SB-106 State Government. (2017-2018)

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Senate Bill No. 106

CHAPTER 96

An act to amend Section 65583.2 of the Government Code, to amend Sections 50825, 50826, 50827, 50828, 50832, 50832.1, 50833, 50833.1, and 50834 of, and to add Section 50826.1 to, the Health and Safety Code, to amend Sections 1234, 1234.2, 1234.3, and 1234.4 of the Penal Code, and to amend Section 17052 of the Revenue and Taxation Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor July 21, 2017. Filed with Secretary of State July 21, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB 106, Committee on Budget and Fiscal Review. State Government.

(1) The Planning and Zoning Law requires a city or county to adopt a comprehensive, long-term general plan that contains specified mandatory elements, including a housing element. That law requires that the housing element include, among other things, an inventory of land suitable for residential development, as specified, and requires that the inventory be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. Until December 31, 2023, that law requires a county that is in the San Francisco-Oakland-Fremont California Metropolitan Statistical Area and that has a population of less than 400,000 to be considered suburban for purposes of determining the densities appropriate to accommodate housing for lower income households. That law requires these counties to utilize the sums existing in their housing trust funds as of June 30, 2013, for affordable housing, as specified. For that same purpose, existing law requires a city that has a population of less than 100,000 and is incorporated within that county to be considered suburban and requires a county or city so classified to make 2 reports, as specified, to the Legislature and the Department of Housing and Community Development. Until December 31, 2023, the Planning and Zoning Law also requires that housing density requirements in place on June 30, 2014, apply within ½ mile of a Sonoma-Marin Area Rail Transit station.

This bill would extend the repeal date to December 31, 2028, thereby extending operation of these provisions until that date. The bill would also require a 3rd report, addressing the subsequent 4 years of the housing element cycle and the cycle as a whole and submitted on or before December 31, 2027, from a jurisdiction classified as suburban pursuant to these provisions.

By imposing new duties on local officials with respect to application of certain density and report requirements beyond December 31, 2023, this bill would impose a state-mandated local program.

(2) Under existing law governing the State Community Development Block Grant Program, the Department of Housing and Community Development is required to distribute federal funds in the form of grants to eligible cities and counties to provide housing and economic development, principally for persons and families of low or moderate income. Existing law declares the

Legislature's intent regarding funds allocated to the state pursuant to the federal State Community Development Block Grant Program, which is administered in the state by the Department of Housing and Community Development.

This bill would revise and recast the statement of intent to also reference the most efficient use of grant funds.

(3) Existing law defines various terms for purposes of administering the federal State Community Development Block Grant Program.

This bill would define the term "consolidated plan" for these purposes to mean a 5-year action plan that makes investment decisions based on assessed needs and market conditions.

(4) Existing law requires that 30% of the annual allocation of federal State Community Development Block Grant funds be set aside for specified economic development projects and programs administered by the Department of Housing and Community Development, subject to specified criteria.

This bill would instead require that 30% of that annual allocation, less department administrative funds, be set aside for these purposes. The bill would specify that if there are insufficient qualified applications for economic development project and program set aside, as determined by the department's review and following the adoption of guidelines, approval, and certain notification requirements, these funds shall be made available to make awards to other qualifying projects and programs submitted by the application deadline. The bill would require the department, on or before June 30, 2018, with consultation with stakeholders, to update a portion of its Grant Management Manual, as specified, and report subsequent amendments to its guidelines to the Department of Finance and Joint Legislative Budget Committee. The bill would additionally require the department, on or before January 1, 2018, to provide links on the department's Internet Web site to applicable federal regulations or guidelines, ensure that program staff are trained on applicable federal law, regulations, or guidelines, and prepare a schedule for the release of a Notice of Funding Availability, as specified.

(5) Existing law requires no less than 51% of the funds made available to the department under the federal State Community Development Block Grant Program to be utilized by the department to make grants to eligible cities or counties for the purpose of providing or improving housing opportunities for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for persons and families of low or moderate income, as specified.

This bill would instead require at least 51% of the annual allocation of federal Small Cities Community Development Block Grant funds, less administrative funds of the department, to be utilized for those purposes. The bill would require any funds available due to insufficient qualified applications to be available for other projects and programs, as specified.

(6) Existing law requires the department to determine, and announce in the applicable Notice of Funding Availability, the maximum grant request limitation for each applicant of which a maximum per year can be used for either general program or economic development applications. Existing law requires the department to inform cities and counties that are eligible for economic development and general program grants of the eligibility criteria and requirements. Existing law provides that applicants for all activities or set-asides, except as specified, are to be evaluated on a first-in, first-served basis. Existing law authorizes a jurisdiction to submit multiyear proposals for a period not to exceed 3 years in duration.

This bill would delete these provisions.

Existing law requires the department to develop project standards and rating factors that meet specified minimum requirements of federal statutes for all program applications, including economic development assistance grants.

This bill would instead apply this provision to all program applications.

(7) Existing law requires the department to make every effort to assist communities unable to demonstrate compliance with federal regulations to come into compliance, including providing communities training in revolving loan fund administration through outside contractors.

This bill would delete the above provision on providing communities training in revolving loan fund administration.

(8) Existing law requires the department to determine and announce, in the applicable Notice of Funding Availability, the maximum amount of grant funds that may be used by eligible small cities and counties for economic development projects and programs and the assessment of housing needs. Existing law requires the department to develop and use certain eligibility criteria and requirements for certain economic development fund applications. Existing law prohibits each applicant from receiving more than 2 grants per year, as specified.

This bill would delete the prohibition against receiving more than 2 grants per year.

(9) Existing law provides that the guidelines for the distribution of supplemental allocations and federally mandated set-aside funds are not subject to specified statutory provisions and regulations.

This bill would authorize the department to adopt guidelines to implement the federal State Community Development Block Grant Program and would provide that any guideline, rule, policy, or standard of general application employed by the department in implementing that program is not subject to the rulemaking requirements of the Administrative Procedure Act, as specified. The bill would provide that the distribution of supplemental or federally mandated set-aside funds is not subject to subsequent guidelines adopted by the department, as specified.

(10) Existing law requires the department to set aside a specified amount of program funds for economic development. Any economic development set-aside of funds not encumbered for funding a project by the end of the federal contract period reverts to the general program and set-aside for use for other specified projects. Existing law also requires the department to prepare a separate and discrete training manual and request for proposal for the economic set-aside, as specified.

This bill would delete these provisions. The bill would instead require the department to ensure potential applicants have access to instructions that allow them to successfully qualify for the economic development set aside.

(11) Existing law, until January 1, 2021, establishes the Supervised Population Workforce Training Grant Program to be administered, as provided, by the California Workforce Development Board. Existing law establishes grant program eligibility criteria for counties and provides that eligible uses for grant funds include, but are not limited to, vocational training, stipends for trainees, and apprenticeship opportunities for the supervised population, which include individuals on probation, mandatory supervision, and postrelease community supervision. Existing law requires the board to develop criteria for the selection of grant recipients and requires the board to ensure that grants are awarded on a competitive basis. Existing law requires the board, by January 1, 2018, to submit a report to the Legislature containing specified information, including an evaluation of the effectiveness of the grant program.

This bill would expand the scope of the supervised population served by the program to include persons who are on parole and persons who are supervised by, or under the jurisdiction of, the Department of Corrections and Rehabilitation. The bill would also require the board to be responsible for setting the policy of the grant program and to design the grant program application process to ensure, among other things, that grants are allocated equitably among the grant partners based on services and activities provided in support of the success of participants and that nonprofit community-based organizations are competitive in applying for funds as the lead applicant. The bill would require each application for a grant to include a list of proposed partners and a partnership agreement outlining the actions each party agrees to undertake as part of the project proposed in the application. The bill would also require that an application provide, as appropriate, for a partnership with a lead community-based organization with a track record of success in effectively serving the supervised population. The bill would make other changes to the application process and criteria for the award of grants, including identifying additional applicants who are to be awarded preference. The bill would revise the reporting requirements for evaluating the effectiveness of the grant program, as provided.

(12) The Personal Income Tax Law allows various credits against the taxes imposed by that law, including certain credits that are allowed in modified conformity to credits allowed by federal income tax laws. Federal income tax laws allow a refundable earned income tax credit for certain low-income individuals who have earned income from wages, salaries, tips, and other employee compensation plus net earnings from self-employment and who meet certain other requirements.

The Personal Income Tax Law, for taxable years beginning on or after January 1, 2015, in modified conformity with federal income tax laws, allows an earned income credit against personal income tax, which is only for earned income from wages, salaries, tips, and other employee compensation, and a payment from the Tax Relief and Refund Account for an allowable credit in excess of tax liability, to an eligible individual that is equal to that portion of the earned income tax credit allowed by federal law as determined by the earned income tax credit adjustment factor, as specified. The Personal Income Tax Law provides that the amount of the credit is calculated as a percentage of the eligible individual’s earned income and is phased out above a specified amount as income increases.

This bill, for taxable years beginning on or after January 1, 2017, would expand the earned income credit allowed by the Personal Income Tax Law by providing additional conformity with federal income tax law to include net earnings from self-employment in earned income and would revise the calculation factors to expand the credit amount, which would be adjusted annually.

Existing law establishes the continuously appropriated Tax Relief and Refund Account and provides that payments required to be made to taxpayers or other persons from the Personal Income Tax Fund are to be paid from that account, including any amount allowable as an earned income credit in excess of any tax liabilities.

By authorizing new payments from that account for additional amounts in excess of personal income tax liabilities, this bill would make an appropriation.

(13) This bill would make legislative findings and declarations as to the necessity of a special statute for the San Francisco-Oakland-Fremont California Metropolitan Statistical Area and the Counties of Marin and Sonoma.

(14) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(15) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.
Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 65583.2 of the Government Code, as amended by Section 1 of Chapter 460 of the Statutes of 2016, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the following:

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including the airspace above sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for, and, as necessary, rezoned for, residential use, including above sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by parcel number or other unique reference.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) A general description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities. This information need not be identified on a site-specific basis.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan, for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulations requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) (1) Except as provided in paragraph (2), a jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(2) (A) (i) Notwithstanding paragraph (1), if a county that is in the San Francisco-Oakland-Fremont California MSA has a population of less than 400,000, that county shall be considered suburban. If this county includes an incorporated city that has a population of less than 100,000, this city shall also be considered suburban. This paragraph shall apply to a housing element revision cycle, as described in subparagraph (A) of paragraph (3) of subdivision (e) of Section 65588, that is in effect from July 1, 2014, to December 31, 2028, inclusive.

(ii) A county subject to this subparagraph shall utilize the sum existing in the county's housing trust fund as of June 30, 2013, for the development and preservation of housing affordable to low- and very low income households.

(B) A jurisdiction that is classified as suburban pursuant to this paragraph shall report to the Assembly Committee on Housing and Community Development, the Senate Committee on Transportation and Housing, and the Department of Housing and Community Development regarding its progress in developing low- and very low income housing consistent with the requirements of Section 65400. The report shall be provided three times: once, on or before December 31, 2019, which report shall address the initial four years of the housing element cycle, a second time, on or before December 31, 2023, which report shall address the subsequent four years of the housing element cycle, and a third time, on or before December 31, 2027, which report shall address the subsequent four years of the housing element cycle and the cycle as a whole. The reports shall be provided consistent with the requirements of Section 9795.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site

capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c) and at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed-uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase “use by right” shall mean that the local government’s review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that “use by right” does not exempt the use from design review. However, that design review shall not constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) Notwithstanding any other provision of this section, within one-half mile of a Sonoma-Marin Area Rail Transit station, housing density requirements in place on June 30, 2014, shall apply.

(k) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(l) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

SEC. 2. Section 65583.2 of the Government Code, as amended by Section 2 of Chapter 460 of the Statutes of 2016, is amended to read:

65583.2. (a) A city’s or county’s inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction’s share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, “land suitable for residential development” includes all of the following:

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including the airspace above sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for, and, as necessary, rezoned for, residential use, including above sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by parcel number or other unique reference.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) A general description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities. This information need not be identified on a site-specific basis.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction’s general plan for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulations requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) A jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c) and at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed-uses are not permitted, except that a city or county may accommodate all of the very low and low-

income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase “use by right” shall mean that the local government’s review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that “use by right” does not exempt the use from design review. However, that design review shall not constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(k) This section shall become operative on December 31, 2028.

SEC. 3. Section 50825 of the Health and Safety Code is amended to read:

50825. It is the intent of the Legislature in enacting this chapter to ensure that funds allocated to the state pursuant to the federal State Community Development Block Grant Program (42 U.S.C. Sec. 5306(d)), and administered by the department, be prioritized for the most effective activities in order to provide maximum benefit in meeting the housing and economic development needs of persons and families of low or moderate income. The Legislature intends that these funds be provided to eligible cities and counties that develop and preserve decent affordable housing and suitable living environments and expand economic development opportunities. It is the intent of the Legislature to reaffirm established state policy that each eligible city or county contribute to meeting the statewide housing goals, or contribute to meeting the state’s urgent need to halt the flow of jobs out of California by working to retain and expand existing businesses and attract new businesses that provide jobs to low- and moderate-income persons and families, or do both, and that funds allocated pursuant to this chapter be distributed accordingly.

It is the intent of the Legislature that program funding be prioritized for the most effective activities in order to provide that taxpayer contributions are efficiently deployed to foster housing and economic development. All funded eligible activities shall be consistent with the state’s consolidated plan and any annual update to the consolidated plan that is provided to the United States Department of Housing and Urban Development, which details how the State of California intends to use federal program funds.

SEC. 4. Section 50826 of the Health and Safety Code is amended to read:

50826. As used in this chapter:

(a) “Consolidated plan” means the five-year action plan that results from the process set by the United States Department of Housing and Urban Development (HUD) that assesses affordable housing and community development needs and market conditions, allows the prioritization of development needs, and makes data-driven, place-based investment decisions for federal funding provided by HUD.

(b) “Eligible city or county” means an area which is not a metropolitan city or part of an urban county, as defined by Section 5302(a)(4) and (6), respectively, of Title 42 of the United States Code.

(c) “NOFA” means notice of funding availability, a public announcement that an estimated amount of funding will be awarded by a department program according to specified criteria and schedules.

(d) “Persons and families of low or moderate income” means persons and families whose income does not exceed 80 percent of the area median income, adjusted for family size, as determined pursuant to regulations or subsequent guidelines adopted by the department.

(e) “Program” means the State Community Development Block Grant Program created pursuant to federal law (42 U.S.C. 5301, et seq.).

SEC. 5. Section 50826.1 is added to the Health and Safety Code, to read:

50826.1. (a) Notwithstanding any other law, the department may adopt guidelines to implement this chapter. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall convene a stakeholder process to inform the development of guidelines for the implementation of the program pursuant to this chapter no later than September 1, 2017. Until guidelines are adopted, the

department shall administer the program pursuant to adopted regulations. Upon adoption of guidelines, previously adopted regulations are repealed. The repeal of previously adopted regulations pursuant to this section shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) On or before June 30, 2018, and notwithstanding Section 10231.5 of the Government Code, as part of the guidelines adoption process, the department shall analyze and report on its award process, contract management processes and policies, and fiscal processes for the federal State Community Development Block Grant Program, identifying efficiencies that can be implemented to improve the processing of applications, contract management and fiscal processes, and communications with local agencies. The department shall identify requirements previously adopted by the state that are in excess of the minimum requirements applicable to eligible activities under the federal Community Development Block Grant Program that, if eliminated, facilitate greater subscription of program funds and reduce state administrative workload. The department shall provide the results of that report to the Department of Finance and budget committees of both houses of the Legislature. Any subsequent amendments to the guidelines shall be reported to the Department of Finance and the Joint Legislative Budget Committee.

SEC. 6. Section 50827 of the Health and Safety Code is amended to read:

50827. (a) Thirty percent of the annual allocation of federal Small Cities Community Development Block Grant funds, less department administrative funds, shall be set aside for economic development projects and programs. All funds made available pursuant to the program shall, consistent with the requirements of subsection (c) of Section 5301 of Title 42 of the United States Code, be utilized to provide decent housing, a suitable living environment, and expanding economic opportunities, principally for persons and families of low or moderate income. Following the adoption of guidelines pursuant to Section 50826.1, with approval by the Department of Finance and notification to the Joint Legislative Budget Committee, or June 30, 2018, whichever is sooner, if there are insufficient qualified applications for economic development project and program set aside provided by this section, as determined by the department's review of all economic development applications received by the application deadline specified in the NOFA, these funds shall be available to make awards to other qualifying projects and programs submitted by the application deadline specified in the NOFA.

(b) On or before June 30, 2018, with the consultation of stakeholders, the department shall update Chapter 21 of its Grant Management Manual to facilitate the subscription of and reflect all federal requirements for economic development business assistance loans.

(c) It is the intent of the Legislature to remove impediments and streamline access for local agencies to the funds set aside by this section to assist with local economic development efforts. On or before January 1, 2018, the department shall do all of the following:

(1) Provide electronic links on the department's Internet Web site to any applicable federal regulations or guidelines published by the United States Department of Housing and Urban Development applicable to eligible economic development activities.

(2) Ensure that program staff are trained on the applicable federal law, regulations, or guidelines published by the United States Department of Housing and Urban Development applicable to eligible economic development activities.

(3) Prepare a schedule for the release of a NOFA to expedite the allocation of all unencumbered available funds, as of May 22, 2017, allocated pursuant to the requirements of this section.

SEC. 7. Section 50828 of the Health and Safety Code is amended to read:

50828. Not less than 51 percent of the annual allocation of federal Small Cities Community Development Block Grant funds, less department administrative funds, shall be utilized by the department to make grants to eligible cities or counties for the purpose of providing or improving housing opportunities for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for persons and families of low or moderate income, including, but not limited to, the construction of infrastructure. Following the adoption of guidelines pursuant to Section 50826.1, with approval by the Department of Finance and notification to the Joint Legislative Budget Committee, or June 30, 2018, whichever is sooner, if there are insufficient qualified applications for providing or improving housing opportunities for the set aside provided by this section as determined by the department's review of all applications for providing or improving housing opportunities received by the application deadline specified in the NOFA, these funds shall be available to make awards to other qualifying projects and programs submitted by the application deadline specified in the NOFA.

SEC. 8. Section 50832 of the Health and Safety Code is amended to read:

50832. For all program applications, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes for eligible projects and that meet National Objectives.

SEC. 9. Section 50832.1 of the Health and Safety Code is amended to read:

50832.1. (a) To the extent that the department determines that some local communities lack capacity to apply for and administer projects under this section and Section 50832, the department may utilize federal training dollars to provide training services to those communities. In providing training, the department may contract with training entities, provide the training directly, or make stipends available for that training.

(b) Utilizing only existing Community Development Block Grant administrative funds, the department shall make every effort to assist communities unable to demonstrate compliance with federal regulations to come into compliance.

SEC. 10. Section 50833 of the Health and Safety Code is amended to read:

50833. (a) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds set aside for economic development that shall be allocated to make economic development planning and technical assistance grants to eligible small cities or counties for business attraction, retention, and expansion programs for the development of local economic development strategies, predevelopment grant feasibility studies, and downtown revitalization programs. Eligible small cities or counties may contract with public agencies or nonprofit economic development corporations and other eligible subgrantees or for-profit corporations or entities to provide these services. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling, under Section 50832, or its ability to apply under the economic development or general program set-asides. The department shall determine and announce in the applicable NOFA the maximum per year grant amount. Funds not applied for or allocated under this section may be used for other economic development purposes under Sections 50832 and 50832.1.

(b) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds not used for economic development that shall be set aside to make technical assistance grants to eligible small cities or counties for purposes including, but not limited to: inventory of housing needing rehabilitation in the district, income surveys of area residents, and any general studies of housing needs in the district. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling or its ability to apply under the economic development or general program set-asides. Unexpended funds allocated under this section shall revert to the general program, but not to the economic development set-aside. The department shall determine and announce in the applicable NOFA the maximum grant amount per application.

(c) If, under federal law, the economic development planning and technical assistance grants and the general allocation planning and assistance grants are considered to be administrative expenditures, the department may reduce the percentages of the set-asides by up to the amount necessary to remain within the allowable limits for administrative expenditures.

(d) Two or more jurisdictions may pool their funds and make a joint application for the same project.

(e) General administrative activity planning studies shall not be counted against allocations under this section.

(f) The department may issue a NOFA under which the director may determine that any applicant with one or more current Community Development Block Grant agreements signed in 2012 or later, for which the expenditure deadline established in the grant agreement or agreements has not yet passed, is eligible to apply for and receive an award of, funds pursuant to this chapter, without regard to whether the applicant has expended at least 50 percent of Community Development Block Grant Funds awarded in 2012 or thereafter. For any applicant that is so determined, the director shall include in the application file a written confirmation of eligibility and any award of funds. An application made pursuant to the director's determination under this section may be evaluated solely on the basis of eligibility, need, benefit, or readiness, without regard to any specific rating criteria provided by Section 7078 of the California Code of Regulations or subsequent guidelines adopted pursuant to Section 50826.1. The awarding of funds to an applicant pursuant to the director's determination under this section does not exempt those funds from consideration under any expenditure requirement under law.

SEC. 11. Section 50833.1 of the Health and Safety Code is amended to read:

50833.1. (a) In the event that the department is allocated supplemental funds in excess of the state's annual program allocation pursuant to subdivision (d) of Section 5306 of Title 42 of the United States Code to meet an extraordinary need, including funds provided to serve as an economic stimulus to the economy of California, or in the event that federal funds are required to be set aside from the department's annual allocation pursuant to federal law or regulation, the department may distribute these supplemental or federally mandated set-aside funds pursuant to guidelines to be set forth in a special Notice of Funding Availability.

(b) The distribution of supplemental or federally mandated set-aside funds under this section shall not be subject to the requirements of Sections 50831, 50832, and 50833, and shall be made notwithstanding any special allocations specified in Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations or guidelines adopted pursuant to Section 50826.1.

(c) The guidelines for the distribution of supplemental allocations and federally mandated set-aside funds shall not be subject to any provision of Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations that the department determines to be in conflict with the purpose of, or impair the achievement of the goals of, the supplemental allocation or the federally mandated set-aside funds.

(d) The department may adopt emergency regulations to implement this section. The adoption of any emergency regulations to implement this section that are filed with the Office of Administrative Law within one year of the effective date of the federal act that allocates these supplemental funds shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

SEC. 12. Section 50834 of the Health and Safety Code is amended to read:

50834. (a) The department shall ensure potential applicants have access to instructions that allow them to successfully qualify for the economic development set aside. The department shall ensure that it can respond to requests for grants as rapidly as possible. Once an economic development project award is approved by the director, a contract shall be executed and funds made available as soon as possible.

(b) Any program income received by a city or county grantee or its subrecipients, or any loan repayments made by a beneficiary to a grantee, shall be utilized by the city or county grantee for an activity currently eligible under federal law and regulations, provided that the department determines that the beneficiary or grantee has complied reasonably with the terms and conditions described in the contract between the grantee and the department.

SEC. 13. Section 1234 of the Penal Code is amended to read:

1234. For purposes of this chapter, the following terms have the following meanings:

(a) “California Workforce Development Board” means the California Workforce Development Board established pursuant to Article 1 (commencing with Section 14010) of Chapter 3 of Division 7 of the Unemployment Insurance Code.

(b) “Earn and learn” has the same meaning as in Section 14005 of the Unemployment Insurance Code.

(c) “Grant program” means the Supervised Population Workforce Training Grant Program.

(d) “Supervised population” means those persons who are on parole, probation, mandatory supervision, or postrelease community supervision and are supervised by, or are under the jurisdiction of, a county or the Department of Corrections and Rehabilitation.

SEC. 14. Section 1234.2 of the Penal Code is amended to read:

1234.2. The California Workforce Development Board is responsible for setting the policy of the grant program and any funding for the program shall be appropriated directly to the board. The board shall administer the grant program as follows:

(a) Develop criteria for the selection of grant recipients through a public application process, including, but not limited to, the rating and ranking of applications that meet the threshold criteria set forth in this section.

(b) Design the grant program application process to ensure all of the following occurs:

(1) Outreach and technical assistance is made available to eligible applicants, especially to small population and rural counties.

(2) Grants are awarded on a competitive basis. Multiyear grants may be awarded.

(3) Small and rural counties are competitive in applying for funds.

(4) Applicants are encouraged to develop, pilot, or implement, or develop, pilot, and implement, evidence-based, best practices for serving the workforce development or training needs, or both development and training needs, of the supervised population.

(5) Nonprofit community-based organizations are competitive in applying for funds as the lead applicant or in partnership with other agencies and organizations.

(6) The workforce and training needs of one or both of the following are addressed:

(A) Individuals with some postsecondary education who can enter into programs and benefit from services that result in certifications, and placement on a middle skill career ladder.

(B) Individuals who require basic education, training, or earn and learn experience in order to obtain entry level jobs where there are opportunities for career advancement.

(7) Grants are allocated equitably among the grant partners based on services and activities provided in support of the success of participants.

SEC. 15. Section 1234.3 of the Penal Code is amended to read:

1234.3. (a) Each application shall include a list of proposed partners and a partnership agreement outlining the actions each party agrees to undertake as part of the project proposed in the application. Partners may include a county or counties, one or more local workforce development boards, one or more community-based organizations that work directly with the supervised population, and any participating programs operated by the Department of Corrections and Rehabilitation. Partnerships shall be designated to effectively deliver the services specified in the grant so as to meet the needs of the supervised population.

(b) Each project proposed shall allocate grant funds that reflect the role each party plays in the proposed project.

(c) Eligible uses of grant funds include, but are not limited to, vocational training, stipends for trainees, and earn and learn opportunities for the supervised population. Supportive services and job readiness activities shall serve as bridge activities that lead to enrollment in employment or training programs, or both.

(d) Preference shall be awarded to applications for the following:

(1) An application that proposes matching funds, including, but not limited to, moneys committed by local workforce development boards, local governments, and private foundation funds for the express purpose of providing services to the supervised population.

(2) An application submitted by a partnership that currently administers or participates in a workforce training program for the supervised population.

(3) An application that proposes participation by one or more employers, including mission-driven social enterprises and nonprofit organizations with a track record of employing a workforce comprised of formerly incarcerated individuals, who have demonstrated interest in employing individuals in the supervised population, including, but not limited to, earn and learn opportunities and intent to hire individuals who have successfully completed the program.

(4) Applicants that use grant funds primarily to support the direct provision of workforce and training services to the supervised population.

(5) Applicants that propose projects that align with the California Workforce Development Board’s strategic plan, regional workforce plans, or local workforce development board plans.

(e) An application shall meet the following requirements:

(1) Set a specific purpose for the use of the grant funds that aligns with the services to be provided and the role of each partner, as well as provide the baseline criteria and metrics by which the overall success of the grant project can be evaluated.

(2) Define the specific subset or subsets of the supervised population, among the eligible supervised population that the grant money will serve.

(3) Define the industry sector or sectors in which the targeted supervised population will be prepared, including the current and projected workforce within the region for those jobs, the range of wage rates, and the training, education, and experience requirements within those industry sectors.

(4) Define the general methodology and training or employment preparation methods proposed to be used and explain the manner in which the progress of the targeted supervised population will be monitored during the grant period.

(5) As appropriate, provide for a partnership with a lead community-based organization with a track record of success in effectively serving the supervised population.

(f) As a condition of receiving funds, a grant recipient shall agree to provide information to the California Workforce Development Board in sufficient detail to allow the California Workforce Development Board to meet the reporting requirements in Section 1234.4.

SEC. 16. Section 1234.4 of the Penal Code is amended to read:

1234.4. (a) On at least an annual basis, and upon completion of the grant period, grant recipients shall report to the California Workforce Development Board regarding their use of the funds and workforce training program outcomes.

(b) By January 1, 2018, the California Workforce Development Board shall submit a report to the Legislature using the reports from the grant recipients. The report shall contain all the following information:

(1) The overall success of the grant program, based on the goals and metrics set in the awarded grants.

(2) An evaluation of the effectiveness of the grant program based on the goals and metrics set in the awarded grants.

(3) In considering the overall success and effectiveness of the grant program, the report shall include a discussion of all of the following:

(A) The education and workforce readiness of the supervised population at the time individual participants entered the program and how this impacted the types of services needed and offered.

(B) Whether the programs aligned with the workforce needs of high-demand sectors of the state and regional economies.

(C) Whether there was an active job market for the skills being developed where the member of the supervised population was likely to be released.

(D) Whether the program increased the number of members of the supervised population that obtained a marketable and industry or apprenticeship board-recognized certification, credential, or degree.

(E) Whether the program led to employment in occupations with a livable wage.

(F) Whether the metrics used to evaluate the individual grants were sufficiently aligned with the objectives of the program.

(c) (1) The requirement for submitting a report imposed under subdivision (b) is inoperative on January 1, 2021, pursuant to Section 10231.5 of the Government Code.

(2) A report to be submitted pursuant to subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 17. Section 17052 of the Revenue and Taxation Code is amended to read:

17052. (a) (1) For each taxable year beginning on or after January 1, 2015, there shall be allowed against the “net tax,” as defined by Section 17039, an earned income tax credit in an amount equal to an amount determined in accordance with Section 32 of the Internal Revenue Code, relating to earned income, as applicable for federal income tax purposes for the taxable year, except as otherwise provided in this section.

(2) (A) The amount of the credit determined under Section 32 of the Internal Revenue Code, relating to earned income, as modified by this section, shall be multiplied by the earned income tax credit adjustment factor for the taxable year.

(B) Unless otherwise specified in the annual Budget Act, the earned income tax credit adjustment factor for a taxable year beginning on or after January 1, 2015, shall be 0 percent.

(C) The earned income tax credit authorized by this section shall only be operative for taxable years for which resources are authorized in the annual Budget Act for the Franchise Tax Board to oversee and audit returns associated with the credit.

(b) (1) In lieu of the table prescribed in Section 32(b)(1) of the Internal Revenue Code, relating to percentages, the credit percentage and the phaseout percentage shall be determined as follows:

In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
No qualifying children	7.65%	7.65%
1 qualifying child	34%	34%
2 qualifying children	40%	40%
3 or more qualifying children	45%	45%

(2) (A) In lieu of the table prescribed in Section 32(b)(2)(A) of the Internal Revenue Code, the earned income amount and the phaseout amount shall be determined as follows:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
No qualifying children	$3,290	$3,290
1 qualifying child	$4,940	$4,940
2 or more qualifying children	$6,935	$6,935

(B) Section 32(b)(2)(B) of the Internal Revenue Code, relating to joint returns, shall not apply.

(c) (1) Section 32(c)(1)(A)(ii)(I) of the Internal Revenue Code is modified by substituting “this state” for “the United States.”

(2) Section 32(c)(2)(A) of the Internal Revenue Code is modified as follows:

(A) Section 32(c)(2)(A)(i) of the Internal Revenue Code is modified by deleting “plus” and inserting in lieu thereof the following: “and only if such amounts are subject to withholding pursuant to Division 6 (commencing with Section 13000) of the Unemployment Insurance Code.”

(B) Section 32(c)(2)(A)(ii) of the Internal Revenue Code shall not apply.

(3) For taxable years beginning on or after January 1, 2017, paragraph (2) shall not apply and in lieu thereof Section 32(c)(2)(A) of the Internal Revenue Code is modified as follows:

(A) Section 32(c)(2)(A)(i) of the Internal Revenue Code is modified by deleting “plus” and inserting in lieu thereof the following: “and only if such amounts are subject to withholding pursuant to Division 6 (commencing with Section 13000) of the Unemployment Insurance Code, plus.”

(B) Section 32(c)(2)(A)(ii) of the Internal Revenue Code shall apply.

(4) Section 32(c)(3)(C) of the Internal Revenue Code, relating to place of abode, is modified by substituting “this state” for “the United States.”

(d) Section 32(i)(1) of the Internal Revenue Code is modified by substituting “$3,400” for “$2,200.”

(e) In lieu of Section 32(j) of the Internal Revenue Code, relating to inflation adjustments, for taxable years beginning on or after January 1, 2016, the amounts specified in paragraph (2) of subdivision (b) and in subdivision (d) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

(f) If the amount allowable as a credit under this section exceeds the tax liability computed under this part for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the taxpayer.

(g) (1) The Franchise Tax Board may prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(2) (A) The Franchise Tax Board may prescribe any regulations necessary or appropriate to carry out the purposes of this section, including any regulations to prevent improper claims from being filed or improper payments from being made with respect to net earnings from self-employment.

(B) The adoption of any regulations pursuant to subparagraph (A) may be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and shall be deemed an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, these emergency regulations shall not be subject to the review and approval of the Office of Administrative Law. The regulations shall become effective immediately upon filing with the Secretary of State, and shall remain in effect until revised or repealed by the Franchise Tax Board.

(h) Notwithstanding any other law, amounts refunded pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

(i) (1) For the purpose of implementing the credit allowed by this section for the 2015 taxable year, the Franchise Tax Board shall be exempt from the following:

(A) Special Project Report requirements under State Administrative Manual Sections 4819.36, 4945, and 4945.2.

(B) Special Project Report requirements under Statewide Information Management Manual Section 30.

(C) Section 11.00 of the 2015 Budget Act.

(D) Sections 12101, 12101.5, 12102, and 12102.1 of the Public Contract Code.

(2) The Franchise Tax Board shall formally incorporate the scope, costs, and schedule changes associated with the implementation of the credit allowed by this section in its next anticipated Special Project Report for its Enterprise Data to Revenue Project.

(j) (1) In accordance with Section 41 of the Revenue and Taxation Code, the purpose of the California Earned Income Tax Credit is to reduce poverty among California's poorest working families and individuals. To measure whether the credit achieves its intended purpose, the Franchise Tax Board shall annually prepare a written report on the following:

(A) The number of tax returns claiming the credit.

(B) The number of individuals represented on tax returns claiming the credit.

(C) The average credit amount on tax returns claiming the credit.

(D) The distribution of credits by number of dependents and income ranges. The income ranges shall encompass the phase-in and phaseout ranges of the credit.

(E) Using data from tax returns claiming the credit, including an estimate of the federal tax credit determined under Section 32 of the Internal Revenue Code, an estimate of the number of families who are lifted out of deep poverty by the credit and an estimate of the number of families who are lifted out of deep poverty by the combination of the credit and the federal tax credit. For the purposes of this subdivision, a family is in "deep poverty" if the income of the family is less than 50 percent of the federal poverty threshold.

(2) The Franchise Tax Board shall provide the written report to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate and Assembly Committees on Appropriations, the Senate Committee on Governance and Finance, the Assembly Committee on Revenue and Taxation, and the Senate and Assembly Committees on Human Services.

(k) The tax credit allowed by this section shall be known as the California Earned Income Tax Credit.

(l) The amendments made to this section by Chapter 722 of the Statutes of 2016 shall apply to taxable years beginning on or after January 1, 2016.

(m) (1) For each taxable year beginning on or after January 1, 2017, if the amount of credit computed pursuant to subdivisions (a) and (b) multiplied by 0.85 is one hundred dollars ($100) or less for an eligible individual with no qualifying children or two hundred fifty dollars ($250) or less for an eligible individual with one or more qualifying children, and the earned income amount is greater than or equal to the corresponding amount in the table set forth in paragraph (2) below, then in lieu of the table prescribed in paragraph (1) of subdivision (b), the credit percentage and the phaseout percentage shall be determined as follows:

In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
No qualifying children	1.88%	1.03%
1 qualifying child	2.65%	1.94%
2 qualifying children	1.82%	2.92%
3 or more qualifying children	1.81%	2.94%

(2) For each taxable year beginning on or after January 1, 2017, if the amount of credit computed pursuant to subdivisions (a) and (b) multiplied by 0.85 is one hundred dollars ($100) or less for an eligible individual with no qualifying children or two hundred fifty dollars ($250) or less for an eligible individual with one or more qualifying children, then in lieu of the table prescribed in subparagraph (A) of paragraph (2) of subdivision (b), the earned income amount and the phaseout amount shall be determined as follows:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
No qualifying children	$5,320	$5,320
1 qualifying child	$9,434	$9,434
2 qualifying children	$13,723	$13,723
3 or more qualifying children	$13,805	$13,805

(3) For taxable years beginning on or after January 1, 2018, the amounts in paragraphs (1) and (2) shall be recomputed annually in the same manner as the recomputation of income tax brackets under subdivision (h) of Section 17041.

SEC. 18. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the special circumstances relating to regional housing needs in connection with the San Francisco-Oakland-Fremont California Metropolitan Statistical Area and Sonoma-Marin Area Rail Transit.

SEC. 19. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 20. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.