



STATE CAPITOL  
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CHIEF ADMINISTRATIVE OFFICER  
LIA LOPEZ

Assembly  
California Legislature  
**Committee on Rules**

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LOW, EVAN  
MAIENSCHIN, BRIAN  
TING, PHILIP Y.  
WALDRON, MARIE

ARAMBULA, JOAQUIN (D-ALT)  
DIXON, DIANE (R-ALT)

Monday, April 1, 2024  
10 minutes prior to Session  
State Capitol, Room 126

CONSENT AGENDA

BILL REFERRALS

1. Bill Referrals

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RESOLUTIONS

2. ACR-137 (Pacheco) Cities Week.

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REQUEST TO ADD URGENCY CLAUSE

3. AB 2922 (Garcia) Economic development: capital investment incentive programs

[Page 8](#)



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PHILIP Y. TING  
MARIE WALDRON  
JOAQUIN ARAMBULA (D-ALT.)  
DIANE B. DIXON (R-ALT.)

# Memo

**To:** Rules Committee Members  
**From:** Michael Erke, Bill Referral Consultant  
**Date:** 3/28/2024  
**Re:** Consent Bill Referrals

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Since you received your preliminary list of bill referrals, there have been no changes.

REFERRAL OF BILLS TO COMMITTEE

04/01/2024

Pursuant to the Assembly Rules, the following bills were referred to committee:

<u>Assembly Bill No.</u>	<u>Committee:</u>
<u>AB 2323</u>	RLS.
<u>AB 2613</u>	HEALTH
<u>AB 2735</u>	INS.
<u>AB 2735</u>	L. GOV.
<u>AB 2742</u>	TRANS.
<u>AB 2813</u>	L. GOV.
<u>AB 2829</u>	REV. & TAX.
<u>AB 2829</u>	P. & C.P.
<u>AB 3227</u>	NAT. RES.
<u>AB 3227</u>	W., P., & W.
<u>AB 3287</u>	REV. & TAX.
<u>AB 3288</u>	REV. & TAX.
<u>AB 3289</u>	REV. & TAX.
<u>AB 3290</u>	HIGHER ED.
<u>AB 3291</u>	HUM. S.
<u>ACR 163</u>	RLS.
<u>ACR 164</u>	RLS.
<u>SCR 98</u>	RLS.
<u>SCR 112</u>	RLS.
<u>SCR 116</u>	RLS.
<u>SCR 117</u>	RLS.
<u>SCR 118</u>	RLS.
<u>SCR 120</u>	RLS.
<u>SCR 121</u>	RLS.
<u>SCR 122</u>	RLS.
<u>SCR 123</u>	RLS.
<u>SCR 126</u>	RLS.

**Assembly Concurrent Resolution**

**No. 137**

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**Introduced by Assembly Member Pacheco**

February 1, 2024

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Assembly Concurrent Resolution No. 137—Relative to Cities Week.

LEGISLATIVE COUNSEL’S DIGEST

ACR 137, as introduced, Pacheco. Cities Week.

This measure would proclaim the week of April 14, 2024 to April 20, 2024, to be Cities Week, and would encourage all Californians to be involved in their communities and be civically engaged with their local government.

Fiscal committee: no.

1 WHEREAS, Cities first arose when eight California  
2 municipalities incorporated in 1850, before the territory of  
3 California was admitted to the United States of America in  
4 September 1850; and

5 WHEREAS, The first municipality to incorporate was the city  
6 of Sacramento in 1850, to provide essential safety and health  
7 services to the rapidly growing population of the territory of  
8 California; and

9 WHEREAS, In the 19th and early 20th century, the incorporation  
10 and population of cities increased dramatically during the periods  
11 of economic prosperity and immigration that followed the Gold  
12 Rush and both world wars when the demand for all types of public  
13 services increased, and cities met those needs; and

1 WHEREAS, Cities vary in size and scope and serve diverse  
2 communities throughout California, from small rural  
3 neighborhoods, to large urban regions; and

4 WHEREAS, While cities differ in matters of population,  
5 geography, and economy, they share essential beliefs and values;  
6 and

7 WHEREAS, Cities are created by the same power, exist by  
8 virtue of the same laws, exercise almost identical functions, and  
9 are called upon to meet the same demands and pursue the same  
10 purposes to serve their residents; and

11 WHEREAS, the California Constitution grants a number of  
12 powers to cities, including the authority to promote and regulate  
13 public safety, the authority to raise revenue for public purposes,  
14 and the power to operate public works to furnish residents with  
15 light, water, power, heat, transportation, and communication; and

16 WHEREAS, Today, 482 cities provide millions of Californians  
17 with essential services, including public libraries, fire departments,  
18 police departments, emergency medical and disaster response,  
19 parks and recreation, childcare, community and human services  
20 programs, solid waste and recycling management, water, sewer,  
21 utilities, land use planning, housing, economic development,  
22 transportation planning, maintenance of streets and roads,  
23 telecommunications, and more; and

24 WHEREAS, More than 80 percent of California’s population  
25 resides within municipalities and receive city services; and

26 WHEREAS, Cities remain transparent and accountable to the  
27 communities they serve, and have earned the trust placed in them  
28 by local residents; now, therefore, be it

29 *Resolved by the Assembly of the State of California, the Senate*  
30 *thereof concurring*, That the Legislature hereby proclaims the  
31 week of April 14, 2024, to April 20, 2024, inclusive, to be Cities  
32 Week and encourages all Californians to be involved in their  
33 communities and to be civically engaged with their local  
34 government, and be it further;

35 *Resolved*, That the Chief Clerk of the Assembly transmit copies  
36 of this resolution to the author for appropriate distribution.

O

Date of Hearing: April 1, 2024

ASSEMBLY COMMITTEE ON RULES  
Blanca Pacheco, Chair  
ACR 137 (Pacheco) – As Introduced February 1, 2024

**SUBJECT:** Cities Week.

**SUMMARY:** Proclaims the week of April 14, 2024, to April 20, 2024, to be Cities Week, and encourages all Californians to be involved in their communities and be civically engaged with their local government. Specifically, **this resolution** makes the following legislative findings:

- 1) Cities first arose when eight California municipalities incorporated in 1850, before the territory of California was admitted to the United States of America in September 1850.
- 2) The first municipality to incorporate was the city of Sacramento in 1850, to provide essential safety and health services to the rapidly growing population of the territory of California.
- 3) Cities vary in size and scope and serve diverse communities throughout California, from small rural neighborhoods, to large urban regions. While cities differ in matters of population, geography, and economy, they share essential beliefs and values.
- 4) Cities are created by the same power, exist by virtue of the same laws, exercise almost identical functions, and are called upon to meet the same demands and pursue the same purposes to serve their residents.
- 5) The California Constitution grants a number of powers to cities, including the authority to promote and regulate public safety, the authority to raise revenue for public purposes, and the power to operate public works to furnish residents with light, water, power, heat, transportation, and communication.
- 6) Today, 482 cities provide millions of Californians with essential services, including public libraries, fire departments, police departments, emergency medical and disaster response, parks and recreation, childcare, community and human services programs, solid waste and recycling management, water, sewer, utilities, land use planning, housing, economic development, transportation planning, maintenance of streets and roads, telecommunications, and more.
- 7) More than 80 percent of California’s population resides within municipalities and receive city services. Cities remain transparent and accountable to the communities they serve, and have earned the trust placed in them by local residents.

**FISCAL EFFECT:** None

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

**Analysis Prepared by:** Michael Erke / RLS. / (916) 319-2800

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COMMITTEES  
CHAIR: ENVIRONMENTAL SAFETY AND  
TOXIC MATERIALS  
COMMUNICATION AND CONVEYANCE  
WATER, PARKS, AND WILDLIFE

March 26, 2024

Honorable Blanca Pacheco  
Chair, Assembly Committee on Rules  
1021 O St., Ste. 6240  
Sacramento, CA 95814

**RE: Request to Add Urgency Clause to AB 2922 (E. Garcia)**

Dear Chair Pacheco,

I respectfully request that an urgency clause be added to Assembly Bill 2922 to enable the Capital Investment Incentive Program (CIIP) to go back into effect immediately once it is signed by the Governor. The CIIP, which was originally created in 1997 and extended in 2018, expired as of January 1, 2024.

In the County of Imperial, the CIIP was an integral part of the Lithium Valley Investment Program (LVIP) established by the Board of Supervisors in February 2023. As part of the LVIP, the County voted to opt into the CIIP, allowing it to offer partial property tax abatement to companies involved in the manufacture of lithium batteries for assessed property taxes in excess of \$150 million.

Without an urgency clause, the County will be unable to use CIIPs to compete with other states to attract lithium battery manufactures to Imperial County until January 2025, placing the region at a considerable disadvantage to states that are not only actively recruiting those same manufactures, but that continue to have robust incentive packages in place for that purpose.

Thank you very much for your time and consideration. If you have any questions about this request, please contact Tricia Sarmiento at [Tricia.Sarmiento@asm.ca.gov](mailto:Tricia.Sarmiento@asm.ca.gov) or call our office at (916) 319- 2036.

Sincerely,

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

Assemblymember Eduardo Garcia  
36<sup>th</sup> Assembly District



**ASSEMBLY BILL**

**No. 2922**

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**Introduced by Assembly Member Garcia**

February 15, 2024

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An act to amend Sections 51298 and 51298.5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL’S DIGEST

AB 2922, as introduced, Garcia. Economic development: capital investment incentive programs.

Prior law, until January 1, 2024, authorized a county, city and county, or city to establish a capital investment incentive program, pursuant to which the county, city and county, or city was authorized to pay, upon request, a capital investment incentive amount that does not exceed the amount of property tax derived from that portion of the assessed value of a qualified manufacturing facility, as defined, that exceeds \$150,000,000 to a proponent of a qualified manufacturing facility for up to 15 years.

This bill would reestablish the authorization for capital investment incentive programs until January 1, 2035. The bill would make conforming changes.

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. Section 51298 of the Government Code is  
2 amended to read:

1 51298. It is the intent of the Legislature in enacting this chapter  
2 to provide local governments with opportunities to attract large  
3 manufacturing facilities to invest in their communities and to  
4 encourage industries, such as high technology, aerospace,  
5 automotive, biotechnology, software, environmental sources, and  
6 others, to locate and invest in those facilities in California.

7 (a) Commencing in the 1998–99 fiscal year, the governing body  
8 of a county, city and county, or city, may, by means of an ordinance  
9 or resolution approved by a majority of its entire membership,  
10 elect to establish a capital investment incentive program. In any  
11 county, city and county, or city in which the governing body has  
12 so elected, the county, city and county, or city shall, upon the  
13 approval by a majority of the entire membership of its governing  
14 body of a written request therefor, pay a capital investment  
15 incentive amount to the proponent of a qualified manufacturing  
16 facility for up to 15 consecutive fiscal years. A request for the  
17 payment of capital investment incentive amounts shall be filed by  
18 a proponent in writing with the governing body of an electing  
19 county, city and county, or city in the time and manner specified  
20 in procedures adopted by that governing body. In the case in which  
21 the governing body of an electing county, city and county, or city  
22 approves a request for the payment of capital investment incentive  
23 amounts, both of the following conditions shall apply:

24 (1) The consecutive fiscal years during which a capital  
25 investment incentive amount is to be paid shall commence with  
26 the first fiscal year commencing after the date upon which the  
27 qualified manufacturing facility is certified for occupancy or, if  
28 no certification is issued, the first fiscal year commencing after  
29 the date upon which the qualified manufacturing facility  
30 commences operation.

31 (2) In accordance with paragraph (4) of subdivision (d), the  
32 annual payment to a proponent of each capital investment incentive  
33 amount shall be contingent upon the proponent’s payment of a  
34 community services fee.

35 (b) For purposes of this section:

36 (1) “Qualified manufacturing facility” means a proposed  
37 manufacturing facility that meets all of the following criteria:

38 (A) The proponent’s initial investment in that facility, in real  
39 and personal property, necessary for the full and normal operation  
40 of that facility, made pursuant to the capital investment incentive

1 program, that comprises any portion of that facility or has its situs  
2 at that facility, exceeds one hundred fifty million dollars  
3 (\$150,000,000). Compliance with this subparagraph shall be  
4 certified by the Governor's Office of Business and Economic  
5 Development upon the director's approval of a proponent's  
6 application for certification of a qualified manufacturing facility.  
7 An application for certification shall be submitted by a proponent  
8 to the Governor's Office of Business and Economic Development  
9 in writing in the time and manner as specified by the director.

10 (B) The facility is to be located within the jurisdiction of the  
11 electing county, city and county, or city to which the request is  
12 made for payment of capital investment incentive amounts.

13 (C) The facility is operated by any of the following:

14 (i) A business described in Codes 3321 to 3399, inclusive, or  
15 Codes 541711 or 541712 of the 2012 North American Industry  
16 Classification System (NAICS) Manual published by the United  
17 States Office of Management and Budget.

18 (ii) A business engaged in the recovery of minerals from  
19 geothermal resources, including the proportional amount of a  
20 geothermal electric generating plant that is integral to the recovery  
21 process by providing electricity for it.

22 (iii) A business engaged in the manufacturing of parts or  
23 components related to the production of electricity using solar,  
24 wind, biomass, hydropower, or geothermal resources on or after  
25 July 1, 2010.

26 (iv) A business engaged in the manufacturing of fuels, electrical  
27 parts, or components used in the field of clean transportation or  
28 the production of alternative fuel vehicles or electric vehicles.

29 (D) The proponent is currently engaged in any of the following:

30 (i) Commercial production.

31 (ii) The perfection of the manufacturing process.

32 (iii) The perfection of a product intended to be manufactured.

33 (2) "Proponent" means a party or parties that meet all of the  
34 following criteria:

35 (A) The party is named in the application to the county, city  
36 and county, or city within which the qualified manufacturing  
37 facility would be located for a permit to construct a qualified  
38 manufacturing facility.

39 (B) The party will be the fee owner of the qualified  
40 manufacturing facility upon the completion of that facility.

1 Notwithstanding the previous sentence, the party may enter into  
2 a sale-leaseback transaction and nevertheless be considered the  
3 proponent.

4 (C) If a proponent that is receiving capital investment incentive  
5 amounts subsequently leases the subject qualified manufacturing  
6 facility to another party, the lease may provide for the payment to  
7 that lessee of any portion of a capital investment incentive amount.  
8 Any lessee receiving any portion of a capital investment incentive  
9 amount shall also be considered a proponent for the purposes of  
10 subdivision (d).

11 (3) “Capital investment incentive amount” means, with respect  
12 to a qualified manufacturing facility for a relevant fiscal year, an  
13 amount up to or equal to the amount of ad valorem property tax  
14 revenue allocated to the participating local agency, which excludes  
15 the revenue transfers required by Sections 97.2 and 97.3 of the  
16 Revenue and Taxation Code, from the taxation of that portion of  
17 the total assessed value of that real and personal property described  
18 in subparagraph (A) of paragraph (1) that is in excess of one  
19 hundred fifty million dollars (\$150,000,000).

20 (4) “Manufacturing” means the activity of converting or  
21 conditioning property by changing the form, composition, quality,  
22 or character of the property for ultimate sale at retail or use in the  
23 manufacturing of a product to be ultimately sold at retail.  
24 Manufacturing includes any improvements to tangible personal  
25 property that result in a greater service life or greater functionality  
26 than that of the original property.

27 (c) (1) A city or special district may, upon the approval by a  
28 majority of the entire membership of its governing body, pay to  
29 the county, city and county, or city an amount equal to the amount  
30 of ad valorem property tax revenue allocated to that city or special  
31 district, but not the actual allocation, derived from the taxation of  
32 that portion of the total assessed value of that real and personal  
33 property described in subparagraph (A) of paragraph (1) of  
34 subdivision (b) that is in excess of one hundred fifty million dollars  
35 (\$150,000,000).

36 (2) For purposes of this subdivision, “special district” shall not  
37 include a school district or a community college district.

38 (d) A proponent whose request for the payment of capital  
39 investment incentive amounts is approved by an electing county,  
40 city and county, or city shall enter into a community services

1 agreement with that county, city and county, or city that includes,  
2 but is not limited to, all of the following provisions:

3 (1) A provision requiring that a community services fee be  
4 remitted by the proponent to the county, city and county, or city,  
5 in each fiscal year, in an amount that is equal to 25 percent of the  
6 capital investment incentive amount calculated for that proponent  
7 for that fiscal year, except that in no fiscal year shall the amount  
8 of the community services fee exceed two million dollars  
9 (\$2,000,000).

10 (2) A provision specifying the dates in each relevant fiscal year  
11 upon which payment of the community services fee is due and  
12 delinquent, and the rate of interest to be charged to a proponent  
13 for any delinquent portion of the community services fee amount.

14 (3) A provision specifying the procedures and rules for the  
15 determination of underpayments or overpayments of a community  
16 services fee, for the appeal of determinations of any underpayment,  
17 and for the refunding or crediting of any overpayment.

18 (4) A provision specifying that a proponent is ineligible to  
19 receive a capital investment incentive amount if that proponent is  
20 currently delinquent in the payment of any portion of a community  
21 services fee amount, if the qualified manufacturing facility is  
22 constructed in a manner materially different from the facility as  
23 described in building permit application materials, or if the facility  
24 is no longer operated as a qualified manufacturing facility meeting  
25 the requirements of paragraph (1) of subdivision (b). If a proponent  
26 becomes ineligible to receive a capital investment incentive amount  
27 as a result of an agreement provision included pursuant to this  
28 subparagraph, the running of the number of consecutive fiscal  
29 years specified in an agreement made pursuant to subdivision (a)  
30 is not tolled during the period in which the proponent is ineligible.

31 (5) A provision that sets forth a job creation plan with respect  
32 to the relevant qualified manufacturing facility. The plan shall  
33 specify the number of jobs to be created by that facility, and the  
34 types of jobs and compensation ranges to be created thereby. The  
35 plan shall also specify that for the entire term of the community  
36 services agreement, both of the following shall apply:

37 (A) All of the employees working at the qualified manufacturing  
38 facility shall be covered by an employer-sponsored health benefits  
39 plan, with the exception of any employee who was offered but  
40 declined coverage due to other available group coverage.

1 (B) The average weekly wage, exclusive of overtime, paid to  
 2 all of the employees working at the qualified manufacturing  
 3 facility, who are not management or supervisory employees, shall  
 4 be not less than the state average weekly wage. For the purpose  
 5 of this subdivision, “state average weekly wage” means the average  
 6 weekly wage paid by employers to employees covered by  
 7 unemployment insurance, as reported to the Employment  
 8 Development Department for the four calendar quarters ending  
 9 June 30 of the preceding calendar year.

10 (6) (A) In the case in which the proponent fails to operate the  
 11 qualified manufacturing facility as required by the community  
 12 services agreement, a provision that requires the recapture of any  
 13 portion of any capital investment incentive amounts previously  
 14 paid to the proponent equal to the lesser of the following:

15 (i) All of the capital investment incentive amounts paid to the  
 16 proponent, less all of the community services fees received from  
 17 the proponent, and less any capital investment incentive amounts  
 18 previously recaptured.

19 (ii) The last capital investment incentive amount paid to the  
 20 proponent, less the last community services fee received from the  
 21 proponent, multiplied by 40 percent of the number of years  
 22 remaining in the community services agreement, but not to exceed  
 23 10 years, and less any capital investment incentive amounts  
 24 previously recaptured.

25 (B) If the proponent fails to operate the qualified manufacturing  
 26 facility as required by the community services agreement, the  
 27 county, city and county, or city may, upon a finding that good  
 28 cause exists, waive any portion of the recapture of any capital  
 29 investment incentive amount due under this subdivision. For the  
 30 purpose of this subdivision, good cause includes, but is not limited  
 31 to, the following:

32 (i) The proponent has sold or leased the property to a person  
 33 who has entered into an agreement with the county, city and  
 34 county, or city to assume all of the responsibilities of the proponent  
 35 under the community services agreement.

36 (ii) The qualified manufacturing facility has been rendered  
 37 inoperable and beyond repair as a result of an act of God, civil  
 38 disorder, failure of power, riots, insurrections, war, acts of  
 39 terrorism, or any other causes, whether the kind herein enumerated  
 40 or otherwise, not within the control of the qualified manufacturing

1 facility claiming good cause, which restrict or interfere with a  
2 qualified manufacturing facility's ability to timely perform, and  
3 which by the exercise of reasonable due diligence, such party is  
4 or would have been unable to prevent or overcome.

5 (C) For purposes of this subdivision, failure to operate a  
6 qualified manufacturing facility as required by the community  
7 services agreement includes, but is not limited to, failure to  
8 establish the number of jobs specified in the jobs creation plan  
9 created pursuant to paragraph (5).

10 (e) (1) Each county, city and county, or city that elects to  
11 establish a capital investment incentive program shall notify the  
12 Governor's Office of Business and Economic Development of its  
13 election to do so no later than June 30th of the fiscal year in which  
14 the election was made.

15 (2) In addition to the information required to be reported  
16 pursuant to paragraph (1), each county, city and county, or city  
17 that has elected to establish a capital investment incentive program  
18 shall notify the Governor's Office of Business and Economic  
19 Development each fiscal year no later than June 30th of the amount  
20 of any capital investment incentive payments made and the  
21 proponent of the qualified manufacturing facility to whom the  
22 payments were made during that fiscal year.

23 (3) The Governor's Office of Business and Economic  
24 Development shall compile the information submitted by each  
25 county, city and county, and city pursuant to paragraphs (1) and  
26 (2) and submit a report to the Legislature containing this  
27 information no later than October 1, every two years commencing  
28 October 1, ~~2016~~. 2026.

29 ~~(f) This section shall become operative on July 1, 2015.~~

30 SEC. 2. Section 51298.5 of the Government Code is amended  
31 to read:

32 51298.5. (a) This chapter shall remain in effect only until  
33 January 1, ~~2024~~. 2035.

34 (b) A capital investment incentive program established pursuant  
35 to this chapter before January 1, ~~2024~~, 2035, may remain in effect  
36 for the full term of that program, regardless of ~~the repeal of this~~  
37 ~~chapter~~. *whether this chapter becomes inoperative or is repealed.*

O