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# JEDE AMENDMENTS

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**AB 538 (Muratsuchi, Friedman): Introduced 2/10/21  
Submitted by: Toni Symonds, JEDE Committee Staff**

## Version 2

### Proposed Language

**SECTION 1.** The Legislature finds and declares all of the following:

- (a) The aerospace industry constitutes one of the largest high-technology manufacturing sectors within the United States.
- (b) The aerospace industry generates a significant portion of economic output from companies that manufacture goods and provide services throughout the industry's supply chain.
- (c) Accelerated by surges in delivery of civil aircraft systems across platforms and commercial space launches, production grew in 2017 and is poised for continued growth across all sectors.
- (d) California is a global leader in space instrumentation, satellite services and manufacturing, and engineering services. The state provides more than 50 percent of all aerospace engineering services and 59 percent of aircraft search, detection, navigation, guidance, and nautical instrumentation.
- (e) The California aerospace industry employs approximately 230,000 workers directly and supports 511,000 jobs across related industry sectors, including finance, construction, and transportation.
- (f) Key California strengths include having a capable and skilled workforce, with numerous technical universities to provide a pipeline for the industry, ideal climate conditions for flight-testing, large restricted airspace, high concentration of military operations, easy access to international manufacturing as an aerospace industry legacy, major international shipping ports, and an emerging startup scene, that has introduced new players such as SpaceX, Orbital ATK, and Virgin Galactic, among others, into the area.
- (g) California's position as a global leader, however, is being increasingly challenged. Primary industry challenges have been identified to include competition from abroad in aerospace manufacturing, a declining in-state customer base with government contracts, and state tax credits that need modification to match incentives in other states.

**SEC. 2.** Part 6.8 (commencing with Section 15375) is added to Division 3 of Title 2 of the Government Code, to read:

#### **PART 6.8.** California Aerospace Commission

**15375.** This part shall be known, and may be cited, as the California Aerospace Act of 2021.

**15376.** (a) The Legislature finds that the aerospace industry in California provides unique and significant contributions to the economy and history of California.

(b) The Legislature further finds that the significant benefits provided to California by the aerospace industry are in jeopardy as a result of the concerted efforts of other states and countries to lure the industry away from California.

(c) The Legislature declares that there is a need for a concerted and collaborative effort by the state and local governments within the state to provide an environment supportive of, and conducive to, the undertakings of the aerospace industry in this state.

**15377.** There is within the Governor's Office of Business and Economic Development, the California Aerospace Commission consisting of 15 members. Any reference in this part to the commission shall be deemed to refer to the California Aerospace Commission.

**15377.1.** (a) The purpose of the commission is to serve as a central point of contact for businesses engaged in the aerospace industry and to support the health and competitiveness of this industry in California.

(b) Within the annual report, as provided in subdivision (a) of Section 15382, the commission shall make recommendations to the Legislature, the Governor, the Governor's Office of Business and Economic Development, and other state agencies on legislative or administrative actions that may be necessary or helpful to maintain and improve the position of the state's aerospace industry in the national and world markets.

(c) In undertaking its mission and responsibilities, the commission may do all of the following:

(1) Advise the Legislature and the Governor on issues relating to the aerospace industry.

(2) Hold hearings, meetings, and other activities designed to solicit information from aerospace businesses and related stakeholders.

(3) Host and participate in trade shows and other events designed to promote the state's aerospace industry.

(4) Review and provide comments on reports and plans related to the aerospace industry, including, but not limited to, marketing and promotional plans.

(5) Adopt operational rules and procedures, consistent with the authorities and requirements of this part, the Governor's Office of Business and Economic Development, and general operating procedures of the state.

(6) Request and obtain any information from state entities necessary to carry out the purposes of this part.

(7) Accept grant moneys for the purpose of implementing this part.

(8) Accept gifts and donations for the purpose of implementing this part.

**15377.2.** (a) The Governor, the Senate Committee on Rules, and the Speaker of the Assembly shall appoint the voting members, as provided in subdivisions (c) to (e), inclusive.

(b) (1) All members of the commission, other than the ex officio nonvoting members, shall serve at the pleasure of the appointing authority for a term of two years from the effective date of the appointment, except that the initial term of a member appointed prior to January 1, 2023, pursuant to paragraphs (2), (4), (5), and (6), inclusive, of subdivision (c) shall be three years.

(2) An individual shall not serve more than three terms on the commission.

(c) The members appointed by the Governor shall be as follows:

(1) Three members from large aerospace corporations.

(2) Two members from small- and medium-size aerospace businesses.

(3) One member from a local or regional economic development corporation.

(4) One member from a seaport that exports aerospace equipment.

(5) One member from the aerospace industry supply chain.

(6) One member from Mojave Air and Space Port, Vandenberg Air Force Base, or any other space launch facility within the state.

(d) The members appointed by the Speaker of the Assembly shall be as follows:

(1) One member from California's higher education system.

(2) One member who is a member or an employee of a union or guild of aerospace employees.

(e) The members appointed by the Senate Committee on Rules shall be as follows:

(1) One member who is a representative of investment and incubators of the aerospace industry.

(2) One member with workforce development experience from an aerospace-related field.

(f) The ex officio nonvoting members of the commission shall be as follows:

(1) The Director of the Governor's Office of Business and Economic Development, who may designate a representative to serve on the director's behalf.

(2) The Adjutant General of the California National Guard, who may designate a representative to serve on the adjutant's behalf.

**15378.** (a) The Governor shall appoint the director of the commission. The commission may submit a list of recommended candidates for the position of director to the Governor for consideration.

(b) The director of the commission shall report to the Director of the Governor's Office of Business and Economic Development and shall receive a salary to be determined by the Department of Human Resources.

(c) The Director of the Governor's Office of Business and Economic Development, or the director's designee, shall act as the commission director during a vacancy in that position and during a temporary absence, disability, or unavailability of the director to perform those duties.

**15379.** (a) The commission shall meet at least two times per year, with the first meeting being held on or before May 1, 2022.

(b) The commission shall select a chairperson and a vice chairperson from among its members. The vice chairperson shall act as chairperson in the chairperson's absence.

(c) Each commission member shall serve without compensation. **The director of the commission shall approve all travel.** ~~Actual and necessary~~ **Only approved** travel expenses for each commission member while on official business of the commission shall be reimbursed.

**15379.5.** (a) A member of the commission, upon identifying a conflict of interest or a potential conflict of interest regarding a matter before the commission, immediately before consideration of the matter, shall do all of the following:

(a) **(A) Provide written notice to the chair and director of the commission of the conflict of interest or potential conflict of interest.**

(b) **(B)** Publicly identify the interest that gives rise to the conflict of interest or potential conflict of interest.

(c) **(C)** Recuse themselves from discussing or voting on the matter.

(d) **(D)** Leave the room until after the discussion, vote, and any other disposition of the matter is concluded.

**Each Commissioner shall receive a list of private interests that may be discussed during a board meeting. It is the duty of the Commissioner to review the list and the agenda in order to identify potential conflicts of interest prior to the board meeting.**

**15380.** The commission may contract for consultants and appoint an advisory board. A member of the advisory board shall not receive any compensation, or use the name of the commission on any letterhead, business card, or identification badge except to the extent that the person is authorized to do so by the commission.

**15381.** (a) (1) The director of the commission shall provide staff support to the commission. The Director of the Governor's Office of Business and Economic Development may assign additional staff on a temporary or permanent basis to support the work of the commission.

(2) (A) Commission offices shall be contained within existing operations of the Governor's Office of Business and Economic Development, except that the commission may use additional office and meeting space donated by a nonprofit entity.

(B) The commission shall **Director of the Governor's Office of Business and Economic Development** may enter into an agreement with the Institute of Transportation Studies at the University of California at Berkeley for the purpose of providing office and meeting space to the commission to have the effect of reducing state costs.

(b) State funds, averaged over three years, that are allocated to the commission shall be matched by nonstate funds. For the establishment of the commission and the initial three years, the Director of the Governor's Office of Business and Economic Development shall set the nonstate match, based on the budget of the commission and related administrative costs.

(c) (1) Unless otherwise specified, all moneys received by the commission shall be deposited into the Aerospace Account, which is hereby established within the California Economic Development Fund, established pursuant to Section 13997.6. Moneys in the Aerospace Account shall, upon appropriation by the Legislature, be used by the commission for purposes of this part.

(2) All funds deposited into the Aerospace Account shall be under the control of the Director of the Governor's Office of Business and Economic Development or the director's designee.

(3) (A) The commission may accept nonstate moneys, including, but not limited to, federal funds and private donations, for the purposes of operating the commission and undertaking commission activities, subject to the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(B) In any calendar year, the commission shall not accept a private donation from a single donor in excess of 25 percent of the annual budget of the commission in that calendar year.

(C) For each private donation that the commission receives to fund the work of the commission, the commission shall post a report on its internet website within 30 days of receiving that donation. The report shall contain all of the following information: name and address of the donor; amount of the donation; date the donation was made; name and address of the entity receiving or using the donation; a brief description of the goods or services provided or purchased, if any; and a description of the specific purpose or event for which the donation was made, if any.

(D) This section shall not affect any requirement of the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(d) The Director of the Governor's Office of Business and Economic Development shall notify the Department of Finance once the director determines that a sufficient amount of nonstate money has been deposited into the Aerospace Account to support the operations of the commission. Activities related to the commission shall not be undertaken by the Governor's Office of Business and Economic Development until the director makes this determination.

**15382.** (a) Notwithstanding Section 10231.5, the commission shall annually report on its activities. At a minimum, the report shall include a list of activities, outcomes of those activities, trends impacting the competitiveness of California's aerospace industry, and key economic data about the industry.

(b) The report shall be available through a link on the commission's internet website within 90 days following the close of the fiscal year. A notice that this requirement has been met shall be provided to the Chief Clerk of the Assembly, the Secretary of the Senate, and the relevant policy and fiscal committees of both houses of the Legislature. Reports and recommendations provided to the Legislature pursuant to this part shall be submitted pursuant to Section 9795.

**15383.** This part shall remain in effect only until January 1, 2027, and as of that date is repealed.