

An act to amend Sections 12099.1, 12099.2, 12099.3, 12099.4, 10299.5, 12099.6, and 12099.7 of, and to repeal Section 12099 of, the Government Code, relating to state government, and making an appropriation therefor.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 12099 of the Government Code is repealed.

~~12099. The Legislature finds and declares all of the following:~~

~~(a) Job creation through rapid technology commercialization is a vital part of the state's economic well-being, as identified in a January 2012 symposium held by the Brookings Institute.~~

~~(b) Innovation and tech-driven entrepreneurial activity coupled with venture investment creates small business startups and expansions at an accelerated rate, which leads to significant employment opportunities that contribute to the state's financial health and economic competitiveness.~~

~~(c) In order to maintain a healthy state economy and to aid communities, entrepreneurship and technology-based small businesses must be stimulated and supported.~~

~~(d) The Innovation Hubs (iHubs) are operated in California through a cooperative agreement between the Governor's Office of Business and Economic Development (GO-Biz) and geographically distinct regions, all of which are partnered with public universities, community college districts, local governments, research institutions, industry, angel and venture capital networks, and traditional financial institutions. The iHubs are California's premier resource for facilitating the success of entrepreneurial and small technology startups that can grow California's economy by assisting business owners in creating and retaining jobs, increasing sales and profits, securing business financing, and creating a successful new business climate in the state.~~

~~(e) The iHubs' economic impact in fostering entrepreneurial business activity leads to job creation and an innovation in the economy by establishing a formal partnership between the office and the iHub program.~~

~~(f) It is necessary to establish a fund that would enable the office to obtain funding from private sources, for appropriation to state-designated iHubs, iHub partner organizations, and within state iHub-designated regions for the purpose of establishing, promoting, and enhancing California's innovation and entrepreneurship ecosystem.~~

SEC. 2. Section 12099.1 of the Government Code is amended to read:

12099.1. (a) The California Inclusive Innovation Hub Program is hereby created within the ~~office.~~ office, within GO-Biz.

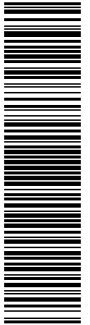
(b) The office shall designate Inclusive Innovation Hubs within the state to stimulate partnerships, economic development, and job creation for underserved geographic areas, industry sectors, and business owners by leveraging assets to provide an innovation platform for startup businesses, research institutions, economic development organizations, business groups, and venture capitalists. The assets may include, but are not limited to, research parks, technology incubators, universities, and federal laboratories.

(c) The office shall oversee, coordinate, and provide assistance to each iHub².

SEC. 3. Section 12099.2 of the Government Code is amended to read:

12099.2. For purposes of this article, the following terms shall be defined as follows:

(a) "Applicant" means one or more entities that submit an application to ~~GO-Biz.~~ the office. Eligible applicants shall be one or more of the following:



- (1) A fully accredited institution of higher education.
- (2) A private nonprofit corporation engaged in economic development activities.
- (3) A county or municipality in this state that has a preexisting economic development department or program or both.
- (4) A public economic development institution such as a workforce investment board or an economic development corporation.

(b) “GO-Biz” means the Governor’s Office of Business and Economic Development.

(b) “Innovation Hub” or “iHub”

(c) “Inclusive Innovation Hub,” “iHub Squared,” or “iHub²” means a partnership between interrelated firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a defined geographic-area. area and for defined underserved geographic areas, industry sectors, and business owners.

(c) “iHub

(d) “iHub² coordinator” means the individual or entity agreed to by the iHub iHub² partnership that is responsible for all of the following:

- (1) Implementing the objectives of the ~~iHub~~ iHub².
- (2) Serving as the primary agent responsible for coordinating services and resources and maintaining the ~~iHub~~ iHub² partnership.
- (3) Serving as the primary liaison to the state and the office.

(f) “Office” means the Office of the Small Business Advocate.

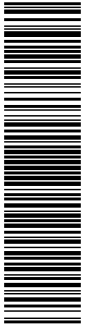
SEC. 4. Section 12099.3 of the Government Code is amended to read:

12099.3. (a) The office shall issue a request for proposals for the California

Inclusive Innovation Hub Program.

(b) An applicant’s proposal shall include, but shall not be limited to, all of the following information:

- (1) A statement of purpose.
- (2) A signed statement of cooperation and a description of the roles and relationships of each entity involved in the ~~iHub~~ iHub² partnership.
- (3) A designated ~~iHub~~ iHub² coordinator.
- (4) A clear explanation and map conveying the ~~iHub’s~~ iHub² physical boundary.
- (5) A clearly stated designee to coordinate ~~iHub~~ iHub² activities.
- (6) A clearly identified central location.
- (7) Clearly identified benchmarks or milestones with approximate dates as to when they will be achieved.
- (8) A complete budget including a description of secured funds with proof, pending funds, and potential future funding sources.
- (9) A list and brief description of local and regional incentives and support programs.
- (10) A clearly articulated commercial market focus and plan.
- (11) A clearly articulated ~~iHub~~ iHub² management structure and plan that may include a description of the capabilities, qualifications, and experience of the proposed management team, team leaders, or key personnel who are critical to achieving the proposed objectives.
- (12) A list of ~~iHub~~ iHub² assets and resources.



(13) A clearly articulated focus area of the ~~iHub~~ iHub² including ~~industry sectors underserved geographic areas, industry sectors, and business owners~~, or other targeted areas for development and growth.

(14) A list of specific resources available to support and guide startup companies.

(15) A clearly articulated list of goals to be achieved with the certification of the ~~iHub~~ iHub².

(16) Expectations for job development and business creation.

(17) Defined performance standards agreed upon by the partners involved in the development of the ~~iHub~~ iHub² that support underserved geographic areas, industry sectors, and business owners.

(18) Evaluation procedures that will be used to measure the level of achievement for each stated goal.

(19) A plan for sustainability.

(20) Organizational experience including capabilities, related experience, facilities, techniques, unusual resources, or unique combinations of these that are integral factors for achieving the proposed objectives.

(21) Demonstrated experience with innovation programs such as involvement with technology commercialization.

(22) Demonstrated experience with technology transfer or licensing.

(23) Demonstrated experience with intellectual property management.

(24) Evidence of community engagement and support.

(c) The office may waive any of the requirements listed in subdivision (b).

(d) The office may designate an ~~iHub~~ iHub² for a term of not more than ~~five~~ three years. An ~~iHub~~ iHub² may reapply for a designation without limitation on the number of times.

(e) (1) The ~~iHub~~ iHub² designation shall not be official until a memorandum of understanding is entered into by the applicant and the office. The memorandum of understanding shall include the goals and performance standards identified in the application and other related requirements as determined by the office.

~~(2) For an iHub designated by the office before January 1, 2014, the iHub partnership shall have until September 1, 2014, to enter into a memorandum of understanding with the office that meets the requirements of this article.~~

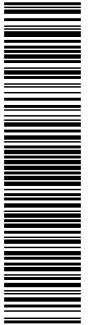
(2) For an iHub previously designated by GO-Biz to be designated as an iHub² by the office, the designation is required to be newly awarded.

(f) More than one ~~iHub~~ iHub² may be designated in an area to the extent that there is a clear distinction between the focus area of each ~~iHub~~ iHub².

(g) The office shall set guidelines for approval, designation, operation, reporting, redesignation, and dedesignation of ~~iHubs~~ iHub²s.

(h) An ~~iHub~~ iHub² shall annually report to the office on its progress in meeting the goals and performance standards as described in the ~~iHUB~~ iHub² application and implementing memorandum of understanding with the office. The office shall annually post the information from these reports on the office ~~Internet Web site~~ internet website and provide notice to the Governor and relevant policy committees of the Legislature that the information is available on the ~~Internet Web site~~ internet website.

SEC. 5. Section 12099.4 of the Government Code is amended to read:



12099.4. A designated ~~iHub~~ iHub² shall include at least one major university or research center or institute, one economic development organization, and consist of at least four of the following:

- (a) A business support organization including a workforce development or training organization, incubator or business accelerator, business technical assistance providers, chamber of commerce, and networking organization that supports innovation.
- (b) An educational consortium including technology transfer representatives.
- (c) A venture capital network including angel investors.
- (d) A business foundation, innovation foundation, science foundation, laboratory research institution, federal laboratory, or research and development facility.
- (e) A municipal economic development division or department.
- (f) A federal government partner such as a national laboratory.

SEC. 6. Section 12099.5 of the Government Code is amended to read:

12099.5. Before an official designation as an ~~iHub~~, iHub² the applicant shall self-certify both of the following:

- (a) That the ~~iHub~~ iHub² will comply with the state's nondiscrimination policy.
- (b) That the ~~iHub~~ iHub² and its principals are current in payment of all state and local taxes owed unless they have entered into an agreement that was deemed satisfactory by the respective taxing authority and are in full compliance with the agreement.

SEC. 7. Section 12099.6 of the Government Code is amended to read:

12099.6. (a) An ~~iHub~~ iHub² may do all of, but shall not be limited to, the following:

- ~~(1) Provide counseling and technical assistance, either by direct or indirect services, in the areas of entrepreneurial business planning and management, financing, and marketing for small businesses.~~
- ~~(2) Provide expert advice to entrepreneurs on starting a business, including legal requirements for starting a business and access to financing opportunities.~~
- ~~(3) Conduct business workshops, seminars, and conferences with local partners including, but not limited to, state universities, state community colleges, local governments, state and federal service providers, private industry, workforce investment boards and agencies, small business development centers, microenterprise development organizations, small business service agencies, economic development organizations, and chambers of commerce.~~

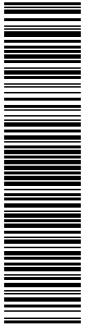
(1) Provide free or low-cost advisory services and technical assistance to entrepreneurs and startups.

(2) Facilitate community programming and engagement with local partners, including, but not limited to, state universities and research institutes, state community colleges, local governments, state and federal service providers, private industry, workforce investment boards and agencies, small business and microenterprise development organizations, economic development organizations, and chambers of commerce.

~~(4)~~

(3) Facilitate partnerships between innovative startup businesses, research institutions, and venture capitalists or financial institutions.

~~(b) The iHubs shall, to the extent feasible, do all of the following:~~



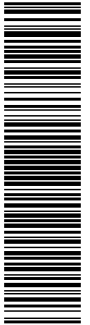
~~(1) Work in close collaboration with the activities of the office as its primary statewide partner.~~

~~(2) Coordinate activities with the Employment Training Panel, the California Workforce Investment Board, the Office of the Chancellor of the California Community Colleges, the University of California, the California State University, and other state economic and workforce development programs.~~

~~(b) The iHub² shall, to the extent feasible, work in close collaboration with the activities of the office as its primary statewide partner.~~

SEC. 8. Section 12099.7 of the Government Code is amended to read:

12099.7. The Inclusive Innovation Accelerator Account is hereby created within the California Economic Development Fund in the State Treasury. Subject to the approval of the Department of Finance, all moneys collected and received by the office or the Governor's Office of Business and Economic Development on the office's behalf for California Inclusive Innovation Initiatives from gifts, bequests, or donations shall be deposited in the Inclusive Innovation Accelerator Account. Notwithstanding Section 13340, the moneys in the account are continuously appropriated to the office to be used for California Inclusive Innovation Initiatives pursuant to the terms of the gift, bequest, or donation.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: California Inclusive Innovation Hub Program.

Existing law, the California Innovation Hub Program, within the Governor's Office of Business and Economic Development (GO-Biz), among other things, requires GO-Biz to designate Innovation Hubs (iHubs) within the state to stimulate partnerships, economic development, and job creation by leveraging assets to provide an innovation platform for startup businesses, economic development organizations, business groups, and venture capitalists, as provided. GO-Biz is required to oversee, coordinate, and provide assistance to each iHub. Existing law also requires GO-Biz to request proposals for the program from applicants, as defined, that include specified information.

Existing law defines an iHub as a partnership between interrelated firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a defined geographic area. Existing law establishes the Innovation Accelerator Account, as a continuously appropriated fund, within the California Economic Development Fund, to GO-Biz to be used for California Innovation Initiatives, as specified.

This bill would revise and recast the California Innovation Hub Program by, among other things, renaming the program as the "California Inclusive Innovation Hub Program," renaming an Innovation Hub as an "Inclusive Innovation Hub," "iHub Squared," or "iHub²," renaming the Innovation Accelerator Account as the "Inclusive Innovation Accelerator Account," and replacing GO-Biz as the government entity directly supervising the program with the Office of the Small Business Advocate (office) within GO-Biz. The bill would also provide that the office limit the iHub²s within the state to stimulating partnerships, economic development, and job creation for underserved geographic areas, industry sectors, and business owners. The bill would define an iHub² as a partnership between interrelated firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a defined geographic area and for defined underserved geographic areas, industry sectors, and business owners.

Because the bill would affect a continuously appropriated fund by changing the purpose for which the funds are used, it would make an appropriation. The bill would also make conforming changes.

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

