

Date of Hearing: May 12, 2020

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 3307 (Eduardo Garcia) – As Amended May 4, 2020

SUBJECT: California Manufacturing Competitiveness Act of 2020

POLICY FRAME: California faces many hurdles in meeting the challenge of the coronavirus emergency. Extended global supply chains have hampered the state's ability to meet the basic needs of its health care system and food supply chain, and have fundamentally impaired the state's ability to develop and follow evidence-based policies. While California's disaster response capabilities are some of the best in the world, in the last few months the state has learned the serious downsides to global supply chains for crucial goods, such as the lack of personal protective gear and swabs for testing kits.

Manufacturing is so important to the US, the President has the authority to invoke the Defense Production Act (DPA) in order to expedite, assure, and expand the supply of resources to meet the nation's emergency needs. During the coronavirus emergency, the DPA has been used or threatened to be used several times, including most recently to address a potential meat shortage.

AB 3307 establishes a new loan and loan guarantee program to support manufacturing facilities in retooling, repurposing, and expanding. The bill was initially introduced prior to the coronavirus state of emergency. Amendments, suggested in Comment 5, recommend modifying the new program authority to only apply in the case of a state of emergency. The analysis includes information on the California manufacturing economy, the manufacturing challenges of the COVID-19 emergency, and the California Infrastructure and Economic Development Bank (IBank).

SUMMARY: The bill establishes the California Manufacturing Competitiveness Act of 2020 for the purpose of strengthening the manufacturing capacity of California by providing the framework to retool and expand California's manufacturing facilities, support a vibrant logistics network, and retain and create more quality jobs. Specifically, **this bill:**

- 1) Requires the IBank to establish the California Manufacturing Competitiveness Loan and Loan Guarantee Program (LLG Program) for the purpose of attracting, retaining, and expanding manufacturing facilities and other companies in the state. In undertaking this duty, the IBank is required to:
 - a) Establish guidelines for the implementation of this LLG Program, including, but not limited to:
 - i) Procedures and criteria 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 IBank's program.
 - ii) Minimum standards for the documentation, underwriting, and servicing of loans, loan guarantees, or lines of credit. The IBank is required to provide technical assistance to participating financial institutions in order to increase utilization of the minimum documentation, underwriting, and servicing standards.
 - iii) Procedures and criteria to evaluate and approve loans, loan guarantees, or lines of credit, including the assessment of the applicant's creditworthiness and the valuation of guarantees and collateral. This criteria is required to include:

- (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, implementing greenhouse gas reduction technologies or energy efficiency measures, or installing renewable energy equipment.
 - (6) Whether the company purchases raw materials or other products from California-based companies.
- iv) Procedures to guide the development and administration of the application, review, and evaluation process for the LLG 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.
 - v) Procedures for the ongoing monitoring of current and outstanding loans, loan guarantees, and lines of credit, as specified.
- b) Design a LLG Program that meets all of the following objectives:
- i) Encourage the development of the state's long-term manufacturing capacity.
 - ii) Create jobs through the support of retooling and expansion of manufacturing facilities.
 - iii) Support quality manufacturing jobs that provide high wages, including benefits.
 - iv) Allow manufacturers to access funds under terms and conditions which would not otherwise be available in the private market.
 - v) Strengthen the supply chain of small businesses that support this state's manufacturing competitiveness.
 - vi) Assist manufacturers in cost effectively responding to energy efficiency regulations and new technologies.
- c) Not commence operation of the program before adopting a resolution finding that there is sufficient money in the Manufacturing Program Account to cover the costs of implementing the program, including, but not limited to, appropriate oversight costs.
- 2) Requires that the loan, loan guarantee, and line of credit be subject to all of the following provisions:
- a) Applicants demonstrate they are in compliance with applicable federal, state, and local laws and regulations.

- b) Applicants commit to having all outstanding loans 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 demonstrate that the facility or facilities where the moneys will be expended and where the direct benefits of the assistance will be realized are in the state.
 - d) Applicants demonstrate that 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 IBank, each applicant agrees to report to the IBank 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 also agrees to estimate the number of jobs created or retained through the provision of the state assistance, as well as provide other appropriate performance data, as determined by the IBank.
- 3) Requires priority for loans, loan guarantees, or lines of credit to be given to companies that do all of the following:
 - a) 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.
 - b) Have the greatest beneficial economic impact on the state and local economies as a result of the financing.
 - c) 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.
 - 4) Requires each applicant to pay a nonrefundable application fee to cover the costs of administering the program, including a proportional share of the costs of developing the program, reviewing applications, and monitoring and overseeing the program. Fee moneys collected are required to be deposited into the Manufacturing Program Account for the purpose of ensuring that funds are available to the state for the sole purpose of administration of the program.
 - 5) Establishes the Manufacturing Program Account within the Economic Development Bank Fund for the purpose of receiving funds to administer the California Manufacturing Competitiveness Loan and Loan Guarantee Program, as specified.
 - a) Specifies that moneys in the account may 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.
 - b) Provides that no moneys other than those moneys in the Manufacturing Program Account may be used to pay for the direct loans and defaulted loan guarantees issued pursuant to this article.
 - 6) Requires, beginning October 1, 2021, and annually thereafter, that the IBank 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. Information on publicly held companies is required to be reported separately from privately held firms. At a minimum, the information provided in the report shall include all of the following:

- a) 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.
 - b) The number of projects funded and the number of manufacturers and other businesses assisted.
 - c) The number of jobs created and the number of jobs retained through program assistance in each of the fiscal years.
 - d) The amount of investments made by the manufacturer in the prior year to their assistance and next two years.
 - e) The amount of federal, state, and local taxes paid by the companies in aggregate.
- 7) Defines a number of terms related to the administration of the LLG Program, including, but not limited to, the following terms:
- 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) “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.
 - d) “Cost” as applied to any project, may include all of the following:
 - i) The cost of construction, improvement, repair, rehabilitation, and reconstruction.
 - ii) The cost of acquisition, including rights in land and other property, both real and personal and improved and unimproved; franchises; and disposal rights.
 - iii) 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.
 - iv) 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.
 - v) 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.
 - vi) 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.

- vii) The cost of making relocation assistance payments as provided by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1.
- viii) 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.
- ix) 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.
- e) “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.
- f) “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. 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.
- g) “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.
 - i) “Property” also means property suitable for one or more of the following activities or uses:
 - (1) 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.
 - (2) Energy development, production, collection, or conversion from one form of energy to another.
 - (3) Research and development activities relating to commerce or industry, including, without limitation, professional, administrative, and scientific office and laboratory activities or uses.
 - (4) Processing or manufacturing recycled or reused products and materials by manufacturing facilities.
 - (5) Business activities with the purpose of creating or producing intangible property.
 - (6) Airport, dock, wharf, or mass commuting activities, or storage or training activities related to any of those activities, are prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (1) to (5), inclusive.
 - (7) Sewage or solid waste disposal activities or electric energy or gas furnishing activities are prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (1) to (5), inclusive.

(8) Water furnishing activities shall be prohibited unless the property acquired is suitable for one or more of the activities described in subparagraphs (1) to (5), inclusive.

- h) “Public agency” means any city, county, or city and county.
- i) “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.

8) Sunsets the provisions of this bill on January 1, 2026.

EXISTING LAW:

- 1) Establishes the IBank within the Governor’s Office of Business and Economic Development (GO-Biz) and authorizes it to undertake a variety of infrastructure related financial activities, including, but not limited to, the administration of the Infrastructure State Revolving Fund (ISRF), oversight of the Small Business Finance Center, and the issuance of tax-exempt and taxable revenue bonds.
- 2) Establishes the ISRF for the purpose of providing financing to public agencies and non-profit corporations, sponsored by public agencies, for a wide variety of infrastructure and economic development facilities. Development of housing infrastructure is an eligible project; financing of the building or mortgage of a house is not eligible.

FISCAL EFFECT: Unknown

COMMENTS & CONTEXT:

- 1) **The Role of Manufacturing in a Disaster:** As noted previously in the analysis, California’s response to the coronavirus pandemic has been hindered by the state’s access to sanitizing agents, personal protective gear, ventilators, and key component parts of essential products, such as swabs for testing kits. With limited domestic capacity, California pursued contracts with out-of-state and foreign producers. News sources have frequently reported on the high cost, poor quality, and unreliable delivery of these products. What is less known is the targeted and fast-paced actions of state agencies, like GO-Biz; state trade associations, like the California Manufacturing and Technology Association (CMTA); and state-and-federally-funded business assistance centers, including the California Manufacturing Technology Corporation (CMTC). Over a matter of weeks, these entities collectively and individually reached out to California’s dynamic manufactures to assess how these businesses could contribute to the state’s emergency response efforts.

Governor Newsom established a website, <https://covid19supplies.ca.gov/>, where businesses holding inventories of or with the capacity to produce health care-related products could directly connect with state contracting staff. Top priority products included ventilators, surgical masks, hand sanitizers, and hospital exam gowns. CMTA contributed by polling its membership to identify current production and repurposing capacity. CMTA’s manufacturer repurposing list can be found at: https://cmta.net/multimedia/10th_list_of_mfg_repurposing_for_covid_19_cmta_w:o_contact_info_copy.pdf

The CMTC, working under repurposed funding from the GO-Biz Small Business Technical Assistance Expansion Program, worked one-on-one with small and medium-size manufacturers to shift their production to meet the state's top emergency supply needs. This pivot in manufacturing has required retooling of facilities, reworking of staffing, and establishing new supply sources, to name only a few of the required innovations. Below are examples how CMTC's clients evolved to meet California's COVID-19 challenge.

- a) ***Allett, National City***: Allett is a family-run slim wallet company established in 1995. By rethinking their production line, the company is transforming their warehouse in National City from making wallets to face masks. This project that began as a small one-time donation has become a business model. For anyone that purchases two masks, the company donates mask. Most recently the company reported that it has donated over 3,500 masks, which has also allowed the small business to double its workforce.
- b) ***Armenco Truck Company, Chatsworth***: Since 1977, Armenco Truck, a family run company, has designed and delivered mobile trucks for food and other industries. For the COVID-19 pandemic, Armenco has the capabilities to supply mobile hand wash stations, mobile kitchens, and triage units for parks, homeless encampments, and other applications. Armenco is also supplying plastic partitions and guard stations which are being installed between manufacturing equipment stations and office areas.
- c) ***Dermaesthetics, Inc., Anaheim***: Dermaesthetics is a global skincare company, primarily selling to beauty professionals for over 30 years. When the call for hand sanitizers, the company pivoted its production line and shipped at no-charge to California clinics, hospitals, senior care centers, etc. In addition, Dermaesthetics is selling its FDA and WHO compliant product in various sizes to the companies and the general public.
- d) ***Able Industrial Products, Ontario***: Able Industrial Products is a second generation family owned business, which pivoted to manufacture face shields from manufacturing automotive and aerospace gaskets. The company now provides 2,500+ face shields daily to St. Jude Medical Center in Fullerton and other medical centers in Southern California.

The CMTC supported these companies in pivoting their existing production capacity to contribute to the state's coronavirus pandemic response and sustain a portion of their workforce. If enacted, AB 3307 would provide a new funding mechanism to assist manufacturers in making these transitions.

- 2) ***Role of Manufacturing in the California Economy***: Manufacturing plays an important role within the California economy, supporting international trade and small businesses within the global supply chain while providing high-paying jobs. Manufacturing in California accounted for 10.67% of total state economic output in 2018, representing \$316.76 billion of production. By most indicators, California is the largest manufacturing state in the nation.

Manufacturing is California's most export-intensive activity, with \$149.5 billion in manufactured goods exported in 2019, accounting for 86.2% of California's annual exports. The two largest exports by aggregate dollar value in 2019 were computers and electronic products valued at \$40.2 billion (23.2% of all exports) and transportation equipment at \$22.6 billion (13.1%).

Manufacturing employed 1.3 million workers in California in 2018, accounting for 7.72% of the state's non-farm employment. California has the largest manufacturing workforce in the nation,

followed by Texas, with an average annual compensation within the manufacturing sector of just over \$105,000 in 2017.

In addition to paying higher wages than many economic sectors, manufacturing jobs also have one of the highest multiplier effects. According to the Milken Institute, each manufacturing job supports roughly 2.9 other jobs in the overall state's economy. In some specialized manufacturing sectors, such as electronics and computer manufacturing, the multiplier effect is as high as 16 to 1. One of the reasons for the large multiplier effect is the extended supply chains that are needed to support manufacturing and the export of goods, including small businesses and logistic companies.

- 3) **Manufacturing in the Future:** EDD currently projects that, between 2016 and 2026, total employment in California will rise by 16.3%, with total employment in the manufacturing sector in California rising by only 0.1%, as shown in *Chart 1* below.

Chart 1 – Net Employment Growth in California				
	Annual Average Employment 2016	Estimated Employment in 2026	Numerical Change	Percent Change
Total Employment	18,089,600	20,022,700	1,933,100	10.7%
Manufacturing	1,311,200	1,312,500	1,300	0.1%

Source: "Projections of Employment by Industry and Occupation, Long-Term (Ten Years) Projections," EDD, 2018

While the aggregate employment growth is low, some subsectors are anticipated to have more significant increases, including motor vehicle manufacturing (103.1%) and industrial machinery manufacturing (12.6%). Chart 2 provides a more detailed look at selected job growth in the manufacturing sector.

Chart 2 – Selected Net Job Growth in Manufacturing				
	Annual Average Employment 2016	Estimated Employment in 2026	Numerical Change	Percent Change
Manufacturing	1,311,200	1,312,500	1,300	0.1%
Durable Goods Manufacturing	820,800	829,500	8,700	1.1%
Wood Product Manufacturing	23,800	25,400	1,600	6.7%
Other Wood Product Manufacturing	16,800	18,000	1,200	7.1%
Primary Metal Manufacturing	17,300	15,200	-2,100	-12.1%
Fabricated Metal Product Manufacturing	130,500	126,500	-4,000	-3.1%
Machinery Manufacturing	74,200	75,000	800	1.1%
Motor Vehicle Manufacturing	9,600	19,500	9,900	103.1%
Aerospace Product and Parts Manufacturing	76,600	75,100	-1,500	-2.0%
Ship and Boat Building	9,400	8,000	-1,400	-14.9%
Furniture and Related Product Manufacturing	35,800	34,800	-1,000	-2.8%
Medical Equipment and Supplies Manufacturing	52,600	56,300	3,700	7.0%
Nondurable Goods Manufacturing	490,400	483,000	-7,400	-1.5%
Food Manufacturing	160,500	166,600	6,100	3.8%
Beverage and Tobacco Product Manufacturing	57,500	69,300	11,800	20.5%
Apparel Manufacturing	47,700	37,200	-10,500	-22.0%
Paper Manufacturing	22,000	20,400	-1,600	-7.3%
Petroleum and Coal Products	13,900	12,400	-1,500	-10.8%

Manufacturing				
Chemical Manufacturing	84,400	85,800	1,400	1.7%
Pharmaceutical and Medicine Manufacturing	51,400	54,000	2,600	5.1%
Plastics and Rubber Products Manufacturing	44,500	41,200	-3,300	-7.4%

- 4) **Background on the IBank:** The IBank was established in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy, and improve the quality of life in California communities. Housed within GO-Biz, it is governed by a five-member board of directors comprised of the Director of GO-Biz (chair), the State Treasurer, the Director of the Department of Finance, the Secretary of the Transportation Agency, and an appointee of the Governor. The day-to-day operations of the IBank are directed by the Executive Director who is an appointee of the Governor and is subject to confirmation by the California State Senate.

The IBank does not receive any ongoing General Fund support. Rather, it is financed through fees, interest income and other revenues derived from its public and private sector financing activities. State contracts to small business financial development corporations are supported through an annual General Fund appropriation of approximately \$860,000.

The IBank administers four core programs: (1) the ISRF which provides direct low-cost financing for public infrastructure projects and economic development facilities; (2) the Revenue Bond Financing Program which provides tax exempt and taxable bond financing for manufacturing companies, public benefit nonprofit organizations, public agencies, and other eligible entities; (3) the California Small Business Finance Center which assists small businesses (up to 500 employees) in accessing private financing through credit enhancements – including loan guarantees, direct loans, and performance bond guarantees; and (4) the California Lending for Energy and Environmental Needs Center (CLEEN Center), which provides financing for municipal governments, public universities, schools, and hospitals (MUSH).

Since its inception through March 2017, the IBank has loaned, financed, or participated in over \$40 billion in infrastructure and economic expansion projects, including \$426.9 million in industrial development bonds. This includes over \$600 million to local and state agencies, developing a high-level of expertise in the financing of public infrastructure.

The IBank also serves as the state’s only general purpose financing authority with broad statutory powers to issue revenue bonds, make loans, and provide guarantees. There is no pledge of IBank or state general funds for any of the conduit revenue bonds. Over \$38 billion in conduit revenue bonds have been issued by the IBank since 2000.

The IBank estimates that, since inception, it has supported the creation and retention of over 100,000 jobs, including over 22,000 from the ISRF program; 37,000 from bond financing activities; and 41,000 through the Small Business Finance Center.

- 5) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Narrow the bill to a program the Governor activates in times of an emergency. This would place the AB 3307 manufacturing program in a similar position as the existing Small Business Disaster Loan Guarantee Program, which the Governor recently activated to guarantee microloans for

businesses that did not otherwise qualify for one of the two federal small business disaster programs.

- b) Remove some of the program details in order to provide the IBank with the ability to develop a program that best meets the needs of manufacturers in the post-COVID-19 era.
- c) Add legislative intent as to how the program assists the state in meeting the current emergency.

6) **Related Legislation:** Below is a list of bills from the current and prior sessions.

- a) **AB 245 (Muratsuchi) California Aerospace and Aviation Commission:** This bill enacts the California Aerospace and Aviation Act of 2019 (Act), which establishes a 15-member California Aerospace and Aviation Commission (Commission) for the purpose of serving as a central point of contact for related industries and supporting the health and competitiveness of these industries in California. The Commission is placed within the administrative control of the Governor's Office of Business and Economic Development. Authority for the operation of the Commission sunsets on January 1, 2025. Status: Pending in the Senate Committee on Governmental Organization, 2019.
- b) **AB 755 (E. Garcia) Capital Investment Incentive Program:** This bill extends the authorization for cities and counties to establish a Capital Investment Incentive Program (CIIP) from January 1, 2018, to January 1, 2019. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least \$150 million. The incentive may only be offered after the proponent and the local government agree to a "Community Services Agreement" that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid. Status: Signed by the Governor, Chapter 709, Statutes of 2017.
- c) **AB 894 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2011:** This bill would have authorized the establishment of a loan and loan guarantee program, administered through the California Industrial Development Financing Advisory Commission, for the purpose of financing the retooling and expansion of California's manufacturing facilities, enhancing the state's logistics network, and retaining and creating jobs. Status: Vetoed by the Governor, 2011. The veto message states: "*This bill creates the California Manufacturing Competitiveness Loan and Loan Guarantee Program to be administered by an advisory commission within the State Treasurer's office. The objectives of this bill are excellent. However, the loan programs it creates can be run by the state's Infrastructure Bank, which already has authority and experience lending directly to businesses.*"
- d) **AB 1027 (Burke) California Competes Tax Credit and Private Ownership Share Agreements:** This bill would have authorized a taxpayer to offer the state an ownership interest in the taxpayer's business as part of the California Competes Tax Credit application process, and allowed the Governor's Office of Business and Economic Development to consider the amount of ownership being offered in determining the amount of credit allocated to the taxpayer. If a court had found that the state's ownership interest in a taxpayer's business to be prohibited by the California Constitution, the credit would have been recaptured and unused carryover credit canceled. Status: Held in the Senate Committee on Appropriations, 2019.

- e) **AB 1259 (L. Rivas, Cervantes, E. Garcia) California New Markets Tax Credit:** This bill would have authorized a New Market Tax Credit for qualified business investments in low-income communities beginning in year 2020. The Governor's Office of Business and Economic Development would have been tasked to administer the program. The bill would have authorized \$100 million to be awarded annually. This was part of the JEDE Chair's four-bill package related to Opportunity Zones. Status: Held in the Assembly Committee on Appropriations, 2019.
- f) **AB 1479 (Cervantes) Opportunity Zone Credit Enhancement:** This bill would have established a credit enhancement program through the California Infrastructure and Economic Development Bank for projects located in an Opportunity Zone that met certain social, economic, and environmental criteria, including creating wealth and asset building within the local community. This was part of the JEDE Chair's four-bill package related to Opportunity Zones. Status: Held in the Assembly Committee on Appropriations, 2019.
- g) **AB 1716 (Committee on Jobs, Economic Development, and the Economy) California Competes Tax:** This bill would have extended the California Competes Tax Credit for five years. The Assembly Committee on Jobs, Economic Development, and the Economy was the sponsor of this bill. Budget actions supported by JEDE implemented similar provisions as part of the 2017-18 Budget. Status: Died in the Assembly Committee on Appropriations, 2018.
- h) **AB 1900 (Brough) Extension of the Capital Investment Incentive Programs:** This bill extends the Capital Investment Incentive Program (CIIP) from January 1, 2019, to January 1, 2024. Existing law authorized a local government to offer a partial property tax abatement incentive for qualified manufacturing facilities for assessed property taxes. In order to qualify for the partial tax abatement, the manufacturer is required to have made an investment of at least \$150 million. The incentive may only be offered after the proponent and the local government agree to a "Community Services Agreement" that requires the proponent to meet certain criteria, such as job creation numbers, wages paid at least to the state average weekly wage, and local fees. Should the manufacturer fail to meet these requirements, the local government is entitled to repayment of any amounts paid. Status: Signed by the Governor, Chapter 382, Statutes of 2018.
- i) **AB 2437 (V. Manuel Pérez) California Manufacturing Competitiveness Act of 2010:** This bill would have authorized the establishment of the California Manufacturing Competitiveness Act of 2010 for the purpose of supporting the retooling and expansion of California's manufacturing facilities, enhancing the state's logistics network, and retaining and creating jobs. Status: Vetoed by the Governor, 2010. The veto message states: "*While I am supportive of providing California's manufacturers with greater borrowing opportunities to make capital investments, I believe the proper location of this economic development program is in the Governor's Office of Economic Development. In addition, this bill would create new higher costs to employers as a result of the prevailing wage requirements on projects financed under this bill.*"
- j) **SB 1293 (Allen) Sea Level Rise Loan Program:** This bill creates the Sea Level Rise Revolving Loan Program within the I-Bank to provide low-interest loans to local jurisdictions for the purchase of coastal properties in their jurisdictions identified as vulnerable coastal property. The bill would require the California Coastal Commission, before January 1, 2022, in consultation with the California Coastal Commission, the State Lands Commission, and any other applicable state, federal, and local entities with relevant jurisdiction and expertise, to determine criteria and guidelines for the identification of vulnerable coastal properties eligible for participation in the program. Status: Pending in the Senate Committee on Rules, 2020.

REGISTERED SUPPORT / OPPOSITION:

Support

None on File

Opposition

None on File

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