

**ASSEMBLY BILL**

**No. 742**

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**Introduced by Assembly Member Cervantes**

February 19, 2019

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An act to add Article 4.7 (commencing with Section 12097.60) to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 742, as introduced, Cervantes. Place-Based Economic Strategies Act.

Existing law authorizes the Governor's Office of Business and Economic Development to develop content on its internet website or through other mediums to be used for public dissemination, through outreach activities, in order to provide information and resources to inform the general public about place-based and other geographically targeted economic development programs, including California Promise Zones and California Opportunity Zones. Existing law requires the Governor's Office of Business and Economic Development to convene, at least annually, representatives from various programs and agencies across the state, and from various federal programs and agencies, for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs.

This bill would enact the Place-Based Economic Strategies Act, which would create the Office of Place-Based Economic Strategies, headed by the deputy director of the Office of Place-Based Economic Strategies, for the purposes of supporting place-based and other geographically targeted economic development programs, including, but not limited

to, federal California Promise and California Opportunity Zones. The bill would require the office to serve as a liaison between community and economic stakeholders and the state agencies that oversee programs and offer services that are intended to finance and support business and economic development needs, as specified.

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

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

- 1 SECTION 1. The Legislature finds and declares all of the  
 2 following:
- 3 (a) While California is currently ranked as having the 5th largest  
 4 economy in the world, there remain certain areas of the state for  
 5 which economic security remains out of reach. Addressing the  
 6 systemic and complex challenges faced by these neighborhoods  
 7 requires deep economic and community development work over  
 8 a sustained period of time. Most importantly, change must come  
 9 from within or reinvestment will simply result in gentrification  
 10 and the likely dislocation of lower income residents and small  
 11 businesses.
- 12 (b) The state has a range of resources that could help meet the  
 13 needs of these historically underserved communities, including,  
 14 but not limited to:
- 15 (1) The Governor’s Office of Business and Economic  
 16 Development (GO-Biz), which was established within the  
 17 Governor’s office for the purpose of serving as the lead state entity  
 18 for economic strategy and marketing of California on issues  
 19 relating to business development, private sector investment, and  
 20 economic growth.
- 21 (2) The California Competes Tax Credit was established for the  
 22 purpose of awarding individually negotiated tax credits to  
 23 businesses that operate in California based on the total number of  
 24 jobs created or retained, amount of new capital investments made,  
 25 and the amount of tax credits requested. GO-Biz administers the  
 26 California Competes Tax Credit and is authorized to award \$180  
 27 million in credits annually.
- 28 (3) The California Workforce Development Board (CWDB)  
 29 was established for the purpose of assisting the state in meeting  
 30 the requirements of the federal Workforce Innovation and

1 Opportunity Act of 2014 (Public Law 113-128), as well as assisting  
2 the Governor in the development, oversight, and continuous  
3 improvement of California’s workforce investment system. In  
4 addition to serving as a policy-making body, the CWDB  
5 administers several grant programs, including, but not limited to:  
6 (A) The Supervised Population Workforce Training Grant  
7 Program (Chapter 4 (commencing with Section 1234) of Title 8  
8 of Part 2 of the Penal Code)  
9 (B) Pre-Apprenticeship Support, Training, and Placement Grant  
10 2.0, pursuant to the California Clean Energy Jobs Act (Division  
11 16.3 (commencing with Section 26200) of the Public Resources  
12 Code).  
13 (C) Regional Clusters of Opportunity Grants.  
14 (D) Slingshot Accelerating Income Mobility Through Regional  
15 Collaboration.  
16 (E) Equity, Climate, and Jobs: Model High Road Training  
17 Partnerships.  
18 (F) The Workforce Accelerator Fund.  
19 (4) The Employment Training Panel (Chapter 3.5 (commencing  
20 with Section 10200) of Part 1 of Division 3 of the Unemployment  
21 Insurance Code) was established for the purpose of providing  
22 funding to employers to assist in upgrading the skills of their  
23 workers through training that leads to well-paying and long-term  
24 jobs. Program funding is provided through a special payroll tax  
25 paid by California employers. Eligible “employers” under its core  
26 program include:  
27 (A) Single employers subject to the unemployment insurance  
28 tax.  
29 (B) Groups of employers, including chambers of commerce,  
30 joint apprenticeship training committees, trade associations, and  
31 economic development corporations.  
32 (C) Training agencies, including community colleges and  
33 community college districts, universities or university foundations,  
34 adult schools, regional occupation programs, and private training  
35 agencies, as specified.  
36 (D) Workforce development boards.  
37 (E) Federal Workforce Innovation and Opportunity Act (Public  
38 Law 113-128) recipients, including one-stop career centers now  
39 called America’s Job Centers.

1 (5) The Department of Parks and Recreation was established  
2 for the purpose of managing more than 280 park units, which  
3 possess a diverse collection of natural, cultural, and recreational  
4 resources. The Office of Grants and Local Services administers  
5 grant programs, offers technical assistance, and supports activities  
6 which build local, state, and federal partnerships. Examples of  
7 grant programs include:

8 (A) The Habitat Conservation Fund (Section 2786 of the Fish  
9 and Game Code).

10 (B) The Land and Water Conservation Fund Act of 1965 (Public  
11 Law 88-578; 78 Stat. 897) administered pursuant to Chapter 1.9  
12 (commencing with Section 5099) of Division 5 of the Public  
13 Resources Code.

14 (C) The federal Recreational Trails Program.

15 (D) The California Youth Soccer and Recreation Development  
16 Program (Section 5004.5 of the Public Resources Code).

17 (E) The Outdoor Environmental Education Facilities Grant  
18 Program.

19 (F) The Outdoor Recreation Legacy Partnership Program.

20 (6) The Department of Housing and Community Development  
21 was established for the purpose of preserving and expanding safe  
22 and affordable housing opportunities and promoting strong  
23 communities for all Californians. Among other activities, the  
24 Department of Housing and Community Development administers  
25 housing finance, economic development, and community  
26 development programs and provides technical and financial  
27 assistance to local agencies to support community development.  
28 Examples of programs include:

29 (A) The Affordable Housing and Sustainable Communities  
30 Program (Part 1 (commencing with Section 75200) of Division  
31 44 of the Public Resources Code), which funds land use, housing,  
32 transportation, and land preservation projects that support infill  
33 and compact development and reduce greenhouse gas emissions.

34 (B) The federal State Community Development Block Grant  
35 Program (42 U.S.C. Sec. 5306(d)), which makes grants available  
36 to small cities that do not receive federal State Community  
37 Development Block Grant Program funds directly from the United  
38 States Department of Housing and Urban Development. Funding  
39 is available for activities related to community development,

1 economic development, and community services, as well as  
2 housing activities.

3 SEC. 2. Article 4.7 (commencing with Section 12097.60) is  
4 added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the  
5 Government Code, to read:

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7 Article 4.7. Place-Based Economic Strategies Act

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9 12097.60. This article shall be known and may be cited as the  
10 Place-Based Economic Strategies Act.

11 12097.61. For purposes of this article, the following terms have  
12 the following meanings:

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

17 (b) “California Promise Zone” means a community in this state  
18 that has been designated by the United States Department of  
19 Housing and Urban Development as a Promise Zone.

20 (c) “Office” means the Office of Place-Based Economic  
21 Strategies.

22 12097.62. (a) (1) The Office of Place-Based Economic  
23 Strategies is hereby created within the Governor’s Office of  
24 Business and Economic Development for the purpose of supporting  
25 place-based and other geographically targeted economic  
26 development programs, including, but not limited to, federal  
27 California Promise and California Opportunity Zones.

28 (2) The Deputy Director of the Office of Place-Based Economic  
29 Strategies shall lead, and shall be responsible for, the activities of  
30 the Office of Place-Based Economic Strategies.

31 (b) The office shall support place-based and geographically  
32 targeted economic development areas in their efforts to receive  
33 state assistance, and to access state resources and services,  
34 including, but not limited to, the programs listed in subdivision

35 (c).

36 (c) The office shall serve as a liaison between community and  
37 economic stakeholders and the state agencies that oversee programs  
38 and offer services that are intended to finance and support the  
39 business and economic development needs. These state programs  
40 include, but are not limited to, all of the following:

- 1 (1) California Competes tax credit, pursuant to Sections 17059.2  
2 and 23689 of the Revenue and Taxation Code, or its successor  
3 program.
- 4 (2) All programs administered by the Board of State and  
5 Community Corrections.
- 6 (3) No Place Like Home Program (Part 3.9 (commencing with  
7 Section 5849.1) of Division 5 of the Welfare and Institutions Code).
- 8 (4) All programs administered by the California Workforce  
9 Development Board.
- 10 (5) The Employment Training Fund (Article 6 (commencing  
11 with Section 1610) of Chapter 6 of Part 1 of Division 1 of the  
12 Unemployment Insurance Code).
- 13 (6) All programs administered by the Department of Parks and  
14 Recreation or the Department of Housing and Community  
15 Development that provide grants to local agencies for local park  
16 creation, rehabilitation, or improvement.