

AMENDED IN ASSEMBLY JUNE 27, 2018
AMENDED IN ASSEMBLY JUNE 12, 2018
AMENDED IN SENATE JANUARY 23, 2018
AMENDED IN SENATE JANUARY 3, 2018
AMENDED IN SENATE APRIL 3, 2017

SENATE BILL

No. 635

Introduced by Senator Hueso

February 17, 2017

An act to add Article 4.6 (commencing with Section 12097.5) to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 635, as amended, Hueso. Governor's Office of Business and Economic Development: ~~Office of the Promise Zone Coordinator~~. *Geographically Targeted Economic Development*.

Existing law establishes the Governor's Office of Business and Economic Development in state government. Existing law requires that the office serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Existing state regulation defines a "Federal Promise Zone" as any area with a continuous boundary and a population of not more than 200,000 that is nominated by a local government or Indian tribe and designated by the United States Department of Housing and Urban Development to receive priority for federal funding on the basis of its unemployment, poverty, vacancy, and crime rates. *Existing federal law allows for the*

designation of certain census tracts as opportunity zones, and provides that specified investments in these zones receive beneficial tax treatment.

This bill would authorize the Governor's Office of Business and Economic Development to create the Office of ~~the Promise Zone Coordinator~~ *Geographically Targeted Economic Development* within its office ~~to provide state assistance to~~ *for the purpose of supporting place-based and other geographically targeted economic development programs, including, but not limited to, California Promise Zones.* ~~This bill would define a California Promise Zone as a community in this state that has been designated by the United States Department of Housing and Urban Development as a Promise Zone. Zones and California Opportunity Zones, as defined.~~ The bill would authorize the ~~Promise Zone Coordinator~~ *office coordinator* to provide state liaison services to California Promise Zone lead agencies *and other place-based and geographically targeted economic development areas* in their efforts to receive state assistance, as specified. The bill would require designated state programs to provide preferences to entities or projects located within, or for the *direct* benefit of residents within, a California Promise Zone or any community in California that applied to be designated a Promise Zone *and a California Opportunity Zone*. The bill would limit its application to a Promise Zone *or Opportunity Zone* for the 10-year duration of its designation by the federal government or to a community in California that applied to be designated a Promise Zone for 10 years from the date the designations were made for the competition round in which the community applied. The bill also would apply to any Promise Zone designated after its enactment and any community that applies to be a Promise Zone after its enactment.

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

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

- 1 SECTION 1. The Legislature hereby finds and declares the
- 2 following:
- 3 (a) Despite overall statewide economic improvement in recent
- 4 years, there remain pockets of significant unemployment and
- 5 economic distress in certain areas of the state.
- 6 (b) The federal Department of Housing and Urban Development
- 7 recently designated Promise Zones throughout the country,
- 8 including in California, which are intended to boost economic

1 activity and job growth, improve educational opportunities, reduce
2 crime, and leverage private investment to improve the quality of
3 life in these vulnerable areas.

4 (c) The success of Promise Zones is based on the creation of
5 strategic relationships among all levels of government, community
6 organizations, and the private sector.

7 (d) The Promise Zone designation commits the federal
8 government to partner with local leaders who are addressing
9 multiple community revitalization challenges with on-the-ground
10 technical assistance to help navigate federal programs and
11 regulations. This intensive engagement will help communities
12 make the most of funding already available.

13 (e) Currently, the state does not offer any targeted assistance to
14 California Promise Zones. By folding in the focused attention of
15 state programs to the California Promise Zones, we will be able
16 to further strengthen and revitalize areas of our state where most
17 needed. Additionally, by including state programmatic assistance
18 in accordance with this act, it is hoped that other California
19 communities, both rural and urban, would be well suited to compete
20 in any future round of designations the federal government may
21 authorize.

22 SEC. 2. Article 4.6 (commencing with Section 12097.5) is
23 added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the
24 Government Code, to read:

25

26 Article 4.6. Office of ~~the Promise Zone Coordinator~~
27 *Geographically Targeted Economic Development*

28

29 12097.5. (a) The Governor's Office of Business and Economic
30 Development is hereby authorized to create the Office of ~~the~~
31 ~~Promise Zone Coordinator within its office to provide state~~
32 ~~assistance to~~ *Geographically Targeted Economic Development*
33 *for the purpose of supporting place-based and other geographically*
34 *targeted economic development programs, including, but not*
35 *limited to, federal Promise Zones within California that are*
36 *designated by the United States Department of Housing and Urban*
37 ~~Development. The Promise Zone~~

38 *Development; and Opportunity Zones designated by the United*
39 *States Treasury, pursuant to Sections 1400Z-1 and 1400Z-2 of the*
40 *Internal Revenue Code.*

1 *The Coordinator may provide state liaison services to California*
 2 *Promise Zone lead agencies and other place-based and*
 3 *geographically targeted economic development areas in their*
 4 *efforts to receive state assistance, access state resources and*
 5 *services, including, but not limited to, those programs listed in*
 6 *subdivision (c).*

7 (b) As used in this section, “California section:

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

12 (2) “California Promise Zone” means a community in this state
 13 that has been designated by the United States Department of
 14 Housing and Urban Development as a Promise Zone.

15 (3) “Coordinator” means the person who leads and is
 16 responsible for the activities of the Office of Geographically
 17 Targeted Economic Development, if that office is created.

18 (c) The following programs shall provide preference or priority
 19 points to entities, projects, or both, located within, or for the direct
 20 benefit of residents within, within a California Promise Zone Zone,
 21 or any community in California that applied to be designated a
 22 Promise Zone: Zone, and a California Opportunity Zone:

23 (1) California Competes tax credit, pursuant to Sections 17059.2
 24 and 23689 of the Revenue and Taxation Code, or the successor
 25 program. Any amount of the credit awarded to a taxpayer receiving
 26 preference or priority points pursuant to this subdivision shall not
 27 be counted against any aggregate limit on the amount of the credit
 28 that may be allowed for any year. In no case shall the preference
 29 provide more than a 5-percentage point preference.

30 (2) All programs administered by the Board of State and
 31 Community Corrections.

32 (3) No Place Like Home as set forth in Part 3.9 (commencing
 33 with Section 5849.1) of Division 5 of the Welfare and Institutions
 34 Code.

35 (4) All programs administered by the California Workforce
 36 Development Board.

37 (5) The Employment Training Fund as set forth in Article 6
 38 (commencing with Section 1610) of Chapter 6 of Part 1 of Division
 39 1 of the Unemployment Insurance Code.

1 (6) Any programs administered by the Department of Parks and
2 Recreation or the Department of Housing and Community
3 Development that provide grants to local agencies for local park
4 creation, rehabilitation, or improvement.

5 ~~(d)~~

6 (e) (1) For a project to be eligible for preference or priority
7 points pursuant to this act, the California Promise Zone lead agency
8 shall certify that the project is consistent with and in furtherance
9 of one or more of the goals of the Promise Zone.

10 (2) *For a project not meeting the requirements of subparagraph*
11 *(1) to be eligible for a preference or priority pursuant to this act,*
12 *the Opportunity Zone shall provide evidence that the project or*
13 *facility will be located in an Opportunity Zone.*

14 ~~(e)~~

15 (f) The degree and amount of preference or priority points
16 established pursuant to this act shall be determined by each
17 implementing agency and may be developed in collaboration with
18 the ~~Office of the Promise Zone~~ Coordinator, should that office be
19 established.

20 ~~(f)~~

21 (g) (1) The provisions of this act shall only apply to a Promise
22 Zone or Opportunity Zone for the 10-year duration of its
23 designation by the federal government or to a community in
24 California that applied to be designated a Promise Zone for 10
25 years from the date the designations were made for the competition
26 round in which the community applied.

27 (2) Any Promise Zone designated after the enactment of this
28 act, and any community in California that applies to be a designated
29 Promise Zone after the enactment of this act, shall receive the
30 benefit of the provisions of this act.

31 ~~(g)~~

32 (h) Any amount of the low-income housing tax credit awarded
33 pursuant to Sections 12206, 17058, and 23610.5 of the Revenue
34 and Taxation Code to a taxpayer for a project located within a
35 California Promise Zone shall not be counted against any aggregate
36 limit on the amount of the credit that may be allowed for any year.

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