

## State of California

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### Legislative Change No.

**06-24**

Bill Number: AB 1550

Author: Arambula

Chapter Number: 06-718

Laws Affecting Franchise Tax Board: Government Code Sections 7072, 7073.1, 7074.2, 7082.2, and 7085.1.

Date Filed with the Secretary of the State: September 29, 2006

SUBJECT: Economic Incentive Areas

**Assembly Bill 1550 (Arambula), as enacted on September 29, 2006, made the following changes to California law:**

Section 7072 of the Government Code is amended.

This act does the following:

- Define a "geographically targeted economic development area (G-TEDA)" to mean an area designated as an Enterprise Zone (EZ), a Manufacturing Enhancement Area (MEA), a Targeted Tax Area (TTA), or a Local Agency Military Base Recovery Area (LAMBRA).
- Require all EZs to redraw Targeted Employment Areas (TEAs) within 180 days of new census data becoming available.
- Require a TEA boundary approved prior to the 2000 United States census data to revise to the most recent census data by July 1, 2007. The bill would exempt from this requirement any EZs that will expire on or prior to December 31, 2008.

Section 7073.1 of the Government Code is added.

This act does the following:

- Allow changes to the definition of an EZ's "eligible area" by allowing for noncontiguous boundaries.
- Revise the criteria for designation of an EZ for EZ applications for which the Department of Housing and Community Development (DHCD) has issued solicitation for designation for new EZs on or after January 1, 2007.

Assistant Bureau Director  
Patrice Gau-Johnson

Date  
10/10/06

Section 7074.2 of the Government Code is added.

This act allows DHCD to backdate the effective date of the new zone to the date of the previous zone's expiration in order to cover the gap period between expiration and designation and thereby continue to allow the zone to market the tax incentives during the redesignation period.

Section 7082.2 of the Government Code is added.

This act defines a G-TEDA and extends the existing provisions for dedesignating an EZ to all G-TEDAs. As a result, a taxpayer that elected to avail itself of tax incentives applicable to the G-TEDA prior to dedesignation would continue to be able to avail itself of those tax incentives for a period equal to the remaining life of the G-TEDA, provided the business otherwise is still eligible for those incentives.

Section 7085.1 of the Government Code is added.

This act requires G-TEDAs designated prior to January 1, 2007, to update their goals and objectives as specified by April 15, 2008. A G-TEDA that fails to obtain approved goals and objectives by April 15, 2008, would be dedesignated effective July 1, 2008.

As an urgency measure, this act is effective and operative immediately upon enactment. Specific operative dates are provided for various provisions.

This act does not require any reports by the department to the Legislature.