting regulatory and administrative rules for accessing capital, deploying investments, and utilizing public services and resources. Further, when governments fail to adopt and maintain balanced budgets they also compete with and can sometimes crowd-out or raise costs for private investors in the debt marketplace.

California's $201 billion State Budget for 2018-19 provides new and expanded funding for key investments, and sets aside substantial funds for less prosperous times.

**Balanced Budget and Saving for Economic Downturns**

The 2018-19 Budget provides for total reserves to fully fund the Proposition 2 Rainy Day Fund years ahead of schedule. Total reserves will be the largest in any enacted budget in modern California history.

By the end of 2018-19:

- Moneys in the Proposition 2 Rainy Day Fund will reach an estimated $13.8 billion: its constitutional maximum level.

- Moneys in the state's traditional reserve, the Special Fund for Economic Uncertainties, will reach $2 billion.

- Moneys in a new Safety Net Reserve will reach $200 million and be available to fund CalWORKs and Medi-Cal in future economic downturns.

- Total reserves under the budget package will exceed $15.9 billion or 12% of net General Fund revenues and transfers.

- California's reserves are estimated to be larger than the state general fund in 33 of the 50 U.S. states.

This year’s state budget also establishes a new state savings account, the Budget Deficit Savings Account (BDSA), which will temporarily hold the $1.7 billion, which is the optional advance payment the state is making to the Rainy Day Fund.

**Investments in Economic and Small Business Development**

- **$17 million** annually (General Fund) to GO-Biz for five years to establish a new Small Business Technical Assistance Expansion Program to support one-on-one counseling and training.

- **$3 million** annually (General Fund) to GO-Biz for five years to continue funding the Small Business Access to Capital Program.
• $3 million one-time (General Fund) to GO-Biz to establish a matching grant program to help draw down federal small business technical assistance dollars and fund one-on-one counseling and training.

• General augmentation to the Department of Food and Agriculture for grants to small businesses for refrigeration units.

**Investments in Industry-Level and Regional Economic Development Activities**

• $180 million in annual tax credit allocation authority and a five-year extension of the California Competes Tax Credit program through 2022-23. In addition, statutes were adopted to:
  
  o Allow for investment in training opportunities offered by the taxpayer to be a factor that GO-Biz should consider.
  
  o Require LAO to do a detailed analysis of the economic effects and administration of the tax credit by January 1, 2021.

• $330 million in annual tax credit authority and a five-year extension of the Film and Television Tax Credit.

• Authorize the use of Proposition 2 funding for infrastructure, which will accrue after the Rainy Day Fund is full. The first $415 million will be dedicated for infrastructure costs related to the state infrastructure and capital projects. After the infrastructure funds have been reached, half of the funding that accrues after that amount will be dedicated to rail corridor projects and the remaining half of the funding will be dedicated to funding the Multifamily Housing Program.

• $6.5 million for the California Autotech Testing and Development Project at Castle Air Force Base in Merced County.

• $1 million for the Green Business Network Program, administered through the California Environmental Protection Agency.

• $5.1 million Business Fees Fund for the continuation of resources needed to maintain an average of 5 business days or better turnaround/processing time for business filings and statements of information until California Business Connect is implemented.

**Investments in Building a More Inclusive Economy**

• $76.6 million from the California Advanced Service Fund and authorizes CPUC to collect $330 million beginning January 1, 2018, and continuing through 2022. The budget request includes funding for increased staffing and consulting, as well as ongoing local assistance funding for the program of $72.6 million annually until 2029.

• $8.5 million in one-time General Fund to the County Veteran Resource Centers.

• $10 million in Proposition 64 funds to GO-Biz for a community and economic development program to serve communities impacted by the state and federal war on drugs.
$10 million to GO-Biz for a program to assist underserved business owner groups in participating in legal cannabis production, wholesale, and retail business opportunities. Funding is subject to the Governor signing a bill.

$1.08 million one-time from the Motor Vehicle Account to support implementation and enforcement of Air Resources Board's freight regulations to protect disadvantaged communities near ports and rail yards.

Expands the Earned Income Tax Credit (EITC) to cover working individuals who are aged 18 to 24 or are over the age of 65 and also increases the qualifying income range for the credit so that employees working up to fulltime at the 2019 minimum wage of $12 per hour would qualify for the credit.

$2.5 million General Fund loan to the Secure Choice Retirement Savings Program for the program's startup and administrative costs. Also changes the name of California Secure Choice Retirement Savings Program to CalSavers. This program requires small businesses to set up retirement accounts for employees through CalSavers. Business owners and employees are authorized, but not mandated, to participate.

Investments in the Current and Future Workforce

$1 billion in federal and state funds over four years for early childhood education to add 13,400 child care and 2,947 preschool slots, increase rates for providers, and make new quality investments.

$100 million in one-time non-Proposition 98 General Fund for facility grants for local educational agencies that want to implement full-day kindergarten programs.

$78.4 billion in Proposition 98 funding to provide record-level funding for K-14 education and fully fund the Local Control Funding Formula. Proposition 98 funding climbs to $11,639 per K-12 student — up more than $1,000 per student since 2016-17.

$1 million in one-time General Fund to support and expand the Career Online High School program. The program offers free GED courses for students and has nearly 650 libraries participating.

$314 million for K-14 Career Technical Assistance:

o $150 million ongoing Proposition 98 funds for the Career Technology Education Incentive grant program, administered through the Department of Education.

o $150 million ongoing Proposition 98 funds for the Governor's K-14 CTE Program, administered through the Community Colleges’ Strong Workforce program.

o $14 million ongoing Proposition 98 funds to support Workforce Pathway Coordinators, K-14 Technical Assistance Providers, and the consortia administrative costs.
• Authorizes charter schools to participate in College and Career Access Pathways programs and clarifies that a charter school participating in a College and Career Access Pathways dual enrollment agreement – like a school district or community college district – not be funded for the same instructional time.

• $100 million in one-time costs and $20 million in ongoing costs to create an online college to provide industry-valued credentials to meet the vocational and educational needs of Californians who are not currently accessing higher education.

• $21.6 million increase for the Adult Education Block Grant to reflect a cost-of-living adjustment, and requires adult education providers to participate in regional planning consortia and report adult education services and funds to the state as a condition of receiving these and other state or federal funds.

• $10 million to establish the California STEM Pathways Grant Program to provide students in grades 9-14 with educational pathways focused on STEM programs, and establish partnerships between community colleges, high schools, and industry.

• Provides significant funding increases for the CSU and UC systems.
  o $92 million ongoing General Fund increase for the UCs, as well as additional increases of $177 million in one-time General Fund and $5 million ongoing from the General Fund. In combination with actions from the 2017-18 Budget, UC will increase California enrollment by 2,000 students in the 2018-19 academic year.
  o $92 million ongoing General Fund increase for the CSUs, as well as additional increases of $105 million from the General Fund, plus another $167 million of one-time General Fund resources. The one-time CSU funding includes $120 million to support a cohort of 3,641 new students at about $30 million per year over the next four years.

• $5.2 million in General Fund to support a Cal Grant expansion for foster youth. This will allow former foster youth up to age 26 to be eligible for the Cal Grant entitlement program, and allow these students to receive a Cal Grant for up to eight years.

• $5 million increase in funding for a reentry grant program at the California Community Colleges to provide support for currently and formerly incarcerated students.

• $10 million in one-time General Fund to fund the Workforce Education and Training Program which funds stipends for psychiatric nurse practitioners and social workers, and for residency and training slots for psychiatric mental health nurse practitioners.

• $1 million one-time Mental Health Services Act State Administration Fund and budget bill language to create scholarships for primary care physicians in medical shortage areas of California to enroll in UC primary care psychiatric fellowship programs.

• $16 million in General Fund in 2018-19 and $20 million in 2019-20 to the California Workforce Investment Board to administer a revised form of the Breaking Barriers in Employment program called the Prison to Employment program. This program is designed to provide a stronger
connection between education and job training activities in prison and post-release employment; integrate services of reentry service providers and career centers; and fund regional integration, direct services, and post-release supportive services.

- **$15 million** in General Fund over a two-year period to the California Workforce Investment Board through the **Breaking Barriers in Employment Program** for training programs that serve farmworkers and veterans.

- **$1.5 million** to the California Workforce Investment Board through the **Breaking Barriers in Employment Initiative** for training programs targeted to serve adults with autism.

- **$8.2 million** to the California Department of Corrections and Rehabilitation to expand Career Technical Education programming and refresh core equipment statewide.

- **$26.6 million** to the California Department of Corrections and Rehabilitation to establish the Ventura Training Center to provide firefighting training and certification for people on parole.

- **$5 million** in one-time Proposition 98 funds for a **Refugee Career Pathways** program.

- **$1 million** in ongoing Proposition 98 funding for the California College Guidance Initiative’s **Student Friendly Services** project.
Appendices

and

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Glossary of Terms

Abbreviations used in the 2017-2018 Session Report are as follows:

BTH: Business Transportation and Housing Agency

BIDs: Business Improvement Districts

CAEATFA: California Alternative Energy and Advanced Transportation Financing Authority

CalBIS: California Business Investment Services

CALED: California Association for Local Economic Development

Cal EMA: California Emergency Management Agency

CALGOLD: California Government Online to Desktops

CalCAP: California Small Business Capital Access Loan Program

CalCAP for ADA: California Small Business Capital Access Loan Program for Americans with Disabilities Act

CalCAP for Seismic Safety: California Small Business Capital Access Loan Program for Seismic Safety

CALWORKS: California Work Opportunity and Responsibility to Kids Program

CCTC: California Competes Tax Credit

CDFI: Community Development Financial Institution

CEDP: California Economic Development Partnership

CPCFA: California Pollution Control Financing Authority

CWDB: California Workforce Development Board

CWIB: California Workforce Investment Board

DGS: California Department of General Services

DOL: U.S. Department of Labor

DVBE: Disabled Veterans Business Enterprise
EDA: Economic Development Administration
EDC: Economic Development Corporation
EDD: Employment Development Department
ETP: Employment Training Panel
EZ: Enterprise Zone
FDI: Foreign Direct Investment
GEDI: Governor's Economic Development Initiative
GDP: Gross Domestic Product
GHG: Greenhouse Gas
G-TEDA: Geographically-Targeted Economic Development Area
GO-BIZ: Governor's Office of Business and Economic Development
GOED: Governor’s Office of Economic Development
HCD: Department of Housing and Community Development
IBANK: California Infrastructure and Economic Development Bank
IHUB: Innovation Hub Program
IGPAC: Intergovernmental Policy Advisory Committee on Trade
ITA: International Trade Administration
JEDE: Assembly Committee on Jobs, Economic Development, and the Economy
JTPA: Job Training Partnership Act
LAMBRA: Local Agency Military Base Recovery Area
LHC: Little Hoover Commission
LLR Program: Loan Loss Reserve Program
MASA: Military and Aerospace Support Act
MEA: Manufacturing Enhancement Area
MOU: Memorandum of Understanding
MSA: Metropolitan Statistical Area
NS-ADJ: Non-Seasonal Adjustment
NAICS: North American Industry Classification System
NEC: New Employment Credit
NEI: National Export Initiative
OZ: Opportunity Zone
PZ: Promise Zone
PACE: Property Assessed Clean Energy
REAL: Regional Economic Association of Leaders Coalition
ROI: Return on Investment
S-ADJ: Seasonal Adjustment
SBA: Small Business Administration
SBE: Small Business Enterprise
SBLGP: Small Business Loan Guarantee Program
SBDC: Small Business Development Center
SPOC: State Point of Contact
SUTE: State Sales and Use Tax Exemption
STEP: State Trade and Export Promotion Program
TEA: Targeted Employment Area
TPP: Trans-Pacific Partnership
TTA: Targeted Tax Area
TTIP: Transatlantic Trade and Investment Partnership

USTR: United States Trade Representative

WIA: Workforce Investment Act

WIOA: Workforce Innovation and Opportunity Act

ZEV: Zero Emission Vehicles, as in the ZEV Infrastructure Unit

Related definitions are as follows:

BUSINESS IMPROVEMENT DISTRICTS (BIDS): Business Improvement Districts are nonprofit entities specifically formed to serve property and business owners. Once formed under California law, the Business Development District is authorized to place assessments on business and property owners within the district for the purpose of paying for capital improvements and/or operating improvements.

BUSINESS, TRANSPORTATION AND HOUSING AGENCY (BTH): BTH oversees the activities of 14 departments consisting of more than 45,000 employees and a budget greater than $18 billion, as well as several economic development programs and commissions. Its operations address financial services, transportation, affordable housing, tourism, managed health care plans, and public safety. The Governor's Reorganization Plan 2 eliminated BTH and transferred all of its programs to other state entities. Several BTH programs and services were transferred to the Governor’s Office of Business and Economic Development in 2012.

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY (CAEATFA): A state financing authority which was established for the purpose of advancing the state’s goals of reducing the levels of greenhouse gas emissions, increasing the deployment of sustainable and renewable energy sources, implementing measures that increase energy efficiency, creating high quality employment opportunities, and lessening the state’s dependence on fossil fuels. Among other programs, CAEATFA administers the Sales and Use Tax Exclusion Program, which reimburses manufacturers for the local and/or state sales tax on specified equipment.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED): CALED is a statewide professional economic development organization dedicated to advancing its members’ abilities to achieve excellence in delivering economic development services to their communities and business clients. CALED’s membership consists of public and private organizations and individuals involved in economic development.

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

CALIFORNIA COMPETES TAX CREDIT (CCTC): The California Competes Tax Credit is a capped and allocated tax credit awarded through a competitive process overseen by the Governor's
Office of Business and Economic Development. Credits are available to California taxpayers and those that are interested in locating in California.

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

**CALIFORNIA EMERGENCY MANAGEMENT AGENCY (Cal EMA):** Cal EMA was established in 2009 through the merging of the duties and powers of the former Governor’s Office of Emergency Services with those of the Governor’s Office of Homeland Security. On July 1, 2013, Governor Brown’s Reorganization Plan #2 eliminated Cal EMA and restored it to the Governor’s Office, renaming it the California Governor’s Office of Emergency Services (Cal OES) and merging it with the Office of Public Safety Communications.

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

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA):** A state financing authority which was established for the purpose of promoting access to capital through the delivery of financing options to California business and environmental industries, including financing to qualified waste and recycling projects, and other projects to control pollution and improve water supply. Additionally, CPCFA administers the California Small Business Capital Access Loan Program, which encourages financial institutions to make loans to small businesses and provides for specialty programs targeted toward building an improved infrastructure for zero- and partial-emission vehicles and assisting small businesses in making structural improvements to address seismic safety issues and compliance with the federal Americans with Disabilities Act.

**CALIFORNIA SMALL BUSINESS CAPITAL ACCESS LOAN PROGRAM FOR AMERICANS WITH DISABILITIES ACT (CalCAP for ADA):** A credit enhancement program administered by the California Pollution Control Financing Authority for the purpose of encouraging private financial institutions to provide small business loans for activities related to compliance with the requirements of the ADA.

**CALIFORNIA SMALL BUSINESS CAPITAL ACCESS LOAN PROGRAM (CalCAP):** A credit enhancement program administered by California Pollution Control Financing Authority for the purpose of assisting small business owners in obtaining loans for a variety of purposes through a loan loss reserve model.
CALIFORNIA SMALL BUSINESS CAPITAL ACCESS LOAN PROGRAM FOR SEISMIC SAFETY (CalCAP for Seismic Safety): A credit enhancement program administered by California Pollution Control Financing Authority for the purpose of assisting residential property owners and small business owners in seismically retrofitting residences and small businesses with a priority on soft-story buildings and unreinforced brick and concrete buildings.

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

CALIFORNIA WORKFORCE DEVELOPMENT BOARD (CWDB): The California Workforce Development Board is responsible for assisting the Governor in preforming duties and responsibilities required by the federal Workforce Opportunity Investment Act of 2014. All members of the Board are appointed by the Governor and represent the many facets of workforce development – business, labor, public education, higher education, economic development, youth activities, employment, and training, as well as the Legislature.

CALIFORNIA WORKFORCE INVESTMENT BOARD (CWIB): The California Workforce Investment Board is responsible for assisting the Governor in preforming duties and responsibilities required by the federal Workforce Investment Act of 1998. In 2015, this board was replaced by the California Workforce Development Board.

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG): The Community Development Block Grant Program is a federal program administered through the U.S. Department of Housing and Urban Development. Funding is provided to states through a formula based on population and poverty rates. The three primary goals of the federal program are to serve low- and moderate-income people, to eliminate slums and blight, and to address other community development needs that pose a serious and immediate threat to the health and welfare of the community. Funding is provided directly to local jurisdictions with populations over 50,000 for a city and 200,000 for a county. For the smallest size communities, the federal government provided the money to the state for allocation. In California, the California Department of Housing and Community Development administers a highly competitive award process to small cities and rural communities.

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

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

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

**DEPARTMENT OF LABOR (DOL):** A U.S. government cabinet body responsible for standards in occupational safety, wages, number of hours worked, unemployment insurance benefits, re-employment services, and a portion of the country's economic statistics. The U.S. Department of Labor is the lead federal agency on the implementation of the Workforce Innovation and Opportunity Act.

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

**ECONOMIC DEVELOPMENT ADMINISTRATION (EDA):** The Economic Development Administration was established through the Public Works and Economic Development Act of 1965 as a part of the U.S. Department of Commerce. The EDA’s main goals are to alleviate unemployment and diversify the economy as well as assist urban areas with planning and emergency public works programs.

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

**ECONOMIC STRATEGY PANEL:** The Economic Strategy Panel was established in 1993 and eliminated in 2010. The purpose of the Economic Strategy Panel was to develop an overall economic vision and strategy to guide public policy. The Panel engaged in an objective and collaborative biennial planning process that examined economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project was a significant work product of the Economic Strategy Panel.

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

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

ENTERPRISE ZONE (EZ): Geographically-based economic incentive areas in California that provided regulatory or tax benefits to businesses. There were 42 Enterprise Zones in California. The California Enterprise Zone Program was eliminated in 2013. In its place, three different tax incentives were established under the Governor's Economic Development Initiative.

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

GOVERNOR'S ECONOMIC DEVELOPMENT INITIATIVE (GEDI): On July 11, 2013, California Governor Edmund G. Brown Jr. signed legislation to eliminate all Geographically Targeted Economic Development Areas tax incentives and to create three new incentives, including the State Sales and Use Tax Exemption, the New Employment Credit, and the California Competes Tax Credit.

GREENHOUSE GAS EMISSIONS (GHG): A greenhouse gas is any of the atmospheric gases that absorb infrared radiation and radiate heat. Common examples of these gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (NO₂), ozone, and water vapor. While water vapor is the most abundant source of greenhouse gas, it has the least long-term heat impact on the earth.

GROSS DOMESTIC PRODUCT (GDP): The monetary value of all the finished goods and services produced within a country's borders in a specific time period, usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments, and exports less imports that occur within a defined territory.

GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ): GO-BIZ was established in 2012 as a one-stop shop intended to help businesses to invest and expand in California. The Governor’s Office of Business and Economic Development was established through statute in 2012.

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

INNOVATION HUB PROGRAM (iHUB): The iHub Program improves the state's national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through state-designated iHubs.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK): The Infrastructure and Economic Development Bank is a state financing authority that provides low-cost financing to public agencies, manufacturing companies, nonprofit organizations, and other entities eligible for tax-exempt financing. Since January 1, 1999, the Infrastructure and Economic Development Bank has
financed more than $40 billion in tax-exempt bonds and loans for economic development and public infrastructure projects throughout the state, as well as various other financings.

INTERNATIONAL TRADE ADMINISTRATION (ITA): The International Trade Administration strengthens the competitiveness of U.S. industry, promotes trade and investment, and ensures fair trade through the rigorous enforcement of our trade laws and agreements. ITA works to improve the global business environment and helps U.S. organizations compete at home and abroad.

INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE ON TRADE (IGPAC): A federal advisory committee that provides the United States Trade Representative advice on matters of international trade from the perspective of state and local governments. Current membership includes former State Senator and current Los Angeles City Councilman Curren Price, and Carlos J. Valderrama of the Los Angeles Area Chamber of Commerce.

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

LITTLE HOOVER COMMISSION (LHC): The Little Hoover Commission is an independent state oversight agency that was created in 1962. The Commission's creation, membership, purpose, duties, and powers are enumerated in statute. By statute, the Commission is a balanced bipartisan board composed of five citizen members appointed by the Governor, four citizen members appointed by the Legislature, two Senators, and two Assembly Members.

LOAN LOSS RESERVE PROGRAM (LLR Program): A method of providing a credit enhancement to financial institutions under which the state, lender, and borrower each contribute a set amount of funds, usually 2% to 5% of the total loan value, into a loss reserve fund. These funds are generally held by the financial institution and multiple loans would be enrolled into a single loss reserve fund. This method allows a lender to be fully compensated in the case of a default, to the extent there are sufficient moneys in the fund.

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

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

METROPOLITAN STATISTICAL AREA (MSA): In the United States a metropolitan statistical area is a geographical region with a relatively high population density at its core and close economic ties throughout the area.

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

NATIONAL EXPORT INITIATIVE (NEI): In January 2010, the U.S. President launched the National Export Initiative with the goal of doubling U.S. exports over 5 years. The initiative is directed through a newly established Export Promotion Cabinet and an internal Trade Promotion Coordinating Committee which have been tasked to coordinate and align their export promotion activities including counseling, customer matchmaking services, and financing for exporters.

NEW EMPLOYMENT CREDIT (NEC): The New Employment Credit provides a tax credit for taxpayers that increases net employment at businesses located in high poverty and high unemployment areas of the state, as well as the former Enterprise and LAMBRA Zones.

NON-SEASONAL ADJUSTMENT: A term used to describe data series that have not been subjected to the seasonal adjustment process. In other words, the effects of regular or seasonal patterns have not been removed from the series.

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

OPPORTUNITY ZONE (OZ): A census tract in this state that has been designated by the United States Treasury as an Opportunity Zone, pursuant to Sections 1400Z-1 and 1400Z-2 of the Internal Revenue Code. Federal law allows a taxpayer to defer tax payments by depositing capital gains in a qualified Opportunity Fund. The Opportunity Fund is required to invest funds with Opportunity Zones, which are comprised of low-income census tracts which were recommended by Governors and approved by the U.S. Treasury as meeting certain income and/or poverty requirements.

PROMISE ZONES (PZ): An urban and rural geographic area designed by the federal Department of Housing and Urban Development and the U.S. Department of Agriculture. Promise Zones represent areas of high poverty which can benefit from federal, state, and local collaboration of initiatives that are designed to increase economic activity, improve educational opportunities, leverage private investment, reduce violent crime, enhance public health, and address other priorities identified by the community. In 2018, 22 urban, rural, and tribal Promise Zones were selected through three rounds of national
competition in which applicants demonstrated a consensus vision for their community and its residents, the capacity to carry it out, and a shared commitment to specific, measurable results. Tribal communities may also be designated as Promise Zones.

**PROPERTY ASSESSED CLEAN ENERGY (PACE):** PACE Programs allow local government entities to offer sustainable energy project loans to eligible property owners. Through the creation of financing districts, property owners can finance renewable onsite generation installations and energy efficiency improvements through voluntary assessments on their property tax bills.

**SALES AND USE TAX EXEMPTION (SUTE):** Manufacturers and certain research and developers may qualify for a partial exemption of sales and use tax on certain manufacturing and research and development equipment purchases and leases. The partial tax exemption applies to the sale, purchase, and lease of qualified tangible personal property on or after July 1, 2014, and before July 1, 2022. In order to receive the exemption, the business must obtain a timely exemption certificate.

**SEASONAL ADJUSTMENT:** A statistical technique that attempts to measure and remove the influences of predictable seasonal patterns to reveal how employment and unemployment change from month to month.

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

**SMALL BUSINESS DEVELOPMENT CENTERS (SBDC):** The SBDC Program is the leader in providing small business owners and entrepreneurs with the tools and guidance needed to become successful in today's challenging economic climate. Each regional center offers comprehensive business guidance on business issues, including, but not limited to, business plan development, startup basics, financing, regulatory compliance, international trade, and manufacturing assistance. Funding for the program is provided, in part, by the U.S. Small Business Administration and local partners.

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

**SMALL BUSINESS LOAN GUARANTEE PROGRAM (SBLGP):** The state Small Business Loan Guarantee Program (SBLGP) provides guarantees on bank loans to small businesses that would otherwise not be made. A network of 11 Small Business Financial Development Corporations – working closely with small business borrowers and local community banks – issues the guarantees on behalf of the state.

**SPECIAL FUND FOR ECONOMIC UNCERTAINTIES:** A fund in the General Fund (a similar reserve is included in each special fund) authorized to be established by statutes and Budget Act control sections to provide for emergency situations. (GC 16418)
STATE POINT OF CONTACT (SPOC): Funding applications submitted to the federal government will often require the applicant to comply with the state's SPOC requirements. The SPOC is responsible for reviewing specific types of grants for federal funds, loans, or financial assistance.

STATE TRADE AND EXPORT PROMOTION PROGRAM (STEP): The STEP Program is a three-year pilot trade and export initiative authorized by the Small Business Jobs Act of 2010. Funded by federal grants and matching funds from the states, the STEP Program is designed to help increase the number of small businesses that are exporting and to raise the value of exports for those small businesses that are currently exporting.

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

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

TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP): A proposed trade agreement between the two largest economies in the world: the U.S. and the European Union. If realized, the TTIP will create a free trade zone that encompasses 46% of the world’s GDP.

TRANS-PACIFIC PARTNERSHIP (TPP): A proposed free trade agreement that includes economies from within the Pacific region. Negotiations began in 2010 and currently include 12 countries: Australia, Brunei, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S., and Vietnam.

UNITED STATES TRADE REPRESENTATIVE (USTR): The USTR is an agency of more than 200 committed professionals with specialized experience in trade issues and regions of the world. The agency directly negotiates with foreign governments to create trade agreements, resolve disputes, and participate in global trade policy organizations.

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

WORKFORCE INVESTMENT BOARD (WIB): The Governor has appointed a State Workforce Investment Board (WIB) consisting primarily of representatives from businesses, labor organizations, educational institutions, and community organizations. The State WIB assists the Governor in designing a statewide plan and establishing appropriate program policy.
ZERO EMISSION VEHICLE (ZEV): Zero emission vehicles are anticipated to play an important role in California reaching its greenhouse gas emission reduction goals. There are two kinds of ZEVs: those that use all electric and those that are hybrids using both electric and gas combustion technologies.
Committee on Jobs, Economic Development, and the Economy

Assemblywoman Sharon Quirk-Silva (Chair)
Assemblyman Travis Allen (Vice Chair)
Assembly Member Marc Berman
Assembly Member Sabrina Cervantes
Assembly Member Lorena Gonzalez Fletcher
Assembly Member Timothy Grayson (member in 2017)
Assembly Member Jim Patterson (member in 2017)
Assembly Member Freddie Rodriguez
Assembly Member Marc Steinorth

Committee jurisdiction and oversight includes business advocacy within California and the United States; business advocacy of import/export trade; California-Mexico relations; California overseas trade offices; Department of Information Technology; development and expansion of new technologies, except energy; development of international high tech markets; economic disaster relief; economic impact reports; effect of balance of trade issues on California; expansion of overseas markets; foreign investments by California; foreign investments in California; impacts of federal budget on high tech projects; impacts of federal budget on international trade; industrial innovation and research; international capital, including capital formation; international trade; global research and development; import/export finance; interstate commerce; seaports and physical infrastructure; sister state agreements and friendship agreements with other nations; small business development and operations; state and local economic development; and women and minority business enterprises.