

**JEDE Mock-up for AB-3307 (Eduardo Garcia (A))**

**Mock-up based on Version Number 98 - Amended Assembly 5/4/20  
Submitted by: Toni Symonds, JEDE Committee**

**SECTION 1.** Section 63050 of the Government Code is amended to read:

**63050.** (a) There is hereby created in the State Treasury the California Infrastructure and Economic Development Bank Fund for the purpose of implementing the objectives and provisions of this division. Within the fund there shall also be established a Sponsor Revenue Bond Account, a Participating Party Revenue Bond Account, a State Infrastructure Revolving Account, a Manufacturing Program Account, and additional accounts and subaccounts that the bank may establish from time to time.

(b) Notwithstanding Section 13340 and except as provided in subdivisions (c) and (f), all moneys in the infrastructure bank fund are continuously appropriated without regard to fiscal years for the support of the bank and shall be available for expenditure for the purposes stated in this division.

(c) Moneys in the infrastructure bank fund shall be available for expenditure for general administration only upon appropriation by the Legislature. This subdivision shall not limit the authority of the bank to expend funds directly related to the servicing of approved debt. Moneys in the fund shall be available for the purpose of general administration of the authority only upon appropriation by the Legislature, but not more than 5 percent of any bond proceeds administered by the authority may be expended to cover the costs of issuance, as that terminology is defined under Section 147 (G) of the Internal Revenue Code.

(d) Notwithstanding any other provision of this division, not more than 15 percent of the financing annually approved by the executive director that utilizes state funds from the infrastructure bank fund may be expended upon educational facilities, environmental mitigation measures, and parks and recreational facilities.

(e) The executive director may transfer funds between the infrastructure bank fund and the guarantee trust fund when appropriate to accomplish the financing objectives of this division.

(f) Moneys in the Manufacturing Program Account established pursuant to Section 63047.54 shall be made available to the bank only upon appropriation by the Legislature, for purposes of administering the California Manufacturing Competitiveness Loan and Loan Guarantee Program established pursuant to Article 5.5 (commencing with Section 63047.5) of Chapter 2.

**SEC. 2.** Section 8684.3 is added to the Government Code to read:

**(a) It is the intent of the Legislature:**

**(1) To provide the Governor with appropriate emergency powers to address the manufacturing production and distribution needs of state in order to protect the health and safety of Californians.**

**(2) That the Governor should utilize this authority to provide direct loans, and loan guarantees to address the financial requirements of businesses when retooling, repurposing, and expanding production and distribution of products necessary prevent business insolvencies, the loss of employment in areas affected by these disasters, and shortages of essential goods.**

**(b) In addition to the allocations authorized by Section 8683, the Governor may allocate funds made available for the purposes of this chapter, in connection with relief provided in affected areas during the**

**period of federal disaster, to the Manufacturing Program Account for use by the California Infrastructure and Economic Development Bank, pursuant to Article 5.5. (commencing with Section 63047.5) of Division 1 of Title 6.7 of this code, to provide direct loans and guarantees made by lending institutions for the purpose of providing financing to enable manufacturers to support the emergency needs of Californians.**

**SEC 3.** Article 5.5 (commencing with Section 63047.5) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

**Article 5.5.** California Manufacturing **Emergency Preparedness** Act of 2020.

**63047.5.** This act shall be known, and may be cited, as the California Manufacturing **Emergency Preparedness** Act of 2020.

**63047.51.** The Legislature finds and declares all of the following:

(a) California is one of the largest and most diverse economies in the world, with a state gross domestic product of ~~nearly \$3~~ **\$3.1** trillion in **2019** ~~2018~~. Based on figures from the Department of Finance, if California were an independent nation it would rank as the fifth largest economy in the world.

(b) Historically, the state's significance in the global marketplace has resulted from a variety of factors, including:

(1) Its strategic west coast location that provides direct access to the growing markets in Asia  
(2) Its economically diverse regional economies and its large, ethnically diverse population, representing both a ready workforce and significant consumer base.

(3) Its access to a wide variety of venture and other private capital.

(4) Its broad base of small- and medium-sized businesses that support the global manufacturing supply chain.

(5) Its culture of innovation and entrepreneurship, particularly in the area of high technology.

(c) Historically, economic growth in California has outpaced the economic growth rate of the nation as a whole, and the state has led the nation in export-related jobs, business startups, and innovation. California leads the nation in the number of manufacturers.

(d) California's manufacturing sector, however, faces many challenges in maintaining global and domestic competitiveness, accessing a qualified workforce, and updating equipment and processes to meet greenhouse gas emission reduction goals.

(e) A robust manufacturing sector offers many benefits to the state, including high-wage jobs, a basis for international trade, and one of the highest multiplier effects on other industries and businesses. It has been estimated that for every job created in manufacturing, 2.5 jobs are supported in other industry sectors. For instance, in the electronic computer manufacturing industry, that multiplier effect is 16 to 1.

**(f) As California faces the coronavirus emergency, its ability to protect the health and safety of its people has been impeded by the lack of access to certain essential manufactured products, including personal protection equipment and ventilators. The current lack of domestic production and the need to pivot existing manufactures to new and expanded lines of production requires the state to develop finance programs in advance of disasters so they can be activated once a state of emergency is declared.**

(g) It is therefore the intent of the Legislature to strengthen the manufacturing capacity of California through the enactment and implementation of the California Manufacturing ~~Competitiveness~~ **Emergency Preparedness** Act of 2020, provide the framework and focus to retool and expand California's manufacturing facilities, support a vibrant logistics network, and retain and create more quality jobs.

**63047.52.** Unless the context requires otherwise, for the purposes of this article, the following terms shall have the following meanings:

(a) “Administration expenses” means the reasonable and necessary expenses incurred by the bank in the administration of this article, including, without limitation, the fees and costs of paying agents, trustees, attorneys, consultants, and others.

(b) “Applicant” means a company, or a participating financial institution on behalf of a company, that applies to the bank for a loan, a loan guarantee, or a line of credit to finance a project undertaken or proposed to be undertaken pursuant to this article. “Applicant” may be comprised of more than a single entity.

(c) “Bank” means the California Economic Development and Infrastructure Bank established pursuant to Chapter 1 (commencing with Section 63000).

(d) “Company” means a person, partnership, corporation, whether for profit or not, limited liability company, trust, or other private enterprise of whatever legal form, for which a project is undertaken or proposed to be undertaken pursuant to this title. “Company” may include more than a single enterprise.

(e) “Cost” as applied to any project, may include all of the following:

~~(1) The cost of construction, improvement, repair, rehabilitation, and reconstruction.~~

~~(2) The cost of acquisition, including rights in land and other property, both real and personal and improved and unimproved, and franchises, and disposal rights.~~

~~(3) The cost of demolishing, removing, or relocating any building or structures on lands so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved or relocated.~~

~~(4) The cost of machinery, equipment, and furnishings, of engineering and architectural surveys, plans, and specifications, and of transportation and storage until the facility is operational.~~

~~(5) The cost of agents or consultants, including, without limitation, legal, financial, engineering, accounting, and auditing costs, necessary or incident to a project and the determination as to the feasibility or practicability of undertaking the project.~~

~~(6) The cost of acquiring or refinancing existing obligations incident to the undertaking and carrying out, including the financing, of a project, and the reimbursement to any governmental entity or agency, or any company, of expenditures made by or on behalf of the entity, agency, or company that are costs of the project, without regard to whether or not the expenditures may have been made before or after the adoption of a resolution of intention with respect to that project by an authority.~~

~~(7) The cost of making relocation assistance payments as provided by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1.~~

~~(8) The cost of procuring raw materials and finished goods that become integral to the property as a result of construction, improvement, repair, rehabilitation, or reconstruction.~~

~~(9) In the case of taxable bonds, loans, loan guarantees, or lines of credit, the cost of refunding or refinancing any outstanding debt or obligations with respect to any facilities, or the cost of working capital.~~

~~(f) “Fund” means the California Infrastructure and Economic Development Bank Fund created pursuant to Chapter 3 (commencing with Section 63050).~~

(g) “Loan” means a loan, a portion of a loan, a loan guarantee, or a line of credit or portion of a line of credit made or extended by the bank, or by a participating financial institution on behalf of the bank, or by a participating financial institution pursuant to the bank’s program, to a company for a project or for a portion of a project encompassing one or more of the activities or uses set forth in this article.

(h) “Manufacturing Program Account” means the account established pursuant to Section 63047.54 within the California Infrastructure and Economic Development Bank Fund for moneys which are available for direct loans and loan guarantees under this article.

~~(i) “Project” means the acquisition, construction, improvement, repair, rehabilitation, and reconstruction of facilities and the acquisition and rehabilitation of machinery, equipment, and furnishings, and the acquisition of engineering and architectural surveys, plans, and specifications, and all other necessary and related capital expenditures by the issuance of bonds, loans, loan guarantees, or lines of credit upon the application of and to be repaid by payments from a company for the purposes of this article. For purposes of this article and the bank loan, loan guarantee, and line of credit program, a project may also consist of working capital expenditures.~~

~~(j) (1) “Property” means any land, air rights, water rights, disposal rights, improvements, buildings or other structures, and any personal property, tangible or intangible, and includes, but is not limited to, machinery and equipment, whether or not in existence or under construction, and interests in any of the foregoing, or promissory notes or other obligations of any kind respecting such interests.~~

~~(2) “Property” also means property suitable for one or more of the following activities or uses:~~

~~(A) Industrial uses including, without limitation, assembling, fabricating, manufacturing, or processing activities with respect to any products of agriculture, forestry, mining, or manufacturing, if these activities have demonstrated job creation or retention potential.~~

~~(B) Energy development, production, collection, or conversion from one form of energy to another.~~

~~(C) Research and development activities relating to commerce or industry, including, without limitation, professional, administrative, and scientific office and laboratory activities or uses.~~

~~(D) Processing or manufacturing recycled or reused products and materials by manufacturing facilities.~~

~~(E) Business activities with the purpose of creating or producing intangible property.~~

~~(F) Airport, dock, wharf, or mass commuting activities, or storage or training activities related to any of those activities shall be prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (A) to (E), inclusive.~~

~~(G) Sewage or solid waste disposal activities or electric energy or gas furnishing activities shall be prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (A) to (E), inclusive.~~

~~(H) Water furnishing activities shall be prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (A) to (E), inclusive.~~

~~(k) “Public agency” means any city, county, or city and county.~~

~~(1) “Revenues” means all rents, purchase payments, and other income derived from, or with respect to, the sale, lease, or other voluntary or involuntary disposition of, or repayment of loans with respect to, property, bond proceeds, repayment of loans and lines of credit, moneys received in recovery of defaulted loans, loan guarantees, or lines of credit, and any receipts derived from the deposit or investment of any income or proceeds in the account, but does not include receipts designated to cover administration expenses or expenses associated with the recovery activities on defaulted loans, loan guarantees, and lines of credit.~~

**63047.53. (a) (1) In an area affected by a state of emergency within the state and declared a disaster by the President of the United States, the Administrator of the United States Small Business Administration, or the United States Secretary of Agriculture, or declared to be in a state of emergency by the Governor of California, the bank may provide loans and loan guarantees from funds allocated in Section 63089.55 to businesses in the manufacturing sector in order to support state emergency response and recovery efforts.**

**(2) The bank shall may establish the California Manufacturing Competitiveness Disaster Loan and Loan Guarantee Program pursuant to this article for the purpose of attracting, retooling retaining, and expanding manufacturing facilities and other companies logistic capacity in the state.**

**(3) The bank shall adopt directives and requirements develop guidelines for the implementation of this program consistent with this article. The bank shall not commence operation of the program before adopting a resolution finding that there is sufficient money in the Manufacturing Program Account, established pursuant to Section 63047.54, to cover the costs of implementing the program, including, but not limited to, appropriate oversight costs.**

(b) The bank shall design the California Manufacturing Competitiveness **Disaster** Loan and Loan Guarantee Program to meet all of the following objectives:

(1) ~~Encourage the development of~~ **Protect and enhance** the state’s long-term manufacturing capacity.

(2) Create jobs through the support of retooling, **repurposing**, and expansion of manufacturing facilities **during and immediately following a declaration of a state of emergency**.

(3) Support quality manufacturing jobs that provide high wages, including benefits.

(4) Allow manufacturers to access funds under terms and conditions which would not otherwise be available in the private market.

(5) Strengthen the supply chain of small businesses that support this state’s manufacturing competitiveness.

(6) Assist manufacturers in cost effectively responding to **the manufacturing needs of California during a state of emergency** ~~energy efficiency regulations and new technologies.~~

~~(c) (1) The bank shall adopt procedures and criteria to evaluate and approve applicants for loans, loan guarantees, or lines of credit and to evaluate and certify the participating financial institutions that may make loans, loan guarantees, or extend lines of credit on its behalf or directly to companies pursuant to the bank’s program.~~

~~(2) The evaluation and approval of applicants shall include the assessment of the applicant’s creditworthiness and the valuation of guarantees and collateral to be posted by the applicant to secure payment of principal and interest on the loan, line of credit, or extension of a loan guarantee.~~

~~(3) The evaluation and certification of participating financial institutions shall include an assessment of the standards for due diligence for each loan, loan guarantee, or line of credit made on behalf of the bank or made directly to a company pursuant to the bank's program.~~

~~(4) The bank shall provide for the development and administration of the application, review, and evaluation process for the program, including, but not limited to, defining the eligibility standards, rating and ranking criteria, and other appropriate policies and procedures for implementing and overseeing the program pursuant to this article.~~

**(b)** ~~(5)~~ Among other requirements, the loan, loan guarantee, and line of credit shall be subject to all of the following provisions:

(A) Applicants shall demonstrate they are in compliance with applicable federal, state, and local laws and regulations.

(B) **Applicants shall commit, as condition of participating in the program, that all outstanding** Outstanding loans shall be paid in full six months before the relocation of a facility outside of California. If the loan or loan guarantee included a subsidized amount, that amount must also be repaid subject to a sliding scale adopted by the bank.

(C) Applicants shall demonstrate where the facility or facilities where the moneys will be expended are located and where the direct benefits of the assistance will be realized in the state.

(D) **Applicants shall demonstrate that wages** Wages the applicant pays its employees in the state shall, on average, be equal to or more than the average monthly wage rate for similar workers in the same industry subsector.

(E) Upon the request of the bank, each applicant shall agree to report to the bank in the year the funding was provided, and the following years, on total capital investments made by the company, the total employment at the project facility, and the wage levels by type of work. The applicant shall also estimate the number of jobs created or retained through the provision of this state assistance, as well as provide other appropriate performance data, as determined by the bank.

~~(d) (1) The bank shall develop a process for the ongoing monitoring of current and outstanding loans, loan guarantees, and lines of credit and develop and maintain a database on loans, loan guarantees, or lines of credit from the fund.~~

~~(2) The bank shall adopt minimum standards for the documentation, underwriting, and servicing of loans, loan guarantees, or lines of credit made by the bank or made by participating financial institutions on the bank's behalf or directly by a participating financial institution pursuant to the bank's program. The documentation, underwriting, and servicing standards shall be designed to promote the integrity of the program, the fund, and uniformity in the bank's process of evaluation and due diligence.~~

~~(3) The bank shall provide technical assistance to participating financial institutions in order to increase utilization of the minimum documentation, underwriting, and servicing standards.~~

~~(e) The bank's evaluation criteria for reviewing applications and determining financing approvals shall include all of the following:~~

~~(1) Whether employment benefits arising out of the use of the financing secures the employment of existing employees or increases the overall number of full-time employees of the company.~~

~~(2) Whether the company provides compensation for employees at the project facility which exceeds the average compensation for similar employment within the company's jurisdiction or within the state.~~

~~(3) Whether the company provides health benefits to employees employed at the project facility or contributions to employee retirement benefits.~~

~~(4) Whether the project will provide energy, mineral or natural, or cultivated resource conservation benefits.~~

~~(5) Whether the project will include building certified environmentally beneficial facilities, bringing existing facilities up to certified environmentally beneficial status, or implementing greenhouse gas reduction technologies, energy efficiency measures and installing renewable energy equipment.~~

~~(6) Whether the company purchases raw materials or other products from California-based companies.~~

~~(f) Priority for loans, loan guarantees, or lines of credit shall be given to companies that do all of the following:~~

~~(1) Retain or create the greatest number of jobs compensated at a wage rate above the average monthly wage rate for a similar company in the project jurisdiction or in the state.~~

~~(2) Have the greatest beneficial economic impact on the state and local economies as a result of the financing.~~

~~(3) Have the greatest negative economic impact on the state and local economies and on other businesses in the state if it moved its operations to another state or otherwise ceased operations within the state.~~

(g) To cover the costs of administering the program, each applicant shall pay a nonrefundable application fee, including a proportional share of the costs of developing the program, reviewing applications, and monitoring and overseeing the program. Fee moneys shall be deposited directly into the Manufacturing Program Account, established pursuant to Section 63047.54, for the purpose of ensuring that funds are available to the state for the sole purpose of administration of the program.

**63047.54.** (a) There is hereby created within the California Infrastructure and Economic Development Bank Fund an account called the Manufacturing Program Account. Upon ~~appropriation by the Legislature and~~ **the transfer of funds pursuant to Section 8684.3**, moneys in the account shall be expended to pay for direct loans and defaulted loan guarantees issued pursuant to this article, administrative costs of the bank, and those costs necessary to protect a real property interest in a defaulted loan or guarantee. No moneys other than those moneys in the account may be used to pay for the direct loans and defaulted loan guarantees issued pursuant to this article.

(b) All moneys received from the federal government, foundations, and other public or private funding sources for the purpose of implementing the California Manufacturing **Disaster Competitiveness** Loan and Loan Guarantee Program shall be deposited in the Manufacturing Program Account. All loan repayments, interest, and royalties shall be deposited back into the Manufacturing Program Account.

(c) The bank shall not commence implementation of the program before adopting a resolution finding that there is sufficient money in the account to cover the costs of implementing the program, including, but not limited to, appropriate oversight costs.

(d) Upon ~~appropriation by the Legislature~~ **the transfer of funds pursuant to Section 8684.3**, all or a portion of the funds in the account may be allocated by the bank, with the approval of the Department of Finance, to a lending institution or financial company that will act as trustee of the funds.

**63047.55.** (a) Beginning October 1, 2021, and ~~annually~~ in any year following the transfer of funds into the Manufacturing Program Account thereafter, the bank shall post on its internet website or provide the Legislature with a report, whichever is more cost effective, on the program's activities during the prior fiscal year and impact on the manufacturing industry and on the state's economy, in general.

(b) At a minimum, the information provided pursuant to subdivision (a) shall include all of the following:

(1) The total amount of moneys in the Manufacturing Program Account, at the beginning of the fiscal year and at the end of the fiscal year.

(2) The number of projects funded and the number of manufacturers and other businesses assisted.

(3) The number of jobs created and the number of jobs retained through program assistance in each of the fiscal years.

(4) The amount of investments made by the manufacturer in the prior year to their assistance and next two years.

(5) The amount of federal, state, and local taxes paid by the companies in aggregate.

(6) Information on publicly held companies shall also be reported separately.

**63047.56.** (a) This article shall be implemented only to the extent that sufficient moneys are available to the bank to administer the California Manufacturing Disaster ~~Competitiveness~~ Loan and Loan Guarantee Program.

(b) This article shall remain in effect only until January 1, 2026, and as of that date is repealed.