

Date of Hearing: April 21, 2009

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT AND THE
ECONOMY

V. Manuel Perez, Chair

AB 1558 (Economic Development Committee) – As Introduced: March 11, 2009

SUBJECT: International relations code maintenance

SUMMARY: Makes technical changes to the codes relating to international trade and foreign investment. Specifically, this bill reorganizes the Government Code by shifting the placement of the Office of California-Mexico Affairs from a general title of state government to a more specific title on foreign relations.

EXISTING LAW establishes the Office of California-Mexico Affairs to serve as a clearinghouse for information and assistance to other state agencies involved with Mexico, and to develop favorable relations with Mexico.

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) Purpose of the bill: This bill reorganizes the Government Code by shifting the placement of the Office of California-Mexico Affairs from a general title of state government to a more specific title on foreign relations, for the purpose of having one comprehensive code for the state's international trade activities and programs. This language was originally included in AB 1719 (Economic Development Committee) which was taken in the Senate through hostile amendments. There are no new provisions being added to the law by this legislation. The bill is technical in nature.
- 2) Need for a comprehensive code section on international trade: International trade-related commerce represents approximately one-quarter of California's \$1.8 trillion economy. California-made exports directly account for about 8% of gross state product. If California were a country, it would be the 11th largest exporter in the world.

The state leads the nation in export-related jobs. According to U.S. Department of Commerce estimates, for every one million dollars of increased trade activity, 11 new jobs are supported. Workers in trade related industries earn, on average, 13% to 28% higher wages than the national average. Besides the production of exported products, foreign trade results in numerous port-related jobs, such as wholesale trade, warehousing, and transportation.

During the 2005-06 Legislative Session, significant changes were made in the area of international trade and development. Most significantly, SB 1513 (Romero), was signed by the Governor - Chapter 663, Statutes of 2006, which re-established statutory authority for the Business, Transportation and Housing (BTH) Agency to conduct international trade and foreign investment activities. The bill also established a new statutory title relating to foreign relations.

During deliberations on the re-establishment of trade authority for BTH, concerns were raised

that the state lacked a comprehensive or even generally understandable statutory scheme related to trade and foreign relations. This bill furthers the work that was begun in SB 1513 by making related technical changes to the Government Code.

3) Related legislation: Below is a list of bills relating to international trade.

- a) AB 89 (Garcia): This bill would have required BTH to prepare a study by January 1, 2010, regarding infrastructure development along the California/Mexico border, including an assessment of whether alternative financing mechanisms may be necessary to meet the development needs of the bi-national region. Status: The international trade language was removed after the bill left the Assembly. Vetoed by the Governor in 2008.
- b) AB 1722 (Committee on Jobs, Economic Development, and the Economy): This bill would have required BTH to provide the Legislature with a copy of the international trade and investment policy, which is a result of its work on the required international trade study and strategy. Status: Vetoed by the Governor in 2008.
- c) AB 402 (Dymally): This bill requires the Office of California-Mexico Affairs to establish a migrant advisory committee to focus upon issues confronted by people migrating from Mexico to California. Status: The international trade language was removed after the bill left the Assembly. Signed by the Governor – Chapter 496, Statutes of 2006.
- d) AB 3021 (Nuñez): This bill establishes the six-member California-Mexico Border Relations Council (Border Council) comprised of all Agency Secretaries and the Director of the Office of Emergency Services for the purpose of coordinating activities of state agencies. The Border Council is required to report to the Legislature on its activities annually. Status: Signed by the Governor - Chapter 621, Statutes of 2006.
- e) SB 1513 (Romero): Provides new authority for the BTH to undertake international trade and investment activities, and as a condition of that new authority, directs the development of a comprehensive international trade and investment policy for California. This bill reflects extended bi-partisan discussions between the Senate and the Assembly. Based on these agreements, AB 2601 was dropped to allow a single consensus bill on international trade which provides an organizational structure for trade to be sent to the Governor. Status: Signed by the Governor -Chapter 663, Statutes of 2006.

REGISTERED SUPPORT / OPPOSITION:

Support

Assembly Committee on Jobs, Economic Development, and the Economy (sponsor)

Opposition

None received

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