

AMENDED IN SENATE APRIL 18, 2013

**SENATE BILL**

**No. 594**

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**Introduced by Senator Steinberg**

February 22, 2013

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An act to add Part 38 (commencing with Section 64200) to Division 4 of Title 2 of the Education Code, and to add Sections 17057.6 and 23610.6 to the Revenue and Taxation Code, relating to education.

LEGISLATIVE COUNSEL'S DIGEST

SB 594, as amended, Steinberg. California Career Pathways Investment.

The Personal Income Tax Law and The Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill, in accordance with legislative findings contained in this bill and for calendar years beginning on or after January 1, 2014, would, for a business entity, as described, that provides career technical education, authorize a credit against those taxes, subject to specified limitations, in an amount equal to that allocated by the California Career Pathways *State* Investment Committee, a committee established by this bill. This bill would require each school district and community district to create a Career Pathways Investment Trust Fund, the funds in which would be used for the purposes of financing program and administrative costs relating to the operation of career pathways programs, as provided.

This bill would impose specified duties on school districts with regard to career pathways programs.

Existing law authorizes the governing board of a community college district to establish contract education programs within or outside the state by agreement with any public or private agency, corporation, association, or any other person or body, to provide specific educational

programs or training to meet the specific needs of these bodies. Existing law authorizes the governing board of any school district to initiate and carry on any program or activity, or may otherwise act in any manner that is not in conflict with or inconsistent with, or preempted by, any law and that is not in conflict with the purposes for which school districts are established.

This bill would, *among other things*, authorize ~~a school district or a community college district~~ the California Career Pathways State Investment Committee and a business entity to enter into ~~social impact bonds~~ Workforce Development Bonds, as defined, in accordance with applicable laws, to fund career pathways programs, ~~as defined operated by the business entity and a school district, community college district, or a consortium of school districts and community college districts.~~ The bill would authorize a local educational agency or community college district to issue lease revenue bonds, as specified, or enter into loan or lease agreements, to finance the operation of career pathways programs.

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 shall be made pursuant to these statutory provisions for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.

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

*The people of the State of California do enact as follows:*

1 SECTION 1. It is the intent of the Legislature to appropriate  
2 two hundred fifty million dollars (\$250,000,000) from the General  
3 Fund in the 2013–14 fiscal year to the Career Pathways State  
4 Revolving Fund. The source of funds for that appropriation may  
5 include state apportionments for purposes of Section 8 of Article  
6 XVI of the California Constitution and offsetting budget savings  
7 derived from reforms to the Enterprise Zone Act (Chapter 12.8  
8 (commencing with Section 7070) of Division 7 of Title 1 of the  
9 Government Code) and the New Jobs Tax Credit.

1 SECTION 1.

2 SEC. 2. Part 38 (commencing with Section 64200) is added to  
3 Division 4 of Title 2 of the Education Code, to read:

4  
5 PART 38. CAREER PATHWAYS INVESTMENT CREDIT  
6 AND TRUST FUND  
7

8 64200. (a) The Legislature finds and declares the following:

9 (1) After five years of deep recession and high rates of  
10 unemployment, the California economy has begun to recover.

11 (2) One of the most important actions California can take to  
12 hasten that recovery is to invest in the development of a skilled  
13 workforce to perform well-paying jobs in growing and emerging  
14 sectors of its regional economies.

15 (3) ~~The fastest growing~~ *fastest-growing* occupations are expected  
16 to be those that require scientific, technical, engineering, or  
17 mathematics (STEM) skills, such as jobs in biotechnology, digital  
18 media arts, *agricultural technology*, green technology, or  
19 computer-related and health-related fields.

20 (4) California's systems of public education, which includes  
21 primary and secondary schools, technical training, apprenticeship,  
22 two-year and four-year colleges, and graduate schools, play a  
23 critical role in workforce preparation, one that could be  
24 significantly strengthened by a tighter focus on education and  
25 training that delivers the skills and capacities most called for in  
26 high-opportunity sectors.

27 (5) This kind of workforce preparation is best accomplished in  
28 concert with regional business and industry, so that students receive  
29 the most current and relevant education that prepares them to  
30 compete for good jobs in their communities after graduation from  
31 high school or postsecondary education and training.

32 (6) Work-based educational and training opportunities enhance  
33 the employment prospects of low- and moderate-income  
34 individuals and contribute to the stability and economic  
35 development of their communities.

36 (b) It is the intent of the Legislature that federal bank regulators,  
37 specifically, the Federal Reserve bank, the Office of the  
38 Comptroller of the Currency, the Federal Deposit Insurance  
39 Corporation, and the Office of Thrift Supervision, give credit to  
40 federally insured banks and thrifts on their compliance exams

1 under the *federal* Community Reinvestment Act of 1977 (*Public*  
2 *Law 95-128*) for grants, investments, and loans to educational  
3 institutions, nonprofit organizations, and businesses in support of  
4 career pathways programs.

5 (c) It is the intent of the Legislature to establish *state* fiscal  
6 incentives, such as *Workforce Development Bonds, grants, loans,*  
7 *and* tax credits, that encourage California businesses and industry  
8 to enter into partnerships with schools and community colleges  
9 that strengthen the nature and quality of education provided by  
10 those institutions. These partnerships will connect high school  
11 pupils and teachers, and college students and faculty, to real-world  
12 experience that provides sustained exposure to applied academics,  
13 skill development, work-related experience, and potential future  
14 employment. This experience will keep students on track to  
15 graduation, further education, and productive careers.

16 (d) The dissolution of redevelopment agencies will increase  
17 property tax revenues to K–14 school *districts* and community  
18 college districts, including the one-time distribution of  
19 redevelopment agency cash assets expected to occur in the 2012–13  
20 and 2013–14 fiscal years. It is the intent of the Legislature that  
21 school *districts* and community college districts capitalize the  
22 Career Pathways Trust Funds established pursuant to this act for  
23 the purposes of funding grants and loans to businesses and  
24 offsetting administrative costs of the program.

25 64201. For the purposes of this part:

26 (a) “Applicant” means a business entity that enters into a  
27 contract or memorandum of understanding with a local educational  
28 agency, community college, or workforce investment board to  
29 provide career technical education that connects pupils to  
30 real-world experience and provides sustained exposure to applied  
31 academics, skill development, work-related education, and potential  
32 future employment, and that applies to the committee for *state*  
33 *financial assistance, including Workforce Development Bonds and*  
34 the career pathways investment credit.

35 (b) “Authentic application” means an activity in the context of  
36 a middle, high school, or community college course that requires  
37 pupils to work actively with academic and technical concepts,  
38 facts, and skills in a realistic, work-like setting that emulates the  
39 problems encountered by professionals and the practices they use  
40 to address them. These applications typically require pupils to

1 examine a task from a variety of perspectives, to draw upon  
2 multiple resources, to collaborate with others, and to accomplish  
3 tasks and projects by working in teams rather than individually.

4 (c) “Budget” means an estimate of all qualified expenditures to  
5 be paid or incurred in providing the career pathways program over  
6 the period for which the applicant is applying for the career  
7 pathways investment credit.

8 (d) “Career pathways programs” means programs that support  
9 the following:

10 ~~(1) High school pathways programs delivered through high~~  
11 ~~schools, regional occupation centers or programs, California~~  
12 ~~Partnership Academies and other career academies, alternative~~  
13 ~~education programs, including continuation schools and programs~~  
14 ~~administered by county offices of education, or adult education~~  
15 ~~programs, that integrate~~ *Integrated* academic and technical learning  
16 ~~to prepare~~ *that prepares* pupils for both postsecondary education  
17 and careers in high-growth or high-need sectors of the economy.  
18 These programs include core academic courses emphasizing  
19 authentic applications, sequences or clusters of three or more  
20 courses that align with the ~~State Board of Education approved~~  
21 *Office of the Chancellor of the California Community*  
22 *Colleges-approved or state board-approved* career technical  
23 education standards and frameworks that also integrate key  
24 academic concepts and skills, work-based learning opportunities,  
25 *and* additional services like counseling or supplementary  
26 instruction in reading, writing, and mathematics. *These programs*  
27 *may be delivered through high schools, regional occupational*  
28 *centers or programs, California Partnership Academies or other*  
29 *career academies, alternative education programs, including*  
30 *continuation schools and programs administered by county offices*  
31 *of education, adult education programs, or community colleges.*

32 (2) Curriculum and professional development.

33 (3) Middle school *and early high school* career exploration  
34 activities.

35 (4) Externship *and fellowship* opportunities that expose middle  
36 school and high school teachers *and community college faculty* to  
37 the skills and competencies that pupils need for successful  
38 employment in high-growth sectors of the California economy.

39 (5) Active engagement by business and industry in pathway  
40 design and implementation, work-based learning, assessment of

1 student work, and other aspects of effective preparation for success  
2 in further postsecondary education and careers.

3 (6) *Workplace learning and educational opportunities that*  
4 *prepare pupils for careers in high-skilled, high-growth, and*  
5 *emerging employment sectors, including, but not limited to,*  
6 *biotechnology research and development, engineering and*  
7 *construction, advanced manufacturing, health sciences and*  
8 *nursing, environmental sciences, and agricultural technology.*

9 (7) *Programs that provide employment services and support to*  
10 *individuals with exceptional needs, including autistic individuals.*

11 (e) *“Career Pathways Investment Trust Fund” means a fund*  
12 *established in each local educational agency or community college*  
13 *district for the purpose of financing program and administrative*  
14 *costs relating to the operation of career pathways programs.*

15 (f) *“Career Pathways State Revolving Fund” means a fund*  
16 *established in the State Treasury for the purpose of providing state*  
17 *financial assistance to local educational agencies, community*  
18 *college districts, and business entities that have entered into*  
19 *agreements to implement and operate career pathways programs.*  
20 *State financial assistance may include grants, loans, and the*  
21 *repayment of Workforce Development Bonds.*

22 (e)

23 (g) *“Committee” means the California Career Pathways State*  
24 *Investment Committee.*

25 (f)

26 (h) *“Qualified expenditures” includes the following:*

27 (1) *Paid jobs or internships for high school pupils or community*  
28 *college students that are related to course work in a career pathway*  
29 *program.*

30 (2) *Support and supervision for unpaid internships or other*  
31 *work-based learning opportunities that give pupils the opportunity*  
32 *to connect what they are learning in high school or community*  
33 *college to its application in the real world.*

34 (3) *Teacher or faculty externships.*

35 (4) *Contributions to programs administered by postsecondary*  
36 *institutions that provide support to middle school, high school, or*  
37 *community college career pathways programs. This support may*  
38 *include, but shall not be limited to, teacher training, curriculum*  
39 *development, and other forms of technical assistance.*

1 (5) Equipment and instructional materials, including equipment  
2 and software to support technology-based instruction that provides  
3 ~~all of one or more of~~ the following:

4 (A) Accelerated learning opportunities.

5 (B) Identification of skill and knowledge gaps.

6 (C) Targeted remediation to prepare pupils for college and  
7 careers.

8 (6) Employees to provide instruction, in partnership with  
9 credentialed teachers employed by the school district or faculty  
10 employed by the community college, at the ~~school site or~~ *schoolsite*  
11 *or community* college campus.

12 (7) Contributions to support staff who link career pathway  
13 programs with regional business entities and assist in the  
14 development of the memoranda of understanding provided in  
15 subdivision ~~(f)~~ (h) of Section ~~64203~~ 64204. The staff may be  
16 employed by local education agencies, community colleges, or  
17 regional intermediary organizations.

18 ~~(g)~~

19 (i) ~~“Social impact bond”~~ *“Workforce Development Bond”* means  
20 a contract between a school district or a community college district  
21 and private investors who provide capital in exchange for a share  
22 of governmental payments that become available if performance  
23 targets the California Career Pathways State Investment Committee  
24 and an applicant who agrees to provide capital to fund a career  
25 pathways program jointly operated by the applicant and a school  
26 district or community college district, or a consortium of school  
27 districts and community college districts. The contract shall specify  
28 that the California Career Pathways State Investment Committee  
29 shall repay the bond if performance targets established for the  
30 career pathways program are met. Financial returns to ~~investors~~  
31 the applicant may vary pursuant to the measured level of  
32 performance. ~~The bond issuer may use operating funds from the~~  
33 ~~sale of the bonds to contract with service providers to deliver the~~  
34 ~~services necessary to meet the performance targets. Proceeds from~~  
35 ~~the sale of the bonds shall be disbursed by the committee to the~~  
36 ~~Career Pathways Investment Trust Fund for the local educational~~  
37 ~~agency or community college district, and may be used for career~~  
38 ~~pathways program operations, development of rigorous and~~  
39 ~~career-relevant curriculum by the applicant and the school district,~~  
40 ~~community college district, or consortium of school districts and~~

1 *community college districts, paid internships, post-high-school*  
2 *financial aid for college, licensing and credentialing programs,*  
3 *and wage subsidies for full-time employment for pupils who*  
4 *successfully complete a career pathways program.*

5 ~~64202. A school district or community college district may~~  
6 ~~enter into social impact bonds, in accordance with applicable laws,~~  
7 ~~to fund career pathways programs.~~

8 64202. (a) *A local educational agency or community college*  
9 *district may issue lease revenue bonds secured by the lease of any*  
10 *property of the local educational agency or community college*  
11 *district pursuant to subdivision (b), or enter into loan or lease*  
12 *agreements not subject to Section 18 of Article XVI of the*  
13 *California Constitution with the committee or private entities, to*  
14 *finance the operation of career pathways programs.*

15 (b) *For purposes of the lease revenue bonds authorized in*  
16 *subdivision (a), and notwithstanding any other law, a local*  
17 *educational agency or community college district may lease any*  
18 *property of the local educational agency or community college*  
19 *district. The local educational agency or community college district*  
20 *may enter into any other agreements or execute any other*  
21 *documents necessary or desirable to carry out the purposes of this*  
22 *subdivision.*

23 (c) *A local educational agency or community college district*  
24 *may enter into contracts or agreements with banks, insurers, or*  
25 *other financial institutions or parties that it determines are*  
26 *necessary or desirable to improve the security and marketability*  
27 *of, or to manage interest rates or other risks associated with, the*  
28 *lease revenue bonds issued pursuant to this section.*

29 64203. (a) *A Career Pathways Investment Trust Fund is hereby*  
30 *established in each local educational agency or community college*  
31 *district for the purpose of financing program and administrative*  
32 *costs relating to the operation of career pathways programs. The*  
33 *trust fund may accept revenues from any source, including one-time*  
34 *property tax revenues resulting from the dissolution of the assets*  
35 *of the former redevelopment agencies, proceeds from the sale of*  
36 *Workforce Development Bonds, other tax revenues, grants, loans,*  
37 *and contributions or employment training funds made available*  
38 *through the employment training panel or workforce investment*  
39 *boards. The trust fund shall be administered by each local*  
40 *educational agency or community college district.*

1 (b) *Moneys in a Career Pathways Investment Trust Fund shall*  
2 *be used for any of the following purposes:*

3 (1) *Qualified expenditures.*

4 (2) *Administrative costs.*

5 (3) *Grants, loans, and program costs associated with career*  
6 *pathways programs.*

7 ~~64203.~~

8 64204. (a) *The California Career Pathways State Investment*  
9 *Committee is hereby established in state government.*

10 (b) *The committee shall be composed of the following members:*

11 (1) *The Chancellor of the California Community Colleges, or*  
12 *his or her designee, who will serve as the chairperson of the*  
13 *committee.*

14 (2) ~~*The Chancellor of the California Community Colleges,*~~  
15 ~~*Superintendent or his or her designee.*~~

16 (3) *The Chair of the California Workforce Investment Board,*  
17 *or his or her designee.*

18 (4) *One appointee of the Senate Committee on Rules, who shall*  
19 *represent the business community and will serve a four-year term.*

20 (5) *One appointee of the Speaker of the Assembly, who will*  
21 *serve a four-year term.*

22 (c) *The committee is granted the sole authority to allocate to*  
23 ~~*applicants local educational agencies, community college districts,*~~  
24 ~~*and applicants moneys appropriated to the Career Pathways State*~~  
25 ~~*Revolving Fund for state financial assistance, including grants,*~~  
26 ~~*loans, and the repayment of Workforce Development Bonds issued*~~  
27 ~~*by the committee. The committee is also granted the sole authority*~~  
28 ~~*to allocate to applicants the Career Pathways Investment Credits*~~  
29 ~~*authorized in the annual Budget Act, pursuant to Section 64205*~~  
30 ~~*64206.*~~

31 (d) *The committee shall establish criteria and guidelines for*  
32 ~~*evaluating applications for Career Pathways Investment Credits,*~~  
33 ~~*state financial assistance, including requirements for commitments*~~  
34 ~~*of financial or other resources by applicants or a local-education*~~  
35 ~~*educational agency, community college district, or workforce*~~  
36 ~~*investment board. The committee shall give priority in allocating*~~  
37 ~~*state financial assistance to the following:*~~

38 (1) *Local educational agencies and community college districts*  
39 *that have an unemployment rate higher than the statewide average*  
40 *unemployment rate for the most recent calendar year, as*

1 *determined by the Employment Development Department, or a*  
2 *high school graduation rate lower than the statewide high school*  
3 *graduation rate for the most recent calendar year, as determined*  
4 *by the committee using the California Longitudinal Pupil*  
5 *Achievement Data System.*

6 (2) *Local educational agencies and community college districts*  
7 *that include in their application a significant amount of private*  
8 *funding support from their business partners.*

9 (3) *Local educational agencies and community college districts*  
10 *that include in their application articulated pathways connecting*  
11 *high school and postsecondary certificate and degree programs*  
12 *in their region.*

13 (4) *Local educational agencies and community college districts*  
14 *that are not seeking state financial assistance for existing activities.*  
15 *However, priority in allocating state financial assistance shall be*  
16 *given to applicants that seek to expand or augment existing*  
17 *investments in career pathways programs.*

18 (e) *The committee may allocate the proceeds from the sale of*  
19 *Workforce Development Bonds to applicants that have entered*  
20 *into memoranda of understanding with a local educational agency*  
21 *or community college district to fund career pathways programs.*

22 (f) *The committee shall develop performance criteria for*  
23 *determining the financial returns to private entities investing in*  
24 *Workforce Development Bonds. The performance criteria shall*  
25 *include, but are not limited to, high school pupil and community*  
26 *college student achievement and opportunity in the following areas:*

27 (1) *High school graduation.*

28 (2) *Completion of postsecondary programs that culminate in a*  
29 *certificate or degree.*

30 (3) *Attainment of industry-recognized credentials that are valued*  
31 *in high-growth, high-need, or emerging economic sectors.*

32 (4) *Provision of internships to high school pupils and community*  
33 *college students.*

34 (5) *Provision of paid summer jobs for high school pupils and*  
35 *community college students.*

36 (6) *Provision of externships for high school teachers and*  
37 *community college faculty.*

38 (7) *Provision of scholarships or other financial assistance for*  
39 *students pursuing postsecondary education or training in a relevant*  
40 *career pathway.*

1 (8) Offer of paid employment or apprenticeship to high school  
2 pupils or community college students who are participants or  
3 graduates of a career pathways program.

4 (e)

5 (g) The committee may prepare forms, establish procedures,  
6 set priorities, assess, and perform other administrative functions  
7 as necessary.

8 (f)

9 (h) ~~The Superintendent of Public Instruction, the Chancellor of~~  
10 ~~the Community Colleges, and the California Workforce Investment~~  
11 ~~Board shall enter into a memorandum of understanding to allocate~~  
12 ~~staff resources to the committee. The costs to these entities shall~~  
13 ~~be offset by fees charged to applicants for Career Pathways Tax~~  
14 ~~Credits.~~

15 ~~64204. Moneys in the Career Pathways Investment Trust Fund~~  
16 ~~shall be used for any of the following purposes:~~

17 ~~(a) Qualified expenditures.~~

18 ~~(b) Administrative costs.~~

19 ~~(c) Grants, loans, and program costs associated with career~~  
20 ~~pathways programs.~~

21 64205. (a) *There is hereby created in the State Treasury the*  
22 *California Career Pathways State Revolving Fund for the purpose*  
23 *of providing financial assistance to local educational agencies,*  
24 *community college districts, and business entities that have entered*  
25 *into agreements to implement and operate career pathways*  
26 *programs. Within the fund there shall also be established a Career*  
27 *Pathways Financing Account, a Career Pathways Grant Account,*  
28 *a Career Pathways Loan Account, and additional accounts and*  
29 *subaccounts that the committee may establish from time to time.*

30 (b) *Moneys in the Career Pathways Financing Account shall*  
31 *be used to repay Workforce Development Bonds issued by the*  
32 *committee, or other bonds or financing agreements entered into*  
33 *by the committee.*

34 (c) *Moneys in the Career Pathways Grant Account shall be used*  
35 *to award grants from the committee to local educational agencies*  
36 *and community college districts.*

37 (d) *Moneys in the Career Pathways Loan Account shall be used*  
38 *to make loans from the committee to local educational agencies*  
39 *and community college districts.*

1 (e) Notwithstanding Section 13340 of the Government Code,  
2 all moneys in the Career Pathways State Revolving Fund shall be  
3 continuously appropriated without regard to fiscal year for the  
4 support of the committee and for expenditure for the purposes  
5 stated in this part.

6 (f) All expenses incurred in carrying out the purposes of this  
7 part shall be payable solely from funds provided pursuant to this  
8 part, and no liability or obligation shall be imposed upon the state  
9 and none shall be incurred by the committee beyond the extent to  
10 which money shall have been provided pursuant to this part.

11 ~~64205.~~

12 64206. For calendar years beginning on or after January 1,  
13 2014, the committee shall allocate the Career Pathways Investment  
14 Credit in an amount authorized in the Budget Act for that calendar  
15 year. For purposes of this section, the committee shall do all of  
16 the following:

17 (a) Allocate the career pathways investment credit for up to five  
18 calendar years for each application the committee approves, as  
19 long as the amount allocated does not exceed the amount authorized  
20 in the Budget Act.

21 (b) (1) Give priority in allocating tax credits to the following:

22 (A) Applicants that have entered into a contract or memorandum  
23 of understanding with local educational agencies, community  
24 colleges, or workforce investment boards in communities that have  
25 an unemployment rate higher than the statewide unemployment  
26 rate, as determined by the United States Census, and a high school  
27 graduation rate lower than the statewide high school graduation  
28 rate, as determined by the committee using the California  
29 Longitudinal Pupil Achievement Data System.

30 (B) Applicants that have entered into a contract or memorandum  
31 of understanding with local educational agencies, community  
32 colleges, or workforce investment boards with proportions of  
33 private funding support that exceed the one-to-one match  
34 requirement described in paragraph (1) of subdivision (e).

35 (C) Applicants that have entered into a contract or memorandum  
36 of understanding with local educational agencies or community  
37 colleges that offer articulated pathways connecting high school  
38 and postsecondary certificate and degree programs in their region.

39 (D) Applicants that are not seeking tax credits for existing  
40 activities. However, priority shall be given to applicants that seek

1 to expand or augment existing investments in career pathway  
2 programs.

3 (2) To the maximum extent practicable, subject to paragraph  
4 (1), give priority in allocating career pathways investment credits  
5 to applicants that seek to expand or augment existing investments  
6 in career pathway programs.

7 (3) The committee shall not give priority to any applicant by  
8 virtue of the date of submission of its application, except to allocate  
9 credits where two or more applicants have the same rating.

10 (c) An applicant shall enter into an enforceable contract or  
11 memorandum of understanding with the committee to comply with  
12 the requirements of this part, Sections 17057.6 and 23610.6 of the  
13 Revenue and Taxation Code, any applicable state laws, and any  
14 additional requirements the department deems necessary or  
15 appropriate to serve the purposes of this part. The contract or  
16 memorandum of understanding shall also provide for legal action  
17 to obtain ~~specified~~ *specific* performance or monetary damages for  
18 breach of contract and shall require regular programmatic audits.

19 (d) Adopt criteria that awards credits to applicants that  
20 demonstrate that either the applicant or the local educational  
21 agency, community college, or workforce investment board meets  
22 the following criteria:

23 (1) The effectiveness of the career pathway program toward  
24 preparing students for productive, high-wage employment in  
25 growing or high-need sectors of the California economy.  
26 Effectiveness criteria shall include:

27 (A) Pathway completion rates.

28 (B) High school graduation rates or community college  
29 completion rates, as appropriate.

30 (C) Percentages of students attaining an industry certification.

31 (D) Percentages of students transitioning successfully to  
32 postsecondary education or apprenticeship.

33 (E) Employment and earnings after high school.

34 (2) The level of the applicant's investment in, oversight of, and  
35 ability to leverage and sustain current career pathways programs  
36 and current career technical education programs.

37 (e) Develop and provide forms for the purposes of informing  
38 potential applicants of the purposes of this part.

1 (f) The amount of the credit reserved for a calendar year shall  
2 not exceed 50 percent of the qualified expenditures estimated by  
3 the applicant for the calendar year.

4 (g) The committee shall report to the Franchise Tax Board, once  
5 each year, the identity of the qualified taxpayers for whom the  
6 career pathways credits are allocated each year.

7 (h) The committee may, in its discretion, consult with the  
8 Treasurer and the California Tax Credit Allocation Committee  
9 regarding the allocation of tax credits. If a request for consultation  
10 is made, the Treasurer and the California Tax Credit Allocation  
11 Committee shall aid the committee.

12 (i) Establish audit requirements. The committee may share  
13 information established during an audit with the Franchise Tax  
14 Board.

15 (j) *It is the intent of the Legislature, subsequent to the enactment*  
16 *of the act adding this section, to reduce the statutory cap on the*  
17 *authorization for the new jobs tax credit enacted by Chapter 17*  
18 *of the Statutes of 2009, Third Extraordinary Session, from four*  
19 *hundred million dollars (\$400,000,000) to three hundred million*  
20 *dollars (\$300,000,000) and to authorize one hundred million*  
21 *dollars (\$100,000,000) for the Career Pathways Investment Credit,*  
22 *effective January 1, 2014.*

23 ~~64206. A Career Pathways Investment Trust Fund is hereby~~  
24 ~~established in each school or community college district for the~~  
25 ~~purpose of financing program and administrative costs relating to~~  
26 ~~the operation of career pathways programs. The trust fund may~~  
27 ~~accept revenues from any source, including one-time property tax~~  
28 ~~revenues resulting from the dissolution of the assets of the former~~  
29 ~~redevelopment agencies, proceeds from the sale of social impact~~  
30 ~~bonds, other tax revenues, grants, loans, and contributions or~~  
31 ~~employment training funds made available through the employment~~  
32 ~~training panel or workforce investment boards. The trust fund shall~~  
33 ~~be administered by each school or community college district.~~

34 ~~SEC. 2.~~

35 *SEC. 3.* Section 17057.6 is added to the Revenue and Taxation  
36 Code, to read:

37 17057.6. (a) For each taxable year beginning on or after  
38 January 1, 2014, there shall be allowed to a qualified taxpayer as  
39 a credit against the “net tax,” as defined in Section 17039, an  
40 amount equal to that allocated to a qualified taxpayer by the

1 California Career Pathways Investment Committee pursuant to  
2 Section ~~64204~~ 64206 of the Education Code.

3 (b) For purposes of this section a “qualified taxpayer” means  
4 an applicant, as defined in Section 64201 of the Education Code,  
5 who is either the sole owner if an individual, partners if the  
6 taxpayer is a partnership, or shareholders if the taxpayer is an “S”  
7 corporation, and who was awarded an allocation of the career  
8 pathways investment credit by the California Career Pathways  
9 Investment Committee.

10 (c) In the case where the credit allowed under this section  
11 exceeds the “net tax,” the excess credit may be carried over to  
12 reduce the “net tax” in the following taxable year, and succeeding  
13 taxable years, if necessary, until the credit has been exhausted.

14 (d) If a qualified taxpayer fails to comply with the requirements  
15 of this section or with Part 38 (commencing with Section 64200)  
16 of Division 4 of Title 2 of the Education Code, the credit shall be  
17 disallowed and assessed and collected under Section 19051 until  
18 the requirements are satisfied.

19 ~~SEC. 3.~~

20 *SEC. 4.* Section 23610.6 is added to the Revenue and Taxation  
21 Code, to read:

22 23610.6. (a) For each taxable year beginning on or after  
23 January 1, 2014, there shall be allowed to a qualified taxpayer as  
24 a credit against the “tax,” as defined in Section 23036, an amount  
25 equal to that allocated to a qualified taxpayer by the California  
26 Career Pathways Investment Committee pursuant to Section ~~64204~~  
27 64206 of the Education Code.

28 (b) For purposes of this section a “qualified taxpayer” means  
29 an applicant, as defined in Section 64201 of the Education Code,  
30 that is subject to the taxes imposed by this part.

31 (c) In the case where the credit allowed under this section  
32 exceeds the “tax,” the excess credit may be carried over to reduce  
33 the “tax” in the following taxable year, and succeeding taxable  
34 years, if necessary, until the credit has been exhausted.

35 (d) If a qualified taxpayer fails to comply with the requirements  
36 of this section or with Part 38 (commencing with Section 64200)  
37 of Division 4 of Title 2 of the Education Code, the credit shall be  
38 disallowed and assessed and collected under Section 19051 until  
39 the requirements are satisfied.

1     ~~SEC. 4.~~

2     *SEC. 5.*   No reimbursement shall be made pursuant to Part 7  
3 (commencing with Section 17500) of Division 4 of Title 2 of the  
4 Government Code for costs mandated by the state pursuant to this  
5 act. It is recognized, however, that a local agency or school district  
6 may pursue any remedies to obtain reimbursement available to it  
7 under Part 7 (commencing with Section 17500) and any other  
8 provisions of law.

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