

Date of Hearing: April 27, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 538 (Muratsuchi) – As Introduced February 10, 2021

SUBJECT: California Aerospace Commission: establishment

POLICY FRAME: California has historically been a global aerospace leader, holding 9% of the combined space and aircraft market in the world in 2016. The aerospace industry is, however, being transformed by new technologies, commercial opportunities, and innovation centers within regions previously considered too remote or technologically undeveloped. In short, California's dominance is being challenged. In order to maintain the state's competitiveness, California may need a new framework from which the state can better facilitate and align public and private sector actions. Among other challenges, the state needs to prepare for competition from other states, a potential new round of military base closures, shifts in funding priorities at NASA, and implementation of the National Security Plan, to name only a few.

AB 538 proposes the creation of an industry-focused commission to help guide the state's economic and workforce development activities. Able to be industry-funded, this Commission could provide a unique component to the state's existing economic framework, which currently focuses on regional economies and integrated economic development networks.

The policy committee analysis includes information on the California economy, the importance of the aerospace industry to the state, competitiveness issues against other states, and shifting aerospace priorities. Suggested technical amendments are included in Comment 7.

SUMMARY: Enacts the California Aerospace and Aviation Act of 2021 (Act), which establishes the 15-member California Aerospace 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. Authority for the operation of the Commission sunset on January 1, 2027. Specifically, **this bill:**

- 1) **Legislative Findings:** Expresses findings and declarations of the Legislature that include, but are not limited to:
 - a) The aerospace industry constitutes one of the largest high-technology manufacturing sectors within the US.
 - b) The aerospace industry generate a significant portion of economic output from companies that manufacture goods and provides 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 in 2018.
 - d) California is a global leader in space instrumentation, satellite services and manufacturing, and engineering services. The state provides more than 50% of all aerospace engineering services and 59% 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, which 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, including 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.
 - h) The significant benefits provided to California by the aerospace and aviation industries are in jeopardy as a result of the concerted efforts of other states and countries to lure the industry away from California.
 - i) The Legislature declares that there is a need for a concerted and collaborative effort by California state and local governments to provide an environment supportive of, and conducive to, the undertakings of the aerospace and aviation industries in this state.
- 2) **Create Commission:** Establishes a 15-member Commission located under the administrative authority of the Governor's Office of Business and Economic Development (GO-Biz). In addition, this bill:
- a) Requires Commission offices be contained within existing operations of GO-Biz. Additional office and meeting space may be donated by a nonprofit entity.
 - b) Requires the Commission to 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. This is intended to result in reducing state costs.
 - c) Requires the Commission to meet at least two times a year with the first meeting being held on or before May 1, 2022.
 - d) Requires that the operations of the commission be supported through a combination of state and nonstate moneys. State funds (generally paying the salary of GO-Biz staff) are required to be matched at least dollar-for-dollar by nonstate funds.
 - e) Requires the Director of GO-Biz to determine when sufficient nonstate moneys are available to support the operations of the Commission. All Commission activities are prohibited until such a determination is made, and the Department of Finance is notified of this determination.
 - f) Sunsets the authority to operate the Commission on January 1, 2027.
- 3) **Commission Purpose:** Provides that 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 these industries in California.
- 4) **Commission Activities:** Requires the Commission to make recommendations to the Legislature, the Governor, GO-Biz, 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. In undertaking its mission and responsibilities, the Commission is authorized to do all of the following:

- a) Advise the Legislature and the Governor on issues relating to the aerospace industry;
 - b) Hold hearings, meetings, and other activities designed to solicit information from aerospace businesses and related stakeholders;
 - c) Host and participate in trade shows;
 - d) Review and provide comments on reports and plans related to the aerospace industry, including, but not limited to, marketing and promotion plans;
 - e) Adopt operational rules and procedures, consistent with the authorities and requirements of this Act, GO-Biz, and general operating procedures of the state;
 - f) Request and obtain any information from state entities necessary to carry out the purposes of this Act; and
 - g) Accept grant moneys for the purpose of implementing this act, as specified.
- 5) **Board Appointments:** Specifies that members of the Commission serve at the pleasure of their appointing body, which include the Governor, the Assembly Speaker, and the Senate Rules Committee as follows:
- a) The Governor appoints:
 - i) Three members from large aerospace corporations;
 - ii) Two members from small or medium-size aerospace businesses;
 - iii) One member from a local or regional economic development corporation;
 - iv) One member from a seaport that exports aerospace equipment;
 - v) One member from the aerospace or aviation industry supply chain;
 - vi) One member from Mojave Air and Space Port, Vandenberg Air Force Base, or any other space launch facility within the state.
 - b) The Speaker of the Assembly appoints one member from California's higher education system and one member who is currently an employee or member of a union or guild of aerospace employees.
 - c) The Senate Committee on Rules appoints one member who is a representative of investment and incubators used in the aerospace industry and one member with workforce development experience from an aerospace-related field.
 - d) The Director of the GO-Biz and the Adjutant General of the California National Guard serve as ex officio nonvoting members of the Commission and each are authorized to designate a representative to serve on their behalf.
- 6) **Board Member Terms:** Sets a two-year appointment term and prohibits any member from serving more than three terms. For the initial appointment round, however, Commission members representing certain appointment categories (below) shall serve for three years in order to establish a staggered appointment schedule, resulting in a more organizationally effective board structure.
- a) Two members from small or medium-size aerospace businesses.
 - b) One member from a seaport that exports aerospace equipment.
 - c) One member from the aerospace industry supply chain.

- d) One member from a general aviation airport.
 - e) One member from Mojave Air and Space Port, Vandenberg Air Force Base, or any other space launch facility within the state.
- 7) **Conflict of Interest:** Requires a member of the Commission, upon identifying a conflict-of-interest or a potential conflict of interest, to:
- a) Immediately publically identify the interest that gives rise to this conflict or potential conflict;
 - b) Recuse themselves from discussing or voting on the matter; and
 - c) Leave the room until after the discussion or vote.
- 8) **Director Appointment and Salary:** Requires the Governor to appoint the Commission Director and authorizes the Commission to submit a list of qualified Commission Director candidates for the Governor's consideration. In addition, the bill specifies that:
- a) The Commission Director's salary is to be set by the Department of Human Services, as specified; and
 - b) The Commission Director reports directly to the Director of GO-Biz, who will also serve as the Commission Director during a vacancy in that position and during a temporary absence, disability, or unavailability of the Commission Director to perform the Director's duties.
- 9) **Selection of Chair:** Requires the chairperson and vice chairperson to be selected by the Commission members from among the Commission membership. In addition, the bill specifies the following:
- a) The vice chairperson serves as the chairperson in the chairperson's absence;
 - b) The members of the commission serve without compensation; and
 - c) Members of the commission are required to receive the actual and necessary travel expenses while on official Commission business.
- 10) **Commission Support:** Requires the Commission Director to provide staff support to the Commission. In addition, the bill:
- a) Authorizes the Commission to contract for consultants and appoint an advisory board. Members of the advisory board are to serve without compensation and are prohibited from using the name of the commission on any letterhead, business card, or identification badge without expressed authority from the Commission.
 - b) Authorizes GO-Biz to assign additional staff on a temporary or permanent basis to support the work of the Commission.
- 11) **Nonstate Donations:** Authorizes the Commission to operate with state and nonstate funds. Unless otherwise specified, all funds received by the Commission are required to be deposited in the Aerospace and Aviation Account, which is created by this bill. In addition, the bill provides the following related to these contributions:
- a) Moneys in the account are subject to appropriation by the Legislature;
 - b) Moneys in the account are under the direct control of the Director of GO-Biz or the Director's designee;

- c) State funds allocated to the Commission are required to be matched by nonstate dollars, as specified;
- d) No donation may be larger than 25% of the annual budget of the Commission; and
- e) For each private donation, the Commission is required to post specified information on its website within 30 days of receiving those funds. This requirement is in addition to and does not supplant any requirements of the Political Reform Act of 1974, as specified.

12) **Annual Report:** Requires the Commission to annually report, as specified, on its activities. At a minimum, the report is required to include:

- a) Recommendations to the Legislature, the Governor, GO-Biz, 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 national and world markets;
- b) A list of Commission activities;
- c) Outcomes of those activities;
- d) Trends impacting the competitiveness of California's aerospace and aviation industries; and
- e) Key economic data about the industries.

EXISTING LAW establishes GO-Biz to serve as the state's primary agency for issues of economic and business development. Among other entities within GO-Biz's oversight are the California Business Investment Services Program, the Office of the Small Business Advocate, the International Trade and Investment Program, and the California Infrastructure and Economic Development Bank.

FISCAL EFFECT: Unknown

COMMENTS & CONTEXT:

- 1) **California Economy:** California is home to nearly 40 million people, providing the state with one of the most diverse populations in the world, often comprising the single largest concentration of nationals outside their native country. In 2019, this diverse group of business owners and workers produced \$3.1 trillion in goods and services, of which \$156.1 billion in goods were exported to over 225 countries around the world.

In 2019 California's economy was larger than all but four nations in the world – only the national economies of the United States, China, Japan, and Germany being larger. Historically, a number of factors have contributed to California's significant position within the global marketplace, including its strategic west coast location, the size of its consumer base, the strength of its dominant industry sectors, its economically diverse regional economies, its skilled workforce, and its culture of innovation and entrepreneurship, particularly in the area of technology.

Many policy makers and economists describe California as having not a single economy but having a highly integrated network of a dozen or so regional economies. While biotech has a comparative advantage in some regions, information technology drives growth in others. Driving this economic vitality are both Fortune Global 250 companies with California headquarters and other facilities, as

well as the state’s robust small business sector which employees half of all workers and comprises of more than 98% of all businesses in the state.

In 2019 (most recent data), California's largest industry sectors were: Finance, Insurance, Real Estate, Rental, and Leasing (22.1% of state GDP); Trade, Transportation, and Utilities (14.5%); Professional and Business Services (13.4%); Manufacturing (10.4%); Information (9.6%); Tourism and Arts (4.5%); and Construction (3.8%). **Chart 1 – California GDP by Industry Sectors** shows state GDP in dollars by industry sector. One of the unique qualities of California’s economy is its multiple dominant industry sectors.

The state’s three largest industry sectors in terms of GDP – Finance and Insurance; Trade, Transportation, and Utilities; and Professional and Business Services – also provide a foundation to other industry sectors, including Manufacturing and Information. Each of these top performing industry sectors are also distinguished as being a tradable industry sector-meaning that it is a sector whose output in terms of goods and services is traded internationally or could be traded internationally given a plausible variation in relative prices. Aerospace and aviation activities fall within each of the top five sectors.

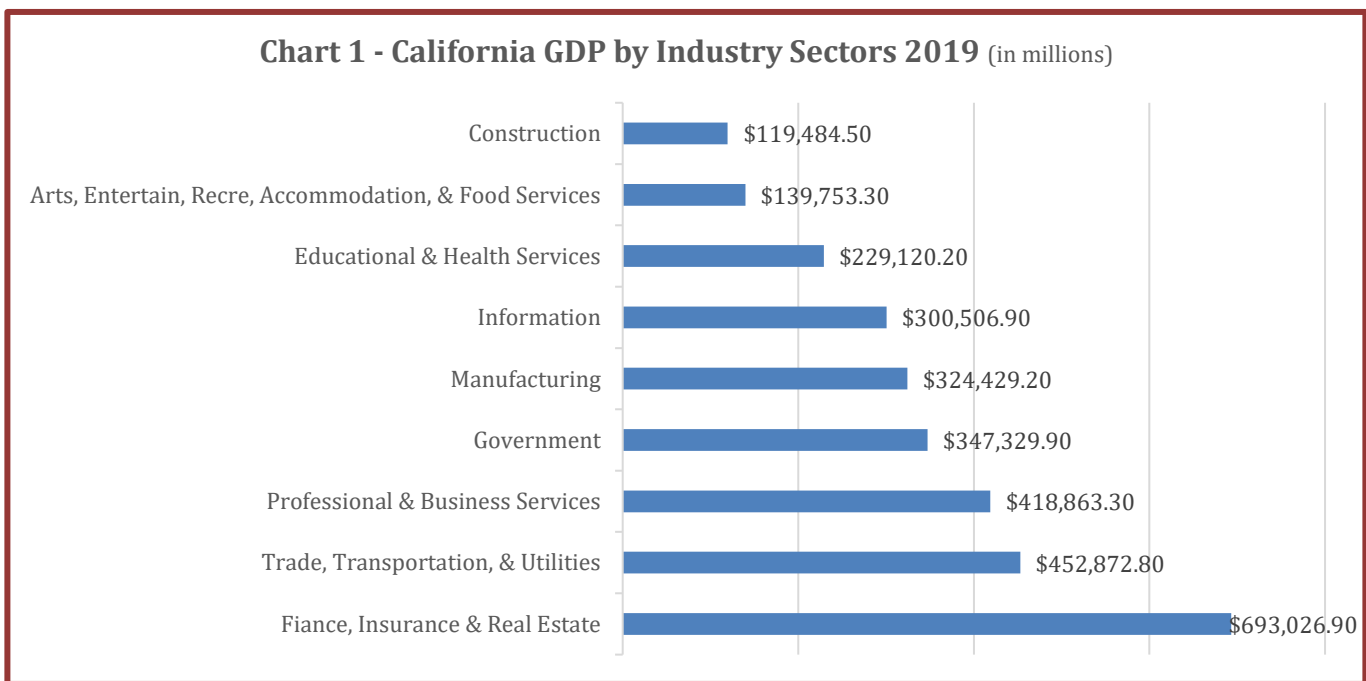
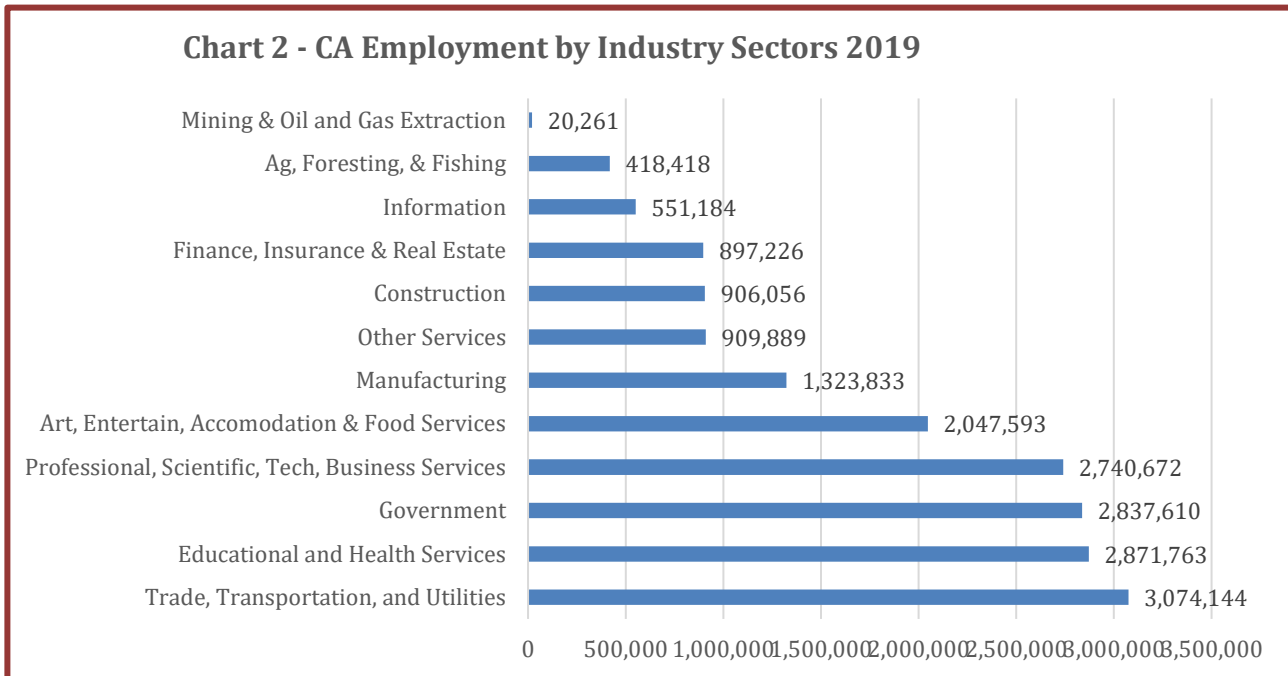


Chart 2 – California Employment by Industry Sectors shows employment data within the same industry sectors as are measured in Chart 1. In 2019 (comparable to GDP), the Trade, Transportation, and Utilities sector represented the industry with the largest number of employees in California, followed by jobs in Education and Health Services.



Global and domestic markets are constantly evolving. The pace of this change is increasing as digitization and artificial intelligence, among other trends, cause the radical reordering of “traditional” industry boundaries and interrelationships. For aviation and aerospace, these new technologies offer opportunities, but also challenges as other areas of the US and the world develop their own capabilities and expertise.

National space policy is also in flux, and a shift away from satellite technologies, an area in which California excels, to manned commercial missions to Mars could have a significant ripple effect on a range of California industry sectors as federal and private research and development dollars go elsewhere.

- 2) **US Space Command:** President Biden announced the establishment of a US Space Systems Command, a field command station of the US Space Force, will be located at the Los Angeles Air Force Base. The Space Systems Command will have nationwide authority to oversee the development, acquisition, launch, and sustain military space systems. No timetable for the opening of the Space Systems Command has been announced.
- 3) **Economic Impact of Aerospace Industries:** Aerospace and aviation are not one industry sector. Rather, businesses within these industries are classified under the North American Industry Classification System as being within a range of sectors, including Manufacturing, Information, Professional & Business Services, and Trade, Transportation, and Utilities. The aerospace and aviation industries depend on robust supply chains of small businesses providing high tech services and products. Due to the significant amount of defense-related work these industries provide to the US government, many aspects of their contracting are required to remain in the US.

According to data provided by the Aerospace Industries Association on the economic impact of the **aerospace and defense** industries, in 2019 (most recent) these industries:

- Generated \$909 billion in sales from companies throughout the industry, including the supply chain. Slightly more than half (56%) of all revenues were generated by firms that provide end-use goods and services, and 44% of sales were attributed to supply chain businesses.

- Supported 2.2 million US jobs within businesses producing end-user goods and services and within the industry's supply chain (most recent data from 2019), with about 490,000 jobs (most recent data from 2016) in the industry's commercial aerospace segment (e.g. civil and general aviation aircraft, helicopters, and space systems) and 355,500 jobs (most recent data from 2016) in the defense and national security segment of the industry (e.g. military aircraft, ground and sea systems, armaments, and space systems).
 - Shipped \$148.1 billion in exports from the US (most recent data from 2019) - representing a 2.0% decrease from 2018 exports. The top five export markets for US aerospace products have mostly stayed the same from 2009-2019. France (most recent data from 2019) was the top destination for aerospace and defense exports (\$14.2 billion), followed by the United Kingdom (\$10.8 billion), and Germany (\$10.7 billion). Washington was the top exporting state, followed by California.
- 3) **Aerospace Competitiveness:** The US ranks first among nations in its attractiveness to the aerospace industry, according to the 2020 Aerospace Manufacturing Attractiveness Rankings prepared by PricewaterhouseCoopers (PwC). Other high-ranking countries include Singapore, Canada, South Korea, and Japan. The US dominance is supported by a large and productive labor force and relatively favorable tax environment, following tax reform. In addition, the country's rankings is advantaged by the significant level of defense spending, illustrated by the \$740 billion defense budget for 2021 being authorized in February 2020.

The US commercial aerospace industry has braved substantial disruption in the first half of 2020 due to COVID-19, and it appears it will likely continue facing challenges on numerous fronts for the rest of the year and beyond.

In the state rankings, PwC gave the highest rank to Georgia, followed by Ohio, Washington, Texas, and North Carolina. California was ranked 10th. The state ranking was based on seven criteria using seven public and private data sources, including labor force, infrastructure, economy, cost, and tax policy.

- Labor force measurements used in the ranking of states included: production workers' annual hours for aerospace manufacturing, basic education, skilled education, advanced education, and union flexibility.
- Economy measurements used in the state ranking included: GDP, growth in GDP, consumer price index, manufactured goods exported, total manufacturing output, and subsidies for durable goods manufacturing.

Given these examples, California should have ranked very high. Instead, California (most recent data from 2020) ranked 10th, primarily based on cost (ranking 47th) and state tax policy (ranking 43th). Measurements of cost included the average cost of electricity, transportation expenditures by state and local governments, average hourly wage payroll for aerospace manufacturing, industrial production index for total manufacturing, and total cost over the created value of construction. Tax policy was measured by the state and local tax burden as a share of state income and state individual tax rate at \$75,000 of income.

Many states have economic development commissions that support dominant and emerging industries. As an example, the author highlighted Washington State's (3rd ranked state) "Aerospace Sector Lead," which helped to develop and now coordinates implementation of the Washington State Aerospace Strategy in 2018. In 2020, aerospace was highlighted through the Supersonic flight

alliance- formed by AeroTEC, the Port of Moses Lake Airport, Choose Washington, and the Aerospace Futures Alliance- it is also the home of Boeing.

4) **California’s Aerospace Industry:** The Aerospace Industry Association reported in 2020 that aerospace is one of California’s largest industries, with a total economic impact of \$396 billion annually. Research by A. T. Kearney showed \$38.8 billion in indirect revenues that support related industries was given out by this industry (most recent data from 2014), but this value may have risen. In this report, the aerospace market sector includes:

- Space industry: Launch Services; Satellite Manufacturing; Ground Equipment; Engineering Services; and Satellite Services.
- Aircraft Industry: Aircraft; Engine and Parts; Search, Detection, Navigation, Guidance, and Nautical (SDNGN) Instruments; and Maintenance Repair and Overhaul.

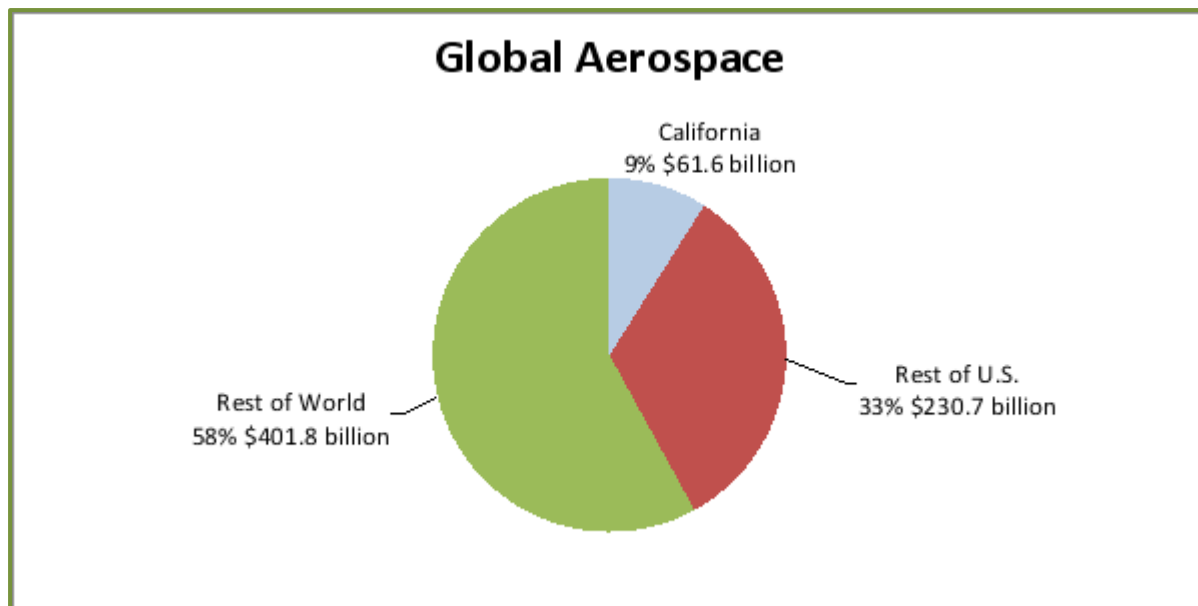
California is a global leader in in space instrumentation, satellite services and manufacturing, and engineering services. The state provides more than 50% of all aerospace engineering services and 59% of aircraft SDNGN instrumentation.

The California aerospace industry employs 230,000 workers directly and supports 511,000 jobs across related industry sectors. Other related industry sectors include Finance, Construction, and Transportation.

Key California strengths include having a capable and skilled workforce, with numerous technical universities to provide a pipeline for the industry. This advantage is identified as weakening, however, as are several other industry advantages, including:

- Competition from abroad in aerospace manufacturing;
- A declining in-state customer base with government contracts; and
- State tax credits (reviewed in 2012) that need modification to match incentives in other states.

The report does note that wage differences between competitive states are equalizing and that there is an increasingly supportive political environment in the Assembly and among California’s US



Congressional delegation. In 2014, the Legislature approved an enhanced tax credit and tax exemption for Lockheed Martin and Northrop Grumman, who competed for federal Department of Defense contracts. The incentives provided a tax credit of 17.5% of wages paid to its workers, potentially worth \$420 million over the 15-year life of the deal, and exempts from property tax tangible personal property having space flight capacity, AB 2389 (Fox), Chapter 116, Statutes of 2014 and AB 777 (Muratsuchi), Chapter 13, Statutes of 2014.

In 2016, the Legislature approved the extension of the sales and use tax exemption on equipment used in manufacturing through 2023, AB 398 (E. Garcia), Chapter 135, Statutes of 2017.

With average wages in aerospace being \$118,610 per year (most recent data from 2020) and more than 60% of the jobs in Southern California requiring specialized training and no less than a four-year degree. The aerospace and aviation business sectors offer the state a unique strategy for supporting business expansion by both large and small businesses and upward mobility for workers.

- 5) **National Security Strategy:** In December 2017, the Trump Administration released the National Security Strategy (Strategy), which could have far reaching funding implications on California's aerospace and aviation industries.

Among other things, the Strategy promotes space exploration through partnership between the US government and private industry, commits to defending US assets, declares that the US "must maintain our leadership and freedom of action in space," and directs the government to work with industry to "improve the resiliency of our space architecture."

The Strategy notes that space-based systems and information are playing an ever-increasing role in military and intelligence systems, communications and financial networks, weather monitoring, and navigation. "As US dependence on space has increased, other actors have gained access to space-based systems and information." Better technology and lower costs have allowed other governments and the private sector to obtain "imagery, communications, and geolocation services [which] allows motivated actors to access previously unavailable information," which can possibly have an "impact on military operations and on America's ability to prevail in a conflict."

The Strategy states that a robust manufacturing sector is also key to national security. More specifically, the ability of the military to respond to an emergency will depend on the nation's ability to produce needed parts and systems; support healthy and secure supply chains; and provide a skilled US workforce. This is one of the driving forces behind the federal government's trade disputes with many nations around the world.

In promoting greater investment, "the US Government will work with industry partners to strengthen US competitiveness in key technologies and manufacturing capabilities. In addition, we will reform regulations and processes to facilitate the export of US military equipment." The Strategy also commits to supporting technical colleges and apprenticeship programs that link to targeted national security technologies.

AB 538 proposes the establishment of a commission of experts from the public and private sector to assist California lawmakers in evaluating and developing responses to changes and opportunities that arise as the federal government continues to implement the National Security Strategy.

- 6) **Funding for the Commission:** Commission funding will be a blend of state and non-state dollars. Non-state dollars may include both federal and private donations. All state dollars are required to be matched, as specified. AB 538 requires the donation of nonstate funds and contains strict disclosure provisions for all donations and a prohibition for any entity from contributing more than 25% of the Commissions' annual budget.

The first meeting of the Commission cannot be held until the Director of GO-Biz determines that sufficient nonstate funds are available.

- 7) **Proposed Amendments:** Below is a list of technical amendments staff recommends to further the purposes of the bill.
- a) Authorize rather than requires an agreement with the Institute of Transportation Studies at the University of California at Berkley for the purpose of providing office and meeting space.
 - b) Specify that the Director of GO-Biz rather than the Commission enter into a contract for space. This conforms with other provisions of the bill relating to the control of funding and staffing.
 - c) Require all travel compensation to be approved by the Commission Director.
 - d) Expands the conflict of interest provisions to also require Commissioners receive a list of private interests that may arise as part of the board meeting and have the Commissioner notify the Chair and Director in writing of those interests.
 - e) Make other related technical changes
- 8) **Related Legislation:** Below is a list of related legislation.
- a) **AB 14 (Waldron) Unmanned Aircraft Systems UAS Task Force:** This bill would have established the Unmanned Aircraft Systems (UAS) Task Force to develop a comprehensive policy for the use of UAS in California, including the use of UAS to promote aviation, aerospace, agricultural, public safety, and technology industry uses throughout the state. Status: Failed Passage in the Assembly Committee on Transportation, 2015.
 - b) **AB 240 (Lackey) California Institute for Aerospace:** This bill would have requested the University of California Regents to establish the California Institute for Aerospace in order to achieve specified goals, including: a) creating new opportunities for jobs in aerospace research; b) designing and using public-private partnerships to perform innovative research in aerospace technology; and c) develop California's next generation of engineers and technicians through expanded research opportunities within the aerospace industry. The bill requested the Regents to locate the institute at a satellite campus within 20 miles of Edwards Air Force Base or United States Air Force Plant 42, so that it will be close to a large part of the state's current aerospace research and development. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2017.
 - c) **AB 427 (Muratsuchi) Aerospace Commission:** This bill would have established the California Aerospace and Aviation Commission for the purpose of serving as a central point of contact for related industries and to support the health and competitiveness of these industries in California. Status: Vetoed by the Governor, 2018. The Governor's veto message stated: "This bill enacts the California Aerospace and Aviation Act of 2018, which establishes the California Aerospace and Aviation Commission within the Governor's Office of Business and Economic Development. While the value of the aviation and aerospace industry is critical to the economy of this state, this bill would create a new bureaucracy that replicates many of the things the state is already doing. I

think the goals of this bill can be easily handled under current law by the Governor's Office of Business and Economic Development.”

- d) **AB 245 (Muratsuchi) Aerospace Commission:** This bill would have established the 17-member California Aerospace and Aviation 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. Status: Held in the Senate Committee on Governmental Organization, 2020.
- e) **AB 777 (Muratsuchi) Tax Exemption for Space Flight Property:** This bill exempts tangible personal property that has space flight capacity from the property tax. Property exempted by this bill includes raw materials, works in progress, finished goods, and includes orbital space facilities, space propulsion systems, space vehicles, launch vehicles, satellites, or space stations of any kind. Fuel sold and used exclusively in space flight is also exempt if it is not adaptable for use in ordinary motor vehicles. The property need not be returned to Earth to qualify for the exemption. The exemption applies to lien dates between January 1, 2014, and January 1, 2024, and sunsets on July 1, 2025. Status: Signed by the Governor, Chapter 13, Statutes of 2014.
- f) **AB 1071 (Brough) Aerospace Hirer Credit:** This bill would have authorized a tax credit for a qualified taxpayer, defined as an aerospace entity, in an amount equal to 17.5% of qualified wages paid or incurred during the taxable year to a qualified employee, not to exceed \$25,000,000 per taxpayer per taxable year. Status: Died in the Assembly Committee on Revenue and Taxation, 2018.
- g) **AB 2237 (Olsen) Science, Technology, Engineering, and Mathematics Partnership Academies:** This bill would have established Science, Technology, Engineering, and Mathematics (STEM) Partnership Academies for the purpose of providing grants to school districts to establish up to 100 academies in STEM occupations, including application software developer, computer user support specialist, computer programmer, computer hardware engineer, industrial engineer, civil engineer, architectural engineer, aerospace engineer, dietetic technician, medical scientist, microbiologist, general medical practitioner, dental services provider, and chemist. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.
- h) **AB 2389 (Fox) Incentives for the Federal Advanced Strategic Aircraft Program:** This bill modified the Capital Investment Incentive Program and allowed a tax credit under the Corporation Tax Law to a qualified taxpayer in an amount equal to 17.5% of qualified wages paid by the taxpayer during the taxable year to qualified full-time employees, as specified. Status: Signed by the Governor, Chapter 116, Statutes of 2014.
- i) **AB 2600 (Lackey) California Institute for Aerospace:** This bill would have requested the University of California Regents to establish the California Institute for Aerospace in order to achieve specified goals, including: a) creating new opportunities for jobs in aerospace research; b) designing and using public-private partnerships to perform innovative research in aerospace technology; and c) develop California's next generation of engineers and technicians through expanded research opportunities within the aerospace industry. The bill requested the Regents to locate the institute at a satellite campus within 20 miles of Edwards Air Force Base or United States Air Force Plant 42, so that it will be close to a large part of the state's current aerospace research and development. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2016.
- j) **AB 2664 (Irwin) UC Entrepreneurship:** This bill requires the University of California to make one-time expenditures on activities, using the \$22 million General Fund provided in the Budget Act of 2016, to expand or accelerate economic development in the state in ways that support innovation

and entrepreneurship, including in the areas of aerospace. Status: Signed by the Governor, Chapter 826, Statutes of 2015.

- k) ***ACR 43 (O'Donnell) California Aerospace Week***: This resolution proclaims the week of March 23 through March 27, 2015, as California Aerospace Week and recognizes the contributions of the aerospace industry to the history, economy, security, and educational system of California. Status: Adopted, 2015.
- l) ***AJR 13 (Lackey) National Aeronautics and Space Administration***: This resolution expresses the Legislature's advocacy for the President and the US Congress to continue to place an emphasis on increasing funding to the National Aeronautics and Space Administration's budget and encouraging the expansive use of public-private partnerships to propel the industry forward into the next generation of advancement. Status: Adopted by the Legislature, Resolutions Chapter 144, Statutes of 2017.
- m) ***HR 37 (O'Donnell) California Aerospace Days***: This resolution proclaims the days of February 29, 2016, and March 1, 2016, as California Aerospace Days. Status: Adopted, 2016.
- n) ***HR 58 (Muratsuchi) California Manufacturing Day***: This resolution declares Friday, October 6, 2017, as California Manufacturing Day. Status: Adopted, 2017.
- o) ***SB 1138 (Hueso) Space Day***: This bill requires the Governor to proclaim the first Friday in May of each year to be Space Day and to encourage public schools and educational institutions to conduct suitable commemorative exercises on that date. Status: Signed by the Governor, Chapter 196, Statutes of 2016.
- p) ***SB 1215 (Allen) California Aerospace Commission***: This bill would have established the California Aerospace Commission to foster the development of aerospace-related activities, including, but not limited to, aviation, commercial and governmental space travel, unmanned aerial vehicles, aerospace education and job training, infrastructure and research launches, manufacturing, academic research, applied research, economic diversification, business development, tourism, and education. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2016.
- q) ***SR 19 (Fuller) California Aerospace Week***: This resolution recognizes the contributions of the aerospace industry by proclaiming the week of March 23 through March 27, 2015, as California Aerospace Week. Status: Adopted, 2015.
- r) ***SR 60 (Fuller) California Aerospace Days***: This resolution recognizes the contributions of the aerospace industry to the history, economy, security, and educational system of California, its communities, and its citizens by proclaiming the days of February 29, 2016, and March 1, 2016, as California Aerospace Days. Status: Adopted, 2016.

REGISTERED SUPPORT / OPPOSITION:

Support

California Conference of Machinists
Howmet Fastening Systems
Los Angeles County Economic Development Corporation
Santa Barbara; County of

Opposition

None on File

Analysis Prepared by: Toni Symonds / J., E.D., & E. / (916) 319-2090