



**Senator Anna Caballero**  
REPRESENTING SENATE DISTRICT 12

# California Legislative Session 2019 - How did Opportunity Zone Legislation Perform?

# California Opportunity Zone Bills

- ▶ This year, the California Legislature heard a total of 9 bills related to the Federal Opportunity Zones program and our 879 census tracts
- ▶ Of those 9 bills, only 2 passed the Legislature and received Governor Newsom's signature into law
- ▶ The 2 signed bills were not specific to Opportunity Zones, but included a reference to existing code that mentions the federal program
- ▶ Both bills address forest management, fire safety, and economic development, by connecting forest product technologies' siting within Opportunity Zones

# Bill Details - Bills that (Nearly) Died

- ▶ Establishing a new Center at GO-Biz for Opportunity Zones (AB 742 Cervantes)
- ▶ Establishing a tax credit program for the sale of property in Opportunity Zones, or a tax credit program for specified low-income housing projects in Opportunity Zones (AB 791 Gabriel)
- ▶ Authorizing the California Infrastructure and Economic Development Bank (I-Bank) to provide financing or make credit enhancements for specified projects in Opportunity Zones (AB 1479 Cervantes)

## Dead and two year bills, cont.

- ▶ CEQA litigation streamlining for qualified projects in Opportunity Zones related to housing or economic development (SB 25 Caballero)
- ▶ Conforming state capital gains tax with federal treatment (SB 635 Hueso)
- ▶ Establishing a new board, chaired by the State Treasurer, to administer Opportunity Zone funds to direct private investment equitably among the state's Opportunity Zones (SB 315 Hertzberg)
- ▶ Requiring rental housing landlords in a Promise Zone to report rental payment information to a consumer reporting agency and for Department of Business Oversight (DBO) to contract with a third party to analyze the data, and leverage Promise Zone and Opportunity Zones for economic development (SB 619 Hueso)

# The Two Successful Bills?

- ▶ 2 Opportunity Zones bills were signed into law
  - ▶ AB 991 (Gallagher): Clean up / maintenance of codes, specifically PRC Section 4632 related to insurance pools for prescribed burns
  - ▶ AB 1823 (Assembly Committee on Natural Resources) related to fire protection, clean up to PRC 4630.2
- ▶ Both bills referenced PRC 4630 created by AB 2518 (Aguiar Curry 2018)
  - ▶ This bill carved out a niche use of Opportunity Zones, as part of a larger goal to expand California's timber industry and increase fire protection and safety

# Asm. Aguiar-Curry's AB 2518 (2018)

- ▶ By July 1, 2020, the Forest Health Task Force, in consultation with the Governor's Office of Business Development, the Joint Institute for Wood Products Innovation in the Board of Forestry and Fire Protection, private industry, investors, and other stakeholders shall develop recommendations for siting of additional wood product or mass timber manufacturing facilities in the state.
- ▶ With a goal to be located in, or be proximate to, areas that are near the locations of large landscape fires of greater than 50,000 acres that have occurred since 2005 and in areas identified as **federal opportunity zones** or in areas that have an average household income of 5 percent below the state's median household income.

# Why Didn't OZ Bills Move?

Half of the bills made it through policy committee hearings in their house of origin, only to be held in Appropriations

- ▶ Some impact other politically difficult topics, such as CEQA
- ▶ Some impact general fund revenues

## Enough Supporters?

- OZ bills received varied levels of support, but none with enough weight that it helped to move bills forward
- NONE had similar or wide spread support
- A Coalition of Supporters could come from Economic Development Organizations, Economic Justice Groups, Local Government, Businesses, Builders, Trades, Anti-Poverty NGOs

# Sample Senate Bill Supporters

## SB 25 Caballero

- Habitat for Humanity California (sponsor)
- California Council for Affordable Housing
- City of Merced
- City of Tulare
- Civil Justice Association of California
- Los Angeles County Business Federation (BizFed)
- County of Monterey
- Steinberg Institute

## SB 315 Hertzberg

- Bay Area Council
- Big City Mayors
- California Forward
- Cal OZ

## SB 619 Hueso

- Credit Builders Alliance (sponsor)
- Central City Neighborhood Partners
- Mutual Housing of California
- New Economics for Women
- The Unity Council
- TMC Development Working Solutions



# Dead Bills By the Numbers

Where Bills Died	Number	Percentage of Dead Bills
Assembly Appropriations	3	42.85%
Senate Appropriations	1	14.28%
Assembly Natural Resources	1	14.28%
Assembly Rev. & Tax.	1	14.28%
Assembly Banking & Finance	1	14.28%
TOTAL	7	100%

# Dead Bills By the Numbers

Committee	Number of Bills it Passed Out	Number of Bills it Heard	% of Bills it Heard
Assembly Appropriations	1	4	25%
Senate Appropriations	3	4	75%
Assembly Natural Resources	2	3	66%
Assembly Rev. & Tax.	3	4	75%
Assembly Banking & Finance	0	1	0%

## By the Numbers cont.

- ▶ Together, both Appropriations Committees killed over half of the Opportunity Zones bills - Leadership, Asm L. Gonzalez, Sen. Portantino
- ▶ The other half died in various Assembly Committees:
  - ▶ Natural Resources, Asm Laura Friedman
  - ▶ Rev. & Tax, Jobs, Asm Autumn Burke
  - ▶ Banking & Finance, Asm Limón
- ▶ Assembly Policy Committees did pass some Opportunity Zones bills this year
  - ▶ Policy committees that heard multiple bills were likely to allow one through, but Appropriations brought down the hammer

# What did the Governor Do?

- ▶ Negotiated with the Senate and Assembly for Budget Trailer Bill language late in the session
- ▶ Language was never introduced
- ▶ Focus on affordable housing and green energy
- ▶ Senator Caballero pushed for the inclusion of Ag Tech and market rate housing
- ▶ California Labor Council STRONG opposition due to impact to general fund and pension obligations
- ▶ Assembly Leadership never supported any version

# Success Strategies for 2020?

- ▶ The Administration and the Senate are both interested in pursuing meaningful Opportunity Zone legislation
- ▶ The Fire Management Approach - leverage the OZ program if code is first placed in that allows future bills to connect to it - but this could take too long to matter for California's OZs
- ▶ The political hurdle is the Assembly
- ▶ Coalitions of supporters need to work Assembly Leadership and Assembly policy committees likely to hear Opportunity Zones bills

# Thank You!

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