

Date of Hearing: July 9, 2019

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

SB 736 (Umberg) – As Amended July 1, 2019

SENATE VOTE: 38-0

SUBJECT: Creative Economy Incentive Program

POLICY FRAME: Hosting events and festivals can serve as an important component to a local or regional economic strategy. There are many examples of well designed events that support dominant and emerging business sectors, community values, and/or local interests providing a catalyst for new social and economic investments.

SB 736 establishes a program and a process by which a local government, or nonprofit with the support of a local government, can monetize the future economic value of hosting a creative economy event. The documented financial support gained through this process can be used by communities in making bids for national and international events, as well as in securing other financing and donations. The valuation is based on anticipated increases in sales and use taxes, which are later reviewed and tracked post-event for accuracy.

The policy committee analysis includes information on the creative economy and the potential benefits of hosting musical, cinematic, sports, and gastronomy events and festivals. For context, the analysis also discusses the economic contributions of business and personal travel, the duties of the Governor's Office of Business and Economic Development (GO-Biz) and Visit California, and the state's current role in supporting local and regional community development activities. Suggested amendments are included in Comment 7.

SUMMARY: SB 736 establishes the Creative Economy Incentive Program, administered through GO-Biz, by which a local government, or nonprofit with the support of a local government, can apply for an award of financial support in excess of the estimated increase in tax revenues related to hosting a creative economy event. Funding is provided to the successful applicant on a reimbursement basis, dependent on a post-event evaluation of actual local sales tax receipts in the designated market area. Specifically, **this bill:**

- 1) Establishes the Creative Economy Incentive Program, contingent upon an initial appropriation to the Creative Economy Incentive Program Fund (Fund), which is created through this bill.
 - a) Subject to appropriation by the Legislature, moneys in the Fund may be used by GO-Biz to implement the Creative Economy Incentive Program.
 - b) A prudent reserve is required to be maintained in the Fund at all times.
 - c) GO-Biz may retain an undetermined amount of appropriated Fund moneys in a fiscal year for its administrative costs associated with the bill, including, but not limited to: contract administration, accounting costs, and the costs of the post-event economic studies.
- 2) Expresses the Legislature's intent, as follows:

- a) That by providing timely and reliable financial support to local entities and nonprofits, the program will spur jobs and economic growth and foster social impact and community benefits throughout the state.
 - b) That the creation of this program allows local entities and nonprofit organizations to successfully compete against jurisdictions in other states to attract creative economy events aimed at creating jobs, stimulating the state's economy, and fostering social impact and community benefits throughout the state.
- 3) Makes findings and declarations, as follows:
- a) A variety of approaches for attracting significant creative economy events in other regions outside of California have been demonstrated to be successful, including the establishment of the Major Events Incentive Program, in Louisiana, and the Event Trust Fund, in Texas, which allow local governments and local organizing committees to apply to the state for the establishment of separate event trust funds to help pay for certain eligible costs associated with conducting those events.
 - b) Creative economy events may include musical, cinematic, performance, and other fine arts events and festivals, as well as sports competition, agricultural, gastronomy, and other cultural events.
 - c) The establishment of a state fund for attracting events with major beneficial impact to the state and its regions has been shown to be successful in stimulating the economy through job growth, economic and infrastructure development, and the influx of increased net revenue for the state and local governments as a result of increased tourism.
 - d) Creative economy events will have significant social impacts on the region where the event takes place by bolstering a shared sense of regional identity, fostering innovation, improving quality of life, and providing an expansive showcase for the host cities and counties by bringing together artists, cultural and community groups, and creative businesses.
- 4) Requires GO-Biz to solicit applications for financial support of creative economy events, pursuant to guidelines GO-Biz is required to adopt.
- 5) Requires the application for financial assistance to include, at a minimum, all of the following:
- a) A description of the proposed creative economy event.
 - b) A description of the applicant's and any partnering organization's experience in sponsoring or hosting significant creative economy events.
 - c) A description of the financial strength and stability of the applicant and any partnering organizations.
 - d) A proposed budget for the creative economy event, as specified.
 - e) A description and specific accounting of how the financial support funds will be used for eligible expenditures.
 - f) An analysis of the estimated incremental increases in the state sales and use tax revenue and local tax revenue in the confirmed market area and of the measurable economic impacts directly attributable to the creative economy event and related activities for a one-year period commencing two months before the date of the creative economy event.

- g) The adopted resolution of each county or city, if any, within the market area for the creative economy event evidencing that city's or county's commitment to contribute a portion of their respective local sales and use tax revenue or other local revenue as a local contribution to the creative economy event.
 - h) Supplemental information, as required by GO-Biz, regarding the proposed creative economy event and the economic analysis submitted with the application.
- 6) Requires GO-Biz to undertake the following when reviewing an application:
- a) Determine if the application meets the requirements of this article and guidelines adopted by GO-Biz to implement this program.
 - b) Consider the equitable distribution of Creative Economy Incentive Program funds throughout the state.
 - c) Notify applicants of whether the application was approved or denied and state the reasons for the approval or denial.
 - d) Determine the amount of funding to be made available to approved applicants and designate the confirmed market area.
 - e) Award financial support funding in excess of the estimated incremental increase in tax revenue within the market area for creative economy events expected to provide demonstrable public benefits or positive social impacts.
- 7) Requires GO-Biz to:
- a) Enter into a contract with an applicant who has received an award, which states the approved financial support amount and any restrictions on the use of those funds. Moneys are provided to the successful applicant on a reimbursement basis, upon confirmation that the applicant was successfully selected as the host for the creative economy event.
 - b) Enter into a contract setting forth the obligations of the applicant regarding eligible and ineligible expenditures, local contribution requirements, if any, public benefit or social impact obligations, if any, and audit, recordkeeping, and reporting requirements.
- 8) Requires an applicant that has received financial support pursuant to this bill to report annually to GO-Biz on the status of the creative economy event, including an accounting of funds received. If the event will occur within a year of the application approval date, reporting is to be done quarterly.
- 9) Requires GO-Biz to undertake a study on the measurable economic impact of the creative economy event within 10 months after the last day of the event. The report is to be posted on the GO-Biz website.
- 10) Requires GO-Biz to consult with a steering committee on the review of applications and priorities to be used when the program is over subscribed. The steering committee is comprised of relevant state government entities and appointments by the Assembly and the Senate, as specified.
- 11) Requires the California Department of Tax and Fee Administration, at the direction of GO-Biz, to transfer into the Creative Economy Incentive Program Account:

- a) The amount of state sales and use tax revenue remitted during the applicable time period from the confirmed market area. The department is to stop transferring that sales and use tax revenue when an amount equal to the total amount of financial support awarded to the applicant for the creative economy event has been transferred into the Creative Incentive Program Account.
 - b) The amount of a local contribution of local sales and use tax revenue committed to the creative economy event by a city or county from within the confirmed market area during the applicable time period.
- 12) Requires a city or county that has committed local revenue to the creative economy event that is not collected by the California Department of Tax and Fee Administration to remit, on or before 90 days after the last day of the creative economy event, those revenues to the Creative Economy Incentive Program Account for distribution to the applicant.
- 13) Requires GO-Biz to make disbursements to the applicant from the Creative Economy Incentive Program Account for eligible expenditures under the contract. If local contributions have been committed to the creative economy event, disbursements are to be made proportionately from the committed state and local revenue. If there are remaining funds after all contractual obligations have been met, the remaining funds are to be distributed to the state General Fund, county, or city in proportion to the amount contributed by each party.
- 14) Defines the following terms:
- a) “Applicant” means a city, county, district, joint powers authority, nonprofit organization, or a combination thereof. An applicant that partners with other public and private organizations to conduct a creative economy event may apply for financial support under this article.
 - b) “Confirmed market area” means a geographic area, specified and determined by the office, that has a reasonable likelihood to benefit economically from a specific creative economy event.
 - c) “Creative economy event” means a musical, cinematic, performance and other fine arts events and festivals, sports competition, agricultural, gastronomic, or other cultural event.
 - d) “Financial support” means a grant of funds to an applicant for certain eligible expenditures related to a creative economy event pursuant to terms and conditions set forth in a contract between the office and the applicant.
 - e) “Department” means the California Department of Tax and Fee Administration.
 - f) “Office” means the Governor’s Office of Business and Economic Development, also known as “GO-Biz.”
 - g) “Program” means the Creative Economy Incentive Program established by this article.
- 15) Sunsets the provisions of this bill on January 1, 2031.

EXISTING LAW:

- 1) Establishes GO-Biz to 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. Among other duties, GO-Biz is authorized to make recommendations to the Governor and the Legislature on new state policies, programs, and actions, or amendments to existing programs in

order to advance statewide economic goals, respond to emerging economic problems, and to ensure that all state policies and programs conform to the state's economic and business development goals.

- 2) Makes findings and declaration that:
 - a) Tourism is among California's biggest industries, contributing over \$52,000,000,000 to the state economy and employing nearly 700,000 Californians in 1995.
 - b) In order to retain and expand the tourism industry in California, it is necessary to market travel to and within California.
 - c) State funding, while an important component of marketing, has been unable to generate sufficient funds to meet the threshold levels of funding necessary to reverse recent losses of California's tourism market share.
 - d) An industry-approved assessment provides a private-sector financing mechanism that, in partnership with state funding, will provide the amount of marketing necessary to increase tourism marketing expenditures by California.
- 3) Requires GO-Biz to establish, upon approval of the initial referendum voted on by tourism-related businesses, a nonprofit mutual benefit corporation named the California Travel and Tourism Commission. An elected board of 37 commissioners, as specified, serves as the board of directors for purposes of the Nonprofit Corporation Law.
- 4) Authorizes any funds appropriated to GO-Biz to be used to implement the tourism marketing plan, as specified. In addition to any other authority for GO-Biz to spend funds, state funds may be used for the following: research, conducting and advertising referenda, administration of state funds, policing, collection of assessments, and contracting for assistance in obtaining information on businesses to be assessed. GO-Biz is also authorized to contract with the California Travel and Tourism Commission in order for the commission to undertake marketing activities utilizing state funds.

FISCAL EFFECT: Unknown

COMMENTS & CONTEXT:

- 1) **Hosting Major Events:** Attracting a major sports or cultural event can provide, when organized appropriately, an economic boost to a local and regional economy. Major events can also increase the profile of a community and sometimes even change public perceptions. As an example, when South Africa hosted and won the 1995 Rugby World Cup, it became a defining moment in the rebirth of a nation.

Major events can also provide momentum for a community to invest in infrastructure, parks, and public transportation to support the mobility of tourists. These investments can provide exceptional value to local residents when organizers are able to use the enhanced facilities and infrastructure for not just one event, but over an extended period of time for local and other major events. Special events also support a variety of jobs directly, as well as jobs with vendors and suppliers (referred to as indirect jobs) and local businesses where workers spend their salaries and wages (referred to as induced jobs).

Of course there are also risks associated with hosting events, such as building premiere and specialized facilities, like Olympic stadiums, when the local community has little use for a facility of

that caliber and cannot afford the upkeep. Events budgets can also be inaccurate and simply unrealistic. And, of course, communities may have to endure negative publicity, even when there had been the best of intentions, such as the criticism the U.K. received for the aggressive gentrification of London's East End ahead of the 2012 Summer Olympics.

Given these challenges, there are still many communities that regularly host and are successful in meeting budgets and raising additional funds to reinvest locally. In fact, competition in hosting national events, such as the Super Bowl and NCAA Championships, are becoming ever more competitive. To help attract international and national events, a growing number of states have developed proactive programs to assist local communities submit bids and win new and, often, ongoing annual events.

For example, the State of Texas has a Major Events Program, which consists of the Events Trust Fund, Major Events Reimbursement Program, and Motor Sports Racing Trust Fund. SB 736 is modeled after the Texas Major Events Reimbursement Program, which allows local governments and host committees to apply to the state for the establishment of an Event Trust Fund where the incremental increase in tax dollars attributed to the event are deposited, rather than flowing into the state General Fund. These moneys, on a reimbursable basis, are then available from the state for certain predetermined eligible costs associated with conducting events.

California communities also compete for international events. In Queensland, Australia, local hosts can apply for economic development assistance to support major events which achieve the following outcomes:

- Contribute to the Queensland economy
- Attract visitors to Queensland
- Enhance the profile of Queensland
- Foster community pride in Queensland

In the following comments, the analysis provides information on the creative economy and the potential benefits of hosting musical, cinematic, sports, and gastronomy events and festivals.

- 2) **The Creative Economy:** California is home to nearly 40 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. Historically, a number of factors have contributed to California's significant position within the global marketplace, including its strategic west coast location, its economically and socially diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology.

The creative industries form an important component of the California economy. While there is no official Bureau of Economic Analysis (BEA) definition of which businesses constitute the creative economy, *Chart 1*, on the following page, displays those industry subsectors which were selected to represent the creative economy for a 2018 study by the Otis College of Art and Design (Otis Report). The business model of each of these industry subsectors depend on the monetization of creativity. "They also foster innovation and encourage spillover effects that create opportunities in other industries," according to the Otis Report.

Chart 1 – Creative Industry Sectors as Selected for the Otis Report (2016 CA Taxes)

Architecture/Interior Design	Art Galleries	Communication Arts	Digital Media
Entertainment	Fashion	Furniture/Decorative Arts	Industrial Design Services
Publishing and Printing	Toys	Visual and Performing Arts Providers	Fine and Performing Arts Schools
Source: Otis Report on the Creative Economy, 2018			

There are a number of ways of evaluating the economic impact of a business or industry sector. Some of the most common ways include:

- Employment, including direct (individuals working in the creative business), indirect (individuals working at a vendor or supplier of the creative business), and induced (businesses where the direct and indirect workers spend income);
- *Self employment, including income and availability of work;
- Quality of the jobs, including wages, or jobs linkages within career pathways that lead to higher paying jobs;
- Economic output as measured by revenues generated;
- Number of patents or the licensing of other intellectual property; and
- Taxes generated, including state and local sales taxes, property taxes, bed taxes, income taxes, and gas taxes.

The Otis Report examined the California creative economy with a special focus on the Counties of Los Angeles and Orange. The report used many, but not all, of the impact data described above. According to the report, 2016 business activity within California’s creative economy:

- Contributed \$407.1 billion to the state, including \$16.4 billion in state tax revenue.
- Supported approximately 1.6 million jobs, of which 789,900 were direct jobs.
- Paid direct, indirect, and induced wages and other labor income were valued at \$141.5 billion.
- Experienced a 38.1% increase in jobs between 2011 and 2016.

The Otis Report notes that *self employment is a particularly important component of the creative economy. Identifying its true impact is, however, difficult because state and federal employment data generally excludes self-employment. The report looked at data for nonemployer firms in the selected industry subsectors identified in Chart 1. Based on this information, the Otis Report stated that in some of the identified subsectors, self-employment was actually more prevalent than wages and salary employment. As an example, in the visual and performing arts subsector there were 2.3 self-employed persons in Los Angeles for every salaried workers. Self-employed individuals in Orange County were reported at nearly 4-to-1. Another sector with high numbers of self-employed individuals was the communication arts sector.

In the future, the Otis Report projects that the greatest increases will be seen in subsectors with strong technology components, including entertainment, digital media, and communications art.

- 3) **The Governor’s Office of Business and Economic Development:** In April 2010, the Governor’s Office of Economic Development was established to provide a one-stop-shop for serving the needs of businesses and economic developers. While initially established through Executive Order S-01-10, the office was later codified and renamed as GO-Biz [AB 29 (*John A. Pérez*), *Chapter 475, Statutes of 2010*].

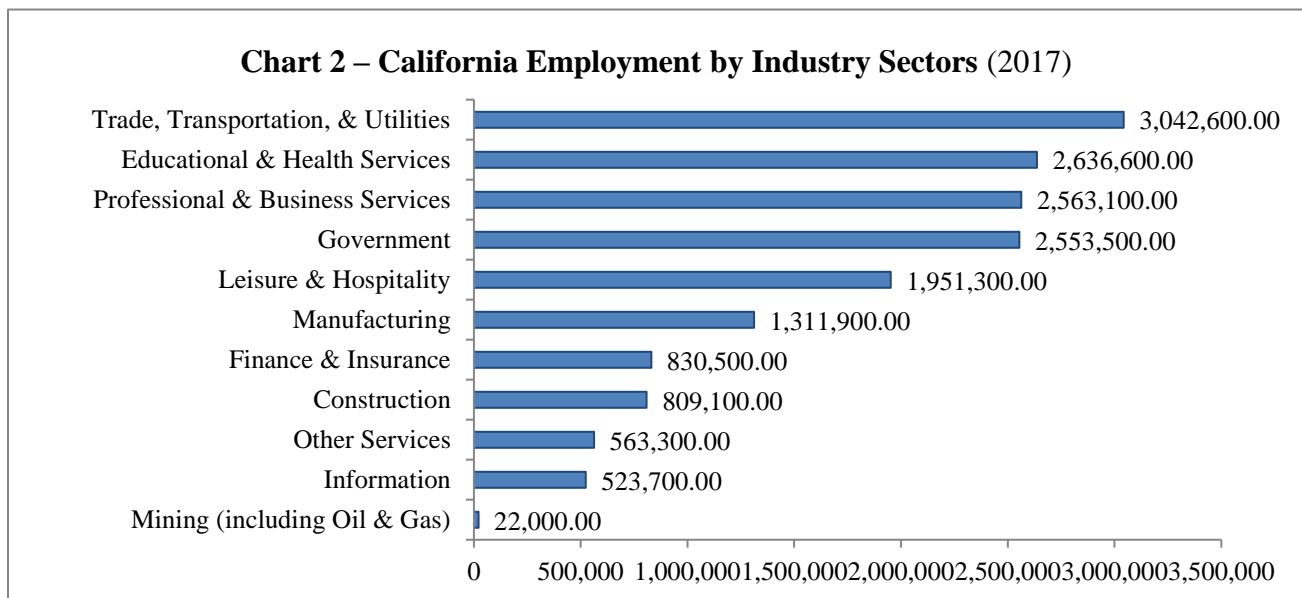
Under statute and administrative direction, GO-Biz carries out its mission through eight service units:

1. California Business Investment Services Program (CalBiz),
2. The Permit Assistance Office,
3. The Office of the Small Business Advocate,
4. International Affairs and Business Development,
5. The California Competes Tax Credit Program,
6. California Community Reinvestment Grant Program,
7. The Zero Emission Vehicle Infrastructure, and
8. The Innovation and Entrepreneurship Program.

GO-Biz also serves as the umbrella agency for the California Infrastructure and Economic Development Bank, Visit California (the Office of Tourism), and the California Film Commission.

- 4) **California Tourism:** One of the strengths of California’s \$2.7 trillion economy is the variety of globally significant industry sectors. Trade, Transportation, and Utilities was California’s largest industry sector based on employment (over 3 million jobs) and third largest based contributions to state GDP.

Chart 2 shows 2017 employment data from the Employment Development Department for California’s 10 major industry sectors, plus government employment.



Although the fourth largest industry sector by employment, the Leisure and Hospitality industry sector is still very significant, responsible for the employment of over 1.9 million workers and contributing \$117.7 billion to the state GDP in 2017.

The impact of the travel industry on the California economy is much broader than just the Leisure and Hospitality Industry sector. Leisure and business travelers to California create demands within other industry sectors, including Trade, Transportation, and Utilities and Professional and Scientific Services. *Chart 3*, on the following page, illustrates the variety of business inputs and the interrelationships between differing industry sectors that support the travel economy.

Chart 3 – Evaluating Impact of the Travel Industry		
Industry Sector(s)	Activities	North American Industry Classification System*
Leisure and Hospitality	Accommodation and Food Services	Accommodation (721)
		Food Services and Drinking Places (722)
Leisure and Hospitality AND Trade, Transportation and Utilities	Arts, Entertainment and Recreation	Performing Arts, Spectator Sports (711)
		Museums (712)
		Amusement, Gambling (713)
		Scenic and Sightseeing Transportation (487)
Trade, Transportation and Utilities	Retail Trade	Food & Beverage Stores (445)
		Gasoline Stations (447)
		Clothing and Clothing Accessories Stores (448)
		Sporting Goods, Hobby, Book, and Music Stores (451)
		General Merchandise Stores (452)
		Miscellaneous Store Retailers (453)
Trade, Transportation and Utilities AND Finance and Insurance AND Other Services	Ground Transportation	Interurban and Rural Bus Transportation (4852)
		Taxi and Limousine Service (4853)
		Charter Bus Industry (4855)
		Passenger Car Rental (532111)
		Parking Lots and Garages (812930)
Trade, Transportation and Utilities	Air Transportation	Scheduled Air Passenger Transportation (481111)
		Support Activities for Air Transportation (4881)
Professional and Business Services	Administrative/Support Services	Travel Arrangement and Reservation Services (5615)
		Convention and Trade Show Organizers (56192)
*The North American Industry Classification system defines businesses based on their primary activity. NAICS serves as a method for classifying businesses for the purpose of collecting and analyzing data.		
Source: California Travel Impacts 2010-2018, NAICS Association, and federal Bureau of Economic Analysis		

Information used to prepare Chart 3 comes from the Regional Travel Impact Model developed by Dean Runyan Associates and used to prepare its 2019 report, “California Travel Impacts 2010-2018p.” In developing the Regional Travel Impact Model, Dean Runyan used the frame of the BEA’s Travel and Tourism Satellite Account (TTSA).

Based on this model, Dean Runyan Associates estimates that the California travel industry contributed about 2.5% of state GDP in 2018. During this same period, California visitors spent \$140.6 billion, supported 1.2 million jobs, and contributed \$11.8 billion in state and local taxes.

Visitors through lodging and sales tax paid over 70% of the \$11.8 billion of travel-generated tax receipts. The remaining \$3.5 billion was paid through property and income taxes paid by travel industry employees and businesses. The largest component of tax revenues come from sales and gross receipts, representing over 80% of all travel-generated tax revenues. This includes taxes on commodities, such as gas and lodging, which is often taxed at a higher rate than sales tax. In order for state and local governments to receive an equal amount of tax revenues as those received through travel-related activities, Dean Runyan Associates estimates that every California resident household would need to pay an additional \$890 in state and local taxes annually.

In 2018, the secondary effects of tourism included 795,000 jobs with earnings of \$53.3 billion. Tourism dollars not only circulate within local economies supporting local jobs, but also serve to bring in new dollars to the state. For every \$10 dollars that was spent on tourism in 2018, it is estimated that \$6 is paid by visitors from other states and countries. Total direct and indirect employment related to the travel industry in 2018 was 2.0 million jobs with \$105.8 million in related earnings.

- 5) **Programs to support Community Development:** The state offers a range of programs to assist local areas in meeting important community development priorities. Program examples include, but are not limited to:
- a) GO-Biz’s small business technical assistance programs, regional innovation hubs, and the California Business Portal.
 - b) The California Workforce Development Board’s technical assistance and grant programs, including the Supervised Population Workforce Training Grant Program; the Pre-Apprenticeship Support, Training, and Placement Grant 2.0; Regional Clusters of Opportunity Grants; Slingshot: Accelerating Income Mobility Through Regional Collaboration, Equity, Climate, and Jobs; Model High Road Training Partnerships; and the Workforce Accelerator Fund.
 - c) The Employment Training Panel’s funding to employers to assist in upgrading the skills of their workers through training that leads to well-paying and long-term jobs.
 - d) Federal Workforce Innovation and Opportunity Act recipients, including one-stop career centers now called America’s Job Centers, Adult Education Programs, and local workforce boards.
 - e) The Department of Parks and Recreation’s resources and programs, including the Habitat Conservation Fund, the Land and Water Conservation Fund Act of 1965, the California Youth Soccer and Recreation Development Program, and the Outdoor Environmental Education Facilities Grant Program.
 - f) The Department of Housing and Community Development’s (*budgeted \$948 million in local assistance for 2018-19*) housing finance, economic development, and community development programs including the Affordable Housing and Sustainable Communities Program, and the federal State Community Development Block Grant Program.
 - g) The Strategic Growth Council’s (*awarded nearly \$550 million in 2017-18*) resources and programs, including Transformative Climate Communities, the Climate Change Research Program, Affordable Housing and Sustainable Communities, Sustainable Agricultural Lands Conservation, and the California Climate Investments Technical Assistance Program.

The establishment of the Creative Economy Incentive Program is consistent with the public policy goals related to the establishment of these programs. The Creative Economy Incentive Program can serve as an important tool for the state when working with local and regional communities to host transformative events, including launching new events, enhancing community brands, supporting local businesses, and increasing state and local tax revenues.

- 6) **Programs Supporting Economic Development through Tourism:** Visit California hosts and administers a range of programs promoting California as a fun and creative place to visit for both business and pleasure. Programs offered through Visit California are generally, but not required to be, funded through a travel industry asset paid by users of travel related services and commodities. These programs include:

- **California Tourism Month** is held in May to coincide with National Travel and Tourism Week. A central purpose of California Tourism Month is to highlight how tourism supports the California economy through coordinated messaging and special events. Local communities, businesses, and promotional groups can also sign-up and become part of the state's overall agenda.
- **Global Ready** is a series of cultural, sales, and service trainings that highlight best practices for welcoming international visitors from California's top international markets. Participants receive tools to attract, engage, and keep these valuable travelers.
- **California Love** is a branded response to natural disasters that have impacted many California communities. Through public service announcements, social media, and recommended response, Visit California serves to remind people how generous Californians can be, which can serve to counter negative press about avoiding certain areas of the state or the whole state altogether.
- **The Gold Pass Program** was developed to support destination partners collaborate on inviting and hosting media in the Golden State. "Carefully arranged press trips by Visit California and its destination partners result in incremental editorial coverage that aligns with destination brand traits, broadens targeted consumer awareness of California travel offerings and drives trip consideration."
- **The Industry Relations Program** is designed to "unify California's travel industry and effectively reinforce the state's global position as a premier travel destination around the world." The program includes methods of engaging with Visit California's designated regional representatives, Visit California speaker opportunities, and exclusive presentations at Visit California headquarters.
- **The Rural Marketing Program** is designed to drive travel to "beyond-the-gateway regions." The program takes a multi-faceted approach to support rural tourism, including Tourism Marketing Grants and connections with Regional Marketing Program participants. The goal is for Visit California to amplify existing local marketing efforts.

The Creative Economy Incentive Program can serve as a bridge between the activities supported by Visit California and economic development programs offered through state agencies.

- 7) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Clarify the sources of program funding and local and state tax revenues related to the offset of General Fund moneys.
 - b) Clarify the term "financial support."
 - c) Create an account rather than a fund to receive moneys related to the implementation of the Creative Economy Incentive Program.
 - d) Expand eligible applicants to include any subdivision of the state or local government.
 - e) Establish a lead applicant and allow, not mandate, that information on other event partners or hosts be included in the applications.
 - f) Provide greater specificity as to when GO-Biz is required to begin accepting applications.
 - g) Enhance the direction given to GO-Biz regarding the adoption of program guidelines, including rating and ranking criteria used to evaluate applications.

- h) Identify program priorities that can be used by GO-Biz to develop rating and ranking criteria.
- i) Clarify the contracting and reporting language.
- j) Expand the measurable economic impacts to include other impacts identified in Comment 2, such as indirect impacts.
- k) Add an annual reporting requirement.
- l) Streamline the tax collection provisions to require a calculation of moneys rather than a transfer of funds.

8) **Related Legislation:** Below is a list of bills from the current and prior sessions.

- a) ***AB 29 (John A. Pérez, Feuer, and V. Manuel Pérez) Office of Business and Economic Development:*** This bill establishes the Governor's Office of Business and Economic Development (GO-Biz) to be administered by a director appointed by the Governor. The bill also transfers the Office of the Small Business Advocate from the Business, Transportation, and Housing Agency to GO-Biz. Status: Signed by the Governor, Chapter 475, Statutes of 2011.
- b) ***AB 132 (Jones-Sawyer) Public Contracts: 2028 Olympic and Paralympic Games:*** This bill authorizes the Governor to execute games support contracts as specified, not to exceed \$270 million, in connection with the site selection process for the City of Los Angeles to become the host for the 2028 Olympic Games and Paralympic Games, and would establish the Olympic Games Trust Fund in the State Treasury and would, upon appropriation by the Legislature, make the money in the fund available for these purposes. Status: Signed by the Governor, Chapter 836, Statutes of 2017.
- c) ***SCR 114 (Stern) World Cup 2026:*** This resolution declares that the State of California welcomes the hosting of World Cup 2026, declares the state's full support of local organizing committees in the San Francisco Bay area and Los Angeles area to be selected as World Cup 2026 sites, and encourages the Governor and all affected state departments to cooperate with those committees. Status: Adopted, Resolution Chapter 227, enrolled in 2018.
- d) ***HR 27 (Jones-Sawyer) 2015 Special Olympics World Games:*** This resolution recognizes the honor and privilege of California hosting and states the Assembly welcomes and embraces all athletes of the 2015 Special Olympics World Games and urges state agencies and departments to provide assistance and support to ensure their safety and success. Status: Adopted by the Assembly.
- e) ***SB 1465 (De León) Public Contracts: 2024 Olympic Games and Paralympic Games:*** This bill authorizes the Governor to execute games support contracts in connection with the site selection process for the City of Los Angeles to host the 2024 Olympic Games and Paralympic Games, that accept financial liability (not to exceed \$250 million) in state security for amounts owed by the Organizing Committee for the Olympic Games as a result of hosting the games by the City of Los Angeles. The bill also establishes the Olympic Games Trust Fund as a special fund within the State Treasury for the sole purpose of fulfilling the obligations of the state under a games support contract to provide the state security. Status: Chapter 802, Statues of 2016.

9) **Double Referral:** The Assembly Committee on Rules has referred this measure to the Assembly Committee on Jobs, Economic Development, and the Economy and to the Assembly Committee on Arts, Entertainment, Sports, Tourism, and Internet Media (AESTIM). To accommodate the

committees' legislative schedules, SB 736 was heard in AESTIM on June 19, 2019, and passed the committee on a 6 to 0 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

aRes Travel
Beverly Hills Conference & Visitors Bureau
Beverly Wilshire, a Four Seasons Hotel
Cal Poly, San Luis Obispo, Department of Experience Industry Management
California Arts Advocates
California Business Roundtable
California Chamber of Commerce
California Hotel & Lodging Association
California State Railroad Museum Foundation
California Travel Association
Cannery Row Company
City of San Luis Obispo
Civitas
County of Los Angeles Board of Supervisors
County of Orange
Downtown Ventura Partners
DuPuis Group
Enterprise Holdings
Greater Coachella Valley Chamber of Commerce
Greater Ontario Convention and Visitors Bureau
Hotel Council of San Francisco
JNS Next Creative & Media Hub
Long Beach Convention & Visitors Bureau
Oxnard Convention & Visitors Bureau
PIER 39
Placer County Visitors Bureau
Pure Luxury Transportation
San Diego Zoo Global
San Gabriel Valley Economic Partnership
San Francisco Travel Association
San Jose Earthquakes
San Jose Sharks
San Jose Sports Authority
Santa Monica Travel & Tourism
Shasta Cascade Wonderland Association
Team San Jose
U.S. Cultural & Heritage Marketing Council
Visit Concord
Visit Napa Valley
Visit Oceanside
Visit SLO CAL
Visit Stockton

Visit Yolo County
Visit Yosemite | Madera County
Warner Bros. Entertainment
West Hollywood Travel + Tourism Board

Opposition

None on File

Analysis Prepared by: Toni Symonds / J., E.D., & E. / (916) 319-2090