

2017

2015-2016 End of Session Report Including A Summary of Legislation

Assembly Committee on Jobs, Economic Development, and the Economy

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**Assembly Committee on Jobs, Economic
Development, and the Economy**

2015-2016 End of Session Report

Including

A Summary of Legislation



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Young O. Kim, Vice Chair

Jobs, Economic Development, and the Economy

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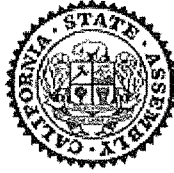
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EDUARDO GARCIA
CHAIR

Dear Interested Parties:

As Chair of the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE), I am pleased to publish the Committee's 2015-16 End of Session Report.

This report includes both a list of legislation and policy briefings related to JEDE's jurisdiction. Among other areas, JEDE has responsibility to oversee issues related to California's manufacturing and logistical networks, the state's clean technology economy, small business development, disabled veteran business enterprises, international trade, infrastructure, 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,

A handwritten signature in black ink, appearing to read "Eduardo Garcia".

EDUARDO GARCIA
Chair
Assembly Committee on Jobs,
Economic Development, and the Economy



Table of Contents

Section I – Business Incentives for an Inclusive Economy

Introduction.....	1
Geographic Differences in Economic Growth	3
Unemployment Rates Further Underscore Income Disparities in California.....	3
Legislation from 2015-16	4

Section II – Small Business Development and Operations

Introduction.....	13
The 2012 Survey of Business Owners.....	13
Using Entrepreneurship to Address Income Disparity	14
Legislation from 2015-16	15

Section III – Disabled Veteran Business Enterprises and Small Business Procurement

Introduction.....	25
Legislation from 2015-16	26

Section IV – International Trade

Introduction.....	29
California Exports and Imports	29
Foreign Investment in California.....	30
Legislation from 2015-16	31

Section V – Regulatory Reform

Introduction.....	35
Cost of Regulations on Business	35

State and Federal Advocacy for Regulatory Flexibility	35
Adoption of New Rules	36
Legislation from 2015-16	36

Section VI – Workforce Development

Introduction.....	41
California’s Future Economic Growth and External Markets.....	43
Legislation from 2015-16	45

Section VII – 2015-16 Legislative Hearings

Introduction.....	55
Oversight Hearing on an "Overview of the California Economy"	55
Oversight Hearing on the "Major Economic Policies and Programs in 2015-16.....	56
Oversight Hearing on "Building an Inclusive Economy: The State’s Role in Closing California’s Opportunity Gap"	57
Informational Hearing on Methods of Review Economic Development Activities.....	58
Oversight Hearing on the Governor’s Office of Business and Economic Development	59

Appendices

Appendix I: Index of Bills by Bill Number	A
Appendix II: Index of Bills by Subject Matter	P
Business Incentives for an Inclusive Economy	O
Small Business Development Operations.....	T
Disabled Veteran Business Enterprises and Small Business Procurement	Y
International Trade.....	AA
Regulatory Reform	DD

Workforce DevelopmentFF
Appendix III: Glossary of Terms.....KK

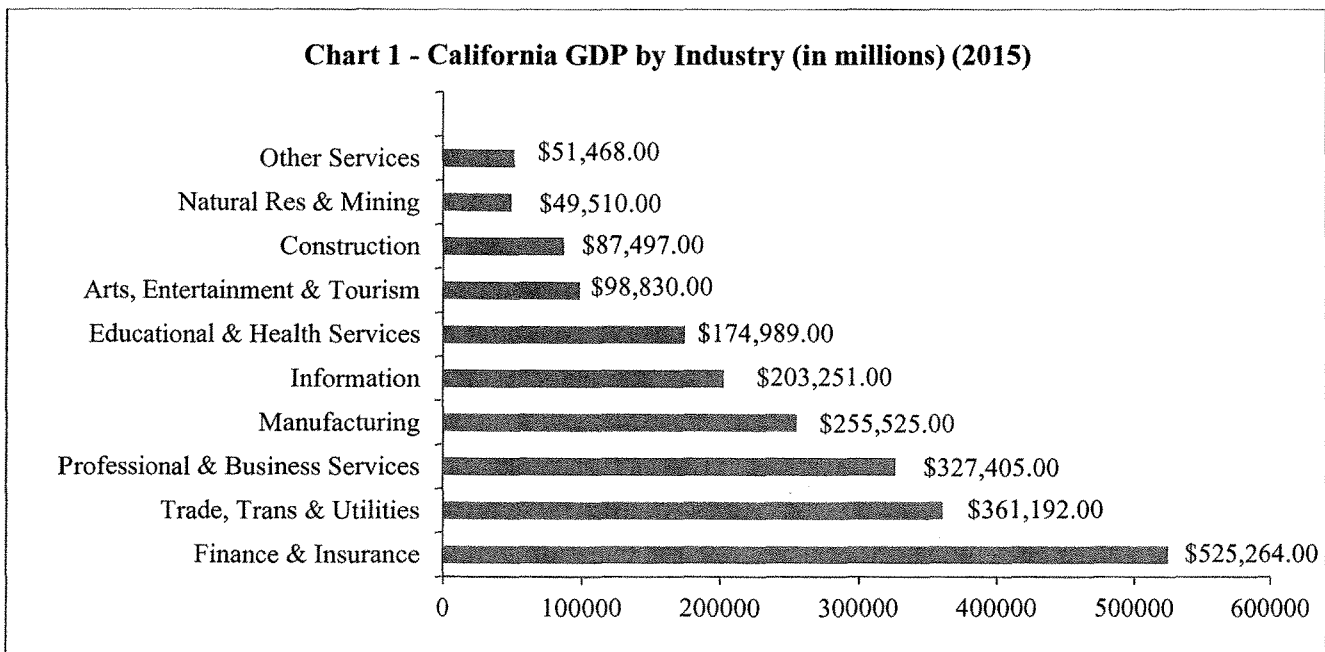
COMMITTEE ACTIVITIES BY SUBJECT MATTER

Section I –Business Incentives for an Inclusive Economy

California is one of the largest and most diversified economies in the world, and had a gross domestic product (GDP) of over \$2.45 trillion in 2015. If California were a country, its 2015 GDP would place it 6th among nations, ranking as follows: United States (\$17.94 trillion), China (\$10.98 trillion), Japan (\$4.12 trillion), Germany (\$3.35 trillion), United Kingdom (\$2.48 trillion), California (2.45 trillion), France (\$2.42 trillion), India (\$2.09 trillion), Italy (\$1.81 trillion), Brazil (\$1.77 trillion), and Canada (\$1.55 trillion).

Historically, the state's significance in the global marketplace resulted from a variety of factors, including its strategic west coast location, its economically diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology. California's 29 million working age individuals comprise the single largest workforce in the nation, are comparatively younger, and have an educational achievement level above the national average. As an example, over 30% of the working age population in California holds at least a bachelor's degree.

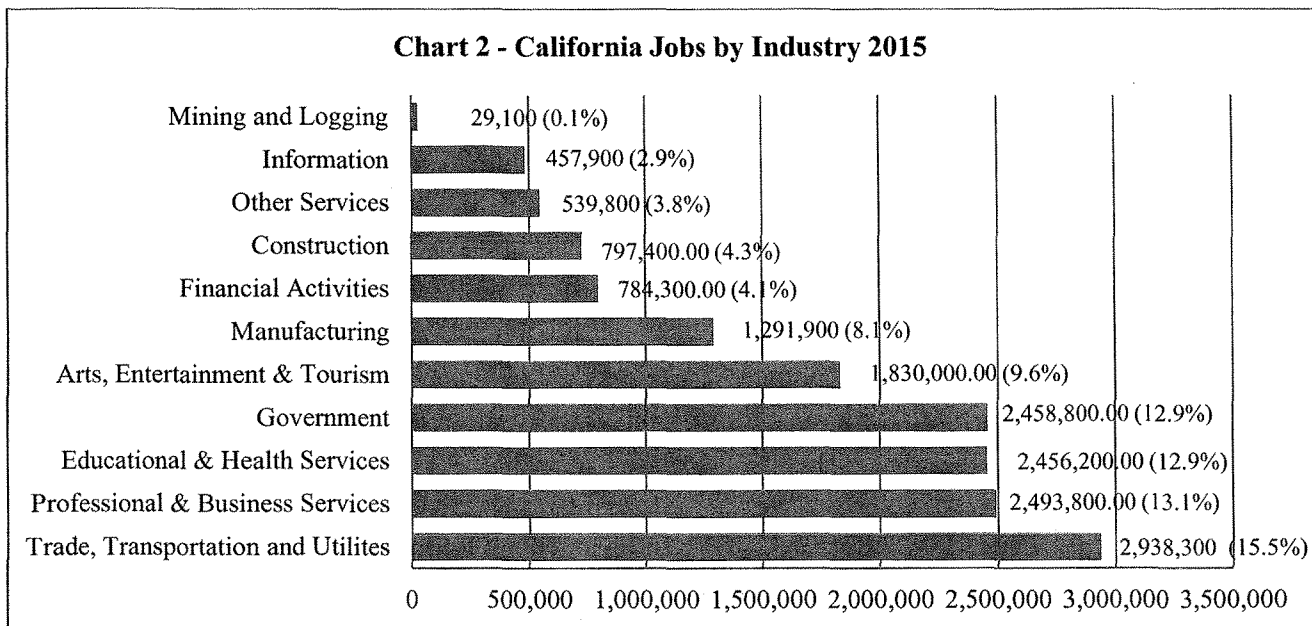
California's well diversified small business base also provides an economic advantage by meeting the niche needs of the state's dominant and emerging innovation-based industry sectors. **Chart 1** displays information on California's private industry sectors. In 2015, the finance and insurance sector provided the largest economic contribution to the state's overall GDP, \$525,264 billion of \$2.4 trillion. Firms in this industry sector include entities that raise funds, pool risk, and facilitate financial transactions including real estate.



California's next four largest industry sectors, include the trade, transportation, and utility sector (\$361 billion); professional and business services sector (\$327 billion); the manufacturing sector, which includes manufacturing of computers; and biomedical devices (\$255 billion).

Changes in the value of GDP per industry sector are also measured and reported quarterly and annually. Between 2014 and 2015, 70% of California's industry sectors outpaced that of the U.S. and five sectors had growth rates below that of the nation overall including: financial activities (+1.2% v. +1.6%); transportation/ warehousing/ utilities (-1.6% v. +0.8%); construction (-1.0% v. -0.7%); agriculture (-7.3% v. -7.2%); and mining and logging (-11.0% v. +7.2%).

Chart 2, developed using data provided by the California Employment Development Department, shows California's largest industry sectors based on employment. Based on total employment, the trade, transportation, and utilities sector is largest, employing 2.9 million (15.5% of California jobs). Jobs in this sector also support employment in other industry sectors including Manufacturing (8.1%), Professional Services (13.1%), and Financial Activities (4.1%).



Many of the jobs associated with these major industry sectors are also associated with high wages. Manufacturing is considered the "gold standard" for jobs because of its high wages, inclusion of small businesses within its global supply chains, and having a high multiplier effect on related jobs. The Milken Institute estimates that for every job created in manufacturing, 2.5 jobs are created in other sectors. In some industry sectors, such as electronic computer manufacturing, the multiplier effect is 16 to one.

A comparison of **Chart 1** and **Chart 2** also illustrates how each of the industry sectors contribute to the overall economy. GDP measures the total value of goods and services produced, which reflects business revenues, while employment measures the number of people engaged providing a picture of how that economic value is dispersed. Sustaining and expanding the types of jobs available in the larger industry sectors, based on GDP, is important to spreading the economic value of GDP.

Geographic Differences in Economic Growth

While California's overall economy is growing, including jobs, significant areas of the state are not experiencing this prosperity. In September 2015, the California Employment Development Department released a special labor trends report which highlighted job growth in Coastal and Inland county economies. Among other findings, the report notes that total job growth between 2010

through 2014 was 9.4%, but the growth within the inland counties was only 8.7%. Further compounding the impact of the lower job growth rate was the significant concentration of that growth in five counties, including: Fresno, Kern, Stanislaus, Placer, and Tulare. These five counties out of the 29 classified as inland counties accounted for nearly two out three of the new inland county jobs (64.6% of 124,000 additional jobs). Job growth was also concentrated in the coastal areas with Los Angeles, Santa Clara, and San Diego experiencing 44.8% of the 1.2 million new jobs in coastal areas.

In 2014, 90.1% of nonfarm payroll was related to jobs in coastal counties and 9.9% in inland counties, 13.9 million and 1.5 million jobs respectively. While this split is partially due to the higher percentage of the population being located in those counties classified as coastal, these number also suggest other demographic and economic shifts.

Among other issues, two key factors have contributed to the jobs imbalance, including a lack of trade-related infrastructure within the inland counties, and different business development patterns. California's coastal areas have three of the nation's busiest sea ports, including Los Angeles, Long Beach, and Oakland. San Diego and Port Hueneme are also important to cars and agriculture respectively. The inland counties have tried for years to develop inland ports and multimodal transportation facilities. Bringing these inland resources to scale will take significant funding and focused public policy attention on upgrading inland California's logistical network. As an example, Ontario Airport has been designated as the Los Angeles World Airport's cargo hub. Yet, Los Angeles International Airport remains better developed, and thus, significantly busier.

Business development within the coastal counties increased by 4.9%, adding 56,000 new establishments between 2010 through 2014. The inland counties had a net loss of 75 businesses or 0.1%. Of the 1.3 million business establishments in California in 2014, 89.4% were located in the coastal counties with the remaining roughly 11% headquartered in an inland county.

Unemployment Rates Further Underscore Income Disparities in California

In the following charts, unemployment rates by geographic region, race/ethnicity, and age are provided. In difficult economic times and when tracking economic capacity for growth, policy makers often closely track unemployment and poverty rates. In the recession, the state unemployment rate hit a high of 12.4% in February of 2010, which was only the second time since the 1970s that the state rate was above 10%. In September 2016, the most recent studies available, the state reported a seasonally adjusted rate of 5.5% as compared to the U.S. rate of 5.0%.

The lowest (not seasonally adjusted) unemployment rate among California counties in September 2016 was 3.3%, which was reported for both San Francisco and San Mateo Counties. Twenty-one counties had rates 6.5% or above in September 2016, which is the threshold used by the U.S. Department of Labor for severe unemployment. The highest unemployment rate for the month was 22.7% in Imperial County. The comparable California rate (not seasonally adjusted) was 5.3%.

Chart 3 displays labor force, employment and unemployment in selected counties.

Chart 3 - Unemployment September 2016 Selected Metro Areas (not seasonally adjusted)				
	Labor Force	Employment	Unemployment	Rate
California	19,437,500	18,408,300	1,029,100	5.3%
Imperial County	79,200	61,200	18,000	22.7%
Los Angeles County	5,150,200	4,881,700	268,500	5.2%

Orange County	1,636,400	1,570,100	66,400	4.1%
Riverside County	1,054,100	986,100	68,000	6.5%
Sacramento County	707,400	669,200	38,200	5.4%
San Bernardino County	942,100	886,700	55,500	5.9%
San Diego County	1,594,400	1,518,900	75,500	4.7%
Source California: California Employment Development Department				

Beyond geographic differences, certain demographic groups have unemployment rates disproportionate to the state as a whole. **Chart 4** displays data on California's overall unemployment rate as compared to race, ethnicity, and age. The chart shows how particularly vulnerable the individuals in these groups are to economic downturns and how recovery hasn't necessarily brought their unemployment rates in line with the state overall.

Chart 4 – Unemployment by Race, Ethnicity, and Age				
	Aug-16	Sep-16	Annual Avr 2012*	Annual Avr 2010*
California	5.5%	5.5%	10.7%	12.5%
Blacks	9.3%	9.3%	18.9%	21%
Hispanics	6.7%	6.7%	13.3%	15.3%
Whites	5.4%	5.5%	10.4%	12.3%
16 to 19 year olds	18.2%	18.2%	37.9%	36.7%
20 to 24	8.9%	8.6%	17.1%	20.2%
Source: Calif Employment Development Department/2015 not seasonally adjusted and *US Bureau of Labor Statistics/2012 and 2010 annual averages				

Given the shifting demographics of the state to a diverse workforce and the increasing importance of 16 to 24 year olds to the emerging workforce, these unemployment rates serve as key baseline measurements for targeted actions.

Legislation from 2015-2016

Below is a summary of the legislation heard by, or of interest to, JEDE during the 2015-16 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 an *. 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 2 (Alejo and E. Garcia) Redevelopment in Low Income Areas:** This bill establishes a new community redevelopment law for the purpose of addressing blight and economic dislocation in poor areas of the state. The bill leverages tax increment financing authority provided through the California Constitution for the purpose of financing community and economic development activities in low-income areas. Status: Signed by the Governor, Chapter 319, Statutes of 2015.

***AB 80 (Campos) Interagency Task Force on the Status of Boys and Men of Color:** This bill would have established a 20-member Interagency Task Force on the Status of Boys and Men of Color. Issues to be addressed by the Task Force would include, but not be limited to, employment and wealth creation, health and safety, education, and juvenile justice. Status: Vetoed by the Governor, 2015. Governor's veto message: *How state policy can be tailored to promote the well-being of boys and men of color is profoundly important. These issues, however, are best addressed through concrete actions, not another non-binding commission. The Legislature and the*

Administration are working on the critical issues raised by this bill, such as the Local Control Funding Formula, healthcare expansion and criminal justice reform. Much more can be done, and I am committed to advancing this work.

***AB 154 (Ting) Tax Conformity:** This bill modifies state tax law to be in greater conformance with federal law, as specified. Among other changes, the bill conforms state law relative to the federal net operating loss (NOL) rules that allow corporations expecting an NOL carryback to extend the time for payment of taxes for the preceding taxable year. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

AB 185 (E. Garcia and Medina) California New Markets Tax Credit: This bill would have established the California New Markets Tax Credit Program, which authorized up to \$200 million in tax credits through the redirection of an underutilized existing state incentive. Moneys raised through the credit would have been deployed by community development entities, as defined, to serve the capital needs of small businesses located in very low-income census tracts. Status: Held under submission in the Assembly Committee on Appropriations, 2016.

***AB 189 (Bloom) Cultural Districts:** This bill requires the California Arts Council to adopt criteria and guidelines for the establishment of state designated cultural districts. Status: Signed by the Governor, Chapter 396, Statutes of 2015.

***AB 197 (E. Garcia) State Air Resource Board:** This bill requires the Air Resources Board (ARB) to prepare specified reports on sources of greenhouse gas emissions (GHGs) and other pollutants; establishes six-year terms for voting members of ARB; and adds two legislators as non-voting members of ARB. The bill also establishes the Joint Legislative Committee on Climate Change Policies, and requires) to prioritize direct emission reductions and consider social costs when adopting GHG-related regulations. Status: Signed by the Governor, Chapter 250, Statutes of 2016.

***AB 199 (Eggman) Recycled Feed Stock Sales Tax Exemption:** This bill expands the Sales and Use Tax Exclusion Program for advanced manufacturing and transportation facilities to include equipment used to process recycled feedstock. Status: Signed by the Governor, Chapter 768, Statutes of 2015.

***AB 251 (Levine) Subsidies for Public Works:** This bill would have provided a statutory definition for a “de minimis” public subsidy that does not trigger the requirements of prevailing wage law. Specifically, this bill defines “de minimis” to mean a public subsidy that is (a) less than \$250,000 or less than 2% of the total project cost and (b) will not apply to a project that was advertised for bid, or a contract that was awarded, before July 1, 2016. Status: Vetoed by the Governor, 2015. Governor’s veto message: *Longstanding practice has been to view the subsidy in context of the project and use 2% as a general threshold for determinations. There has been no showing that the current practice is unreasonable. While I remain a staunch supporter of prevailing wages I am concerned that this measure is too restrictive and may have unintended consequences. Two years ago, I cited the same concerns when I returned a similar bill without my signature. This measure does not adequately address those concerns.*

AB 428 (Nazarian) Seismic Retrofit Tax Credit: This bill would have allowed a credit equal to 30% of a qualified taxpayer's qualified costs incurred for seismic retrofit construction. Status: Vetoed by the Governor, 2015. Governor's veto message: *I am returning the following nine bills without my*

signature: Assembly Bill 35; Assembly Bill 88; Assembly Bill 99; Assembly Bill 428; Assembly Bill 437; Assembly Bill 515; Assembly Bill 931; Senate Bill 251; and Senate Bill 377. Each of these bills creates a new tax credit or expands an existing tax credit. Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.

***AB 437 (Atkins) Small Business Research and Development Grant Program:** This bill would have allowed a qualified small business to convert into cash grants up to 10% of the value of research and development credits carried over from the 2015 and 2016 taxable years to the 2017 year, or 15% for credits generated in the 2017 to 2022 taxable years. The bill would have provided for the acceleration of the taxpayer's ability to monetize the credits. Status: Vetoed by the Governor, 2015. Governor's veto message: *I am returning the following nine bills without my signature: Assembly Bill 35; Assembly Bill 88; Assembly Bill 99; Assembly Bill 428; Assembly Bill 437; Assembly Bill 515; Assembly Bill 931; Senate Bill 251; and Senate Bill 377. Each of these bills creates a new tax credit or expands an existing tax credit. Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

***AB 544 (Mullen) Income Tax Credits for Research Activities:** This bill would have conformed California research and development credit provisions, for taxable years beginning on or after January 1, 2016, to January 1, 2021, to the federal alternative simplified credit, and repeal the alternative incremental credit, and conform to recent federal changes related to acquisitions, dispositions, and aggregations. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

AB 680 (Atkins) California Marketing Program: This bill would have required the Governor's Office of Business and Economic Development to develop a plan to market the business and investment opportunities available in California. The plan shall be developed in partnership with the California Travel and Tourism Commission, also known as Visit California. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

*** AB 755 (Ridley-Thomas) Sales and Use Tax Exemption Los Angeles County Transit Projects:** This bill would have authorized a partial sales and use tax exemption for sales made by a small business whose property line abuts or faces the rail corridor of specified Los Angeles County transit construction projects. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

***AB 756 (Chang) Wavier of Fees:** This bill would have authorized the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department to waive any fine or penalty for violations of the laws that impose a tax or fee, assessed against a small business, as defined,

within its first 120 days of operation if certain requirements are met. Status: Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016.

***AB 816 (Bonta) Worker Cooperative Corporations:** This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 865 (Alejo) California Energy Commission Outreach: This bill required the California Energy Commission (CEC) to develop and implement an outreach program to inform businesses certified as being owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals, as defined, of CEC workshops, training, and funding opportunities. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

***AB 931 (Irwin) New Hire Tax Credit:** This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's veto message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

AB 1090 (O'Donnell) Sales and Use Taxes- Reshoring Jobs: This bill increases the threshold for certain tax exemptions on gross receipts for qualified purchases from \$200 million to \$500 million for any calendar year on and after January 1, 2016, provided that \$300 million is for purchases of qualified tangible personal property that are used primarily for the purpose of reshoring or insourcing. The bill defines reshoring and insourcing to mean the relocation of a whole process, a piece of a process, a function, or a discrete piece of work from currently outside the boundaries of the U.S. to inside the boundaries of the state, regardless as to whether the work is moved to within or outside the boundaries of the company. Status: Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016.

AB 1196 (E. Garcia) Commission for Economic Development: This bill would have updated the role of the California Commission for Economic Development, including making additions to board membership, expanding the Commission's advisory role to include state participation in federal programs, limiting board reimbursements, grant greater flexibility for meetings that are exclusively held to take public and expert testimony, the process of establishing advisory committees, and for making legislative recommendations. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 1280 (Maienschein) Sales and Use Taxes Exemption:** This bill would have authorized a partial sales and use tax exemption for tangible personal property sold by, or purchased from, a small business retailer for what has come to be known as Small Business Saturday, the Saturday following

Thanksgiving. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

AB 1348 (Irwin) State Clearinghouse: This bill expands the positions and duties of the State Clearinghouse to include a federal grant administrator. Among other duties, the federal grant administrator serves as the state's primary point of contact for information on federal grants related to community, economic, and local development. On or before January 1, 2018, and annually thereafter, the federal grant administrator is required to prepare a summary of his or her activities, including a list of federal grants received by the state and local governments during the report period. Status: Signed by the Governor, Chapter 444, Statutes of 2016

AB 1393 (Burke) Expansion of the Role of the California Pollution Control Financing Authority: This bill would have expanded the authority and program focus of the California Pollution Control Financing Authority from providing financial assistance related to small business development and pollution control/remediation to also include unlimited types of financial products to a new and an expansive list of public and private entities, as specified. Status: Held in the Senate Committee on Appropriations, 2015.

****AB 1550 (Gomez) Greenhouse Gas Investments in Disadvantaged Communities:*** This bill requires that 25% of the Greenhouse Gas Reduction Fund be spent on projects located within disadvantaged communities, and requires that an additional 5% be spent on projects that benefit low-income households. Status: Signed by the Governor, Chapter 369, Statutes of 2016.

AB 2319 (Gordon) California Infrastructure and Economic Development Bank: This bill authorizes the financing of an affordable housing project by the California Infrastructure and Economic Development Bank, including financing through the Infrastructure State Revolving Fund. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

****AB 2348 (Levine) Identification of Market Rate Infrastructure Investment:*** This bill would have authorized the Department of Finance (DOF), to identify infrastructure projects in California where DOF can guarantee a rate of investment return consistent with other infrastructure projects investments made by the California Public Employees' Retirement System, as specified. Status: Vetoed by the Governor, 2016. The Governor's veto message: *This bill makes the state a guarantor of PERS investments. In the event that any such investment fails to meet the expected return, the state General Fund would be forced to make up the difference. That's not prudent.*

****AB 2475 (Gordon) Housing Loan Program at the IBank:*** This bill establishes the Local Government Affordable Housing Forgivable Loan Program within the Infrastructure and Economic Development Bank. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

****AB 2600 (Lackey) California Institute for Aerospace:*** This bill would have expressed the Legislature's request to the University of California Regents to establish a California Institute for Aerospace. Among the proposed Institute's six goals would have been the development of the next generation of engineers and technicians through expanded career technical education opportunities, as specified. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 2647 (E. Garcia and Medina) Community Development Tax Credit:** As passed by JEDE, this bill would have established the California New Markets Tax Credit (NMTC) Program, which authorized up to \$200 million in tax credits through the redirection of an underutilized existing state incentive. Moneys raised through the credit would have been deployed by community development entities, as defined, to serve the capital needs of small businesses located in very low-income census tracts.

Committee amendments taken in the Assembly Revenue and Taxation Committee deleted the contents of the bill and, instead, added language that would have extended the California Organized Investment Network (COIN) Tax Credit for an additional 10 years and increased the annual allocation from \$10 million to \$24 million in tax credits. The COIN program serves low-and moderate-income communities. Both the NMTC and COIN Tax Credit programs have shown that providing funds through financial intermediaries, such as community development entities, is a more effective model for reaching underserved communities than traditional tax credit programs. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 2673 – Incentive for Hydrogen Refueling Station Equipment:** This bill would have authorized a sales and use tax exemption for hydrogen refueling station equipment sold to a specified grant recipient of the California Energy Commission. The bill would have also authorized a tax credit for the amount of sales and use tax previously paid to a specified Commission grantee. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation.

***AB 2728 (Atkins) Community Development Investments:** This bill would have extended the authorization for the allocation of specified tax credits that support community development activities from 2016 to 2018. The would have also provided Legislative intent regarding the Department of Insurance's authority to issue a data call to insurers on the deployment of their investment portfolio. Status: Vetoed by the Governor. *The Governor's veto message: I am returning the following seven bills without my signature: Assembly Bill 717; Assembly Bill 724; Assembly Bill 1561; Assembly Bill 2127; Assembly Bill 2728; Senate Bill 898; and Senate Bill 907. Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18. As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced. Therefore, I cannot sign these measures.*

AB 2841 (Allen) State Infrastructure Seaport Financing: 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 zero and near zero emissions. This valuation would have been used to establish the amount of a state appropriation that would be used by the harbor agency to pay for part or all of those improvements. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

AB 2901 (JEDE) California Competes: This bill expands the mandatory annual reporting of data on the California Competes Tax Credit to include the city and county of the business location, and whether the business is located in areas of high unemployment or high poverty, as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *This bill expands the reporting requirements of the California Competes Tax Credit Program administered by the Governor's Office of Business and Economic Development. As currently drafted, this bill would chapter out specific*

provisions in the recently enacted general government budget trailer bill. Therefore, I cannot sign it at this time.

***ACR 92 (Gipson) Commemoration of the 50th Anniversary of the Watts Revolt:** The resolution memorializes the California Legislature's recognition of the 50th Anniversary of the Watts Revolt and commitment to promoting local and statewide solutions to address disparities in housing, education, employment, healthcare, and law enforcement. This resolution also recognizes historic efforts that have sought to improve the condition of the impacted communities. Status: Adopted by the Assembly, Resolution Chapter 188, Statutes of 2015.

***ACR 164 (Patterson) Citrus Strong Month:** This resolution recognizes the month of April 2016 as Citrus Strong Month for the purpose of celebrating California's vibrant citrus industry and the benefits it provides the state's environment, economy, and people, and to affirm that California is citrus strong. Status: Adopted by the Legislature, Resolution Chapter 41, Statutes of 2016.

***AJR 13 (Ridley-Thomas) 50th Anniversary of the 1965 Voting Rights Act:** The resolution memorializes the California Legislature's recognition of August 6, 2015, as the 50th anniversary of the signing of the federal Voting Rights Act of 1965 and urges the U.S. Congress and President to continue to secure every citizens' right to vote and to remedy racial discrimination in U.S. voting practices. Status: Adopted by the Legislature, Resolution Chapter 193, Statutes of 2015.

HR 5 (C. Garcia) Mexico Human Rights Violation: This resolution memorializes the Assembly's condemnation of the September 2014 forced disappearance and death of 43 college students in Iguala, Mexico. In adding its voice to the international censure of this violation of human rights, California offers support to all those in Mexico who are standing up for human rights and justice against corruption and violence. Status: Adopted by the Legislature, 2016.

***SB 9 (Beall) Transit and Intercity Rail Capital Program:** This bill makes programmatic changes to the Transit and Intercity Rail Capital Program including, requiring that funds be used for projects that are transformative, which includes rail, bus, or ferry transit that significantly reduces vehicle miles traveled, congestion, and greenhouse gas emissions. The bill also eliminates operations funding as an eligible use of funds and expands the list of co-benefits by which projects are evaluated. Status: Signed by the Governor, Chapter 710, Statutes of 2015.

***SB 32 (Pavley) Greenhouse Gas Emission Reductions:** This bill requires the Air Resources Board to approve a statewide greenhouse gas reduction target equivalent to 40% below the 1990 level by 2030 and 80% below by 2050. Status: Pending in the Assembly Committee on Appropriations, 2016.

***SB 63 (Hall) Seaport Infrastructure Districts:** This bill authorizes cities and counties to establish Seaport Infrastructure Financing Districts and allows these districts to finance certain port or harbor facilities, as specified. Status: Signed by the Governor, Chapter 793, Statutes of 2015.

***SB 102 (Committee on the Budget) General Government Budget Trailer:** This bill makes a number of statutory changes to effectuate the implementation of the 2015-16 Budget Act. This includes authorizing the Strategic Growth Council to designate a state agency or department to administer the disbursement of grants and loans issued as part of the Affordable Housing and Sustainable Communities program. Status: Signed by the Governor, Chapter 323, Statutes of 2015.

SB 189 (Hueso) Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee: This bill would have created the Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee (Committee) in the Cal EPA Agency to advise state agencies on economic benefits and job growth related to a cleaner, low-carbon economy. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

****SB 208 (Lara) Water Facility Grants:*** This bill authorizes the Department of Water Resources (DWR), under specified conditions, to provide advance funding of Integrated Regional Water Management Plan grants where the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. Status: Signed by the Governor, Chapter 675, Statutes of 2015.

****SB 249 (Hueso) Enhanced Drivers Licenses:*** This bill would have authorized the Department of Motor vehicles to issue enhanced driver's licenses that are deemed to be appropriate proof of identity for the purpose of expediting border crossings. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *This bill authorizes the Department of Motor Vehicles to enter into a memorandum of understanding with the U.S. Department of Homeland Security, allowing the department to issue "enhanced" driver's licenses, provisional licenses and identification cards. While I support the purpose of this bill to allow easier passage across certain borders within the Western Hemisphere, I believe that there are other means, such as the U.S. Passport Card, that achieve the same goal without imposing new burdens on the Department of Motor Vehicles.*

****SB 350 (De León) Renewable Energy Portfolio:*** This bill enacts the Clean Energy and Pollution Reduction Act of 2015, which sets a 50% target for increasing renewable energy sales and requires the doubling of energy efficiency in building by 2030. Status: Signed by the Governor, Chapter 547, Statutes of 2015.

****SB 506 (Fuller) Military and Aerospace at GO-Biz:*** This bill would have expanded the duties of GO-Biz to include two new programs: (a) The Military and Aerospace Program whose mission would be to address state and local defense retention issues, base conversion, and base reuse activities, and (b) The Space Enterprise Development Program, which is tasked with fostering activities that increase the competitiveness of space enterprise in California, including the commercial use of space, space vehicle launches, space launch infrastructure, manufacturing, applied research, technology development, economic diversification, and business development. The bill would have also established a process for the designation of a local retention authority to serve as the lead local government entity responsible for efforts to retain local military installations. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2015.

****SB 540 (Hertzberg) Lifting of Tax Penalties:*** This bill removes the sunset from the Franchise Tax Board's (FTB's) Advocate to remove taxpayer penalties that are the result of an error or unreasonable delay on the part of the FTB. Status: Signed by the Governor, Chapter 541, Statutes of 2015.

****SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act:*** This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

***SB 662 (Environmental Quality) Recycling Marketing Zones:** This bill expands the allowable uses of the funds in the Recycling Market Development Revolving Loan Subaccount to include payments to local governments for the promotion of a Recycling Market Development Zone. The bill also changes the annual reporting date for the architectural paint extended producer responsibility collection program from September 1 to November 1, beginning in 2016. Status: Signed by the Governor, Chapter 453, Statutes of 2015.

***SB 734 (Galgiani) California Environmental Quality Act Judicial Review Extension:** This bill extends for two years the expedited California Environmental Quality Act (CEQA) judicial review procedures established by the Jobs and Economic Improvement Through Environmental Leadership Act (AB 900 (Buchanan), Chapter 354, Statutes of 2011). Status: Signed by the Governor, Chapter 210, Statutes of 2016.

***SB 1000 (Leyva) Environmental Justice and General Plans:** This bill requires cities and counties to include an environmental justice element within its general plan, or related goals, policies, and objectives integrated in other general plan elements. Status: Signed by the Governor, Chapter 587, Statutes of 2016.

***SB 1168 (Cannella) California Agricultural Capital Investment Tax Credit:** This bill would have authorized a tax credit of an unspecified amount for the purpose of stimulating capital investment in modernizing California farms, and would encourage investment in energy efficient technology, or in equipment and facilities for farm animal housing, feeding, ventilation, or comfort and well-being. Status: Returned to the Desk without further action by the Senate Committee on Rules, 2016.

***SB 1272 (Runner) Small Business Tax Credit:** This bill would have authorized a tax credit for certain employers who contribute to an "Employee Savings Match Plan" on behalf of employees. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2016.

SCR 161 (de Leon) Los Angeles Basin Bioscience Hub: This resolution memorializes the California Legislature's support for promoting the Los Angeles Basin as a bioscience hub and to leverage these activities in a manner that provides educational and economic opportunities for underserved areas, as specified. Status: Adopted by the Legislature, Resolution Chapter 185, 2016.

Section II – Small Business Development and Operations

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, and that smaller size businesses have historically led the state's local and regional economies out of recessions.

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. As these non-employer businesses grow, they continue to serve as an important component of California's dynamic economy.

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.

These smaller size businesses have historically played a distinctive role during challenging economic times. From 1999 to 2003, microenterprises created 318,183 new jobs or 77% of all employment growth, while larger businesses with more than 50 employees lost over 444,000 jobs. In the most recent recession this trend continued as the number of non-employer firms increased from 2.6 million reporting \$137 billion in revenues for 2008 to 2.8 million reporting \$138 billion in revenues for 2010, based on federal tax returns. Since the recession, these businesses have become increasingly important because of their ability to be more flexible and suited to niche foreign and domestic market needs.

However, their small size 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. Department of Census 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 5, 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.

Chart 5 - Gender Differences in U.S. Businesses			
	Percent Change 2007 to 2012 Women-Owned Firms	Percent of Change 2007 to 2012 Man and Women-Owned Firms	Percent Change 2007 to 2012 Men-Owned Firms
U.S. Firms	27.5%	-45.8%	7.9%
Receipts from all firms (employer and nonemployer)	35.1%	6.7%	33.8%
Employer Firms	15.7%	-25.8%	5.3%
Receipts from Employer Firms	35.4%	13.2%	34.9%
Employment	19.4%	-11.9%	11.5%
Payroll	35.3%	-0.9%	25.8%

Source: National Women's Business Council

States with the highest percentage of women-owned firms included 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 profile. 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, California had the fifth largest number.

Chart 6 shows 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 from 20012. As a comparison, male Hispanic-owned firms grew by 39.3%.

Chart 6 - Comparison of Business Growth by Race, Ethnicity, and Veterans	
Business Ownership	Percent Change 2007 to 2012 Number of all Firms
Asian American Women	44.3%
Asian American Men	25.7%
Black Women	67.5%
Black Men	18.8%
Hispanic Women	87.3%
Hispanic Men	39.3%
White Women	10.1%
Veteran Women	29.6%
Veteran Men	7.7%

Source: 2012 Survey of Business Owners

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 7** illustrates the CBO's findings in more detail.

Chart 7 - After-Tax Income Growth 1979 to 2007			
Income Bracket	Income Earners	Percentile	Percentage Growth
1	Top 1%	100th	275%
2	Next 20%	81 st to 99 th	65%
3	Next 60%	20 th to 80 th	40%
4	Bottom 20%	1 to 19 th	18%

Source: "Trends in the Distribution of House Income Between 1979 and 2007," Congressional Budget Office, 2011

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 findings in the report also suggest that policies that inhibit access to self-employment serve to reinforce the income disparities trend and that policies which result in greater access, especially to historically underserved populations, could begin to break the trend.

Legislation from 2015-16 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015-16 legislative session relating to small business and microenterprise. Small business procurement legislation is separately listed in the following section, "Disabled Veteran Business Enterprises (DVBE) and Small Business Procurement." Legislation not heard by JEDE is marked with an *.

AB 19 (Chang) Small Business Regulatory Review: This bill would have required the Governor's Office of Business and Economic Development, in consultation with the Office of the Small Business Advocate, to establish a process for the ongoing review of existing regulations. The bill would have required the review to be primarily focused on regulations affecting small businesses adopted prior to January 1, 2016, to determine whether the regulations could be less administratively burdensome or costly to affected sectors. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

****AB 154 (Ting) Tax Conformity:*** This bill modifies state tax law to be in greater conformance with federal law, as specified. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

AB 184 (E. Garcia) Small Business Technical Assistance Act of 2015: This bill would have designated the Governor's Office of Business and Economic Development as the lead entity for facilitating the state's engagement with five key federal small business technical assistance programs: the Small Business Development Centers; the Women's Business Center program; the Veteran Business Outreach Center program; the Service Corps of Retired Executives; and the Procurement Technical Assistance Cooperative Agreement program. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

AB 185 (E. Garcia and Medina) California New Markets Tax Credit: This bill would have established the California New Markets Tax Credit Program, which authorized up to \$200 million in tax credits through the redirection of an underutilized existing state incentive. Moneys raised through the credit would have been deployed by community development entities, as defined, to serve the capital needs of small businesses located in very low-income census tracts. Status: Held under submission in the Assembly Committee on Appropriations, 2016.

****AB 251 (Levine) Subsidies for Public Works:*** This bill would have provided a statutory definition for a “de minimis” public subsidy that does not trigger the requirements of prevailing wage law. Specifically, this bill defines “de minimis” to mean a public subsidy that is (a) less than \$250,000 or less than 2% of the total project cost and (b) will not apply to a project that was advertised for bid, or a contract that was awarded, before July 1, 2016. Status: Vetoed by the Governor, 2015. Governor’s veto message: *Longstanding practice has been to view the subsidy in context of the project and use 2% as a general threshold for determinations. There has been no showing that the current practice is unreasonable. While I remain a staunch supporter of prevailing wages I am concerned that this measure is too restrictive and may have unintended consequences. Two years ago, I cited the same concerns when I returned a similar bill without my signature. This measure does not adequately address those concerns.*

****AB 328 (Grove): Minimum Franchise Tax Exemption:*** This bill would have eliminated the Annual Tax for the first three taxable years for a limited liability company that is a new veteran-owned small business, and eliminates the minimum franchise tax for a corporation that is a new veteran-owned small business for its second and third taxable years. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

AB 351 (Jones-Sawyer) Twenty-Five Percent Small Business Procurement Goal: This bill would have required each state agency to establish a 25% small business participation goal. Agencies that failed to meet this goal would have been required to develop and implement mitigation agreements to assist them in meeting the goal. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

****AB 357 (Chiu) Food and Retail Employee Work Schedules:*** This bill establishes the Fair Scheduling Act of 2015, which requires a “food and general retail establishment” to provide its employees with at least two weeks’ notice of their work schedules. The provisions of the bill apply to specified retail and food stores with more than 500 employees in the state and having 10 or more establishments. Status: Died on the Assembly Inactive File, 2016.

AB 413 (Chavez) California Disabled Veteran Business Enterprise Program: This bill authorizes a spouse or child to enter into additional state contracts during the existing three-year designation extension following the death or permanent disability of an owner of a certified disabled veteran-owned business enterprise (DVBE). Existing law limits business activities to the completion of contracts entered into prior to the death or permanent disability of the veteran owner. Status: Signed by the Governor, Chapter 513, Statutes of 2015.

AB 428 (Nazarian) Seismic Retrofit Tax Credit: This bill would have allowed a credit equal to 30% of a qualified taxpayer's qualified costs incurred for seismic retrofit construction. Status: Vetoed by the Governor, 2015. Governor's veto message: *I am returning the following nine bills without my signature: Assembly Bill 35; Assembly Bill 88; Assembly Bill 99; Assembly Bill 428; Assembly Bill*

437; Assembly Bill 515; Assembly Bill 931; Senate Bill 251; and Senate Bill 377. Each of these bills creates a new tax credit or expands an existing tax credit. Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.

***AB 437 (Atkins) Small Business Research and Development Grant Program:** This bill would have allowed a qualified small business to convert into cash grants up to 10% of the value of research and development credits carried over from the 2015 and 2016 taxable years to the 2017 year, or 15% for credits generated in the 2017 to 2022 taxable years. The bill would have provided for the acceleration of the taxpayer's ability to monetize the credits. Status: Vetoed by the Governor, 2015. Governor's veto message: *I am returning the following nine bills without my signature: Assembly Bill 35; Assembly Bill 88; Assembly Bill 99; Assembly Bill 428; Assembly Bill 437; Assembly Bill 515; Assembly Bill 931; Senate Bill 251; and Senate Bill 377. Each of these bills creates a new tax credit or expands an existing tax credit. Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

***AB 498 (Levine) Wildlife Corridors:** This bill provides that it is the policy of the state to encourage, wherever feasible and practical, voluntary steps to protect the functioning of wildlife corridors. Status: Signed by the Governor, Chapter 625, Statutes of 2015.

***AB 544 (Mullen) Income Tax Credits for Research Activities:** This bill would have conformed California research and development credit provisions, for taxable years beginning on or after January 1, 2016, to January 1, 2021, to the federal alternative simplified credit, and repeal the alternative incremental credit, and conform to recent federal changes related to acquisitions, dispositions, and aggregations. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

AB 582 (Calderon) Entrepreneur-in-Residence Act of 2016: This bill would have enacted the Entrepreneur-in-Residence (EIR) Act of 2016, including the establishment of a state EIR program within the Government Operations Agency (GOA) for the purpose of utilizing the expertise of private-sector entrepreneurs to help make state governmental activities and practices more streamlined and accessible. Status: Held under Submission in the Senate Committee on Appropriations, 2016.

***AB 612 (Patterson) Minimum Franchise Tax:** This bill would have reduced the minimum franchise tax to \$400 in the second taxable year for a small business, as defined, that is organized as a new corporation, and reduces the annual tax in the first taxable year for a new limited partnership, new limited liability partnership, and new limited liability company. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2016.

***AB 667 (Wagner) Defining Professional Finders:** This bill would have defined and exempted a new category of work, referred to as a finder, from the rules associated with being a broker-dealer. A finder would have been defined as someone who introduces or refers an investor to one or more accredited investors for the sole purpose of a potential offer or sale of a security. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

*** AB 755 (Ridley-Thomas) Sales and Use Tax Exemption Los Angeles County Transit Projects:** This bill would have authorized a partial sales and use tax exemption for sales made by a small business whose property line abuts or faces the rail corridor of specified Los Angeles County transit construction projects. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

***AB 756 (Chang) Waiver of Fees:** This bill would have authorized the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department to waive any fine or penalty for violations of the laws that impose a tax or fee, assessed against a small business, as defined, within its first 120 days of operation if certain requirements are met. Status: Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016.

***AB 931 (Irwin) New Hire Tax Credit:** This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's veto message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

***AB 1230 (Gomez) Small Business Capital Access Loan Program and ADA Requirements:** This bill establishes the California Americans with Disabilities Act Small Business Capital Access Loan Program, within the California Pollution Control Financing Authority, for the purpose of providing loans to small businesses so they can comply with the requirements of the Americans with Disabilities Act (ADA). Status: Signed by the Governor, Chapter 787, Statutes of 2015.

***AB 1245 (Cooley) Unemployment Insurance Electronic Reporting and Funds Transfers:** This bill, beginning on January 1, 2017, requires an employer with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to the Employment Development Department electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers. This bill also authorizes the granting of a waiver from these requirements for severe hardship. In addition to any other penalties imposed under existing law for failure to timely and properly submit their reports, this bill imposes a new \$50 penalty on employers who fail to file without good cause. Status: Signed by the Governor, Chapter 222, Statutes of 2015.

***AB 1280 (Maienschein) Sales and Use Taxes Exemption:** This bill would have authorized a partial sales and use tax exemption for tangible personal property sold by, or purchased from, a small business retailer for what has come to be known as Small Business Saturday, the Saturday following Thanksgiving. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

***AB 1288 (Atkins) Air Resource Board Appointments:** This bill requires the Senate Rules Committee and the Speaker of the Assembly to each appoint one member to the Air Resources Board. The appointees are required to work directly with California communities that are most significantly burdened by, and vulnerable to, high levels of pollution, including communities with diverse racial and ethnic populations and low-income populations. Status: Signed by the Governor, Chapter 586, Statutes of 2015.

AB 1393 (Burke) Expansion of the Role of the California Pollution Control Financing Authority: This bill would have expanded the authority and program focus of the California Pollution Control Financing Authority from providing financial assistance related to small business development and pollution control/remediation to also include unlimited types of financial products to a new and an expansive list of public and private entities, as specified. Status: Held in the Senate Committee on Appropriations, 2015.

***AB 1471 (Perea) Update to Corporations Code:** Makes various technical, non-substantive, and clarifying changes in the Corporations Code in preparation for the Secretary of State automated filing system. Status: Signed by the Governor, Chapter 189, Statutes of 2015.

AB 1533 (JEDE) Infrastructure and Economic Development Bank Omnibus Bill: This bill updates definitions used by the California Infrastructure and Economic Development Bank when authorizing financing of infrastructure projects and economic development-related facilities. Further, the bill codifies the transfer of federal funds and grantee status from the Governor's Office of Business and Economic Development to the Valley Economic Development Center, Inc., as specified. Status: Signed by the Governor, Chapter 383, Statutes of 2015.

AB 1537 (JEDE) Small Business Finance Center: This bill expands reporting requirements for programs financed through the California Small Business Finance Center by including annual reporting on the general geographic location of assisted businesses. Among other eligible activities, the Center may provide export finance assistance. This information is essential to monitoring that small businesses throughout the state have access to these programs. Status: Signed by the Governor, Chapter 191, Statutes of 2015.

AB 1697 (Bonilla) Alternative and Renewable Fuel and Vehicle Technology Program: This bill expands the project preference and selection criteria under the Alternative and Renewable Fuel and Vehicle Technology Program (Program) to more effectively target workforce training opportunities that are aligned with clean technology and alternative/renewable fuel career pathways. Signed by the Governor, Chapter 446, Statutes of 2015.

***AB 1782 (Maienschein) Register of Franchisor:** This bill would have authorized franchisors and prospective franchisors to display their concepts at trade shows in California, without first having to register their offerings with the Department of Business Oversight (DBO), as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *Registration gives the Department the*

opportunity to review franchise disclosure documents and ensure that franchisors are providing accurate information to potential customers. Allowing unregistered franchisors to market at these events without verifying their eligibility to do business in California is a step in the wrong direction.

AB 2270 (Bonta) California IBank Surety Bond Program: This bill establishes a statewide contractor assistance program for the purpose of helping participating contractors to meet applicable bid, payment, and performance bonding requirements for public contracts with state agencies, as specified. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2016.

****AB 2647 (E. Garcia and Medina) Community Development Tax Credit:*** As passed by JEDE, this bill would have established the California New Markets Tax Credit (NMTC) Program, which authorized up to \$200 million in tax credits through the redirection of an underutilized existing state incentive. Moneys raised through the credit would have been deployed by community development entities, as defined, to serve the capital needs of small businesses located in very low-income census tracts.

Committee amendments taken in the Assembly Revenue and Taxation Committee deleted the contents of the bill and, instead, added language that would have extended the California Organized Investment Network (COIN) Tax Credit for an additional 10 years and increased the annual allocation from \$10 million to \$24 million in tax credits. The COIN program serves low-and moderate-income communities. Both the NMTC and COIN Tax Credit programs have shown that providing funds through financial intermediaries, such as community development entities, is a more effective model for reaching underserved communities than traditional tax credit programs. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

AB 2653 (E. Garcia, Eggman, C. Garcia, and Gomez) Climate Change Report Card: This bill would have required more transparency and accountability on the expenditures from the Greenhouse Gas Reduction Fund (GGRF) including the reporting on: (1) the number of jobs created, including wage levels and education requirements; (2) actions taken to connect residents of disadvantaged communities and other targeted populations with business, employment, and training opportunities; (3) The number of business entities assisted with GGRF moneys, including the location, industry sector, and size; (4) The amount of other public or private funds leveraged when businesses were assisted with GGRF moneys. Status: Held on Suspense in the Senate Committee on Appropriations, 2016.

AB 2664 (Irwin) University of California Innovation and Entrepreneurship Expansion: This bill provides funding to the University of California (UC) to establish and expand programs and services to support innovation and entrepreneurship activities near its campuses and throughout the state. Status: Signed by the Governor, Chapter 862, Statutes of 2016.

****AB 2690 (Ridley-Thomas) Los Angeles County Metropolitan Transportation Authority:*** This bill allows the Los Angeles County Metropolitan Transportation Authority to facilitate contract awards with disabled veteran business enterprises, and makes a number of changes to Metro's existing authority to facilitate contract awards with small business enterprises. Status: Signed by the Governor, Chapter 204, Statutes of 2016.

AB 2900 (JEDE) Small Business Centers Reporting: As passed by JEDE, this bill would have required a state department that awards funds to a federal small business technical assistance center to report to the Legislature in the following year. Among other data, the department would be required

to report on the number of businesses assisted, industry sectors of those businesses, and the general geographic location. Amendments taken in the Senate removed the contents of the bill and added the provisions in AB 2901 with amendments. As signed, this bill expands the mandatory annual reporting of data on the California Competes Tax Credit to include the city and county of the business location, and whether the business is located in areas of high unemployment or high poverty, as specified. Status: Signed by the Governor, Chapter 582, Statutes of 2016.

AB 2901 (JEDE) California Competes: This bill expands the mandatory annual reporting of data on the California Competes Tax Credit to include the city and county of the business location, and whether the business is located in areas of high unemployment or high poverty, as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *This bill expands the reporting requirements of the California Competes Tax Credit Program administered by the Governor's Office of Business and Economic Development. As currently drafted, this bill would chapter out specific provisions in the recently enacted general government budget trailer bill. Therefore, I cannot sign it at this time.*

****SB 3 (Leno) Minimum Wage Increase:*** This bill increases the minimum wage from \$10 to \$11 per hour starting January 1, 2016 and \$13 per hour starting July 1, 2017. Beginning in January 1, 2019, this bill requires the minimum wage to be increased annually based on inflation as measured by the California Consumer Price Index. Status: Signed by the Governor, Chapter 4, Statutes of 2016.

****SB 32 (Pavley) Greenhouse Gas Emission Reductions:*** This bill requires the Air Resources Board to approve a statewide greenhouse gas reduction target equivalent to 40% below the 1990 level by 2030 and 80% below by 2050. Status: Pending in the Assembly Committee on Appropriations, 2016.

****SB 250 (Roth) CAL FIRE Accessibility Standards:*** This bill would have extended the time period from 30 to 60 days, following the Board of Equalization's assessment, for a property owner to remit a specified fire prevention fee. The bill would have also authorized a property owner to request a redetermination of the assessment from CAL FIRE and provided that the payment of the fee be made following the redetermination. Status: Died in the Senate Committee on Appropriations, 2016.

****SB 251 (Roth) Small Business Litigation Relief:*** This bill makes various changes to the law as it pertains to small businesses and construction-related accessibility claims. The bill would have also established a 10% tax credit for access-related eligible expenditures, beginning on or after January 1, 2016, and before January 1, 2023, that are in excess of \$250 but less than \$10,250. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

****SB 348 (Galgiani) Sunset Extension for CEQA Railroad Exemption:*** This bill extends the California Environmental Quality Act exemption for the closure of a railroad grade crossing found to present a threat to public safety and ordered by the Public Utilities Commission from January 1, 2016 to January 1, 2019. Additionally, this bill requires a state or local agency claiming the exemption to

file notice with the Office of Planning and Research. Status: Signed by the Governor, Chapter 143, Statutes of 2015.

***SB 350 (De León) Renewable Energy Portfolio:** This bill enacts the Clean Energy and Pollution Reduction Act of 2015, which sets a 50% target for increasing renewable energy sales and requires the doubling of energy efficiency in building by 2030. Status: Signed by the Governor, Chapter 547, Statutes of 2015.

***SB 406 (Jackson) Expansion of Family Leave:** This bill would have expanded various provisions of the law relating to unpaid family and medical leave, including expanding the type of care to include a child of a domestic partner, a sibling, grandparent, grandchild, domestic partner, or parent-in-law with a serious health condition. The bill would have also allowed parents, when employed by the same employer, to be granted up to 12 weeks of leave individually rather than between both parents, as provided under existing law. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *I support the author's efforts to ensure that eligible workers can take leave to care for a seriously ill family member. The expansion provided in this bill, however, creates a disparity between California's law and the Federal Medical Leave Act and, in certain circumstances, could require employers to provide employees up to 24 weeks of family leave in a 12 month period. I am open to legislation to allow workers to take leave for additional family members that does not create this anomaly.*

***SB 540 (Hertzberg) Lifting of Tax Penalties:** This bill removes the sunset from the Franchise Tax Board's (FTB's) Advocate to remove taxpayer penalties that are the result of an error or unreasonable delay on the part of the FTB. Status: Signed by the Governor, Chapter 541, Statutes of 2015.

***SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act:** This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

***SB 623 (Lara) Right of Undocumented Workers to Worker's Compensation:** This bill expressly overrules regulations, which are contrary to current statute, stating undocumented workers are not eligible for certain workers' compensation benefits. Status: Signed by the Governor, Chapter 290, Statutes of 2015.

***SB 662 (Environmental Quality) Recycling Marketing Zones:** This bill expands the allowable uses of the funds in the Recycling Market Development Revolving Loan Subaccount to include payments to local governments for the promotion of a Recycling Market Development Zone. The bill also changes the annual reporting date for the architectural paint extended producer responsibility collection program from September 1 to November 1, beginning in 2016. Status: Signed by the Governor, Chapter 453, Statutes of 2015.

SB 936 (Hertzberg) Small Business Expansion Fund and Loan Guarantee Reserves: This bill provides for the increased leverage of moneys assigned to secure loan guarantees under the Small Business Loan Guarantee Program. Status: Signed by the Governor, Chapter 713, Statutes of 2015.

***SB 1168 (Cannella) California Agricultural Capital Investment Tax Credit:** This bill would have authorized a tax credit of an unspecified amount for the purpose of stimulating capital

investment in modernizing California farms, and would encourage investment in energy efficient technology, or in equipment and facilities for farm animal housing, feeding, ventilation, or comfort and well-being. Status: Returned to the Desk without further action by the Senate Committee on Rules, 2016.

***SB 1272 (Runner) Small Business Tax Credit:** This bill would have authorized a tax credit for certain employers who contribute to an “Employee Savings Match Plan” on behalf of employees. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2016.

Section III – Disabled Veteran Business Enterprises and Small Business Procurement

The Small Business Act, administered through the Department of General Services (DGS), was implemented more than 30 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-owned business enterprise (DVBE) component was added. State certification of small businesses, including microbusinesses, and DVBEs is generally the responsibility of DGS.

The Small Business 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. The statute further states that DVBE participation is strongly encouraged to address the special needs of disabled veterans seeking rehabilitation and training through entrepreneurship and to recognize the sacrifices of Californians disabled during military service. Statute sets an annual 3% DVBE participation goal and a 25% goal for small and microbusinesses, first established through a Governor's Executive Order in 2001.

Given the importance of small businesses to the California's economy, these procurement preferences play a key role in distributing state expenditures throughout the state, and among a variety of business types. Most recently, the state has met or been near meeting its small business goals. Percentages for DVBE participation have exceeded the 3% goal in each of the past four fiscal years, which has led to advocates suggesting that the percentage should be increased. The chart below displays small business and DVBE procurement participation for the most recent four fiscal years for which data is available.

Comparison of State Contracting Activity			
Fiscal Year	Total Contract Dollars*	Small Business Participation Percentage Mandatory / Statewide	DVBE Participation Percentage* Mandatory / Statewide
2014-15	\$10,084,853,429	25.6% / 23.3%	3.8% / 4.7%
2013-14	\$ 8,233,113,660	28.3% / 25.8%	3.6% / 3.6%
2012-13	\$ 8,573,498,623	23.6% / 22.2%	3.0% / 3.1%
2011-12	\$ 8,508,477,596	24.2% / 23.1%	4.7% / 4.3%
*Total contract dollars are slightly lower for DVBEs based on certain exclusions for inmate labor			
Source: DGS 2014-15 and 2013-14 Consolidated Report			

Given that net new job growth is strongest among businesses with less than 20 employees and that women and minority entrepreneurs are the fastest growing segment of new businesses, focusing on the state's small business and DVBE goals could be an effective tools for addressing income inequality and supporting community revitalization in historically underserved areas.

Over the years, the DGS has cited a variety of reasons for state agencies failing to meet the small business procurement participation goals. In its 2012-13 consolidated report, DGS states that the state's inability to meet its goals is directly related to the state's five largest contracting entity's ability to meet their target. In the report period, only one (State Hospitals) met its target, while the Department of the Health Care Services, Water Resources, Transportation, and Corrections and

Rehabilitation failed. In the report covering contracting activity in 2014-15, DGS notes a similar concentration of contract activity, with 70% of all contract dollars being awarded by five mandatory reporting entities. These five entities have made significant progress over the ensuing three year with only two of five departments/agencies failing to meet the 25% target (Health Care Services and High Speed Rail).

Small businesses believe that a significant factor in failing to meet the 25% participation goals is the increasing number of mega contracts often exceeding \$1 million in value. While once only an issue in state highway construction contracts, in the past few years, the practice of bundling small size contracts has increased. The state departments do not necessarily disagree that the use of mega-contracts has increased, but believe that larger contracts provide extra value to the state. Mega-contracts are an issue that may be appropriate for further legislative oversight. Other issues limiting small business participation include:

- Meeting minimum liquidity requirements to cover the cost of materials and staffing until the state makes its payment for services often 30 to 60 days after the services are rendered;
- Qualifying for and/or affording surety bonds and liability insurance policies that are required for public works contracting; and
- Having access to a local workforce that is trained and qualified to undertake specialized work.

DGS has also noted that many state departments and agencies have only recently begun to track and report small business participation in state contracting procurement.

Legislation from 2015-16 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 -16 legislative session relating to DVBE and small business procurement. Legislation not heard by JEDE is marked with an *.

AB 351 (Jones-Sawyer) Twenty-Five Percent Small Business Procurement Goal: This bill would have required each state agency to establish a 25% small business participation goal. Agencies that failed to meet this goal would have been required to develop and implement mitigation agreements to assist them in meeting the goal. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

AB 413 (Chavez) California Disabled Veteran Business Enterprise Program: This bill authorizes a spouse or child to enter into additional state contracts during the existing three-year designation extension following the death or permanent disability of an owner of a certified disabled veteran-owned business enterprise (DVBE). Existing law limits business activities to the completion of contracts entered into prior to the death or permanent disability of the veteran owner. Status: Signed by the Governor, Chapter 513, Statutes of 2015.

****AB 522 (Burke) Public Contracts for Information Technology:*** This bill would have required the Director of Technology, by January 1, 2017, to develop a standardized contractor performance assessment report system to evaluate the performance of a contractor on any information technology contract or project reportable to the Department of Technology. The implementation of this system would have been used in addition to other procurement procedures when evaluating or awarding those contracts. Status: Vetoed by the Governor, 2015. Governor's veto message: *While holding*

technology contractors accountable for their performance is important, this bill is not necessary because it duplicates what the Department of Technology is already doing.

AB 865 (Alejo) California Energy Commission Outreach: This bill required the California Energy Commission (CEC) to develop and implement an outreach program to inform businesses certified as being owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals, as defined, of CEC workshops, training, and funding opportunities. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 1125 (Weber) State Agency Small Business Contracts: This bill would have increased the maximum financial value of an individual small business bid preference on specified state contracts from \$50,000 to \$100,000. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

AB 1218 (Weber) Disabled Veteran Business Enterprise Public Contracts: This bill would have harmonized the statutory provisions of the currently mandated 3% goal for contracting with disabled veteran-owned business enterprises (DVBE) and the related reporting requirements. This bill addresses other program deficiencies, as identified by a 2014 audit of the DVBE Program. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2015.

AB 1302 (Brown) Increase in Disabled Veteran Business Enterprise Goal: This bill would have increased the participation goal for disabled veteran business enterprises from 3% to 5%. Status: Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016.

****AB 1445 (Brown) Streamlined Contracting Authority:*** This bill would have increased the maximum amount a state agency is authorized to directly contract with a certified small business or disabled veteran business enterprise, from \$250,000 to \$500,000. This process is also more commonly referred to as the streamlined contracting method. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

****AB 2690 (Ridley-Thomas) Los Angeles County Metropolitan Transportation Authority:*** This bill allows the Los Angeles County Metropolitan Transportation Authority to facilitate contract awards with disabled veteran business enterprises, and makes a number of changes to Metro's existing authority to facilitate contract awards with small business enterprises. Status: Signed by the Governor, Chapter 204, Statutes of 2016.

AB 2905 (JEDE) Small Business Procurement Goal: This bill would have expressed the Legislature's intent that all California government agencies should have a 25% goal for small business participation in state procurement and contracting activities. To assist in furthering the state goal, the bill would have required each state department to disclose its small business participation goal when making its annual procurement report. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

SB 159 (Nielsen) Disabled Veteran Business Enterprise: This bill would have clarified the metrics used when calculating the 3% procurement participation goal for disabled veteran business enterprises. The bill includes legislative findings that these changes are declaratory of existing law.

The bill also includes chaptering provisions in the case that this measure and SB 1219 are both enacted. Status: Moved to the Assembly Inactive File without further action, 2016.

***SB 762 (Wolk) Best Value Contracts:** This bill authorizes seven counties, until January 2020, to award construction contracts valued over \$1 million on the basis of best value. The bill also modifies the definition of "best value" by allowing cities and counties to use the design-build contracting method for certain public works projects. The seven counties include: Alameda, Los Angeles, Riverside, San Bernardino, San Diego, Solano, and Yuba. Status: Signed by the Governor, Chapter 627, Statutes of 2015.

SB 1176 (Galgiani and Hueso) State Procurement and the Definition of Small Business: This bill expands the number of businesses which can utilize the special small business provisions in the Small Business Procurement and Contract Act. The bill modifies the definition of a small business and microbusiness by increasing the maximum revenue limits and the number of employees, as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *SB 1176 revises the definition of "small business" and "microbusiness" for purposes of the Small Business Procurement and Contract Act. SB 1219 establishes a new procurement preference for employment social enterprises. While the goal of these bills are well-intentioned, the implementation of these bills require an expensive modification to FISCAL at a time when the state must focus its resources on the project's successful deployment.*

SB 1219 (Hancock) State Procurement and Employment Social Enterprises: This bill establishes a new procurement preference for employment social enterprises under the Small Business Procurement and Contract Act, as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *SB 1176 revises the definition of "small business" and "microbusiness" for purposes of the Small Business Procurement and Contract Act. SB 1219 establishes a new procurement preference for employment social enterprises. While the goal of these bills are well-intentioned, the implementation of these bills require an expensive modification to FISCAL at a time when the state must focus its resources on the project's successful deployment.*

Section IV – International Trade

International trade is an important component of California's \$2.4 trillion economy, supporting 4.4 million California jobs. The importance of trade to the California economy is increasing as a percentage of California jobs tied to trade more than doubled from 1992 to 2011, 10.6% v. 22.0%.

California's significance in the global marketplace results from a variety of factors, including: its strategic west coast location, providing direct access to the growing markets in Asia; its diverse regional economies; its large, ethnically diverse population, representing both a ready workforce and significant consumer base; its access to a wide variety of venture and other private capital; its broad base of small- and medium-sized businesses; and, its culture of innovation and entrepreneurship, particularly in the area of high technology.

California's largest industry sector by employment is Trade, Transportation, and Utilities, which encompasses everything from major retail outlets, to import-export businesses, to transportation and warehousing. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that 775,320 jobs were directly supported by the export of products in 2014, including 665,000 manufacturing jobs. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national average. California leads the nation in export-related jobs. The U.S. Department of Commerce estimates that for every one million dollars of increased trade activity, eleven new jobs are supported. Workers in trade-related jobs earn on average 13% to 28% higher wages than the national average.

California Exports and Imports

California's land, sea, and air ports of entry served as key international commercial gateways for the \$573 billion in products entering and exiting the U.S. in 2015. If California were a country, it would be the 28th largest exporter and the 12th largest importer in the world, based on 2015 trade numbers. California's two-way trade represented 15.3% of total U.S. imports and exports. In 2015, exports out of California were valued at \$165.3 billion and represented 11% of total U.S. exports. Imports into California were valued at \$408.1 billion and represented 18.2% of total U.S. imports in 2015.

Mexico has been California's top trading partner since 1999 and in 2015; California exported \$26.7 billion in goods. **Chart 8** shows export data on the state's top five trade partners, based on origin of movement. Other top-ranking export destinations not shown on the chart include Hong Kong, Taiwan, Germany, the Netherlands, and the United Kingdom.

Chart 8 - California Exports 2011 to 2015 (billions of dollars)						
	Partner	2011	2012	2013	2014	2015
	World	159.4	161.7	168.0	174.1	165.3
1	Mexico	25.8	26.3	23.9	25.4	26.7
2	Canada	17.2	17.4	18.8	18.2	17.2
3	China	14.2	13.9	16.2	16.0	14.3
4	Japan	13.1	13.0	12.7	12.2	11.7
5	South Korea	8.4	8.2	8.3	8.5	8.6

Source: International Trade Administration, accessed 10/26/2016

The International Trade Administration estimates that in 2015, approximately 11.5 million U.S. jobs were related to the export of goods and services. Statewide, 707,000 California jobs are dependent exports, 11% of all U.S. export related jobs. Texas is reported to have the largest number of jobs related to exports (1 million). Manufacturing is responsible for the largest number of trade-related California jobs (469,000).

In today's globally linked economy, manufacturing utilizes products from across the U.S., as well as from other nations. In 2012, 61% (\$1.3 trillion) of the products imported into the U.S. were inputs and components intended for use by American producers. In addition, U.S. imports often include components or have benefited from services provided by U.S. firms, including many California companies. The Wilson Center estimates that Mexican imports and Canadian imports contain 40% and 20% U.S. components, respectively.

Foreign Investment in California

Another important component of California's trade economy is foreign investment. California receives more foreign direct investment (FDI) than any other state in the U.S., receiving 10.3% of all FDI in 2013. California's position is significant because the U.S. is the largest receiver of FDI in the world, \$384 billion (23% of global FDI) in 2015. The California economy benefits from FDI in many ways, some of which include assisting in the creation of jobs, boosting worker wages, increasing exports, bringing in new technology and skills, and generally strengthening the state's manufacturing base.

The top 5 regions with the highest foreign owned and affiliated businesses are: Gateway Cities (796 establishments), South Bay-LAX (741 establishments), San Fernando Valley (725 establishments), San Gabriel Valley (698 establishments), and West Side (415 establishments). The top 5 cities with the highest concentration of foreign owned and affiliated businesses are Los Angeles (1591 establishments), Torrance (310 establishments), Long Beach (212 establishments), Santa Monica (134 establishments), and Pasadena (127 establishments).

The federal International Trade Administration estimates that in 2013 over 631,500 California workers benefit from jobs with foreign-owned enterprises (FOE) firms, which accounts for 10.3% of all FOE jobs in the U.S. California has had the highest level of employment in foreign-owned firms in the nation since at least 1997. In 2013, California FOE-related jobs represented 4.1% of all private sector jobs in the state. According to the Business Roundtable, there are:

- 110,000 companies in California that are headquartered in Japan;
- 78,500 companies in California that are headquartered in the United Kingdom;
- 59,200 companies in California that are headquartered in France;
- 58,900 companies in California that are headquartered in Switzerland.

Along with employment, foreign-owned firms own more property, plants, and equipment in California than in any other state.

Leveraging Trade for Job Creation

Trade and foreign investment support new job creation, bring new technologies and skills to California workers, generate local and state revenues, and generally strengthen the state's economic base.

In the future, accessing foreign markets will be pivotal to the state's economic growth. Leveraging these opportunities, however, will require significant new investments in infrastructure and workforce development.

Legislation from 2015-16 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015 -16 legislative session relating to international trade and foreign investment in California. Legislation not heard by JEDE is marked with an *.

***AB 189 (Bloom) Cultural Districts:** This bill requires the California Arts Council to adopt criteria and guidelines for the establishment of state designated cultural districts. Status: Signed by the Governor, Chapter 396, Statutes of 2015.

AB 484 (Gipson) Export Finance: This bill expands the types of financial products offered through the Small Business Finance Center, located within the California Infrastructure and Economic Development Bank, to include insurance, co-insurance, and other forms of surety, for the purpose of increasing small business export activities. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

AB 680 (Atkins) California Marketing Program: This bill would have required the Governor's Office of Business and Economic Development to develop a plan to market the business and investment opportunities available in California. The plan shall be developed in partnership with the California Travel and Tourism Commission, also known as Visit California. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

*** AB 755 (Ridley-Thomas) Sales and Use Tax Exemption Los Angeles County Transit Projects:** This bill would have authorized a partial sales and use tax exemption for sales made by a small business whose property line abuts or faces the rail corridor of specified Los Angeles County transit construction projects. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

***AB 756 (Chang) Waiver of Fees:** This bill would have authorized the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department to waive any fine or penalty for violations of the laws that impose a tax or fee, assessed against a small business, as defined, within its first 120 days of operation if certain requirements are met. Status: Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016.

***AB 816 (Bonta) Worker Cooperative Corporations:** This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 826 (Chau) EB-5 Investment Program: This bill would have defined "regional center" for purposes of the United States Citizenship and Immigration Services (USCIS) EB-5 Investment program. Specifically, this bill would have: (1) Provided a definition of an EB-5 regional center to mean an entity designated by the USCIS for the purpose of pooling EB-5 capital from multiple foreign investors in economic development projects in a defined geographic region. (2) Required the Governor's Office of Business and Economic Development (GO-Biz) to include a web-link to regional centers operating within the state on its official website. (3) Expanded the role of the California Business Investment Services Program, which is administered through GO-Biz, to include

attracting foreign and domestic investors. Status: Held under Submission in the Senate Committee on Business, Professions, and Economic Development, 2015.

AB 865 (Alejo) California Energy Commission Outreach: This bill required the California Energy Commission (CEC) to develop and implement an outreach program to inform businesses certified as being owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals, as defined, of CEC workshops, training, and funding opportunities. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

AB 1444 (E. Garcia) Foreign Trade Zones: This bill would have updated the state engagement process under the federal Foreign Trade Zone Act of 1934. Amendments were taken in the Senate to delete the contents of the bill and add provisions related to the Salton Sea. Status: Used for another policy purpose. The measure was held in the Senate Committee on Natural Resources without further action, 2016.

****AB 2170 (Frazer) Trade Corridors Improvement Fund:*** This bill would have established procedures for the allocation of freight funding under the federal Fixing America's Surface Transportation Act through the Trade Corridors Improvement Fund program. Status: Vetoed by the Governor, 2016. Governor's veto message: *This bill allocates federal funds through the California Transportation Commission to improve trade corridors in the state. Unfortunately, the bill does not include key amendments agreed to by the author to ensure urgent state priorities are addressed, including improvements to California's border with Mexico and important rail safety projects. I direct the Transportation Agency to work with the Commission and the author to ensure these funds are allocated to high-priority trade projects as soon as practicable.*

AB 2841 (Allen) State Infrastructure Seaport Financing: 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 zero and near zero emissions. This valuation would have been used to establish the amount of a state appropriation that would be used by the harbor agency to pay for part or all of those improvements. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

****ACR 66 (Bonta) Filipino American History Month:*** This resolution recognizes October 2015 as Filipino American History Month and the 428th anniversary of the first presence of Filipinos in the continental U.S. Status: Adopted by the Legislature, Resolution 170, Statutes of 2015.

AJR 3 (Alejo) Normalizing Trade Relations with Cuba: This resolution memorializes the California Legislature's support for the normalization of diplomatic relations with Cuba and calls on the U.S. Congress to advance legislation to remove barriers to full diplomatic relations and to help increase trade between the U.S. and Cuba. Status: Adopted by the Legislature, Resolution Chapter 166, Statutes of 2016.

AJR 14 (Chu) Reauthorization of the U.S. Export-Import Bank: This resolution memorializes the California Legislature's support for re-authorization of the federal Export-Import Bank, which offers insurance and credit products to support U.S. companies' participation within the broader global economy. Status: Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015.

HR 5 (C. Garcia) Mexico Human Rights Violation: This resolution memorializes the Assembly's condemnation of the September 2014 forced disappearance and death of 43 college students in Iguala, Mexico. In adding its voice to the international censure of this violation of human rights, California offers support to all those in Mexico who are standing up for human rights and justice against corruption and violence. Status: Adopted by the Legislature, 2016.

***SB 63 (Hall) Seaport Infrastructure Districts:** This bill authorizes cities and counties to establish Seaport Infrastructure Financing Districts and allows these districts to finance certain port or harbor facilities, as specified. Status: Signed by the Governor, Chapter 793, Statutes of 2015.

***SB 249 (Hueso) Enhanced Drivers Licenses:** This bill would have authorized the Department of Motor vehicles to issue enhanced driver's licenses that are deemed to be appropriate proof of identity for the purpose of expediting border crossings. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *This bill authorizes the Department of Motor Vehicles to enter into a memorandum of understanding with the U.S. Department of Homeland Security, allowing the department to issue "enhanced" driver's licenses, provisional licenses and identification cards. While I support the purpose of this bill to allow easier passage across certain borders within the Western Hemisphere, I believe that there are other means, such as the U.S. Passport Card, that achieve the same goal without imposing new burdens on the Department of Motor Vehicles.*

***SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act:** This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

***SB 623 (Lara) Right of Undocumented Workers to Worker's Compensation:** This bill expressly overrules regulations, which are contrary to current statute, stating undocumented workers are not eligible for certain workers' compensation benefits. Status: Signed by the Governor, Chapter 290, Statutes of 2015.

SCR 6 (Monning) Sister State relationship with Santa Fé, Argentina: This resolution memorializes the intent and commitment of the California Legislature to formalize a sister state relationship with the Province of Santa Fé, Argentina, for the purpose of encouraging and facilitating social, economic, scientific, educational, and cultural exchanges that further promote the prosperity of both regions and to improve the international understanding and goodwill between both regions. Status: Adopted by the Legislature, Resolution Chapter 91, Statutes of 2015.

SCR 25 (Block) Israel Memorandum of Understanding: This resolution memorializes the Legislature's support for the March 2014 memorandum of understanding between California and Israel related to cooperation and collaboration on business development in the innovation based-industry sectors, such as cyber-security and cleantech. Status: Adopted by the Legislature, Resolution Chapter 127, Statutes of 2015.

***SCR 55 (Pan) Commemoration of Locke, California:** This resolution memorializes the Legislature recognition of Locke, California, as the last remaining Chinatown in North America, and commemorates the centennial of its founding by urging all Californians to learn about the important history of Locke and its inhabitants. Status: Adopted by the Legislature, Resolution 142, Statutes of 2015.

SJR 22 (Hueso) Funding for the Calexico West Land Port of Entry Project: This resolution memorializes the California Legislature's support for the final federal funding to complete the Calexico West Land Port of Entry expansion and reconfiguration project. Status: Adopted by the Legislature, Resolution Chapter 102, Statutes of 2016.

Section V – Regulatory Reform

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 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 different size businesses. 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, 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 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 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 2013, the FAO issued 19 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 necessarily reducing its 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 2015-16 session, the JEDE Committee sponsored legislation to address small businesses under rule changes have an impact of less than \$50 million.

Legislation from 2015-16 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 2015-16 legislative session relating to regulatory reform. Legislation not heard by JEDE is marked with an *.

***AB 12 (Cooley) State Government Administrative Review:** This bill would have required state agencies and departments to review, adopt, amend, or repeal any applicable regulations that are

duplicative, overlapping, inconsistent, or out of date, as part of a “look-back mechanism” during a two-year window. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2015.

AB 19 (Chang) Small Business Regulatory Review: This bill would have required the Governor’s Office of Business and Economic Development, in consultation with the Office of the Small Business Advocate, to establish a process for the ongoing review of existing regulations. The bill would have required the review to be primarily focused on regulations affecting small businesses adopted prior to January 1, 2016, to determine whether the regulations could be less administratively burdensome or costly to affected sectors. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

****AB 154 (Ting) Tax Conformity:*** This bill modifies state tax law to be in greater conformance with federal law, as specified. Status: Signed by the Governor, Chapter 359, Statutes of 2015.

****AB 251 (Levine) Subsidies for Public Works:*** This bill would have provided a statutory definition for a “de minimis” public subsidy that does not trigger the requirements of prevailing wage law. Specifically, this bill defines “de minimis” to mean a public subsidy that is (a) less than \$250,000 or less than 2% of the total project cost and (b) will not apply to a project that was advertised for bid, or a contract that was awarded, before July 1, 2016. Status: Vetoed by the Governor, 2015. Governor’s veto message: *Longstanding practice has been to view the subsidy in context of the project and use 2% as a general threshold for determinations. There has been no showing that the current practice is unreasonable. While I remain a staunch supporter of prevailing wages I am concerned that this measure is too restrictive and may have unintended consequences. Two years ago, I cited the same concerns when I returned a similar bill without my signature. This measure does not adequately address those concerns.*

AB 419 (Kim) Online Regulatory Access: This bill would have required the Governor’s Office of Business and Economic Development to create a Web-access point on its Internet Web site to include information about the state rulemaking process and a web-link to relevant information on the Internet site of the Office of Administrative Law including, but not limited to, information found in the California Code of Regulations, the California Regulatory Notice Register, and the California Code of Regulations Supplement. Status: Held under submission in the Senate Committee on Business, Professions, and Economic Development. These provisions are being implemented administratively.

****AB 522 (Burke) Public Contracts for Information Technology:*** This bill would have required the Director of Technology, by January 1, 2017, to develop a standardized contractor performance assessment report system to evaluate the performance of a contractor on any information technology contract or project reportable to the Department of Technology. The implementation of this system would have been used in addition to other procurement procedures when evaluating or awarding those contracts. Status: Vetoed by the Governor, 2015. Governor’s veto message: *While holding technology contractors accountable for their performance is important, this bill is not necessary because it duplicates what the Department of Technology is already doing.*

AB 582 (Calderon) Entrepreneur-in-Residence Act of 2016: This bill would have enacted the Entrepreneur-in-Residence (EIR) Act of 2016, including the establishment of a state EIR program within the Government Operations Agency (GOA) for the purpose of utilizing the expertise of private-sector entrepreneurs to help make state governmental activities and practices more

streamlined and accessible. Status: Held under Submission in the Senate Committee on Appropriations, 2016.

AB 866 (E. Garcia) Small Business Regulatory Fairness Act of 1996: As passed by JEDE, this bill would have expanded the duties of the Small Business Advocate to include the provision of known information to state rulemaking agencies on small business stakeholder groups which the rulemaking agency could use when disseminating information about proposed new or amended rules. This bill would have also required a state agency that develops a small business compliance guide in partnership with federal agencies, under the federal Small Business Regulatory Fairness Act of 1996 (Public Law 104-121), to notify and provide specified information to the Small Business Advocate within 45 days after the guide becomes available to the public. Status: Used for another policy purpose. The measure failed to move from the Senate Floor, 2016.

****AB 894 (Patterson) Tax Credit for Education Expenses:*** This bill would have authorized a tax credit in an amount equal to 15% of the tuition paid or incurred by a taxpayer for education and training obtained by the taxpayer or the taxpayer's dependent at a vocational institution, as defined. Status: Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015.

AB 1033 (E. Garcia) Small Business Regulatory Impacts: This bill authorizes the use of a consolidated small business definition that can be used by state agencies when calculating the impact of proposed regulations on small businesses. Existing law mandates the use of multiple definitions, which makes evaluation particularly complex and less transparent to the public. Status: Signed by the Governor, Chapter 346, Statutes of 2016.

****AB 1245 (Cooley) Unemployment Insurance Electronic Reporting and Funds Transfers:*** This bill, beginning on January 1, 2017, requires an employer with 10 or more employees to file all reports and returns, and remit all contributions for unemployment insurance premiums to the Employment Development Department electronically, as specified. Beginning on January 1, 2018, this bill extends the application of these electronic filing requirements to all employers. This bill also authorizes the granting of a waiver from these requirements for severe hardship. In addition to any other penalties imposed under existing law for failure to timely and properly submit their reports, this bill imposes a new \$50 penalty on employers who fail to file without good cause. Status: Signed by the Governor, Chapter 222, Statutes of 2015.

AB 1286 (Mayes) California Regulatory Reform Council: This bill would have established the California Regulatory Reform Council to make reports and recommendations to the Legislature and the Governor related to the structure, organization, operation, and impact of all levels of state and local regulations on industries operating within the state. Status: Held without further action by the Assembly Committee on Appropriations, 2016.

****AB 1471 (Perea) Update to Corporations Code:*** Makes various technical, non-substantive, and clarifying changes in the Corporations Code in preparation for the Secretary of State automated filing system. Status: Signed by the Governor, Chapter 189, Statutes of 2015.

AB 2605 (Nazarian) Office of Permit Assistance: This bill codifies the Permit Assistance Program at the Governor's Office of Business and Economic Development. The bill also updates code sections to reflect the elimination of the Office of Permit Assistance which had been administered through the Technology, Trade, and Commerce Agency and the Office of Permit Assistance which

had been operated by the Governor's Office of Planning and Research. Status: Signed by the Governor, Chapter 78, Statutes of 2016.

***SB 251 (Roth) Small Business Litigation Relief:** This bill makes various changes to the law as it pertains to small businesses and construction-related accessibility claims. The bill would have also established a 10% tax credit for access-related eligible expenditures, beginning on or after January 1, 2016, and before January 1, 2023, that are in excess of \$250 but less than \$10,250. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

***SB 606 (Nielson) Small Business Appeals Board:** This bill would have established the Small Business Appeals Board, composed of 5 board members, for the purpose of granting a hearing and review the order, ruling, action, or failure to act of any state agency, except a state taxing agency, upon the petition of any affected small business. The bill would have authorized the Board to grant any remedy and impose any penalty authorized under existing law governing administrative procedures. Status: Returned to the Desk by the Senate Committee on Governmental Organization without further action, 2016.

***SB 734 (Galgiani) California Environmental Quality Act Judicial Review Extension:** This bill extends for two years the expedited California Environmental Quality Act (CEQA) judicial review procedures established by the Jobs and Economic Improvement Through Environmental Leadership Act (AB 900 (Buchanan), Chapter 354, Statutes of 2011). Status: Signed by the Governor, Chapter 210, Statutes of 2016.

***SB 1228 (Runner) California Small Business Regulatory Fairness Act:** This bill would have required state agencies to assist a small business to comply with all statutes and regulations they administer, and any enforcement action they undertake. The bill would have, no later than December 31, 2017, required state agencies to create a policy, as specified, that provides for the reduction, and under certain circumstances waiver, of civil penalties for a small business based upon specified mitigating factors. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2016.

Section VI – Workforce Development

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 9**, that are significantly influencing the U.S. and global economies. Several of these trends will have significant impacts on workforce development, in particular.

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 shows 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** 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 plans serves as a key document for outlining how California's education, workforce training and business development activities align and can serve to strengthen individual 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 WIOA implementation plan, the

Chart 9 - Key Economic Trends Affecting the California Economy	
1	Cities and regions will become more dominant economic players.
2	Global networks will be supported through more advanced information and transportation technologies.
3	Barriers to trade will continue to decline among both developed and emerging economies.
4	The world's largest companies will increasingly be headquartered in emerging foreign markets.
5	Global and more diversified markets will provide new opportunities for entrepreneurs and smaller size businesses.
6	Scarcity and rising prices will increase pressure on the development and deployment of cleaner technologies.
7	The retirement of Boomers will place an even greater need for middle- and high-skilled workers.
8	The U.S workforce will be smaller, more ethnically diversified, and have educational backgrounds that are lower than many other developed economies.

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, 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 for between private industry, and the state publically 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 proposed is to address the state's growing challenge with income inequality by the development of career pathways that provide workers with economic security and career advancement.

The **Employment Training Panel** (EPT) 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 a higher skilled job within their organization.

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 the 2015-16 and 2016-17 Budget approval processes, provided \$400 million for career technical education through the K-12 public system and \$200 million to the Community Colleges to support Task Force recommendations, and remove barriers to the sharing of information to improve tracking of activities and outcomes.

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 be able to 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.

During the 2015-16 session, the JEDE Committee hosted several special presentations that tracked the development of the state's WIOA implementation plan and the *Doing What Matters for Jobs*

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.

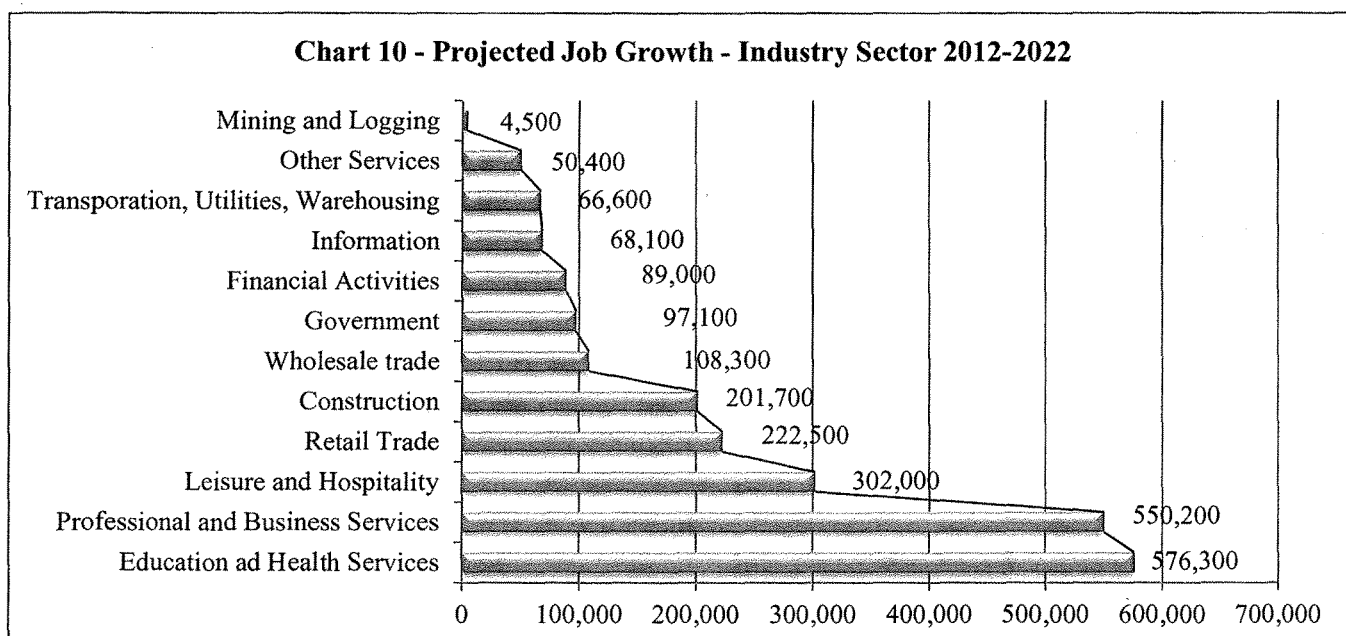
policy framework. In mid-2016, the JEDE Committee extended its work to include the sponsorship of a staff working group, which was convened in partnership with State Senator Carol Liu, Chair of the Senate Education Committee. A number of other policy committees participated in the working group, including the Assembly Committees on Labor and Employment, Higher Education, and Budget, the Senate Committee on Labor, and the Republican Caucus policy staff in the Senate and the Assembly.

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 recent 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 10 on the following page, 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.

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 10 year period with an additional 2,296,700 being added to nonfarm employment. As shown in **Chart 10**, 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.

As illustrated in the prior charts, job growth is not necessarily the same as economic growth. For the purposes of developing and analyzing economic growth and competitiveness strategies, the EDD assesses the California economy and divides the state's top 11 industry sectors (shown on **Charts 1 and 2**) into those that have internal population-driven markets and those that have large external markets that can be accessed through some form of trade in goods or services.

As an example, some industry sectors, such as Health and Education, are primarily driven by local market needs, while other industry sectors, such as Manufacturing, typically have high levels of engagement within external markets. Providing a good or service that is attractive to external markets means a broader consumer base, as well as having greater location flexibility. EDD considers these trade-related industries as California's economic base industries.

Each of California's eight base industry sectors are described in **Chart 11** on the following page with examples of the types of businesses that comprise the sector. This information is used for many purposes by the state, including the development of the state Workforce Development Strategy, which is prepared by the California Workforce Development Board and submitted to the Federal Department of Labor for the purpose of drawing down Federal Workforce Innovation and Opportunity Act funds. Some regions, including Los Angeles and San Diego, have begun to develop specific economic development strategies that leverage these trade-related industry sectors that are especially attractive to external markets.

According to the EDD, the state's ability to attract and retain businesses within these eight trade-related industries will largely determine California's economic growth relative to other states. Today, these eight economic base industries employ 37.3% of the state's total employment. Future growth

Chart 11 – California Economic Base Industries			
<ul style="list-style-type: none"> Professional, Technical, Scientific, and Management Services including individuals who provide specialized services, such as lawyers, accountants and management consultants. <p>Professional Services</p> 	<ul style="list-style-type: none"> Producers of durable and some nondurable goods including individual companies that serve a variety of markets including aerospace, automotive, and capital equipment. <p>Diversified Manufacturing</p> 	<ul style="list-style-type: none"> Firms that serve as the link between manufacturers and retail sellers including the transport and warehousing of products <p>Wholesale Trade and Transportation</p> 	<ul style="list-style-type: none"> Film Studio, multimedia/video games, music, pre and post production, radio, TV broadcasting, hotel and casino management, and sport management <p>Tourism and Entertainment</p> 
<ul style="list-style-type: none"> Environmental analyst, farmer, solid waste coordinator, water resource manager, agricultural production specialist, rancher, miner, park ranger, forester, naturalist, timber buyer, and habitat specialist <p>Agriculture and Resource-Based Industries</p> 	<ul style="list-style-type: none"> Firms in this area include circuit boards (used in electronic components) and advanced chemical manufacturing <p>High Technology Manufacturing</p> 	<ul style="list-style-type: none"> Firms that provide services and information related to use or provision of data and other information technologies <p>Basic Information Services</p> 	<ul style="list-style-type: none"> Executive, Judicial, and Legislative branches that serve including the development and enforcement of regulators and provision of services. <p>Government (federal only)</p> 

within these industries is expected to be twice that of the overall state economy.

Legislation from 2015-16 Session

Below is a summary of the legislation heard by, or of interest to, JEDE during 2015-16 legislative session relating to workforce development. Legislation not heard by JEDE is marked with an *.

***AB 17 (Bonilla) Tax Credit for Qualified Tuition Program:** This bill would have authorized a tax credit based on 20% of the contributions made to a qualified tuition program, not to exceed \$500 per annual return, beginning January 1, 2016 and ending prior to January 1, 2021. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

***AB 80 (Campos) Interagency Task Force on the Status of Boys and Men of Color:** This bill would have established a 20-member Interagency Task Force on the Status of Boys and Men of Color. Issues to be addressed by the Task Force would include, but not be limited to, employment and wealth creation, health and safety, education, and juvenile justice. Status: Vetoed by the Governor, 2015. Governor's veto message: *How state policy can be tailored to promote the well-being of boys and men of color is profoundly important. These issues, however, are best addressed through concrete actions, not another non-binding commission. The Legislature and the Administration are working on the critical issues raised by this bill, such as the Local Control Funding Formula, healthcare expansion and criminal justice reform. Much more can be done, and I am committed to advancing this work.*

***AB 151 (Rodriguez) Tax Credits for Apprenticeships:** This bill would have authorized a tax credit for registered apprentices trained by a taxpayer, under both the personal income tax and corporation tax laws, for tax years beginning on or after January 1, 2016, and before January 1, 2020, equal to \$1 for each hour a registered apprentice worked during the taxable year, subject to a maximum of \$2,000, not to exceed 10 registered apprentices each taxable year. The bill specified the aggregate tax credits allowed per calendar year to not exceed \$10 million. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 288 (Holden) College and Career Pathways:** This bill authorizes the governing board of a community college district to enter into a College and Career Access Pathways (CCAP) partnership with the governing board of a school district within its immediate service area, as specified, to offer or expand dual enrollment opportunities for students who may not already be college bound or who are underrepresented in higher education. The goal of the agreements is to develop seamless pathways for students from high school to community college for career-technical education or preparation for transfer, improve high school graduation rates, or help high school pupils achieve college and career readiness. The bill includes specific conditions which must be met prior to the adoption of such an agreement. The authority in this measure sunsets on January 1, 2022. Status: Signed by the Governor, Chapter 618, Statutes of 2015.

***AB 357 (Chiu) Food and Retail Employee Work Schedules:** This bill establishes the Fair Scheduling Act of 2015, which requires a "food and general retail establishment" to provide its employees with at least two weeks' notice of their work schedules. The provisions of the bill apply to specified retail and food stores with more than 500 employees in the state and having 10 or more establishments. Status: Died on the Assembly Inactive File, 2016.

***AB 526 (Holden) Attendance at Community College Summer Program:** This bill exempts certain K-12 students from the 5% cap placed on community college summer session enrollment, if the students meet specified requirements and enroll in a course offered through the College and Career Access Pathways Program. These provisions sunset on January 1, 2020. Status: Signed by the Governor, Chapter 431, Statutes of 2016.

***AB 544 (Mullen) Income Tax Credits for Research Activities:** This bill would have conformed California research and development credit provisions, for taxable years beginning on or after January 1, 2016, to January 1, 2021, to the federal alternative simplified credit, and repeal the alternative incremental credit, and conform to recent federal changes related to acquisitions, dispositions, and aggregations. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 667 (Wagner) Defining Professional Finders:** This bill would have defined and exempted a new category of work, referred to as a finder, from the rules associated with being a broker-dealer. A finder would have been defined as someone who introduces or refers an investor to one or more accredited investors for the sole purpose of a potential offer or sale of a security. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.

***AB 676 (Calderon) Disclosure of Employment Status:** This bill would have prohibited an employer from (a) publishing an advertisement or announcement for a job that includes a provision stating or indicating that an unemployed person is not eligible; and (b) asking an applicant to disclose the applicant's employment status until the employer has determined that he/she meets the minimum employment qualifications for the position. Status: Vetoed by the Governor, 2015. The Governor's veto message: *This bill would prohibit an employer from discriminating against job applicants based on the applicant's status as unemployed. This bill is substantially similar to the bill I vetoed last year. Nothing has changed. I still believe that the author's approach does not provide a proper or even effective path to get unemployed people back to work.*

***AB 816 (Bonta) Worker Cooperative Corporations:** This bill renames the Consumer Cooperative Corporation Law as the Cooperative Corporation Law; authorizes the creation of worker cooperatives, as specified; and increases, from \$300 to \$1,000, the maximum aggregate investment that may be made by a shareholder in shares or a member in memberships of a cooperative corporation. Status: Signed by the Governor, Chapter 192, Statutes of 2015.

AB 865 (Alejo) California Energy Commission Outreach: This bill required the California Energy Commission (CEC) to develop and implement an outreach program to inform businesses certified as being owned by women, minorities, disabled veterans, and gay, lesbian, bisexual, and transgender individuals, as defined, of CEC workshops, training, and funding opportunities. Status: Signed by the Governor, Chapter 583, Statutes of 2015.

***AB 916 (O'Donnell) Career Technical Education Student Organization:** This bill would have appropriated \$1.17 million (Proposition 98/GF) to a county office of education, for the purposes of supporting career technical education student organizations (CTSOs). California has seven CTSO including: Future Farmers of America (76,415 students); FHA-HERO (4,015 students); Skills USA (10,588 students); Future Business Leaders of America (7,326 students); Distributive Education Clubs of America (4,573 students); and Health Occupations Students of America (5,229 students). Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

***AB 931 (Irwin) New Hire Tax Credit:** This bill would have expanded the definition of the term "qualified full-time employee" under the new hire tax credit to include a veteran who has separated from service in the U.S. Armed Forces within the 36 months preceding commencement of employment with a qualified taxpayer. Status: Vetoed by the Governor, 2015. Governor's veto message: *Despite strong revenue performance over the past few years, the state's budget has remained precariously balanced due to unexpected costs and the provision of new services. Now, without the extension of the managed care organization tax that I called for in special session, next year's budget faces the prospect of over \$1 billion in cuts. Given these financial uncertainties, I cannot support providing additional tax credits that will make balancing the state's budget even more difficult. Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.*

***AB 968 (Williams) Student Transcripts:** This bill would have required public and private educational institutions to indicate on a school transcript when a student has been suspended or expelled. Status: Vetoed by the Governor, 2015. Governor's veto message: *Colleges currently have the ability to make a notation if a student is suspended or expelled, and community colleges already may deny or conditionally admit a student who has previously been expelled or is under expulsion proceedings. If further protection is needed to screen transfer applications, which is something best left to individual colleges themselves. Campus safety is a serious issue - one that has received much attention and led to several changes in law and policy. Increased vigilance may still be necessary, but I would caution against overcorrections that could result in some individuals being marked for the rest of their lives. While the desire to provide students with safe campuses is well-intentioned, I am not prepared to support this mandate.*

***AB 1058 (Atkins) Second Chance Program:** This bill establishes the Second Chance Program under the administrative direction of the Department of Corrections for the purpose of investing in community-based programs, services, and initiatives for formerly incarcerated individuals in need of mental health and substance use treatment services. The grant program will be funded through the savings resulting from the implementation of Proposition 47, the Safe Neighborhoods and Schools Act of 2014, and other specified sources. The bill also extends the sunset on the Social Innovation Financing Program until 2022. Status: Signed by the Governor, Chapter 748, Statutes of 2015.

AB 1090 (O'Donnell) Sales and Use Taxes- Reshoring Jobs: This bill increases the threshold for certain tax exemptions on gross receipts for qualified purchases from \$200 million to \$500 million for any calendar year on and after January 1, 2016, provided that \$300 million is for purchases of qualified tangible personal property that are used primarily for the purpose of reshoring or insourcing. The bill defines reshoring and insourcing to mean the relocation of a whole process, a piece of a process, a function, or a discrete piece of work from currently outside the boundaries of the U.S. to inside the boundaries of the state, regardless as to whether the work is moved to within or outside the boundaries of the company. Status: Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016.

AB 1093 (E. Garcia) Workforce Development to Reduce Prison Recidivism: This bill provides greater flexibility to local government applicants under the Supervised Population Workforce Training Grant Pilot Program, established through AB 2060 [(V. Manuel Pérez), Chapter 383, Statutes of 2014]. Among other enhancements, the bill allows applicants to operate programs that address one rather than both targeted training populations, allows the state to delegate some of the

oversight responsibilities to local workforce investment boards, and expands the pilot program evaluation criteria. Status: Signed by the Governor, Chapter 220, Statutes of 2015.

***AB 1181 (Calderon) Career Technical Education:** This bill would have expanded the scope of adult education programs to specifically include career technical education for post-secondary pupils. Status: Returned to the Desk without action by the Assembly Committee on Education, 2016.

AB 1270 (E. Garcia and Hernández) Alignment of Federal and State Workforce Training Systems: This bill comprehensively updates California's primary workforce development program to reflect the new requirements of the federal Workforce Innovation and Opportunity Act of 2014. While the bill conforms state law to the new federal law, it maintains core state policies related to the significance of regional economies and sector strategies, preparation of a workforce ready to support dominant and emerging industries, and the development of career pathways that provide workers with economic security and career advancement. Status: Signed by the Governor, Chapter 94, Statutes of 2015.

***AB 1598 (Assembly Budget Committee) Education Budget Trailer Bill:** This bill would have provided guidance for state spending and modifications to programs related to the state's three higher education systems, including authorizing a \$48 million appropriation to support Career Technical Education Pathways for the purpose of supporting the Strong Workforce Program and recommendations from the Task Force on Workforce, Job Creation, and a Strong Economy. Status: Held in the Assembly Budget Committee, 2016.

***AB 1669 (Hernández) Displaced Employees:** This bill extends an existing bid preference for public transit contractors who agree to retain employees to also include contracts for the collection and transportation of solid waste. Status: Signed by the Governor, Chapter 874, Statutes of 2015.

***AB 1741 (Rodriguez and O'Donnell) Promise Innovation Grant Fund:** This bill establishes the California College Promise Innovation Grant Program to be administered by the California Community Colleges (CCC) Chancellor's Office until January 1, 2021. The Program supports CCC activities related to the establishment and expansion of regional programs to address college preparedness, attendance, and graduation and career technical education certificates obtained through partnership with school districts and public postsecondary universities in California. Status: Signed by the Governor, Chapter 434, Statutes of 2016.

***AB 1843 (Stone) Applicants with Criminal History:** This bill prohibits an employer, whether a public agency or private individual or corporation, from asking an applicant for employment to disclose, through any written form or verbally, or from utilizing as a factor in determining any condition of employment, information concerning an arrest or detention that did not result in specific juvenile court actions or that has been judicially dismissed or ordered sealed pursuant to law. Status: Signed by the Governor, Chapter 686, Statutes of 2015.

AB 2061 (Waldron) Supervised Population Workforce Training Grant Program: This bill makes program enhancements to the Supervised Population Workforce Training Grant Program, including the addition of program priorities for applications that document employer participation, as specified. Status: Signed by the Governor, Chapter 100, Statutes of 2016.

***AB 2063 (Gallagher) Work Based Learning:** This bill authorizes a student to receive credit for work experience education if the student is at least 14 years of age and the principal of the school in which the student is enrolled certifies that it is necessary for the student's participation in a career technical education program. The bill also increases the maximum number of hours a student may participate in job shadowing from 25 to 40 hours, with the principal's certification that it is necessary for the student's participation in a career technical education program. Status: Signed by the Governor, Chapter 72, Statutes of 2016.

AB 2105 (Rodriguez) Workforce Development Allied Health Professions: This bill provides a one-year extension on the operable date of a code section that required a December 2015 report to the Legislature relating to "earn and learn" job training programs in the allied health professions. The bill makes the section inoperable on January 1, 2020, rather than January 1, 2019. Status: Status: Signed by the Governor, Chapter 410, Statutes of 2015.

***AB 2288 (Burke) Apprenticeship Programs under Building and Construction Trades:** This bill requires the Workforce Development Board and each local workforce board to ensure, to the extent feasible, that federal Workforce Innovation and Opportunity Act of 2014 funds which are awarded for the purposes of pre-apprenticeship training in the building and construction trades be used to fund programs and services that (a) follow the Multi-Craft Core Curriculum implemented by the State Department of Education, as specified; and (b) develop a plan for outreach and retention for women participants to help increase the representation of women in the building and construction trades. Status: Signed by the Governor, Chapter 692, Statutes of 2016.

***AB 2448 (Burke) Welfare-to-Work Education:** This bill changes certain California Work Opportunity and Responsibility to Kids requirements regarding permissible welfare-to-work activities in order to facilitate a recipient's completion of a high school equivalency program. Status: Vetoed by the Governor, 2016. The Governor's veto message: *This bill suspends the CalWORKs 24-month time clock for up to 12 months for recipients actively seeking their high school diploma or equivalent. There is flexibility in this program which allows counties to extend the 24-month clock on a case-by-case basis for recipients making progress toward their high school diploma. I am not convinced that a state level suspension as called for in this bill is necessary.*

***AB 2548 (Weber) School Accountability System:** This bill would have required the State Board of Education (SBE) to adopt a statewide accountability system aligned to state and federal accountability requirements. Status: Vetoed by the Governor, 2016. The Governor's veto message: *This bill would impose new requirements for the public school accountability system that the State Board of Education has already developed. The Board has spent more than two years listening to parents, students, teachers, school leaders and the public in order to create a thoughtful and integrated federal, state and local accountability system based on the Local Control Funding Formula. On September 8, 2016, the Board adopted the Local Control Funding Formula indicators which serve as the foundation of the new accountability system. The Board is committed to continuously improving the system and has an annual review process in place for just that reason. It is unnecessary and premature to impose additional requirements at this time.*

AB 2642 (E. Garcia, Eggman, C. Garcia, Gomez, and Maienschein) Removing Barriers to Employment Act: This bill would have established a competitive grant program to provide training funds to assist individuals who face multiple barriers to employment prepare for middle-skill training,

apprenticeship, or employment opportunities that lead to self-sufficiency and economic stability. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.

AB 2664 (Irwin) University of California Innovation and Entrepreneurship Expansion: This bill provides funding to the University of California (UC) to establish and expand programs and services to support innovation and entrepreneurship activities near its campuses and throughout the state. Status: Signed by the Governor, Chapter 862, Statutes of 2016.

AB 2719 (E. Garcia) Out of School Youth: This bill highlights the needs and possible actions to address out-of-school youth within the Workforce Innovation and Opportunity Act. Among other strategies, the bill called for integrated training solutions, expanded outreach, and equality with other public and private high schools in California to qualifying high school curriculum. Status: Vetoed by the Governor, 2016. The Governor's veto message: *The bill makes several changes to the California Workforce Innovation and Opportunity Act related to services for out-of-school youth and requires local workforce boards to consider programs accredited by the Western Association of Schools and Colleges when provisioning services for these youth. I agree that out-of-school youth need our attention. Federal law already requires these youth to be a priority, and our state plan recognizes the need to focus on this very vulnerable group of young people. Rather than amending state law to give WASC-accredited programs an implied preference, the current, more inclusive approach is a better way to go.*

****AB 2908 (Committee on Higher Education) Post-Secondary Education Omnibus:*** This bill is the Assembly Education Committee's annual omnibus bill. In addition to addressing technical errors and programmatic oversight, the bill updated the mandate for a report on the use of Cal Grant C by students studying for occupational and technical training. Status: Signed by the Governor, Chapter 82, Statutes of 2016.

AJR 46 (Bonta) Workforce Innovation and Opportunity Act: This resolution memorializes the California Legislature's appeal to the U.S. Congress to include unemployment rates by race and ethnicity within the criteria used to make funding allotments to state's under the federal Workforce Innovation Opportunity Act. Status: Adopted by the Legislature, Resolution Chapter 177, 2016.

HR 5 (C. Garcia) Mexico Human Rights Violation: This resolution memorializes the Assembly's condemnation of the September 2014 forced disappearance and death of 43 college students in Iguala, Mexico. In adding its voice to the international censure of this violation of human rights, California offers support to all those in Mexico who are standing up for human rights and justice against corruption and violence. Status: Adopted by the Legislature, 2016.

****SB 3 (Leno) Minimum Wage Increase:*** This bill increases the minimum wage from \$10 to \$11 per hour starting January 1, 2016 and \$13 per hour starting July 1, 2017. Beginning in January 1, 2019, this bill requires the minimum wage to be increased annually based on inflation as measured by the California Consumer Price Index. Status: Signed by the Governor, Chapter 4, Statutes of 2016.

****SB 42 (Liu) Higher Education Accountability:*** This bill would have established the Office of Higher Education Performance and Accountability to provide statewide postsecondary education planning and coordination, as specified. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *The call to improve postsecondary educational outcomes is laudable. The goals established by SB 195 in 2013 - improving access and success, aligning degrees and credentials with*

the state's economic, workforce and civic needs, and ensuring the effective and efficient use of resources - are still important measures that should guide us in developing higher education policies for the state. While there is much work to be done to improve higher education, I am not convinced we need a new office and an advisory board, especially of the kind this bill proposes, to get the job done.

SB 45 (Mendoza) WIOA Policy Bill: This bill was one of two being sponsored by the California Labor and Workforce Development Agency and the California Workforce Investment Board that will make the necessary changes to existing law for the implementation of the federal Workforce Innovation and Opportunity Act (WIOA) in our State. Among other things, this bill would have required the state, in conformity with WIOA and after consultation with local boards and chief elected officials, to identify planning regions and require the locals to prepare regional workforce development plans. Amendments taken in the Assembly removed the contents of the bill and added unrelated bill provisions. Status: Held without further action in the Assembly Committee on Rules pursuant to House Rule 96, 2016.

SB 66 (Leyva) Career Technical Education: This bill aligns performance accountability outcome measures for the Economic and Workforce Development Program with the outcome measures for the federal Workforce Innovation and Opportunity Act, and authorizes the Department of Consumer Affairs to make specified licensure information available to the California Community Colleges (CCC) Chancellor's Office for purposes of evaluating outcomes for students who participate in CCC career technical education programs. Status: Signed by the Governor, Chapter 770, Statutes of 2016.

***SB 81 (Senate Budget Committee) Post-Secondary Education Budget:** This bill provides guidance and makes modifications to the states three systems of higher education, including but not limited to:

Responds to new federal regulations by authorizing private colleges and universities to operate in the state, and sets up a complaint process for students through the Board of Private Postsecondary Education.

1. Amends the Middle Class Scholarship program to exclude students with family assets over \$150,000, sets a four- or five-year time limit for the program similar to limits imposed in the Cal Grant program, and allows income and asset limits to increase with the Consumer Price Index.
2. Creates the Basic Skills Partnership Pilot Program, which will provide five community college districts with \$2-million grants to develop partnerships among schools districts, community colleges and California State University campuses to develop improved strategies to provide remedial education for underprepared college students.
3. Authorizes the Superintendent of Public Instruction (SPI), for purposes of participation in federal Higher Education Act of 1965 Title IV, which authorizes federal student financial assistance programs, to: a) certify by name, a regional occupational center and program, or a county office of education or an adult education program to legally authorize the center, program or county office to provide an educational program beyond secondary education, including an education program that leads to a degree or certificate; b) adopt regulations that authorize a complaint process under the Uniform Complaint Procedures (UCPs) outlined in specified regulations; and c) decertify any program no longer in compliance with specified requirements consistent federal regulations, among other provisions.

4. Requires the California Community Colleges or California State University to exempt students from nonresident tuition starting on July 1, 2015, if they meet all of the following requirements: a) student resides in California; b) student meets the definition of "covered individual," as defined under United States Code Title 38, federal statute; c) student is eligible for education benefits under either the federal Montgomery GI Bill or Post 9/11 GI Bill program, and are continuously enrolled at the campus they attend.
5. Extends the sunset date for the Career Technical Education Pathways Program from June 30, 2015, to July 1, 2016, and appropriates \$48 million one-time Proposition 98 funds for the program.
6. Requires the Community College Chancellor's Office to report to the California Apprenticeship Council within 30 days of each apportionment period information regarding the hourly rate paid to local educational agencies and community colleges, and the number of instruction hours allocated to and reported by each local educational agency and community college.
7. Allows the Community College Chancellor's Office to work with the Division of Apprenticeship Standards to develop and implement innovative apprenticeship programs in high-growth industries.
8. Creates the Basic Skills and Student Outcomes Transformation Program, which will provide \$60 million Proposition 98 General Fund to assist community college districts in improving the delivery of basic skills instruction.

Status: Signed by the Governor, Chapter 22, Statutes of 2015.

***SB 172 (Liu) High School Exit Exam:** This bill suspends the exit exam requirement for receiving a high school diploma. The suspension applies in school year 2015-16 through 2017-18. Status: Signed by the Governor, Chapter 572, Statutes of 2015.

***SB 376 (Lara) Compensation of Employees under UC Contracts:** This bill requires bidders on specified University of California contracts to certify that their employees' total compensation is not at a level that undercuts UC employees' compensation. Status: Vetoed by the Governor, 2015. Governor's Veto Message: *Without a doubt, these are all serious matters to consider, and they reflect the difficulty in balancing things we commonly value, such as increasing the wages of low-income workers and keeping operational costs down. It's worth noting that the University of California recently responded to criticisms of its wage and contracting practices with a plan to incrementally increase its minimum wage for both employees and contract workers, and a pledge to better oversee contracts generally. The effort to provide increased compensation to those who work for UC - either directly or on a contract basis - is well-intentioned, but I'm not prepared to embrace the provisions of this bill.*

***SB 412 (Glazer, de Leon) The California Promise:** This bill establishes the California Promise to support students who enroll in the campuses of the California State University (CSU) as freshmen in obtaining baccalaureate degrees within four academic years, and as transfer students within two academic years, as applicable. Status: Signed by the Governor, Chapter 436, Statutes of 2015.

***SB 458 (Gaines) College Access Tax Credit Fund:** This bill would have authorized a tax credit equal to an unspecified percentage of the contribution to the College Access Tax Credit Fund, in tax years 2015 and 2016. Status: Returned to the Desk without further action by the Senate Committee on Governance and Finance, 2015.

***SB 600 (Pan) Inclusion of Immigrants under Unruh Civil Rights Act:** This bill amends the Unruh Civil Rights Act to expressly prohibit discrimination by business establishments based on citizenship, primary language, or immigration status. Status: Signed by the Governor, Chapter 282, Statutes of 2015.

***SB 623 (Lara) Right of Undocumented Workers to Worker's Compensation:** This bill expressly overrules regulations, which are contrary to current statute, stating undocumented workers are not eligible for certain workers' compensation benefits. Status: Signed by the Governor, Chapter 290, Statutes of 2015.

***SB 1123 (Leyva) High School Graduation Requirements:** This bill extends for five years (July 1, 2017 to July 1, 2022) the authority for students to fulfill a high school graduation requirement by successfully completing a career technical education (CTE) course. Current law requires, among other course work, that students successfully complete at least one course in visual or performing arts, foreign language, or CTE. These are graduation requirements, which are not the same as the A-G requirements for applying to state colleges and universities. Status: Signed by the Governor, Chapter 53, Statutes of 2016.

SB 1219 (Hancock) State Procurement and Employment Social Enterprises: This bill establishes a new procurement preference for employment social enterprises under the Small Business Procurement and Contract Act, as specified. Status: Vetoed by the Governor, 2016. Governor's veto message: *SB 1176 revises the definition of "small business" and "microbusiness" for purposes of the Small Business Procurement and Contract Act. SB 1219 establishes a new procurement preference for employment social enterprises. While the goal of these bills are well-intentioned, the implementation of these bills require an expensive modification to FISCAL at a time when the state must focus its resources on the project's successful deployment.*

SCR 161 (de Leon) Los Angeles Basin Bioscience Hub: This resolution memorializes the California Legislature's support for promoting the Los Angeles Basin as a bioscience hub and to leverage these activities in a manner that provides educational and economic opportunities for underserved areas, as specified. Status: Adopted by the Legislature, Resolution Chapter 185, 2016.

Section VII – 2015-16 Legislative Hearings

During the 2015-16 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>

Overview of the California Economy (Sacramento, California)

On Wednesday, February 11, 2015, the Assembly Committee on Jobs, Economic Development and the Economy (JEDE) convened its first hearing of the 2015-16 Session. The objective of this informational hearing was to provide Members with a foundation from which to undertake the committee's primary missions of overseeing current state programs and evaluating legislative proposals.

During the course of the hearing, committee members were briefed on the California economy by state and federal public policy advisors, an economist, and executives from three of California's small businesses. A highlight of the hearing was the opening remarks made by Donna Davis, the Region IX Administrator for the federal Small Business Administration. Other witnesses included:

- **Mr. Mac Taylor**, the California Legislative Analyst;
- **Dr. Jerry Nickelsburg**, Adjunct Professor of Economics at the Anderson School of Management and Senior Economist with the UCLA Anderson Forecast;
- **Ms. Molly Ramsdell**, Director of the Washington Office of the National Conference of State Legislatures;
- **Mr. Scott Hauge**, President of CAL Insurance and Associates, Inc.;

- *Mr. Dave Petree*, CEO of Cloak and Dagger; and
- *Mr. Ehsan Gharatappeh*, CEO of the Cellpoint Corporation.

Presentations were designed to provide a snapshot of the state economy, including demographic and economic trends with the potential to have lasting consequences on the state's global competitiveness and access to private investment. 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 memorandum was developed by committee staff that provided general information on the state economy, the structure of the hearing, invited witnesses, key policy issues, and recommendations for additional follow-up actions. Extensive memorandum appendices included fact sheets developed by the JEDE staff, as well as a chart on federal discretionary and mandatory spending provided by the National Conference of State Legislatures, and a summary of 2015 economic development priorities for nearly a dozen stakeholder groups, compiled by the California Association for Local Economic Development.

Major Economic Policies and Programs of 2015 (Sacramento, California)

On Tuesday, March 17, 2015, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) convened the second in a two-part 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.

While the first hearing provided an overview of the California economy, the presentations in the second hearing focused on policies, programs, and other initiatives intended to enhance California's business climate. The hearing also provided an opportunity for the JEDE Committee members to be briefed on the related work of the California Economic Summit.

Presentations in the first panel discussed the state education and workforce policies designed to prepare an appropriately skilled workforce. Using the programs and services of GO-Biz as a framework, the presentations in the second panel addressed the broader array of economic drivers. Among other issues, they discussed access to capital, government regulations, international trade, and technical assistance for small businesses. The hearing highlighted findings and recommendations from the work of the California Economic Summit, an economic development collaboration of public and private civic and business leaders. Hearing presentations were provided by:

- *Mr. Brian McMahon*, the Senior Advisor to the California Labor Agency;
- *Mr. Tim Rainey*, the Executive Director of the California Workforce Investment Board;
- *Representative for Van Ton-Quinlivan*, the Vice Chancellor of Workforce and Economic Development of California's Community Colleges and Co-Chair of the Workforce Action Team of the California Economic Summit;
- *Mr. Jim Mayer*, President & CEO of California Forward, which serves as one of two lead partners for the California Economic Summit;
- *Mr. Kish Rajan*, Director of the Governor's Office of Business and Economic Development;
- *Mr. Paul Granillo*, President & CEO of the Inland Empire Economic Partnership and Co-chair of the California Economic Summit Steering Committee; and
- *Ms. Dorothy Rothrock*, President of the California Manufacturers and Technology Association.

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 memorandum was developed by JEDE Committee staff to provide general information on the state economy and context for the workforce and business development initiatives. The memorandum also included summaries of related annual and special reports by state agencies. The appendices had fact sheets and other short narratives developed by the JEDE staff, witnesses, and other stakeholder groups. Among other appendices, Appendix 7 included a list of nearly 40 recently introduced economic development-related Assembly bills.

Building an Inclusive Economy: The State's Role in Closing California's Opportunity Gap (Ontario, California)

On Thursday, November 12, 2015, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE Committee) held an oversight hearing to examine California's expanding economic opportunity gap and to explore strategies for creating a more inclusive economy.

With California's record setting economic growth since the great recession being widely reported, public policy leaders requested an opportunity to hear more about those segments of the economy, groups of people, and geographic locations which have been excluded from this new prosperity. Among other policy solutions, the JEDE Committee engaged with witnesses on how the state can better support the entrepreneurial business environment, stabilize rural and other resource-limited communities, and develop career ladders for the state's increasingly diverse workforce that are capable of providing both wage growth and long-term household security.

Similar to the March 2015 hearing, this hearing was developed in collaboration with the 2015 California Economic Summit. In its fourth year, the Summit process serves as a unique opportunity for civic and business leaders to come together and reach agreements and make implementation commitments about California's highest priority economic and community development challenges. Witnesses included:

- **Mr. Paul S. Leon**, Mayor of Ontario;
- **Mr. Paul Granillo**, California Economic Summit Chair and Executive Director of the Inland Empire Economic Partnership;
- **Dr. Victor Rubin**, Vice President for Research at PolicyLink;
- **Dr. Yasuyuki Motoyama**, Director of Research and Policy at the Ewing Marion Kauffman Foundation;
- **Dr. Alma Salazar**, V.P. of Education and Workforce Development at the Los Angeles Area Chamber of Commerce;
- **Ms. Helen Torres**, Executive Director of HOPE; and
- **Ms. Melina Duarte**, STEM Education Consultant.

A background report was developed to provide a context for hearing presentations and proposed recommendations for further actions by the Legislature. Among other information, the report provided a general profile of the California economy using traditional measurements, such as GDP, and more narrowly focused data, such as the great difference between the state's overall

unemployment rate and that of certain groups, including those of young people, people of color, and people living in inland California. The report also examined the important role small businesses, workforce development, and access to affordable housing play in building an inclusive economy.

The report also identified five existing state work-streams that could be used to launch an inclusive economy initiative: the state budget process, the Special Session on Infrastructure, climate investments, private sector impact investments, and social innovation financing. Appendices include fact sheets, summaries of key reports and related-legislation, and expanded narratives on infrastructure and California's role within the global economy.

Methods of Review for Economic Development Activities (Sacramento, California)

On Tuesday, March 1, 2016, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE Committee) began a three part hearing process to review the programs and services of the Governor's Office of Business and Economic Development (GO-Biz).

At this first hearing in the series, the JEDE Members took an in-depth look at the methods for evaluating economic development activities. The hearing was organized around two panel presentations.

The first panel presented information on key features to program and organizational oversight. Witnesses were asked to address best practices in California, and across the nation, and leave comments on specific programs for future hearings. Panelists included:

- *Elaine Howle*, California State Auditor
- *Ellen Harpel*, Founder of Smart Incentives
- *Jason Sisney*, Chief Deputy Legislative Analyst on State and Local Finance

The second panel was comprised of representatives from stakeholder organizations, including those representing economic, business, and community development organizations. Each of the panelists were asked to start their presentations identifying a successful program and to later make recommendations on the state's highest economic development needs, program gaps, and opportunities for innovation and program modifications. Panelists included:

- **Gurbax Sahota**, Executive Director of the California Association for Local Economic Development
- **Joel Ayala**, Executive Director of the California Hispanic Chambers of Commerce
- **Malaki Seku-Amen**, President and CEO of the California Urban Partnership
- **Tim Kelley**, President and CEO of the Imperial Valley Economic Development Corporation

A background report was prepared for the hearing that summarized the JEDE Committee's preparations for the three-part program review and highlighted key issues for the following hearings.

Oversight of the Governor's Office of Business and Economic Development (Sacramento, California)

On March 15, and August 9, 2016, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE Committee) held two hearings to review the activities and programs of the Governor's Office of Business and Economic Development (GO-Biz).

During the course of these two hearings, the JEDE Committee examined the operations and outcomes of GO-Biz in order to ensure alignment of policy priorities, funding, and statutory direction. These hearings were a follow-up to the Committee's more general program and policy reviews the previous year (February and March of 2015) and its review of the methods for evaluating economic development activities on March 1, 2016.

At the March 15 hearing, Panorea Avdis, Director of GO-Biz, delivered a short opening address, followed by two panels featuring GO-Biz Staff and stakeholder groups who participated in an extended dialogue with JEDE Members.

The first of these panels focused on small business assistance, services, and initiatives, as offered through the offices of the Small Business Advocate, and the Small Business Finance Center. The panel also discussed the needs, challenges, and opportunities faced by small businesses in California. Panelists included:

- **Teveia Barnes**, Executive Director, California Infrastructure and Economic Development Bank
- **Jesse Torres**, Deputy Director and Small Business Advocate, GO-Biz
- **Karl Zalakowski**, President, California Coastal Rural Development Corporation
- **Mark J. Robertson, Sr.**, President, Pacific Coast Regional Small Business Development Corporation
- **Aubry Stone**, President/CEO, Black Chamber of Commerce
- **Claudia Viek**, Chief Executive Officer, California Association for Microenterprise Opportunity
- **Kristin Johnson**, State Chair, CA SBDC Leadership Council
- **Yolanda Benson**, Representing the Small Business Financial Development Corporations

The second panel of the March 15 hearing discussion centered around foreign trade and investment related programs, services, and initiatives, with GO-Biz highlighting their re-opening of the China Trade Office. Panelists included:

- **Andrew Sturmfels**, Deputy Director of Legislative and Intergovernmental Affairs, GO-Biz
- **Suzanne Stirling**, Vice President, International Affairs, California Chamber of Commerce
- **John Grubb**, Chief Operating Officer, Bay Area Council
- **Julian Canete**, Director of Public Policy, CalAsian Chamber of Commerce
- **Bruce Ohlson**, Director, Northern California-Sacramento Regional Center for International Trade Development
- **Michael Ocasio**, Director, Small Business Financial Development Corporation of Orange County
- **Bruce Senslie**, Chair, California Association for Local Economic Development
- **Dom Betro**, President/CEO, Family Service Association of Western Riverside County

Additional public comment was offered by fourteen representatives of organizations and stakeholders.

A collaborative oversight framework was developed by the JEDE committee staff for the hearing, detailing the various topics of discussion and the units and elements of GO-Biz, as well as next steps of building metrics and reporting guidance.

The August 9 hearing again opened with remarks by Panorea Avdis, who primarily responded to issues raised in the previous hearing in addressing income inequality in California and supporting local economic development initiatives in distressed communities.

The first panel included a presentation by GO-Biz's Office of Innovation and Entrepreneurship, which manages the states iHub program and promotes collaboration between stakeholders to accelerate investment and development. The Zero Emission Infrastructure Unit also there presented their work as a facilitator and problem-solver for the purpose of helping California meet its goal of having at least 1.5 million zero emission vehicles on the road by 2025. Panelists included:

- **Louis Stewart**, Deputy Director, Innovation and Entrepreneurship, GO-Biz
- **Tyson Eckerle**, Deputy Director, Zero Emission Vehicle Infrastructure Unit, GO-Biz
- **Dan Ripke**, Director, Northeastern California SBDC & Center for Economic Development
California State University, Chico
- **Jan Roos**, Partner at The Urban Hive and I/O Labs in Sacramento (Sacramento iHub)

The hearing's second panel addressed the topic of direct business assistance and included representatives from California Business Investment Services, Permit Assistance Unit, and California Competes Tax Credit Program. Panelists included:

- **Sid Voorakkara**, Senior Business Development Specialist, California Business Investment Services, GO-Biz
- **Frank Ramirez**, Senior Permit Program Specialist, Permit Assistance Unit, GO-Biz
- **Kristen Kane**, Deputy Director, California Competes Tax Credit Program
- **Michael Shaw**, Vice President of Government Relations, California Manufacturers and Technology Association
- **Diane Richards**, Senior Program Manager for Business Recruitment, City of West Sacramento

The collaborative oversight framework from the previous hearing was updated to reflect the new areas of discussion. This included both the framework and best oversight practices, workbooks detailing each of the programs and services provided through GO-Biz: the California Business Investment Services Unit, the California Competes Tax Credit, the California Finance Center, the California Innovation Initiatives, the International Trade and Investment unit, the Permit Assistance Unit, the Office of the Small Business Advocate, the Zero Emission Vehicle Infrastructure Unit. The appendices included a summary of questions posed by the committee, GO-Biz's responses, a summary of related reports and background material, letters submitted to the committee, and a list of GO-Biz outreach activities.

APPENDICES

Appendix I- Index by Bill Order

Bill Number	Author	Title	Status	Page
AB-2	Alejo, Eduardo Garcia	Redevelopment in Low Income Areas	Signed by the Governor, Chapter 319, Statutes of 2015	4
AB-12	Cooley	State Government Administrative Review	Held on the Suspense File of the Senate Committee on Appropriations, 2015	36
AB-17	Bonilla	Tax Credit for Qualified Tuition Program	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	45
AB-19	Chang	Small Business Regulatory Review	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	15, 37
AB-80	Campos, Alejo, Bonta, Jones-Sawyer, Williams	Interagency Task Force on the Status of Boys and Men of Color	Vetoed by the Governor, 2015	4, 45
AB-151	Rodriguez	Tax Credits for Apprenticeships	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	34
AB-154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 15, 37
AB-184	Eduardo Garcia	Small Business Technical Assistance Act of 2015	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	15
AB-185	Eduardo Garcia, Medina	California New Market Tax Credit	Held under submission in the Assembly Committee on Appropriations, 2016	5, 16
AB-189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5, 31

AB-197	E. Garcia	State Air Resource Board	Signed by the Governor, Chapter 250, Statutes of 2016	5
AB-199	Eggman	Recycled Feed Stock Sales Tax Exemption	Signed by the Governor, Chapter 768, Statutes of 2015	5
AB-251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	5, 16, 37
AB-288	Holden	College and Career Pathways	Signed by the Governor, Chapter 618, Statutes of 2015	45
AB-328	Grove	Minimum Franchise Tax Exemption	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	16
AB-351	Jones-Sawyer	Twenty-Five Percent Small Business Goal	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	16, 25
AB-357	Chiu	Food and Retail Employee Work Schedules	Died on the Assembly Inactive File, 2016	16, 45
AB-413	Chávez	California Disabled Veteran Business Enterprise Program.	Signed by the Governor, Chapter 513, Statutes of 2015	16, 26
AB-419	Kim	Online Regulatory Access	These provisions are being implemented administratively	37
AB-428	Nazarian	Seismic Retrofit Tax Credit	Vetoed by the Governor, 2015	5, 16
AB-437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	6, 17
AB-484	Gipson	Export Finance	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	31

AB-498	Levine	Wildlife Corridors	Signed by the Governor, Chapter 625, Statutes of 2015	17
AB-522	Burke	Public Contracts for Information Technology	Vetoed by the Governor, 2015	26, 37
AB-526	Holden	Attendance at Community College Summer Program	Signed by the Governor, Chapter 431, Statutes of 2016	46
AB-544	Mullen	Income Tax Credits for Research Activities	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	6, 17, 46
AB-582	Calderon	Entrepreneur-in-Residence Act of 2016.	Held under Submission in the Senate Committee on Appropriations, 2016	17, 37
AB-612	Patterson	Minimum Franchise Tax	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2016	17
AB-667	Wagner	Defining Professional Finders	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	17, 46
AB-676	Calderon	Disclosure of Employment Status	Vetoed by the Governor, 2015	46
AB-680	Atkins	California Marketing Program	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	6, 31
AB-755	Ridley-Thomas	Sales and Use of Tax Exemption Los Angeles County Transit Projects	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	6, 18, 31
AB-756	Chang	Waiver of Fees	Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016	6, 18, 31

AB-816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	7, 31, 46
AB-826	Chau	EB-5 Investment Program	Held under Submission in the Senate Committee on Business, Professions, and Economic Development, 2015	31
AB-865	Alejo	California Energy Commission Outreach	Signed by the Governor, Chapter 583, Statutes of 2015	7, 27, 32, 46
AB-866	Eduardo Garcia	Small Business Regulatory Fairness Act of 1996	Used for another policy purpose. The measure failed to move from the Senate Floor, 2016	38
AB-894	Patterson	Tax Credit for Education Expenses	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	38
AB-916	O'Donnell	Career Technical Education Student Organization	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	46
AB-931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	7, 18, 47
AB-968	Williams	Student Transcripts	Vetoed by the Governor, 2015	45
AB-1033	Eduardo Garcia	Small Business Regulatory Impacts	Signed by the Governor, Chapter 346, Statutes of 2016	38
AB-1058	Atkins	Second Chance Program	Signed by the Governor, Chapter 748, Statutes of 2015	47
AB-1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016	7, 47

AB-1093	Eduardo Garcia	Workforce Development to Reduce Prison Recidivism	Signed by the Governor, Chapter 220, Statutes of 2015	47
AB-1125	Weber	State Agency Small Business Contracts	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	27
AB-1181	Calderon	Career Technical Education	Returned to the Desk without action by the Assembly Committee on Education, 2016	48
AB-1196	Eduardo Garcia	Commission for Economic Development	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	7
AB-1218	Weber	Disabled Veteran Business Enterprise Contracts	Held on the Suspense File of the Senate Committee on Appropriations, 2015	27
AB-1230	Gomez	Small Business Capital Access Loan Program and ADA Requirements	Signed by the Governor, Chapter 787, Statutes of 2015	18
AB-1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	18, 38
AB-1270	Eduardo Garcia, Roger Hernández	Alignment of Federal and State Workforce Training	Signed by the Governor, Chapter 94, Statutes of 2015	48
AB-1280	Maienshein	Sales and Use Tax Exemption	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	7, 18
AB-1286	Mayes	California Regulatory Reform Council	Held without further action by the Assembly Committee on Appropriations, 2016	38
AB-1288	Atkins	Air Resource Board Appointments	Signed by the Governor, Chapter 586, Statutes of 2015	19
AB-1302	Brown	Increase in Disabled Veteran Business Enterprise Goal	Held without further action by the Assembly Committee on Jobs, Economic Development,	18

			and the Economy, 2016	
AB-1348	Irwin	State Clearinghouse	Signed by the Governor, Chapter 444, Statutes of 2016	8
AB-1393	Burke	Expansion of the Role of the California Pollution Control Financing Authority	Held in the Senate Committee on Appropriations, 2015	8, 19
AB-1444	Eduardo Garcia	Foreign Trade Zones	Used for another policy purpose. The measure was held in the Senate Committee on Natural Resources without further action, 2016	32
AB-1445	Brown	Streamlined Contracting Authority	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	26
AB-1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	19, 38
AB-1533	Committee on Jobs, Economic Development, and the Economy	Infrastructure and Economic Development Bank Omnibus	Signed by the Governor, Chapter 383, Statutes of 2015	19
AB-1537	Committee on Jobs, Economic Development, and the Economy	Small Business Finance Center	Signed by the Governor, Chapter 191, Statutes of 2015	19
AB-1550	Gomez	Greenhouse Gas Investments in Disadvantaged Communities	Signed by the Governor, Chapter 369, Statutes of 2016	8
AB-1598	Assembly Budget Committee	Education Budget Trailer Bill	Held in the Assembly Budget Committee, 2016	48
AB-1697	Bonilla	Alternative and Renewable Fuel and Vehicle Technology Program	Signed by the Governor, Chapter 446, Statutes of 2015	19

AB-1669	Roger Hernández	Displaced Employees	Signed by the Governor, Chapter 874, Statutes of 2015	48
AB-1741	Rodriguez, O'Donell	Promise Innovation Grant Fund	Signed by the Governor, Chapter 434, Statutes of 2016	48
AB-1782	Maienschein	Register of Franchisor	Vetoed by the Governor, 2016	19
AB-1843	Mark Stone	Applicants for employment: criminal history.	Signed by the Governor, Chapter 686, Statutes of 2015	48
AB-2061	Waldron	Supervised Population Workforce Training Grant Program.	Signed by the Governor, Chapter 100, Statutes of 2016	48
AB-2603	Gallagher	Work Based Learning	Signed by the Governor, Chapter 72, Statutes of 2016	49
AB-2105	Rodriguez	Workforce development: allied health professions.	Signed by the Governor, Chapter 410, Statutes of 2015	49
AB-2170	Frazer	Trade Corridors Improvement Fund	Vetoed by the Governor, 2016	32
AB-2270	Bonta	California iBank Surety Bond Program	Held on the Suspense File of the Senate Committee on Appropriations, 2016	19
AB-2288	Burke	Apprenticeship Programs under Building and Construction Trades	Signed by the Governor, Chapter 692, Statutes of 2016	49
AB-2319	Gordon	California Infrastructure and Economic Development Bank.	Signed by the Governor, Chapter 692, Statutes of 2016	8
AB-2348	Levine	Identification of market Rate Infrastructure Investment	Vetoed by the Governor, 2016	8

AB-2448	Burke	Welfare-to-Work Education	Vetoed by the Governor, 2016	49
AB-2475	Gordon	Housing Loan Program at the iBank	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	8
AB-2548	Weber	School Accountability System	Vetoed by the Governor, 2016	47
AB-2600	Lackey	California Institute for Aerospace	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	8
AB-2605	Nazarian	Office of Permit Assistance	Signed by the Governor, Chapter 78, Statutes of 2016	38
AB-2642	Eduardo Garcia, Eggman, Cristina Garcia, Gomez, Maienschein	Removing Barriers to Employment Act	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	49
AB-2647	Eduardo Garcia, Medina	Community Development Tax Credit	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 19
AB-2653	Eduardo Garcia, Eggman, Cristina Garcia, Gomez	Climate Change Report Card	Held on Suspense in the Senate Committee on Appropriations, 2016	20
AB-2664	Irwin	University of California Innovation and Entrepreneurship Expansion	Signed by the Governor, Chapter 862, Statutes of 2016	20, 50
AB-2673	Harper	Incentive for Hydrogen Refueling Station Equipment	Held on the Suspense File of the Assembly Committee on Revenue and Taxation	9
AB-2690	Ridley-Thomas	Los Angeles County Metropolitan Transportation Authority	Signed by the Governor, Chapter 204, Statutes of 2016	20, 27

AB-2719	Eduardo Garcia	Out of School Youth	Vetoed by the Governor, 2016	50
AB-2728	Atkins	Community Development Investments	Vetoed by the Governor, 2016	9
AB-2841	Travis Allen	State Infrastructure Seaport Financing	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 32
AB-2900	Committee on Jobs, Economic Development, and the Economy	Small Business Centers Reporting	Signed by the Governor, Chapter 582, Statutes of 2016	20
AB-2901	Committee on Jobs, Economic Development, and the Economy	California Competes	Vetoed by the Governor, 2016	9, 20
AB-2905	Committee on Jobs, Economic Development, and the Economy	Small Business Procurement Goal	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	27
AB-2908	Committee on Higher Education	Post-Secondary Education Omnibus	Signed by the Governor, Chapter 82, Statutes of 2016	50
ACR-66	Bonta	Filipino American History Month	Adopted by the Legislature, Resolution 170, Statutes of 2015	32
ACR-92	Gipson	Commemoration of the 50 th Anniversary of the Watts Revolt	Adopted by the Assembly, Resolution Chapter 188, Statutes of 2015	10
ACR-164	Patterson	Citrus Strong Month.	Adopted by the Legislature, Resolution Chapter 41, Statutes of 2016	10
AJR-3	Alejo	Cuban embargo.	Adopted by the Legislature, Resolution Chapter 166, Statutes of 2016	32

AJR-13	Ridley-Thomas	50 th Anniversary of the 1965 Voting Rights Act	Adopted by the Legislature, Resolution Chapter 193, Statutes of 2015	10
AJR-14	Chu	Reauthorization of the U.S. Export Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	32
AJR-46	Bonta	Workforce Innovation and Opportunities Act.	Adopted by the Legislature, Resolution Chapter 177, 2016	48
HR-5	Christina Garcia	Mexico Human Rights Violation	Adopted by the Legislature, 2016	10, 33, 50
SB-3	Leno	Minimum Wage Increase	Signed by the Governor, Chapter 4, Statutes of 2016	21, 50
SB-9	Beall	Transit and Intercity Rail Capital Program	Signed by the Governor, Chapter 710, Statutes of 2015	10
SB-32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Appropriations, 2016	10, 21
SB-42	Liu	Higher Education Accountability	Vetoed by the Governor, 2015	50
SB-45	Mendoza	Political Reform Act of 1974: mass mailing prohibition.	Held without further action in the Assembly Committee on Rules pursuant to House Rule 96, 2016	51
SB-63	Hall	Seaport infrastructure financing districts.	Signed by the Governor, Chapter 793, Statutes of 2015	33
SB-66	Leyva	Career Technical Education	Signed by the Governor, Chapter 770, Statutes of 2016	51
SB-81	Senate Budget Committee	Post-Secondary Education Budget	Signed by the Governor, Chapter 22, Statutes of 2015	51

SB-102	Committee on the Budget	General Government Budget Trailer	Signed by the Governor, Chapter 323, Statutes of 2015	10
SB-159	Nielsen	California Disabled Veteran Business Enterprise Program: goal achievement.	Moved to the Assembly Inactive File without further action, 2016	27
SB-172	Liu	High School Exit Exam	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	52
SB-189	Hueso	Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	11
SB-208	Lara	Water Facility Grants	Signed by the Governor, Chapter 675, Statutes of 2015	11
SB-249	Hueso	Enhanced Drivers Licenses	Vetoed by the Governor, 2015	11, 33
SB-250	Roth	CALFIRE Accessibility Standards	Died in the Senate Committee on Appropriations, 2016	21
SB-251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	21, 39
SB-348	Galgiani	Sunset Extension for CEQA Railroad Exemption	Signed by the Governor, Chapter 143, Statutes of 2015	21
SB-350	De leon	Renewable Energy Portfolio	Signed by the Governor, Chapter 547, Statutes of 2015	11, 21
SB-376	Lara	Compensation of Employees under UC Contracts	Vetoed by the Governor, 2015	52
SB-406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	22

SB-412	Glazer, De León	Public postsecondary education: The California Promise.	Signed by the Governor, Chapter 436, Statutes of 2015	52
SB-458	Gaines	College Access Tax Credit Fund	Returned to the Desk without further action by the Senate Committee on Governance and Finance, 2015	52
SB-506	Fuller	Military and Aerospace at GO-Biz	Held on the Suspense File of the Senate Committee on Appropriations, 2015	11
SB-540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	11, 21
SB-600	Pan	Inclusion of Immigrants under Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	11, 22, 33, 53
SB-606	Nielson	Small Business Appeals Board	Returned to the Desk by the Senate Committee on Governmental Organization without further action, 2016	38
SB-623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	22, 33, 53
SB-662	Environmental Quality	Recycling Marketing Zones	Signed by the Governor, Chapter 453, Statutes of 2015	12, 22
SB-734	Galgiani	California Environmental Quality Act Judicial Review Extension	Signed by the Governor, Chapter 210, Statutes of 2016	12, 39
SB-762	Wolk	Best Value Contracts	Signed by the Governor, Chapter 627, Statutes of 2015	28
SB-936	Hertzberg	California Small Business Expansion Fund: corporate guarantees.	Signed by the Governor, Chapter 713, Statutes of 2015	22

SB-1000	Leyva	Environmental Justice and General Plans	Signed by the Governor, Chapter 587, Statutes of 2016	12
SB-1123	Leyva	High School Graduation Requirements	Signed by the Governor, Chapter 53, Statutes of 2016	53
SB-1168	Canella	California Agricultural Capital Investment Tax Credit	Returned to the Desk without further action by the Senate Committee on Rules, 2016	12, 22
SB-1176	Galgiani, Hueso	Small Business Procurement and Definition of Small Business	Vetoed by the Governor, 2016	28
SB-1219	Hancock	State Procurement and Employment Social Enterprises	Vetoed by the Governor, 2016	28, 53
SB-1228	Runner	California Small Business Regulatory Fairness Act	Held on the Suspense File of the Senate Committee on Appropriations, 2016	39
SB-1272	Runner	Small Business Tax Credit	Held on the Suspense File of the Senate Committee on Appropriations, 2016	12, 22
SCR-6	Monning	Sister State Relationship with Santa Fe, Argentina	Adopted by the Legislature, Resolution Chapter 91, Statutes of 2015	33
SCR-25	Block	Israel Memorandum of Understanding	Adopted by the Legislature, Resolution Chapter 127, Statutes of 2015	33
SCR-55	Pan	Commemoration of Locke, California	Adopted by the Legislature, Resolution 142, Statutes of 2015	33
SCR-161	De Leon	Los Angeles Basic Bioscience Hub	Adopted by the Legislature, Resolution Chapter 185, 2016	12, 53
SJR-22	Hueso	Funding for the Calexico West Land Port of Entry Project	Adopted by the Legislature, Resolution Chapter 102, Statutes of 2016	34

Appendix II- Index by Subject Matter

Business Incentives for an Inclusive Economy

Bill Number	Author	Title	Status	Page
AB-2	Alejo, Eduardo Garcia	Redevelopment in Low Income Areas	Signed by the Governor, Chapter 319, Statutes of 2015	4
AB-80	Campos, Alejo, Bonta, Jones-Sawyer, Williams	Interagency Task Force on the Status of Boys and Men of Color	Vetoed by the Governor, 2015	4, 45
AB-154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 15, 37
AB-185	Eduardo Garcia, Medina	California New Market Tax Credit	Held under submission in the Assembly Committee on Appropriations, 2016	5, 16
AB-189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5, 31
AB-197	E. Garcia	State Air Resource Board	Signed by the Governor, Chapter 250, Statutes of 2016	5
AB-199	Eggman	Recycled Feed Stock Sales Tax Exemption	Signed by the Governor, Chapter 768, Statutes of 2015	5
AB-251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	5, 16, 37
AB-428	Nazarian	Seismic Retrofit Tax Credit	Vetoed by the Governor, 2015	5, 16

AB-437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	6, 17
AB-544	Mullen	Income Tax Credits for Research Activities	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	6, 17, 46
AB-680	Atkins	California Marketing Program	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	6, 31
AB-755	Ridley-Thomas	Sales and Use of Tax Exemption Los Angeles County Transit Projects	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	6, 18, 31
AB-756	Chang	Waiver of Fees	Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016	6, 18, 31
AB-816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	7, 31, 46
AB-865	Alejo	California Energy Commission Outreach	Signed by the Governor, Chapter 583, Statutes of 2015	7, 27, 32, 46
AB-931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	7, 18, 47
AB-1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016	7, 47
AB-1196	Eduardo Garcia	Commission for Economic Development	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	7
AB-1280	Maienshein	Sales and Use Tax Exemption	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	7, 18

AB-1348	Irwin	State Clearinghouse	Signed by the Governor, Chapter 444, Statutes of 2016	8
AB-1393	Burke	Expansion of the Role of the California Pollution Control Financing Authority	Held in the Senate Committee on Appropriations, 2015	8, 19
AB-1550	Gomez	Greenhouse Gas Investments in Disadvantaged Communities	Signed by the Governor, Chapter 369, Statutes of 2016	8
AB-2319	Gordon	California Infrastructure and Economic Development Bank.	Signed by the Governor, Chapter 692, Statutes of 2016	8
AB-2348	Levine	Identification of market Rate Infrastructure Investment	Vetoed by the Governor, 2016	8
AB-2475	Gordon	Housing Loan Program at the iBank	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	8
AB-2600	Lackey	California Institute for Aerospace	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	8
AB-2647	Eduardo Garcia, Medina	Community Development Tax Credit	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 19
AB-2673	Harper	Incentive for Hydrogen Refueling Station Equipment	Held on the Suspense File of the Assembly Committee on Revenue and Taxation	9
AB-2728	Atkins	Community Development Investments	Vetoed by the Governor, 2016	9
AB-2841	Travis Allen	State Infrastructure Seaport Financing	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 32
AB-2901	Committee on Jobs, Economic Development,	California Competes	Vetoed by the Governor, 2016	9, 20

	and the Economy			
ACR-92	Gipson	Commemoration of the 50 th Anniversary of the Watts Revolt	Adopted by the Assembly, Resolution Chapter 188, Statutes of 2015	10
ACR-164	Patterson	Citrus Strong Month.	Adopted by the Legislature, Resolution Chapter 41, Statutes of 2016	10
AJR-13	Ridley-Thomas	50 th Anniversary of the 1965 Voting Rights Act	Adopted by the Legislature, Resolution Chapter 193, Statutes of 2015	10
HR-5	Christina Garcia	Mexico Human Rights Violation	Adopted by the Legislature, 2016	10, 33, 50
SB-9	Beall	Transit and Intercity Rail Capital Program	Signed by the Governor, Chapter 710, Statutes of 2015	10
SB-32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Appropriations, 2016	10, 21
SB-63	Hall	Seaport infrastructure financing districts.	Signed by the Governor, Chapter 793, Statutes of 2015	33
SB-102	Committee on the Budget	General Government Budget Trailer	Signed by the Governor, Chapter 323, Statutes of 2015	10
SB-189	Hueso	Clean Energy and Low-Carbon Economic and Jobs Growth Blue Ribbon Committee	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	11
SB-208	Lara	Water Facility Grants	Signed by the Governor, Chapter 675, Statutes of 2015	11
SB-249	Hueso	Enhanced Drivers Licenses	Vetoed by the Governor, 2015	11, 33

SB-350	De leon	Renewable Energy Portfolio	Signed by the Governor, Chapter 547, Statutes of 2015	11, 21
SB-506	Fuller	Military and Aerospace at GO-Biz	Held on the Suspense File of the Senate Committee on Appropriations, 2015	11
SB-540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	11, 21
SB-600	Pan	Inclusion of Immigrants under Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	11, 22, 33, 53
SB-662	Environmental Quality	Recycling Marketing Zones	Signed by the Governor, Chapter 453, Statutes of 2015	12, 22
SB-734	Galgiani	California Environmental Quality Act Judicial Review Extension	Signed by the Governor, Chapter 210, Statutes of 2016	12, 38
SB-1000	Leyva	Environmental Justice and General Plans	Signed by the Governor, Chapter 587, Statutes of 2016	12
SB-1168	Canella	California Agricultural Capital Investment Tax Credit	Returned to the Desk without further action by the Senate Committee on Rules, 2016	12, 22
SB-1272	Runner	Small Business Tax Credit	Held on the Suspense File of the Senate Committee on Appropriations, 2016	12, 22
SCR-161	De Leon	Los Angeles Basic Bioscience Hub	Adopted by the Legislature, Resolution Chapter 185, 2016	12, 53

Small Business Development and Operations

Bill Number	Author	Title	Status	Page
AB-19	Chang	Small Business Regulatory Review	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	15, 37
AB-154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 15, 37
AB-184	Eduardo Garcia	Small Business Technical Assistance Act of 2015	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	15
AB-185	Eduardo Garcia, Medina	California New Market Tax Credit	Held under submission in the Assembly Committee on Appropriations, 2016	5, 16
AB-251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	5, 16, 37
AB-328	Grove	Minimum Franchise Tax Exemption	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	16
AB-351	Jones-Sawyer	Twenty-Five Percent Small Business Goal	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	16, 25
AB-357	Chiu	Food and Retail Employee Work Schedules	Died on the Assembly Inactive File, 2016	16, 45
AB-413	Chávez	California Disabled Veteran Business Enterprise Program.	Signed by the Governor, Chapter 513, Statutes of 2015	16, 26
AB-428	Nazarian	Seismic Retrofit Tax Credit	Vetoed by the Governor, 2015	5, 16

AB-437	Atkins	Small Business Research and Development Grant Program	Vetoed by the Governor, 2015	6, 17
AB-498	Levine	Wildlife Corridors	Signed by the Governor, Chapter 625, Statutes of 2015	17
AB-544	Mullen	Income Tax Credits for Research Activities	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	6, 17, 46
AB-582	Calderon	Entrepreneur-in-Residence Act of 2016.	Held under Submission in the Senate Committee on Appropriations, 2016	17, 37
AB-612	Patterson	Minimum Franchise Tax	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2016	17
AB-667	Wagner	Defining Professional Finders	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	17, 46
AB-755	Ridley-Thomas	Sales and Use of Tax Exemption Los Angeles County Transit Projects	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	6, 18, 30
AB-756	Chang	Waiver of Fees	Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016	6, 18, 31
AB-931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	7, 18, 47
AB-1230	Gomez	Small Business Capital Access Loan Program and ADA Requirements	Signed by the Governor, Chapter 787, Statutes of 2015	18
AB-1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	18, 38

AB-1280	Maienshein	Sales and Use Tax Exemption	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	7, 18
AB-1288	Atkins	Air Resource Board Appointments	Signed by the Governor, Chapter 586, Statutes of 2015	19
AB-1393	Burke	Expansion of the Role of the California Pollution Control Financing Authority	Held in the Senate Committee on Appropriations, 2015	8, 19
AB-1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	19, 38
AB-1533	Committee on Jobs, Economic Development, and the Economy	Infrastructure and Economic Development Bank Omnibus	Signed by the Governor, Chapter 383, Statutes of 2015	19
AB-1537	Committee on Jobs, Economic Development, and the Economy	Small Business Finance Center	Signed by the Governor, Chapter 191, Statutes of 2015	19
AB-1697	Bonilla	Alternative and Renewable Fuel and Vehicle Technology Program	Signed by the Governor, Chapter 446, Statutes of 2015	19
AB-1782	Maienschein	Register of Franchisor	Vetoed by the Governor, 2016	19
AB-2270	Bonta	California iBank Surety Bond Program	Held on the Suspense File of the Senate Committee on Appropriations, 2016	19
AB-2647	Eduardo Garcia, Medina	Community Development Tax Credit	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 19
AB-2653	Eduardo Garcia, Eggman, Cristina Garcia, Gomez	Climate Change Report Card	Held on Suspense in the Senate Committee on Appropriations, 2016	20

AB-2664	Irwin	University of California Innovation and Entrepreneurship Expansion	Signed by the Governor, Chapter 862, Statutes of 2016	20, 50
AB-2690	Ridley-Thomas	Los Angeles County Metropolitan Transportation Authority	Signed by the Governor, Chapter 204, Statutes of 2016	20, 26
AB-2900	Committee on Jobs, Economic Development, and the Economy	Small Business Centers Reporting	Signed by the Governor, Chapter 582, Statutes of 2016	20
AB-2901	Committee on Jobs, Economic Development, and the Economy	California Competes	Vetoed by the Governor, 2016	9, 20
SB-3	Leno	Minimum Wage Increase	Signed by the Governor, Chapter 4, Statutes of 2016	21, 50
SB-32	Pavley	Greenhouse Gas Emission Reductions	Pending in the Assembly Committee on Appropriations, 2016	10, 21
SB-250	Roth	CALFIRE Accessibility Standards	Died in the Senate Committee on Appropriations, 2016	21
SB-251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	21, 39
SB-348	Galgiani	Sunset Extension for CEQA Railroad Exemption	Signed by the Governor, Chapter 143, Statutes of 2015	21
SB-350	De leon	Renewable Energy Portfolio	Signed by the Governor, Chapter 547, Statutes of 2015	11, 21
SB-406	Jackson	Expansion of Family Leave	Vetoed by the Governor, 2015	21

SB-540	Hertzberg	Lifting of Tax Penalties	Signed by the Governor, Chapter 541, Statutes of 2015	11, 21
SB-600	Pan	Inclusion of Immigrants under Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	11, 22, 33, 53
SB-623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	22, 33, 53
SB-662	Environmental Quality	Recycling Marketing Zones	Signed by the Governor, Chapter 453, Statutes of 2015	12, 22
SB-936	Hertzberg	California Small Business Expansion Fund: corporate guarantees.	Signed by the Governor, Chapter 713, Statutes of 2015	22
SB-1168	Canella	California Agricultural Capital Investment Tax Credit	Returned to the Desk without further action by the Senate Committee on Rules, 2016	12, 22
SB-1272	Runner	Small Business Tax Credit	Held on the Suspense File of the Senate Committee on Appropriations, 2016	12, 22

Disabled Veteran Business Enterprises and Small Business Procurement

Bill Number	Author	Title	Status	Page
AB-351	Jones-Sawyer	Twenty-Five Percent Small Business Goal	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	16, 25
AB-413	Chávez	California Disabled Veteran Business Enterprise Program.	Signed by the Governor, Chapter 513, Statutes of 2015	16, 26
AB-522	Burke	Public Contracts for Information Technology	Vetoed by the Governor, 2015	25, 37
AB-865	Alejo	California Energy Commission Outreach	Signed by the Governor, Chapter 583, Statutes of 2015	7, 27, 32, 46
AB-1125	Weber	State Agency Small Business Contracts	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	27
AB-1218	Weber	Disabled Veteran Business Enterprise Contracts	Held on the Suspense File of the Senate Committee on Appropriations, 2015	27
AB-1302	Brown	Increase in Disabled Veteran Business Enterprise Goal	Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016	18
AB-1445	Brown	Streamlined Contracting Authority	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	26
AB-2690	Ridley-Thomas	Los Angeles County Metropolitan Transportation Authority	Signed by the Governor, Chapter 204, Statutes of 2016	20, 27
AB-2905	Committee on Jobs, Economic Development, and the Economy	Small Business Procurement Goal	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	27

SB-159	Nielsen	California Disabled Veteran Business Enterprise Program: goal achievement.	Moved to the Assembly Inactive File without further action, 2016	27
SB-762	Wolk	Best Value Contracts	Signed by the Governor, Chapter 627, Statutes of 2015	28
SB-1176	Galgiani, Hueso	Small Business Procurement and Definition of Small Business	Vetoed by the Governor, 2016	28
SB-1219	Hancock	State Procurement and Employment Social Enterprises	Vetoed by the Governor, 2016	28, 53

International Trade

Bill Number	Author	Title	Status	Page
AB-189	Bloom	Cultural Districts	Signed by the Governor, Chapter 396, Statutes of 2015	5, 31
AB-484	Gipson	Export Finance	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	31
AB-680	Atkins	California Marketing Program	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	6, 31
AB-755	Ridley-Thomas	Sales and Use of Tax Exemption Los Angeles County Transit Projects	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	6, 18, 31
AB-756	Chang	Waiver of Fees	Returned to the Desk without further action by the Assembly Committee on Revenue and Taxation, 2016	6, 18, 31
AB-816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	7, 31, 46
AB-826	Chau	EB-5 Investment Program	Held under Submission in the Senate Committee on Business, Professions, and Economic Development, 2015	31
AB-865	Alejo	California Energy Commission Outreach	Signed by the Governor, Chapter 583, Statutes of 2015	7, 27, 32, 46
AB-1444	Eduardo Garcia	Foreign Trade Zones	Used for another policy purpose. The measure was held in the Senate Committee on Natural Resources without further action, 2016	32

AB-2170	Frazer	Trade Corridors Improvement Fund	Vetoed by the Governor, 2016	32
AB-2841	Travis Allen	State Infrastructure Seaport Financing	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	9, 32
ACR-66	Bonta	Filipino American History Month	Adopted by the Legislature, Resolution 170, Statutes of 2015	32
AJR-3	Alejo	Cuban embargo.	Adopted by the Legislature, Resolution Chapter 166, Statutes of 2016	32
AJR-14	Chu	Reauthorization of the U.S. Export Import Bank	Adopted by the Legislature, Resolution Chapter 84, Statutes of 2015	32
HR-5	Christina Garcia	Mexico Human Rights Violation	Adopted by the Legislature, 2016	10, 33, 50
SB-63	Hall	Seaport infrastructure financing districts.	Signed by the Governor, Chapter 793, Statutes of 2015	33
SB-249	Hueso	Enhanced Drivers Licenses	Vetoed by the Governor, 2015	11, 33
SB-600	Pan	Inclusion of Immigrants under Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	11, 22, 33, 53
SB-623	Lara	Right of Undocumented Workers to Worker's Compensation	Signed by the Governor, Chapter 290, Statutes of 2015	22, 33, 53
SCR-6	Monning	Sister State Relationship with Santa Fe, Argentina	Adopted by the Legislature, Resolution Chapter 91, Statutes of 2015	33
SCR-25	Block	Israel Memorandum of Understanding	Adopted by the Legislature, Resolution Chapter 127, Statutes of 2015	33

SCR-55	Pan	Commemoration of Locke, California	Adopted by the Legislature, Resolution 142, Statutes of 2015	33
SJR-22	Hueso	Funding for the Calexico West Land Port of Entry Project	Adopted by the Legislature, Resolution Chapter 102, Statutes of 2016	34

Regulatory Reform

Bill Number	Author	Title	Status	Page
AB-12	Cooley	State Government Administrative Review	Held on the Suspense File of the Senate Committee on Appropriations, 2015	36
AB-19	Chang	Small Business Regulatory Review	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	15, 37
AB-154	Ting	Tax Conformity	Signed by the Governor, Chapter 359, Statutes of 2015	5, 15, 37
AB-251	Levine	Subsidies for Public Works	Vetoed by the Governor, 2015	5, 16, 37
AB-419	Kim	Online Regulatory Access	These provisions are being implemented administratively	36
AB-522	Burke	Public Contracts for Information Technology	Vetoed by the Governor, 2015	25, 37
AB-582	Calderon	Entrepreneur-in-Residence Act of 2016.	Held under Submission in the Senate Committee on Appropriations, 2016	17, 37
AB-866	Eduardo Garcia	Small Business Regulatory Fairness Act of 1996	Used for another policy purpose. The measure failed to move from the Senate Floor, 2016	38
AB-894	Patterson	Tax Credit for Education Expenses	Held on the Suspense File of the Assembly Committee on Revenue and Taxation, 2015	38
AB-1033	Eduardo Garcia	Small Business Regulatory Impacts	Signed by the Governor, Chapter 346, Statutes of 2016	38

AB-1245	Cooley	Unemployment Insurance Electronic Reporting and Funds Transfers	Signed by the Governor, Chapter 222, Statutes of 2015	18, 38
AB-1286	Mayes	California Regulatory Reform Council	Held without further action by the Assembly Committee on Appropriations, 2016	38
AB-1471	Perea	Update to Corporations Code	Signed by the Governor, Chapter 189, Statutes of 2015	19, 38
AB-2605	Nazarian	Office of Permit Assistance	Signed by the Governor, Chapter 78, Statutes of 2016	38
SB-251	Roth	Small Business Litigation Relief	Vetoed by the Governor, 2015	21, 39
SB-606	Nielson	Small Business Appeals Board	Returned to the Desk by the Senate Committee on Governmental Organization without further action, 2016	38
SB-734	Galgiani	California Environmental Quality Act Judicial Review Extension	Signed by the Governor, Chapter 210, Statutes of 2016	12, 39
SB-1228	Runner	California Small Business Regulatory Fairness Act	Held on the Suspense File of the Senate Committee on Appropriations, 2016	39

Workforce Development

Bill Number	Author	Title	Status	Page
AB-17	Bonilla	Tax Credit for Qualified Tuition Program	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	45
AB-80	Campos, Alejo, Bonta, Jones-Sawyer, Williams	Interagency Task Force on the Status of Boys and Men of Color	Vetoed by the Governor, 2015	4, 45
AB-151	Rodriguez	Tax Credits for Apprenticeships	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	34
AB-288	Holden	College and Career Pathways	Signed by the Governor, Chapter 618, Statutes of 2015	43
AB-357	Chiu	Food and Retail Employee Work Schedules	Died on the Assembly Inactive File, 2016	16, 45
AB-526	Holden	Attendance at Community College Summer Program	Signed by the Governor, Chapter 431, Statutes of 2016	46
AB-544	Mullen	Income Tax Credits for Research Activities	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	6, 17, 46
AB-667	Wagner	Defining Professional Finders	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	17, 46
AB-676	Calderon	Disclosure of Employment Status	Vetoed by the Governor, 2015	46
AB-816	Bonta	Worker Cooperative Corporations	Signed by the Governor, Chapter 192, Statutes of 2015	7, 31, 46

AB-865	Alejo	California Energy Commission Outreach	Signed by the Governor, Chapter 583, Statutes of 2015	7, 27, 32, 46
AB-916	O'Donnell	Career Technical Education Student Organization	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	46
AB-931	Irwin	New Hire Tax Credit	Vetoed by the Governor, 2015	7, 18, 47
AB-968	Williams	Student Transcripts	Vetoed by the Governor, 2015	45
AB-1058	Atkins	Second Chance Program	Signed by the Governor, Chapter 748, Statutes of 2015	47
AB-1090	O'Donnell	Sales and Use Taxes-Reshoring Jobs	Held without further action by the Assembly Committee on Jobs, Economic Development, and the Economy, 2016	7, 47
AB-1093	Eduardo Garcia	Workforce Development to Reduce Prison Recidivism	Signed by the Governor, Chapter 220, Statutes of 2015	47
AB-1181	Calderon	Career Technical Education	Returned to the Desk without action by the Assembly Committee on Education, 2016	48
AB-1270	Eduardo Garcia, Roger Hernández	Alignment of Federal and State Workforce Training	Signed by the Governor, Chapter 94, Statutes of 2015	48
AB-1598	Assembly Budget Committee	Education Budget Trailer Bill	Held in the Assembly Budget Committee, 2016	48
AB-1669	Roger Hernández	Displaced Employees	Signed by the Governor, Chapter 874, Statutes of 2015	48
AB-1741	Rodriguez, O'Donell	Promise Innovation Grant Fund	Signed by the Governor, Chapter 434, Statutes of 2016	48

AB-1843	Mark Stone	Applicants for employment: criminal history.	Signed by the Governor, Chapter 686, Statutes of 2015	48
AB-2061	Waldron	Supervised Population Workforce Training Grant Program.	Signed by the Governor, Chapter 100, Statutes of 2016	48
AB-2603	Gallagher	Work Based Learning	Signed by the Governor, Chapter 72, Statutes of 2016	49
AB-2105	Rodriguez	Workforce development: allied health professions.	Signed by the Governor, Chapter 410, Statutes of 2015	49
AB-2288	Burke	Apprenticeship Programs under Building and Construction Trades	Signed by the Governor, Chapter 692, Statutes of 2016	49
AB-2448	Burke	Welfare-to-Work Education	Vetoed by the Governor, 2016	49
AB-2475	Gordon	Housing Loan Program at the iBank	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	8
AB-2548	Weber	School Accountability System	Vetoed by the Governor, 2016	47
AB-2642	Eduardo Garcia, Eggman, Cristina Garcia, Gomez, Maienschein	Removing Barriers to Employment Act	Held on the Suspense File of the Assembly Committee on Appropriations, 2016	49
AB-2664	Irwin	University of California Innovation and Entrepreneurship Expansion	Signed by the Governor, Chapter 862, Statutes of 2016	20, 50
AB-2719	Eduardo Garcia	Out of School Youth	Vetoed by the Governor, 2016	50
AB-2908	Committee on Higher Education	Post-Secondary Education Omnibus	Signed by the Governor, Chapter 82, Statutes of 2016	50

AJR-46	Bonta	Workforce Innovation and Opportunities Act.	Adopted by the Legislature, Resolution Chapter 177, 2016	48
HR-5	Christina Garcia	Mexico Human Rights Violation	Adopted by the Legislature, 2016	10, 33, 50
SB-3	Leno	Minimum Wage Increase	Signed by the Governor, Chapter 4, Statutes of 2016	21, 50
SB-9	Beall	Transit and Intercity Rail Capital Program	Signed by the Governor, Chapter 710, Statutes of 2015	10
SB-42	Liu	Higher Education Accountability	Vetoed by the Governor, 2015	50
SB-45	Mendoza	Political Reform Act of 1974: mass mailing prohibition.	Held without further action in the Assembly Committee on Rules pursuant to House Rule 96, 2016	51
SB-66	Leyva	Career Technical Education	Signed by the Governor, Chapter 770, Statutes of 2016	51
SB-81	Senate Budget Committee	Post-Secondary Education Budget	Signed by the Governor, Chapter 22, Statutes of 2015	51
SB-172	Liu	High School Exit Exam	Held on the Suspense File of the Assembly Committee on Appropriations, 2015	52
SB-376	Lara	Compensation of Employees under UC Contracts	Vetoed by the Governor, 2015	52
SB-412	Glazer, De León	Public postsecondary education: The California Promise.	Signed by the Governor, Chapter 436, Statutes of 2015	52
SB-458	Gaines	College Access Tax Credit Fund	Returned to the Desk without further action by the Senate Committee on Governance and	52

			Finance, 2015	
SB-600	Pan	Inclusion of Immigrants under Unruh Civil Rights Act	Signed by the Governor, Chapter 282, Statutes of 2015	11, 22, 33, 53
SB-1123	Leyva	High School Graduation Requirements	Signed by the Governor, Chapter 53, Statutes of 2016	53
SB-1219	Hancock	State Procurement and Employment Social Enterprises	Vetoed by the Governor, 2016	28, 53
SCR-161	De Leon	Los Angeles Basic Bioscience Hub	Adopted by the Legislature, Resolution Chapter 185, 2016	12, 53

Glossary of Terms

Jobs, Economic Development, and the Economy

Abbreviations

BTH: Business Transportation and Housing Agency

BIDs: Business Improvement Districts

CalBIS: California Business Investment Services

CALED: California Association for Local Economic Development

Cal EMA: California Emergency Management Agency

CALGOLD: California Government Online to Desktops

CALWORKS: California Work Opportunity and Responsibility to Kids Program

CCTC: California Competes Tax Credit

CDFI: Community Development Financial Institution

CEDP: California Economic Development Partnership

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: Jobs, Economic Development and the Economy Committee

JTPA: Job Training Partnership Act

LAMBRA: Local Agency Military Base Recovery Area

LHC: Little Hoover Commission

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

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

Definitions:

BUSINESS IMPROVEMENT DISCRITCS (BIDS): Business Improvement Districts are a nonprofit entity specifically former to serve property and business owners. Once formed under California law, the Business Development District is authorized to place an assessment 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, a budget greater than \$18 billion, plus 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 of BTH programs and services were transferred to Governor's Office of Business and Economic Development in 2012.

CALIFORNIA ASSOCIATION FOR LOCAL ECONOMIC DEVELOPMENT (CALED): CALED is a statewide professional economic development organization dedicated to advancing its members' ability 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 COMEPETES 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 merged the duties and powers of the former Governor's Office of Emergency Services with those of the Governor's office of Homeland Security.

CALIFORNIA GOVERNMENT ONLINE TO DESKTOPS (CalGOLD): The CalGOLD database is housed on the Governor's Office of 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, 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 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 aided parents 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 performing 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 performing 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 state through a formula based on population and poverty rates. The three primary goals of 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 CDFI's 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 and 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 DVBE's 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 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: 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 is a one-stop shop intended to help businesses to invest and expand in California.

GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT (GOED): GOED is 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, and 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/current Los Angeles City Councilmember 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 and membership, purpose and 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 Assemblymembers.

LOCAL AGENCY MILITARY BASE RECOVERY AREA (LAMBRA): A LAMBRA is an area located in California that is designated as such by the Business, Transportation and Housing Agency. LAMBRAs are established to stimulate growth and development in areas that experience military base closures. Taxpayers investing, operating, or located within a LAMBRA may qualify for special tax incentives. There are currently 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 streamlining 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 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 has 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 tax payers that increase 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: is 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 number 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).

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 a voluntary assessment 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: is 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 about 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 an 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 3-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 are 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, to resolve disputes, and to 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 by 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 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

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