

2003

## 2003 Summary of Legislation

Assembly Committee on Jobs, Economic Development and the Economy

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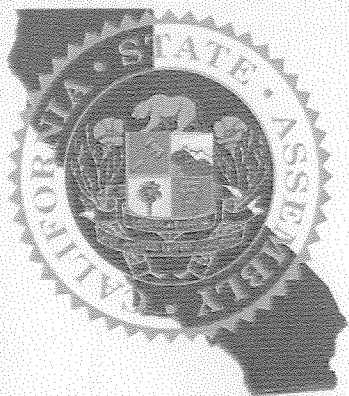
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# 2003 Summary of Legislation

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

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Dear Colleague:

For your information, the staff of our Assembly Committee on Jobs, Economic Development and the Economy has prepared this summary of all the bills that were referred to our Committee during the 2003-2004 Legislative Session. As Chair, I hope that this compilation of bills related to jobs, economic development and the economy will facilitate access to the policy issues discussed this year and the new laws enacted.

Created in 2000, the committee has jurisdiction over state economic development, international and domestic business advocacy, and California foreign trade offices. Additionally, the committee's jurisdictional reach includes interstate commerce, information and emerging technology programs, and small business development and operations.

Over the past session the Committee has heard, and acted on, many important pieces of legislation. To address the challenge of infrastructure funding, the committee approved bills to assist in providing necessary resources. Specifically, the Committee authorized the issuance of \$10 billion in state general obligation bonds to fund loans and grants for local infrastructure and economic development projects. The Committee also approved legislation to require the I-Bank to consider community economic need, the unemployment rate and other factors when determining which infrastructure projects will be funded. In the area of international trade, the Committee approved legislation to continue privately funded foreign trade offices.

During deliberations on the state budget, the Legislature voted to eliminate the funding for the Technology, Trade and Commerce Agency (TTCA). While a few programs were moved to other state agencies or departments during the budget process, some programs were left without state oversight. As a result, the Committee heard and passed legislation to transfer responsibility for the California Spaceport Authority, the Challenge Grant Program, and the Technology Planning Program from TTCA to the State Business, Transportation and Housing Agency. The Committee also transferred responsibility of the California Main Street Program to the Office of Historic Preservation within the Department of Parks and Recreation.

Other legislation was approved to spur economic development by creating new financing mechanisms for the California Debt and Investment Advisory Commission and the California Industrial Development Financing Authority Commission. The Committee also approved legislation to allow enterprise zone designations to be extended for 5 years if certain criteria are satisfied. Legislation was passed to allow local governments to apply for reconfiguration of up to 10% of the geographic boundary of its enterprise zone.

Each of the measures included in this summary is available from several sources:

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- Single copies of chaptered bills may be requested at no cost from the Legislative Bill Room, State Capitol, Room B-32, Sacramento, California 95814 or by calling (916) 445-2323. Copies of vetoed bills are available until early February 2004.
- The Legislative Data Center maintains a website where these bills and analyses are available at <http://www.leginfo.ca.gov/bilinfo.html>.

I trust that this legislative summary is useful to you, and to your constituents in the upcoming year. I have enjoyed the challenges of chairing this Committee during the past year. I look forward to continuing the important work that lies ahead as our state strives to recover from the economic recession.

With hope,

A handwritten signature in cursive script that reads "Mark Ridley-Thomas".

**Mark Ridley-Thomas**  
Chair

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# CONTENTS

<b>AB 11 (Garcia):</b> Enterprise Zones: City of Brawley .....	1
<b>AB 251 (Parra):</b> Interagency Task Force on Excellence in Economic Development .....	2
<b>AB 410 (Haynes):</b> California Neighborhood Initiative.....	4
<b>AB 411 (Haynes):</b> California New Markets Venture Capital Program Act of 2003 .....	5
<b>AB 415 (Strickland):</b> State Contracts: Information Technology .....	6
<b>AB 439 (Matthews):</b> Enterprise Zones .....	7
<b>AB 480 (Ridley-Thomas):</b> Business Development .....	7
<b>AB 516 (Matthews):</b> Enterprise Zones: Designation Period .....	8
<b>AB 531 (Kehoe):</b> Community Infrastructure and Economic Development Bond Act of 2004 .....	9
<b>AB 592 (Ridley-Thomas):</b> Economic Development: Enterprise Zones.....	10
<b>AB 708 (Correa):</b> Enterprise Zones.....	11
<b>AB 716 (Chan):</b> Small Business Financial Development Corporations.....	12
<b>AB 717 (Diaz):</b> Department of Information Technology .....	13
<b>AB 922 (Maze):</b> California Infrastructure and Economic Development Bank: Financing .....	14
<b>AB 969 (Correa):</b> California Tourism Expansion Act of 2003: Tourism Economic Development Zones .....	15
<b>AB 1035 (Aghazarian):</b> Enterprise Zones: Stanislaus County.....	16
<b>AB 1123 (Parra):</b> Urban Development: California Main Street Program.....	17
<b>AB 1178 (Wiggins):</b> California Office of Export Development: California Wines to the World Export Program.....	18

<b>AB 1182 (Ridley-Thomas):</b> Government Financing.....	18
<b>AB 1183 (Ridley-Thomas):</b> California and Mexico Border Economic Infrastructure Financing Authority .....	19
<b>AB 1325 (Houston):</b> Small Business .....	20
<b>AB 1532 (Nakano):</b> Economic Development: Technology Programs .....	21
<b>AB 1613 (Jobs Committee):</b> International Trade and Investment Offices: Private Donations .....	22
<b>AB 1642 (Ridley-Thomas)</b> Tourism: Los Angeles County Tourism Advisory Committee and Marketing Plan .....	23
<b>SB 103 (Alpert):</b> Sales and Use Taxes: Nexus .....	24
<b>SB 403 (Florez):</b> Information Technology.....	26
<b>SB 527 (Vasconcellos):</b> Economic Development: Task Force .....	30
<b>SB 623 (Ducheny):</b> International Trade.....	30
<b>SB 926 (Knight):</b> Economic Development.....	32

## AB 11 (Garcia): Enterprise Zones: City of Brawley.

**Existing laws** effective January, 2004, would repeal provisions relating to the TTCA.

Authorizes the Technology, Trade and Commerce Agency (TTCA) to designate up to 42 enterprise zones, based on a competitive application process. Currently, 39 enterprise zones have been designated.

Requires TTCA to compare applications for enterprise zone designation and select those applications that propose the most effective, innovative, and comprehensive program to attract private sector investment.

Requires TTCA to give special consideration or bonus points in the application process to communities that have high unemployment, a high poverty level, and economic distress factors such as a natural disaster, military base closure, and plant closure.

Provides that once designated, an enterprise zone is binding for 15 years. Allows certain enterprise zones to apply for a five-year extension.

Provides that businesses

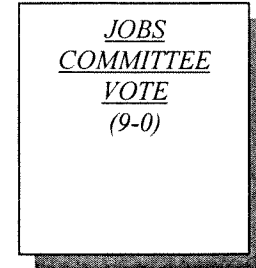
located within an enterprise zone may receive state tax benefits relative to manufacturing equipment, specified wage credits, losses, deduction of interest, and amortization of specified equipment.

Allows for the designation of an economically troubled area as a Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area, or Manufacturing Enhancement Area (MEA).

Establishes the Los Angeles Revitalization Zone to stimulate growth, create jobs, and rebuild business within portions of Los Angeles County.

Allows TTCA to designate up to two MEAs, upon the request of cities that meet, at a minimum, the following criteria:

- The unemployment rate in the county in which the applicant is located has been at least three times the state average from 1990 to 1995, inclusive;
- The applicant city is, or portions of the city are, designated a federal enterprise community or



empowerment zone pursuant to federal law;

- The applicant city is Located in a Border Environment Cooperation Commission region, as specified in federal law; and

At least one of the following:

- The designated area has grown by less than five percent in population per year for each of the two years proceeding the application date.
- The median household income for the designated area is under \$25,000 per year.
- The designated area has a population of under 20,000 persons according to the 1990 federal census.
- The designated area is

located in a rural community.

**Status:** Held in Assembly  
Appropriations Committee

**This bill** requires the designation of the City of Brawley as an enterprise zone.

Requires TTCA, upon request of the city council, to designate an enterprise zone in the City of Brawley that contains the same geographic boundaries as the area's current MEA.

Provides that upon designation as an enterprise zone the City of Brawley shall cease to be a MEA.

## **AB 251 (Parra): Interagency Task Force on Excellence in Economic Development.**

**Existing law** effective January, 2004, would repeal provisions relating to the TTCA.

Provides that the Secretary of TTCA shall lead the preparation of a biennial California Economic Development Strategic Plan and do the following (CEDSP):

- Review the recommendations made by the CEDSP in their biennial economic development strategic plan document relative to the economic goals for the state, a prioritized list

identifying significant issues learned from economic development strategic plan panel meetings, proposals for legislation, regulations, and administrative reforms necessary to improve the business climate and economy of the state, evaluation of the effectiveness of the state's economic development programs, a list of key industries in which the state shall focus its economic development efforts, and strategies to foster job growth and economic development covering all state agencies,

JOBS  
COMMITTEE  
VOTE  
(10-0)

offices, boards, and commissions that have economic development responsibilities.

- Convene a biennial economic strategy 15-member panel, chaired by the Secretary of TTCA, to provide recommendations regarding a California



economic development strategic plan.

**This bill** requires the Secretary of TTCA, and the Secretary of Labor, to establish an Interagency Task Force on Excellence in Economic Development (Task Force) designed to develop a unified state economic development strategy by March 1, 2004.

Makes legislative findings and declarations as follows:

- To ensure a successful long-term economic recovery, California must craft a strong and effective economic development policy; particularly given the current economic downturn and fiscal crisis in state government.
- More than two dozen departments and agencies administer California's economic development programs, yet no single report, document, or data source presents a comprehensive picture of state economic development expenditures.
- Improved coordination is needed between existing state and local economic development programs.

Declares the Legislature's intent to do the following:

- Improve the state's capacity to identify, coordinate, and evaluate the state's investments in economic development in order to meet the regional needs of business and industry.
- Develop strategies to ensure that the state's investments are designed to meet current economic development needs and priorities.

Provides that the membership of the Task Force may include, but need not be limited to, representatives of departments and agencies operating or overseeing economic and business development and workforce education and training programs.

Requires the Task Force to do all of the following to the extent feasible:

- Inventory the state's current investments in economic development programs, including, but not limited to, on-budget programs and those supported by tax expenditures as identified by the California Budget Project in its January 2002 report.
- Consult with academic experts and economists

in designing an effective evaluation strategy that will provide the state with outcome-based assessment tools to guide current and future investments in economic development.

- Consult with the Economic Strategy Panel within TTCA regarding current data on region-by-region economic trends and private sector needs, in order to guide the state's current and future economic development priorities.
- Make recommendations to the Governor and the Legislature no later than September 1, 2004 regarding the following:
  - Goals and objectives guiding the state's economic development investments, and guidelines to be utilized in identifying and earmarking what is to be included in a full inventory of the state's economic development programs.
  - Standards for collecting data needed for program evaluation and assessment as well as recommendations, as needed, for program consolidation and restructuring.

- New strategies for institutionalizing coordination between state and local economic development programs, including, but not limited to, those operated by small business financial development corporations.

Provides that this statute shall be repealed on January 1, 2005, unless a later enacted statute deletes or extends that date.

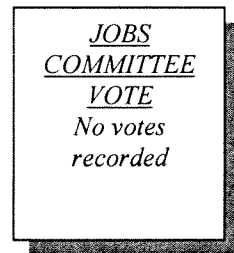
**Status:** Held in Assembly Appropriations Committee

## AB 410 (Haynes): California Neighborhood Initiative .

**Existing law** effective January 1, 2004 would repeal provisions relating to TTCA.

Sets forth the duties of TTCA in overseeing various economic development efforts in the state.

selection preference to communities with a demonstrated need and ability to succeed in neighborhood revitalization through the grassroots, coalition-driven efforts of its residents.



**This bill** establishes the California Neighborhood Initiative (CNI) within TTCA and allows for up to twenty-five California Renewal Communities (CRC).

Requires TTCA to designate and annually recertify the twenty-five CRCs within the state, from nominations submitted by nonprofit community-based organizations or coalitions of nonprofit organizations.

Requires applicants for CRC designation to submit a specified profile of the community's characteristics and any information unique to the neighborhood.

Requires TTCA to give

Specifies that designated communities must form a CRC committee consisting of community leaders that will develop a detailed plan of action.

Requires TTCA to link CRCs with available federal funding, public or private resources, and state resources, including, But not limited to, all of the following:

- State tax benefits, including but not limited to, zero capital gains rate for CRC businesses or business assets, employment wage credits, homeownership credits, and California New Market Venture

Capital Program tax credits.

- Statewide building standards for rehabilitation based on type of renovation, that include, but are not limited to, creation of the commercial revitalization tax credit.
- Brownfield reclamation benefits.
- Risk-based hazardous substance cleanup authority under limited circumstances.
- Housing program outreach to eligible individuals, which includes a statewide

information campaign.

Requires TTCA to create an expeditious process pursuant to which each CRC submits the following reports to the agency:

- A quarterly progress report detailing activities, assessment of whether goals of the neighborhood action plan are being met and having the desired effect.

- An annual report as part of agency recertification needed to maintain CRC designation.
- A biennial report card on the progress in implementing the neighborhood action plan.

**Status:** In Assembly Committee on Jobs, Economic Development and the Economy.

## **AB 411 (Haynes): California New Markets Venture Capital Program Act of 2003 .**

**Existing law** effective January 1, 2004 would repeal provisions relating to TTCA.

Sets forth the duties of TTCA in overseeing various economic development programs in the state.

**This bill** creates the California New Markets Venture Capital (CNMVC) Program and requires the TTCA to enter into agreements with eligible companies to guarantee the debentures of the companies to support investment in small enterprises located in low or moderate income geographic areas.

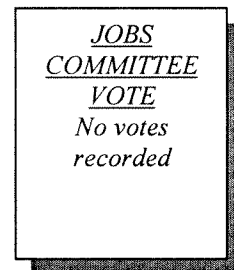
Requires TTCA to establish a CNMVC Program that Meets the following

obligations:

- Enter into participation agreements with eligible CNMVC companies.
- Guarantee the debentures issued by CNMVC companies, as specified.
- Make assistance grants to CNMVC companies, and to other entities, as specified.

Establishes criteria by which venture capital companies become eligible to participate in the CNMVC Program. The CNMVC company selection process shall be designed to promote investments Statewide.

Established specified



management, capital securitization and grant funding criteria and processes by which TTCA must govern the CNMVC Program. Sets forth related guidelines for CNMVC company participation.

Creates a new crime in the form of a misdemeanor for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of the CNMVC Program, or a CNMVC

company, that violates the provisions of this legislation.

Authorizes a tax credit for each taxable year beginning on or after January 1, 2003. The first tax credit should be taken in the initial year of purchase of a qualified equity investment from entities that invest in qualified low-income community businesses.

Specifies that the tax credit for the initial year of

operational , financial purchase, and each of the three years thereafter, is to be computed at five percent of the amount paid for a qualified equity investment. The credit shall be computed at six percent of the amount paid for the qualified equity investment for the following three years.

Allows a credit in an amount equal to 20% of the fair market value of any qualified contribution, as defined, made on or after January 1, 2003, and before January 1

2008, to a non-profit housing or community development organization.

Imposes a state-mandated local program by creating a new crime, yet provides that no reimbursement is required by this act.

**Status:** In Assembly Committee on Jobs Economic Development and the Economy.

## **AB 415 (Strickland): State Contracts: Information Technology.**

**Existing Law** permits the Department of General Services, and any other state agency, when authorized by the department, to contract with suppliers for the purchase of information technology goods and services using a multiple award. A multiple award is defined as an award of an indefinite quantity contract for similar goods, information technology, or services to more than one supplier.

**This bill** would prohibit the department or any other state agency from entering into contracts, or agreeing to contract amendments, using a multiple award, that result, in the aggregate, in the purchase of information technology goods and services that exceeds \$500,000.

**Status:** In Assembly Committee on Jobs, Economic Development and the Economy

JOBS  
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VOTE  
No votes  
recorded

## AB 439 (Matthews): Enterprise Zones: Expansion.

**Existing Law** the existing Enterprise Zone Act provides for the designation of enterprise zones by TTCA to which certain entities within a designated enterprise zone may receive regulatory, tax, and other incentives for private investment and employment. An enterprise zone meeting specified criteria may, upon approval by the agency, be expanded by 15% to include definitive boundaries that are contiguous to the enterprise zone.

**This bill** would increase to 25% the area by which an enterprise zone meeting these criteria may be expanded.

**Status:** In Assembly Committee on Jobs, Economic Development and the Economy.

JOBS  
COMMITTEE  
VOTE  
No votes  
recorded

## AB 480 (Ridley-Thomas): Business Development .

**Existing law** requests that University of California (UC) submit, on or before March 30, 1993, a report to the Governor, Legislature and the Small Business Development Board relative to the status of the state's minority and women-owned or operated businesses and their impact on the state's economy.

issue to the Governor and the Legislature a report relative to the status of the state's minority, disabled persons', and women-owned or operated businesses and their impact on the state's economy.

**Status:** In Senate Rules Committee.

**This bill** authorizes the Joint Committee on Preparing California for the 21st Century, in collaboration with the UC and other entities, to

JOBS  
COMMITTEE  
VOTE  
(10-0)

## AB 516 (Matthews) : Enterprise zones: Designation Period.

**Existing law** effective January 1, 2004 would repeal provisions relating to TTCA.

Authorizes TTCA to designate up to 42 enterprise zones, based on a competitive application process. Currently, 39 enterprise zones have been designated.

Requires TTCA to compare applications for enterprise zone designation and select those applications that propose the most effective, innovative, and comprehensive program to attract private sector investment.

Requires TTCA to give special consideration or bonus points in the application process to communities that have high unemployment, a high poverty level, and economic distress factors such as a natural disaster, military base closure, and plant closure.

Provides that once designated, and enterprise zone is binding for 15 years. Allows enterprise zones designated prior to 1990 and meeting specified criteria to receive a five-year extension.

Authorizes TTCA to allow a local government to expand the contiguous area of an existing zone by up to 15%

(20% for zones that were originally no more than 13 square miles).

Provides businesses located within an enterprise zone with the following state tax benefits.

- A credit for sales and use tax paid on manufacturing equipment purchased during the tax year;
- A hiring credit for qualified employees graduated from 50% of wages paid in the first year down to 10% of wages paid in the fifth year of employment, capped at 150% of the minimum wage;
- A 100% net operating loss carryover for losses associated with operations within the enterprise zone;
- A deduction of interest earned by lenders who loan money to enterprise zone businesses; and
- An election to expense rather than amortize equipment used within the enterprise zone.

Allows for the designation of an economically troubled area as LAMBRA, targeted

JOBS  
COMMITTEE  
VOTE  
(9-0)

Tax Area, or MEA. Establishes the Los Angeles Revitalization Zone to stimulate growth, create jobs, and rebuild business within portions of Los Angeles County.

**This bill** provides that any enterprise zone located in a rural area, irrespective of designation date, may be granted an extension of five years, if it also meets certain criteria.

Requires each rural enterprise zone to meet the following requirements in order to receive an extension.

- The enterprise zone must receive a superior or passing audit review.
- The local jurisdictions comprising the zone must submit an updated economic development plan to the agency justifying the need for an additional five years by defining goals and objectives that still need to be achieved and

indicating what actions are to be taken to achieve these goals and objectives.

**Status:** Held in Assembly Appropriations committee

## **AB 531 (Kehoe): Community Infrastructure and Economic Development Bond Act of 2004.**

**Existing law** provides procedures for the issuance of general obligation bonds.

Established the California Infrastructure and Economic Development Bank (Bank) to provide low-cost financing to public agencies for public works projects.

**This bill** authorizes the issuance of \$10 billion in state general obligation bonds to fund loans and grants for local infrastructure and economic development projects.

Provides that from the sale of bonds the proceeds are to be deposited in the Community Infrastructure and Economic Development Bond Act Account.

Designates the Bank as the administrator of the account.

Provides that bond funds shall be made available for allocation by the Bank for infrastructure projects and reasonable bank administrative costs allocable to the infrastructure projects.

Money in the account may be allocated by the Bank as either grants or loans, or a mixture thereof, in a manner the Bank determines will provide for the maximum leverage of local public and private funds.

Specifies that grants and loans for a specific project not exceed \$25 million, unless the project is deemed by the Bank to meet a critical regional need and approved by a unanimous vote of the board.

Directs the Bank to give significant priority to infrastructure projects that address specified needs or problems such as expanding a community's ability to accommodate increased residential densities.

Prohibits bond funds from accounting for more than 50 percent of the cost of an infrastructure project. An exception is provided for projects that meet certain criteria.

JOBS  
COMMITTEE  
VOTE  
(7-2)

Requires the Bureau of State Audits to conduct periodic audits to ensure that bond proceeds are awarded in a manner consistent with the requirements of this legislation.

Directs the Secretary of State to submit this act to the voters on the statewide general election ballot in November 2004.

Incorporates standard fiscal provisions for the issuance of general obligation bonds.

Makes findings and declarations regarding the widespread and urgent infrastructure needs of local governments.

**Status:** Held in Assembly Appropriations Committee.

## AB 592 (Ridley-Thomas): Economic Development: Enterprise Zones.

**Existing law** effective January 1, 2004 would repeal provisions relating to TTCA.

Authorizes TTCA to designate up to 42 enterprise zones, based on a competitive application process. Currently, 39 enterprise zones have been designated.

Requires TTCA to compare applications for enterprise zone designation and select those applications that propose the most effective, innovative, and comprehensive program to attract private sector investment.

Requires TTCA to give special consideration or bonus points in the application process to communities that have high unemployment, a high poverty level, and economic distress factors such as a natural disaster, military base closure, and plant closure.

Provides that once designated, an enterprise zone is binding for 15 years. Allows certain enterprise zones to apply for a five-year extension.

Authorizes TTCA to allow a local government to expand the contiguous area of an existing zone by up to 15%

(20% for zones that were originally no more than 13 square miles).

Provides businesses located within an enterprise zone with the following state tax benefits.

- A credit for sales and use tax paid on manufacturing equipment purchased during the tax year;
- A hiring credit for qualified employees graduated from 50% of wages paid in the first year down to 10% of wages paid in the fifth year of employment, capped at 150% of the minimum wage;
- A 100% net operating loss carryover for losses associated with operations within the enterprise zone;
- A deduction of interest earned by lenders who loan money to enterprise zone businesses; and
- An election to expense rather than amortize equipment used within the enterprise zone.

JOBS  
COMMITTEE  
VOTE  
(9-0)

Allows for the designation of an economically troubled area as a LAMBRA, Targeted Tax Area, or MEA. Establishes the Los Angeles Revitalization Zone to stimulate growth, create jobs, and rebuild business within portions of Los Angeles County.

**This bill** authorizes a city, county, or city and county to apply to TTCA for the reconfiguration of up to 10% of the geographic boundary of its enterprise zone.

Requires the following conditions to exist for a governing body of an enterprise zone to apply to TTCA for up to a 10% reconfiguration of the zone's existing boundaries:

- The governing body provides to TTCA official notification of its request to reconfigure its boundaries.



- That notification must include a description and map of the proposed boundaries for the reconfigured zone.
- The proposed reconfiguration must occur within the governing body's jurisdiction and must be consistent with the zone's existing size.
- No reconfiguration shall remove a business from an enterprise zone.

- The governing body demonstrates the need for reconfiguration based upon county unemployment statistics, tract data from the most recent United States Census, and the potential for future development of jobs.

Requires TTCA to make a finding that the reconfiguration is consistent with the purposes of the Enterprise Zone Act.

Specifies that reconfiguration does not extend the original Designation period of the zone.

Requires the governing body to report to TTCA, for inclusion in its annual report to the Legislature, evidence of direct increases in employment by businesses that receive zone incentives and benefits.

**Status:** Held in Assembly Appropriations Committee.

## AB 708 (Correa): Enterprise Zones.

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Authorizes TTCA to designate up to 42 enterprise zones, based on a competitive application process. Currently, 39 enterprise zones have been designated.

Requires TTCA to compare applications for enterprise zone designation and select those applications that propose the most effective, innovative, and comprehensive program to attract private sector investment.

Requires TTCA to give special consideration or bonus points in the

application process to communities that have high unemployment, a high poverty level, and economic distress factors such as a natural disaster, military base closure and plant closure.

Provides that once designated, an enterprise zone is binding for 15 years. Allows certain enterprise zones to apply for a five-year extension.

Authorizes TTCA to allow a local government to expand the contiguous area of an existing zone by up to 15% (20% for zones that were originally no more than 13 square miles).

Provides businesses located

JOBS  
COMMITTEE  
VOTE  
(8-0)

within an enterprise zone with the following state tax benefits.

- A credit for sales and use tax paid on manufacturing equipment purchased during the tax year;
- A hiring credit for qualified employees graduated from 50% of wages paid in the first year down to 10% of

wages paid in the fifth year of employment, capped at 150% of the minimum wage;

- A 100% net operating loss carryover for losses associated with operations within the enterprise zone;
- A deduction of interest earned by lenders who loan money to enterprise zone businesses; and
- An election to expense rather than amortize equipment used within the enterprise zone.

Allows for the designation of an economically troubled area as a LAMBRA, Targeted Tax Area, or MEA. Establishes the Los Angeles Revitalization Zone to stimulate growth,

create jobs, and rebuild business within portions of Los Angeles County.

**This bill** provides that any enterprise zone, irrespective of designation date, may be granted an extension of five years, provided it meets certain criteria.

Removes a provision of law that allows only pre-1990 designated enterprise zones to apply for a five-year extension. Accordingly, each enterprise zone could apply for a five-year extension and remain in existence for 20 years.

Requires each enterprise zone to meet the following requirements in order to receive an extension.

- The enterprise zone must receive a superior or passing audit review.
- The local jurisdictions comprising the zone submit an updated economic development plan to the agency justifying the need for an additional five years by defining goals and objectives that still need to be achieved and indicating what actions are to be taken to achieve these goals and objectives.

**Status:** Held in Assembly Appropriations Committee.

## **AB 716 (Chan): Small Business Financial Development Corporations.**

**Existing law** establishes various programs, funds and accounts for the purpose of promoting the economic development of small businesses by making available capital, general management assistance, and other resources, including loan services, personnel, and business advice. Established entities include small business financial development

corporations, the California Small Business Loan Guarantee Program the California Small Business Expansion Fund, and the California Small Business Financial Development Loan Guarantee Account.

Permits the California Small Business Expansion Fund to accept only state funds for the purpose of making

loans, guarantees and restricted investments.

*JOBS*  
*COMMITTEE*  
*VOTE*  
*(10-0)*

**This bill** eliminates the California Small Business Financial Development Loan Guarantee Account and makes clarifying and technical changes.

Creates a "Trust Fund" and "Trust Fund Accounts" to contain funds allocated to particular small business financial development corporations for the purpose of paying loan defaults and claims on bond guarantees for a specific small business financial development corporation.

Provides that the California Small Business Expansion Fund and the Trust Fund can receive state, federal, or local government money, and other public or private money to make loans, guarantees, and restricted investments to small business financial development corporations. Funds in the Expansion Fund may be allocated by the Office of Small Business Development, with the approval of the Department of Finance, to the Trust Fund accounts.

Requires the Executive Director of the Office of Small Business to designate a financial institution to act as a trustee of the Trust Fund.

Makes clarifying and technical amendments and removes certain outdated provisions of law.

**Status:** Chaptered by Secretary of State - Chapter 178, Statutes of 2003.

## **AB 717 (Diaz): Department of Information Technology.**

### **Existing Law**

established on January 1, 1996, the Department of Information Technology (DOIT) which was responsible for providing leadership, guidance and oversight for major information technology projects undertaken by state departments.

On July 1, 2002, the authorizing statutes for DOIT expired when the Legislature did not renew them.

Provided on July 1, 2002, by Executive Order of the Governor, required that each state agency immediately assume responsibility for the prudent oversight of the

management of ongoing information technology projects and procurements within the agency's jurisdiction.

**This bill** would create a new DOIT to provide, in cooperation with the Department of Finance and the Department of General Services, statewide guidance to state agencies on the use, acquisition, and management of information technology.

**Status:** In Assembly Jobs, Economic Development and the Economy.

JOBS  
COMMITTEE  
VOTE  
*No votes  
recorded*

## AB 922 (Maze): California Infrastructure and Economic Development Bank: Financing.

**Existing law** requires the Infrastructure and Economic Development Bank (Bank) to establish criteria, priorities, and guidelines for the selection of projects to receive assistance from the bank.

**This bill** requires the Bank to consider various factors in the selection of infrastructure projects to fund.

Provides that to the extent practicable, priority shall be given to projects consistent with the "Scoring Criteria for Prioritizing Projects" contained in the Bank's publication "Criteria, Priorities and Guidelines for the Infrastructure State Revolving Fund Program." Projects that meet all threshold eligibility criteria set forth in that publication shall be ranked according to points awarded in the following categories:

- Project impact, addressing job creation, job retention, economic base employers, community employment development plans, quality of life, and community amenities;
- Community economic need, addressing the unemployment rate, median family income, change in labor force Employment, and poverty rate.

Requires that the codified selection criteria remain operative until December 31, 2009.

Requires the Bank to report, by December 31, 2007, the effect of the established criteria on the allocation of grants, loans, and other funding for qualifying projects and their effect upon improving local employment and income.

JOBS  
COMMITTEE  
VOTE  
(11-0)

The Bank report shall be submitted to the Governor and the appropriate fiscal and policy committees of the Legislature.

**Status:** Vetoed by Governor.

## AB 969 (Correa): California Tourism Expansion Act of 2003: Tourism Economic Development Zones.

**Existing law** establishes the Office of Tourism within TTCA to adopt a marketing plan to promote California tourism. The Director of the Office of Tourism is required to report annually to the Governor, Legislature, Tourism Marketing Commission and the tourism industry.

Authorizes the establishment of a nonprofit corporation named the California Tourism Marketing Commission, consisting of 37 members charged with increasing the the number of persons traveling to and within California. The Commission may establish a framework for an industry wide referendum on the self-assessment issue.

**This bill** authorizes the City of Anaheim and the City of Garden Grove to create a pilot project to be known as the Tourism Development Council (Council).

Authorizes the cities of Anaheim and Garden Grove, for the purposes of promoting local tourism and financing tourism infrastructure projects, to create a local entity to be known as the Council.

Specifies that the Council shall be administered by an eight-member, unpaid board of directors (Board), comprised of local elected officials and representatives of the tourism industry.

Provides that tourism-related businesses in Anaheim and Garden Grove may apply to be members of the Council, subject to rules established by the Board. These members shall be required to pay membership dues imposed by the Board in order to maintain their membership.

Provides that the Council shall be funded through grants, loans, membership dues, and other governmental and private resources.

Authorizes the Council to raise, hold and expend funds for the purposes of this legislation.

Specifies that the Council shall have no ability to levy taxes or fees upon any entity, and may itself generate no other revenue than that derived from a business which has itself chosen to be a member of the Council and paid all appropriate membership dues.

JOBS  
COMMITTEE  
VOTE  
(11-0)

Prohibits funds from being expended for private individual businesses or for the design, promotion, purchase, or demolition of existing housing stock, as specified.

Requires the cities to evaluate the pilot project jointly and to analyze the value of the Council in promoting tourism Within their boundaries.

Requires the cities to submit a joint report on their findings to the Legislature and to the Technology, Trade and Commerce Agency no later than December 31, 2007.

Specifies a sunset date of January 1, 2009, unless a later enacted statute deletes or extends the date.

**Status:** Held in Senate Local Government.

## AB 1035 (Aghazarian): Enterprise zones: Stanislaus County.

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Authorizes TTCA to designate up to 42 enterprise zones, based on a competitive application process. Currently, 39 enterprise zones have been designated.

Requires TTCA to compare applications for enterprise zone designation and select those applications that propose the most effective, innovative, and comprehensive program to attract private sector investment.

Requires TTCA to give special consideration or bonus points in the application process to communities that have high unemployment, a high poverty level, and economic distress factors such as a natural disaster, military base closure, and plant closure.

Provides that once designated, an enterprise zone is binding for 15 years. Allows enterprise zones designated prior to 1990 and meeting specified criteria to receive a five-year extension.

Authorizes TTCA to allow a local government to expand the contiguous area of an

existing zone by up to 15% (20% for zones that were originally no more than 13 square miles).

Provides businesses located within an enterprise zone with the following state tax benefits:

- A credit for sales and use tax paid on manufacturing equipment purchased during the tax year;
- A hiring credit for qualified employees graduated from 50% of wages paid in the first year down to 10% of wages paid in the fifth year of employment, capped at 150% of the minimum wage;
- A 100% net operating loss carryover for losses associated with operations within the enterprise zone;
- A deduction of interest earned by lenders who loan money to enterprise zone businesses; and
- An election to expense rather than amortize equipment used within the enterprise zone.

Allows for the designation of an economically troubled

*JOBS  
COMMITTEE  
VOTE  
(9-0)*

area as a LAMBRA, Targeted Tax Area, or MEA. Establishes the Los Angeles Revitalization Zone to stimulate growth, create jobs, and rebuild business within portions of Los Angeles County.

**This bill** requires TTCA to designate as an enterprise zone an area within Stanislaus County that meets certain criteria.

Requires TTCA, upon application by the appropriate governing body or bodies, to designate a geographic area or areas within Stanislaus County as an enterprise zone.

Requires all of the following criteria to be met before the area or areas can be designated as an enterprise zone:

- It must be zoned for manufacturing, industrial, or business park uses;

- It must be situated within an incorporated city boundary or community service district; and
- It must be located adjacent to a state highway.

Provides that this legislation shall not be construed to increase the total number of enterprise zones authorized by current law.

**Status:** Senate Housing and Community Development.

## **AB 1123 (Parra): Urban Development: California Main Street Program.**

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Establishes in TTCA the California Main Street Program to provide technical assistance and training for small city governments, business organizations, merchants, and property owners to accomplish community and economic revitalization and development of older central business districts and neighborhoods.

Requires the program to employ the techniques developed by the National Trust of Historic Preservation's Main Street Center which are designed, among other things, to stimulate business reinvestment, create employment opportunities, and create a renewed sense of community pride.

Requires the program to operate according to a plan developed by TTCA and with the assistance of specified organizations, foundations, government offices, and legislative committees.

Requires the development of objective criteria for the selection of eligible communities and a method of inviting communities to submit applications.

**This bill** transfers control of the California Main Street Program from TTCA to the Office of Historic Preservation within the Department of Parks and Recreation.

Declares that the Office of Historic Preservation within the Department of Parks and Recreation shall administer the California Main Street Program within existing resources.

*JOBS  
COMMITTEE  
VOTE  
(10-0)*

Recasts the provisions of law governing the Main Street Program, with certain technical changes, within the Public Resources Code. Repeals the current provisions within the Government Code.

**Status:** Held in Assembly Appropriations Committee.

## AB 1178 (Wiggins): California Office of Export Development: California Wines to the World Export Program.

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Establishes in TTCA the California Office of Export Development (OED) whose purpose is to strengthen the state's activities in marketing its agricultural, manufacturing, and service industries overseas, and to help ensure that California's small and medium-sized companies have better access to foreign market opportunities.

Expresses the intent of the Legislature that the OED promote California as an abundant source of high quality products and services for foreign buyers and that the office pay for the costs associated with these

generic promotional activities. Provides that private firms shall bear, to the extent that is practical, their fair share of the costs involved in participating in export trade shows.

Requires the OED to coordinate its trade promotional activities with the Department of Food and Agriculture and the State Energy Resources Conservation and Development Commission in order to avoid duplication of effort and to maximize the effectiveness of the state's participation in such events.

Requires the OED to submit to the Secretary of TTCA a proposed program of trade promotional activities and events for the office at least once a year.

JOBS  
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VOTE  
(10-0)

**This bill** requires the California OED to coordinate its trade promotional activities with the United States Department of Commerce.

**Status:** Held in Assembly Appropriations Committee.

## AB 1182 (Ridley-Thomas): Government Financing.

**Existing law** creates the California Debt and Investment Advisory Commission, (CDIAC), the California Industrial Development Financing Authority Commission (CIDFAC), and the California Pollution Control Finance Authority (CPCFA.)

**This bill** creates new financing mechanisms for the CDIAC and the CIDFAC

Authorizes the CDIAC to:

- Establish and charge registration fees for attending its educational conferences, and for

JOBS  
COMMITTEE  
VOTE  
(11-0)



materials produced in connection with those conferences;

- Receive and accept gifts from specified entities for achieving any of the purposes contained in its enabling act; and
- Deposit the fees in the California Debt and Investment Advisory Commission Fund and make the funds available for the expenses of CDIAC and the State Treasurer.

Deletes the requirement that CDIAC prepare and publish a report that details the total outstanding state and local public debt.

Updates the name of CDIAC in the chapter title by inserting the word "Investment".

Authorizes CIDFAC to:

- Establish and charge fees to participants in any of its continuing education programs that it determines are reasonably sufficient to cover all of the costs of the program. It may also charge a fee to defray distribution and administrative costs.
- Receive and accept gifts, grants or donations from specified entities that achieve any of the purposes contained in its

enabling act.

Conforms a provision in CPCFA enabling act to federal law.

**Status:** Assembly Floor.

## **AB 1183 (Ridley-Thomas): California and Mexico Border Economic Infrastructure Financing Authority.**

**Existing Law** various federal, state, and local agencies regulate activities relating to providing the infrastructure for coordinating economic development between California and Mexico.

The California Constitution requires that state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that

reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

**This bill** establishes the California and Mexico Border Economic Infrastructure Financing Authority (Authority), also known as the CalMex Border

Economic Infrastructure Financing Authority, to be composed of a specified membership, within the office of the Treasurer.

JOBS  
COMMITTEE  
VOTE  
No votes  
recorded

Requires the Authority to issue revenue bonds for the construction and improvement of infrastructure projects within Imperial County and within 100 kilometers of the border between Imperial County and Mexico.

Requires the authority to establish and maintain the Infrastructure Development Fund into which specified fees charged by the authority would be deposited and be available for the expenses of the authority. It would require the authority to report no later than January 1, 2006, and biennially thereafter, to the Governors of California and Baja California, Mexico, and the Legislature regarding authority business.

By requiring the participation of local entities in the authority, this bill also imposes a state-mandated local program.

Provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

**Status:** In Assembly Committee on Jobs, Economic Development and the Economy.

## **AB 1325 (Houston): Small Business.**

**Existing Law** establishes the Office of Small Business Advocate in the Office of Planning and Research in the Governor's office. One of the duties of the California Small Business Advocate, who is also the Director of the Office of Small Business Advocate, is to counsel small businesses regarding the relationship of small business to state government.

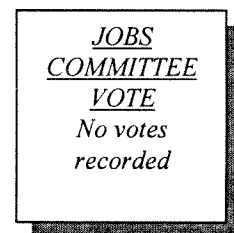
Requires each state agency that significantly regulates small business or that significantly impacts small

business to designate a small business liaison and publicize the position in appropriate agency publications and on the agency's Web site if it has one.

**This bill** would require each state agency that is required to designate a small business liaison to post on its Web site the name and telephone number of its small business liaison and the small business advocate.

Establishes the California

Small Business Development Center Program within the Office of Small Business within TTCA. The agency is required to develop a strategic plan for the program with the cooperation of specified partners, including the Chancellor's Office of the



California Community Colleges and the federal Small Business Administration (SBA). The agency is required to administer the program.

Revises and recast these provisions to require the Small Business Advocate, in consultation with the Agency and the California Community Colleges, to administer the program pursuant to a cooperative agreement with the federal SBA.

Requires the program to be designed to deliver up to-date counseling, training, and technical assistance in all aspects of small business management. Provides that this bill would take effect immediately as an urgency state.

**Status:** In Assembly Committee on Jobs, Economic Development and the Economy.

## **AB 1532 (Nakano): Economic Development: Technology Programs.**

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Establishes the Technology Planning Program and the Challenge Grant Program in TTCA. And requires, subject to the appropriation of funds for this purpose, TTCA to implement a space industry development program. Requires the Secretary of TTCA to convene the California Economic Strategy Panel.

**This bill** transfers responsibility for the California Spaceport Authority, Challenge Grant Program, and Technology

Planning Program from the State TTCA to the State Business, Transportation and Housing Agency (BTHA).

Establishes the Regional Technology Alliances (RTAs) under the administration of BTHA and places the Challenge Grant Program and the Technology Planning Program within the RTA.

Establishes the California Spaceport Authority under the administration of BTHA, and requires the Secretary of Labor Workforce Development to convene the California Economic Strategy Panel.

JOBS  
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VOTE  
(6-0)

**Status:** Chaptered by Secretary of State – Chapter 627, Statutes of 2003.

## **AB 1613 (Jobs Committee): International Trade and Investment Offices: Private Donations.**

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Provides for the establishment of international trade and investments offices (ITIOs) for the promotion of state trade in international markets.

Prohibits the Secretary of TTCA from accepting private sector donations in excess of \$10,000 per quarter from each donor for the purpose of promoting international trade and investment.

Provides that a donor may specify the ITIO for which the private sector money shall be used.

Requires private sector donations to be deposited into the Economic Development and Trade Promotion Account (Account) within the Special Deposit Fund of the State Treasury. Such funds can then be allocated to an ITIO.

Allows Secretary of TTCA to expend moneys in the Account for expenses incurred to promote international trade and investment that will directly benefit California business.

Provides that the name of each donor, the amount of private funds donated, and all expenditures made with such funds are subject to public disclosure.

**This bill** allows for unlimited private donations to the TTCA for specified purposes.

Authorizes the Secretary of TTCA to accept private donations in excess of \$10,000 per quarter per donor for the purposes of promoting international trade and investment.

JOBS  
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VOTE  
(10-0)

Requires an advisory group to be convened for each ITIO that receives 25 percent or more of its annual budget funding from private sector donations.

**Status:** In Senate Banking Commerce and International Trade.

## AB 1642 (Ridley-Thomas) Tourism: Los Angeles County Tourism Advisory Committee and Marketing Plan.

**Existing law** requires the Los Angeles (LA) County Board of Supervisors (Board) to appoint the LA County Tourism Selection Committee, which performs various duties in the formation of the LA County Tourism Marketing Commission.

Sets forth the duties of the Commission in the promotion of tourism to and within the County of LA and sets forth the procedures for an industry referenda, and for the determination of assessments, penalties, and fines on identified businesses.

**This bill** authorizes the formation of the LA County Tourism Advisory Committee and allows for the creation of the LA County Tourism Marketing District (District).

Makes findings and declarations indicating the need to empower the tourism industry within the County of LA to create a governance structure in order to foster marketing efforts directed at specifically attracting tourists to the county.

Repeals provisions of the Government Code that authorize the LA County Tourism Selection Committee

and the LA County Tourism Marketing Commission.

Authorizes the formation of the Committee to be appointed by the Board.

Provides that the committee will consist of 24 representatives from four specified industry categories: accommodations, restaurants and retail, attractions and recreation, and transportation and travel services.

Specifies that the purpose of this legislation is to authorize, upon adoption of a resolution by the Board of Supervisors, assessments on businesses within the District and to provide a uniform tourism promotion and marketing plan to attract tourist visits to areas where tourism is economically important and desired and thereby provide benefits to the economy of the District.

Requires the Committee to issue a report, not later than 150 days after its first meeting, that addresses the following:

- The percentage of funds to be levied against each Industry category.
- The assessment

JOBS  
COMMITTEE  
VOTE  
(6-1)

methodology and rate of assessment within each industry.

- The businesses, if any to be assessed at a reduced rate because they do not sufficiently benefit from travel and tourism.

Requires the Committee to advertise widely its committee process and to schedule public meetings with impacted parties.

Requires the Committee to prepare annually a LA County Tourism Marketing Plan to be administered and Implemented by the Los Angeles Convention and Visitors Bureau.

Provides that the Board can initiate proceedings to establish a District by adoption of a resolution of intention. This resolution must state certain information such as the name of the proposed district, the type of activities to be

funded by the assessment levy, the method and basis of levying the assessment, and the date for a public hearing.

Specifies the means by which protests can be lodged and provides that if a majority of businesses submit protests that cannot be reconciled then proceedings to create the District shall be postponed for one year.

Authorizes the Board to establish the District through adoption of a resolution. The resolution shall contain, among other things, a

determination regarding any protests received at the public hearing, a description of the boundaries of the district, and a statement that the activities to be provided in the District will be funded by the levy of assessments.

Requires the Board to exempt certain businesses from the levy of assessments if specified conditions are met.

Provides that assessments levied on businesses pursuant to this legislation shall be levied on the basis of the estimated benefit to the businesses within the District.

**Status:** In Senate Governmental Organization Committee.

## **SB 103 (Alpert): Sales and Use Taxes: Nexus.**

**Existing law** requires the collection of sales and use taxes.

Imposes a tax on the gross receipts from the sales in this state of, or the storage, use or other consumption in this state of, tangible personal property. This sales tax is imposed upon retailers.

Provides that every retailer engaged in business in this state and making sales of tangible personal property for storage, use, or other consumption in this state, that engages in specified activity in this state shall, at the time of sale or at the time the storage, use or other consumption becomes

taxable, collect the tax from the purchaser.

Defines a "retailer engaged in business in this state" as any of the following:

- Any retailer maintaining, occupying, or using, Permanently or Temporarily, directly or indirectly, or through a subsidiary, or agent, by whatever name called, an office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business.
- Any retailer having any representative, agent, salesperson, canvasser, independent contractor, or solicitor operating in this state under the authority of the retailer or its subsidiary for the purpose of selling, delivering, installing, assembling, or the taking of orders for any tangible personal property.

JOBS  
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(6-4)

Relative to leases, includes any retailer deriving rentals from a lease of tangible personal property situated in this state.

States that the Commerce Clause of the United States Constitution (Art. I, 8, cl. 3) precludes a state from requiring an out-of-state seller to collect and remit the use tax of that state unless both of the following apply [Quill Corp. v. North Dakota (1992) 504 U.S. 298]

Provides that the tax is applied to an activity with a substantial nexus with the taxing state and requires that the tax be fairly related to the services provided by the state.

**This bill** clarifies the deductions that are not allowed to regulated investment companies (RICs) and are allowed to corporations related to distributions received from RICs.

Provides that a retailer "engaged in business in this state" includes any retailer having any representative or independent contractor operating in this state under the authority of the Retailer for the purpose of servicing or repairing tangible personal property.

Provides that a out-of-state retailer is presumed to have an agent within this state and is "engaged in business in this state" for purposes of having the duty to collect California use tax, if both of the following conditions exist:

The out-of-state retailer holds a substantial ownership interest, directly or through a subsidiary, in a retailer maintaining sales locations in California or is owned in whole or in substantial part by such a retailer, or by a parent or subsidiary thereof; and

The out-of-state retailer sells the same or substantially similar products as the retailer maintaining sales locations in California under the same or substantially similar business name, or facilities or employees of the related retailer located in this state are used to advertise or promote sales by the retailer to California purchasers.

Makes various findings and declarations including the following:

- The provisions of this legislation are a prospective clarification of existing law; and

- It is not the intent of the Legislature to extend or broaden the definition of a retailer "engaged in business in the state."

**Status:** Chaptered by Secretary of State. Chapter 655, Statutes of 2003.

## SB 403 (Florez): Information Technology.

**Existing law** sets forth the requirements for the acquisition of information technology (IT) goods and services by the state, and requires all contracts for the acquisition of those goods and services to be made by or under the supervision of the Department of General Services (GS), with expenditures in this regard subject to the review and approval of the Department of Finance (DOF).

Established, prior to July 1, 2002, Department of Information Technology (DOIT) which was required to perform various functions relating to information technology, including, among others, establishing policies regarding confidentiality and privacy of, and public access to, information.

**This bill** establishes the mission and principles of California's IT governance structure and provides a framework to promote successful strategic planning, operational implementation, oversight and accountability.

Declares that the purpose of this legislation, the IT Act of 2003, is to provide a governance framework for IT that is effectively coordinated across organizational boundaries

through the use of strategic planning, oversight and alignment by the State Chief Information Officer, coordination by the IT Board (Board), and operational implementation by state departments and agencies.

Creates the Office of the State Chief Information Officer (Officer), to be appointed by the Governor and confirmed by the Senate, who shall advise the Governor on the strategic management and direction of the state's IT resources.

Authorizes the Officer to require state departments and agencies to submit information necessary to carry out his or her duties, and requires state departments and agencies to cooperate with those requests on a timely basis.

Requires the Officer to:

Develop, review and revise strategic plans for the state's use of IT, with the first plan to be submitted to the Board no later than one year after enactment of this legislation;

Work with the Board to provide state departments and agencies with clear direction on minimum

JOBS  
COMMITTEE  
VOTE  
(8-1)

reporting requirements for IT business needs and planned projects;

Review and evaluate reports submitted by state departments, agencies and programs, identify potential conflicts and omissions, and recommend new amendments, policies, programs or actions to ensure coordination; and

Cooperate with the Board in crafting a strategic plan that can be made operational and is practical to implement.

Creates the Board, consisting of the Officer, the Director of DOF, the Director of DGS, and two members with IT experience appointed by the Officer, one of which shall be employed by a college or university in California. One Assemblymember and one Senator shall be non-voting members of the Board. The Director of the Department of Personnel Administration (DPA) shall also be a



member of the Board for matters related to state IT staff.

Provides that Board members shall not be compensated for their services, except for reimbursement for reasonable expenses incurred while conducting the business of the Board.

Requires the Director of DOF and the Director of DGS to provide assistance to the Board as required.

Requires the Board to:

- Review strategic plans and policy analyses submitted by the Officer for adoption and advise the Officer of implementation issues.
- Direct, upon request of the Officer, a state agency or department to amend, update or replace required reports to correct noted deficiencies.
- Engage in systematic and periodic review of the state's IT project initiation, oversight and security programs, its IT product procurement program, and any IT program administered by any agency selected by the Board for examination.
- Establish criteria for review of IT projects

selected by the Board.

- Conduct IT project oversight hearings and make findings and recommendations on matters such as enterprise-wide technology initiatives, processes, policies, and procedures.

- Report annually a summary of actions, findings and reports of the Board to the Legislature by August 31st.

Authorizes the Board to:

- Adopt or reject a strategic plan submitted by the Officer.
- Require state agencies to provide additional information in their reports if the Board and Officer find that the information is needed for operational guidance. The Board may also impose reporting requirements as needed, and establish project findings and recommendations.
- Delegate its powers related to project review to DOF for projects not selected for review by the Board.

- Establish working groups with state employees to advise the Board.

- Establish criteria by which IT projects are selected for review by the Board.

- Require state departments or agencies administering IT projects selected for Board review to provide all pertinent project performance information, including: compliance with established scope, cost and schedule, all issues, risks, and remediation efforts, and estimated costs and completion schedule. For any IT project selected for Board review, approve or deny permission for a state department or agency to initiate any phase or step in an approved project's schedule. The Board may also delegate this power to DOF, which must annually report to the Board any actions taken under this delegated authority.

- Suspend, reinstate, or terminate any IT project. The Board may also delegate this power to DOF, which must notify the Legislature of all suspensions,

reinstatements, and terminations, as specified.	maintaining the confidentiality of information.	<ul style="list-style-type: none"> <li>• Review proposed IT projects for compliance with statewide strategies, policies and procedures.</li> </ul>
<ul style="list-style-type: none"> <li>• Interpret and clarify definitions set forth in this Act, with the exception of "information technology," which would require the concurrence of DGS in some instances.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policies and procedures for security of the state's informational and physical assets and the preservation of the state's information processing capability.</li> </ul>	<ul style="list-style-type: none"> <li>• Require departments to provide information on IT projects, including compliance with established scope, cost and schedule, all issues, risks, and remediation efforts, and estimated costs and completion schedule.</li> </ul>
In relation to IT project approval, management and oversight programs, requires the DOF to:	<ul style="list-style-type: none"> <li>• Coordinate research and identity solutions to information security (IS) problems.</li> </ul>	
<ul style="list-style-type: none"> <li>• Establish and maintain a framework of policies, procedures, and requirements for the initiation, approval, management, and oversight of IT projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Appoint a state information security officer (ISO) who shall represent the state to the federal government, local government entities, and private industry on statewide IS issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Require departments to perform remedial measures, including independent assessments of project activities, establishment of remediation plans, hiring expert vendors, and additional project reporting.</li> </ul>
<ul style="list-style-type: none"> <li>• Possess and control all relevant records and papers held for the benefit and use of the former DOIT.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policies and procedures, and review compliance by state departments and agencies, to ensure that IT operations will continue to function in the event of a disaster.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct the Office of State Audits and Evaluations in DOF to conduct reviews of IT projects to determine compliance with project and remediation plans.</li> </ul>
<ul style="list-style-type: none"> <li>• Establish and maintain criteria for state departments and agencies to report IT activities to DOF.</li> </ul>		
<ul style="list-style-type: none"> <li>• Assess departments and agencies on their performance in project management, project oversight and project success, and report those findings to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain the confidentiality of information about agency operational recovery plans.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish sanctions for nonperformance by state departments and agencies, including restriction of future project approvals and revocation or reduction of delegated authority.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop policies and procedures for</li> </ul>	In relation to IT project approval, management and oversight programs, authorizes DOF to:	

Make recommendations to the Board to suspend, reinstate or terminate IT projects.	Requires contractors and staff working on sensitive IT projects, as specified, to maintain the confidentiality of all obtained information and not divulge it to any other person or entity.	Expands the list of state agencies whose expenditures are counted as "administrative costs" for the purpose of state government supervision and administration.
Grant or withhold approval to initiate IT projects.		
Determine access by a state department or agency to a state data center, as well as approve a specific methodology used to compute costs and billing rates.	Requires each state agency, as defined, to prepare and submit a report to specified parties on the adequacy of the agency's systems of internal accounting, administration, and information security controls by January 31, 2004 and on December 31 of every subsequent odd-numbered calendar year. If any material inadequacies or weaknesses are identified, they must be noted in the report which shall include a schedule for their correction. IS reports shall remain confidential and not be disclosed to the public.	Deletes certain references to the now defunct DOIT.
Revert unencumbered funds to the fund from which the appropriation was made, in cases where a project was terminated.		Revises the Financial Integrity and State Manager's Accountability Act of 1983 to include "information security" as a key management practice and responsibility.
Requires state agencies to notify DOF, or its designee, of all incidents of intentional unauthorized access of, or damage to, electronic information or data processing equipment. Information related to these incidents that pose a threat to the safety or security of property or information shall be considered confidential and may not be publicly disclosed.	Makes findings and declarations related to the importance of sound planning, oversight and administration of IT projects and the responsibilities of the state and its various agencies in successfully implementing them.	
Requires each state agency that uses or provides IT services to designate an ISO who shall be responsible for implementing state policies and procedures regarding confidentiality and security of information.	Exempts the UC, the California State University, the State Insurance Compensation Fund, the community college districts, constitutional agencies of the Judiciary, and the Legislature from the provisions of this bill.	<b>Status:</b> In Senate. To Unfinished Business. Re-referred to Com. on RLS. Pursuant to Senate Rule 29.10.
	Defines various technical terms to be used in this Act, including "information technology," "infrastructure," "services," and "strategic plan."	

## **SB 527 (Vasconcellos): Economic Development: Task Force.**

**Existing law** effective January 1, 2004, would repeal provisions relating to the TTCA.

Requires the Secretary of TTCA to convene the California Economic Strategy Panel (CESP), which includes specified appointed members, to provide recommendations regarding an economic development strategic plan.

**This bill** would require the Secretary of Labor Workforce Development to lead the preparation of the above-described plan and convene the CESP.

**Status:** In Assembly Committee Jobs, Economic Development and the Economy

JOBS  
COMMITTEE  
VOTE  
No votes  
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## **SB 623 (Ducheny): International Trade.**

**Existing law** effective January 1, 2004 would repeal provisions relating to the TTCA.

Requires the closure of 11 of the 12 California foreign ITIOs.

Abolishes the Office of California- Mexico Affairs, which was an office within TTCA, that sought to develop opportunities for international trade with Mexico.

Provides for the establishment of international trade and investment offices (ITIOs) for the promotion of state trade in international markets.

Prohibits the Secretary of TTCA from accepting private sector donations in excess of \$10,000 per quarter from

each donor for the purpose of promoting international trade and investment.

Provides that a donor may specify ITIO for which the private sector money shall be used.

Authorizes the Secretary of Business, Transportation, Housing Agency (BTHA) to accept private donations for the purposes of promoting international trade and investment and deposited into Economic Development and Trade Promotion Account.

Abolishes the California State World Trade Commission (Commission) in TTCA on January 1, 2004.

**This bill** provides that

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when there is sufficient state and private funding is available, overseas offices of foreign relations shall be established, as specified.

Make the following legislative findings and declarations:

- It is the intent of the Legislature that California maintain its market access with its leading trading partners.

- Declares that Mexico, Japan, Canada, Taiwan, Korea, Mainland China, United Kingdom, Hong Kong, Netherlands, and Germany were California's leading export markets.

Upon the availability of sufficient existing funds, establishes the Office of International Affairs and Protocol (OIAP) within the Governor's office, as specified, for the purpose of promoting and coordinating California's international, commercial, agricultural, environmental, educational, health, cultural, and tourism interests.

Requires OIAP to establish, upon the availability of sufficient non state funding, overseas offices of foreign relations (OFR) after specified criteria are met and the Joint Legislative Budget and specified policy Committees have been notified.

Requires the Governor to appoint a managing director of OFR, as specified, and provides that the Governor advise the Legislature of the appointee 30 days prior to the appointment.

Requires the OIAP and any branch OFR to submit annual reports to the Governor and Legislature beginning February 1, 2004.

Upon the availability of sufficient existing resources, reestablishes the Commission staffed by the Governor's Office of Planning and Research until January 1, 2005.

Provides that the Commission shall be an advisory body to the Governor and the Legislature.

Allows the Commission to raise private sector funds, as specified, to support the state's international trade infrastructure, the operations of the Commission, and any overseas OFRs.

Requires the Commission to submit a biennial report, as specified, to the Legislature on January 15 of every other year and requires the Commission to prepare policy recommendations to the Governor and Legislature by May 1, 2004.

Provides that all of the above provisions sunset January 1, 2005.

Allows a private sector donor to give more than the \$10,000 limit per quarter where the funds are used for overhead Expenses of an overseas OFR.

Defines overhead expenses as rent, supplies and the purchase and maintenance of equipment and furniture.

Provides that records of donations received and expenditures are subject to public disclosure and the information shall be filed with the BTHA within 30 days of receipt of the donation.

**Status:** In Senate. To unfinished business.

## SB 926 (Knight): Economic Development.

**Existing law** effective January 1, 2004, would repeal provisions relating to the TTCA.

Provides for various activities in regard to defense conversion and military base retention and reuse efforts in the state.

Establishes the California Defense Retention and Conversion Council and the Office of Military Base Retention and Reuse within TTCA.

Requires TTCA, subject to an appropriation of funds, to implement a space industry development program. TTCA is required to contract with a nonprofit corporation to assist in its administration of these activities according to specified criteria, as well as serve as the California Spaceport Authority.

Establishes the California Space Industry Advisory Committee within the TTCA to be composed of a specified membership to provide input and recommendations on the competitive grant program and other space industry issues.

**This bill** renames the Office of Military Base Retention and Reuse and provides that the newly named office may solicit and accept private funds.

Changes the name of the Office of Military Base Retention and Reuse to the Office of Military Support(OMS).

Authorizes the OMS, instead of the California Defense Conversion Council, to seek private funds to support the efforts of the OMS and Council.

Establishes the Military Support Account within the Special Deposit Fund in the State Treasury and allows OMS to accept contributions for deposit in that account.

Makes name and reference changes regarding the space enterprise program within the Division of Science, Technology and Innovation in TTCA.

**Status:** Assembly Floor.

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