

ASSEMBLY BILL

No. 538

Introduced by Assembly Member Muratsuchi *Members Muratsuchi
and Friedman*

February 10, 2021

An act to add and repeal Part 6.8 (commencing with Section 15375) of Division 3 of Title 2 of the Government Code, relating to aerospace.

LEGISLATIVE COUNSEL'S DIGEST

AB 538, as introduced, Muratsuchi. California Aerospace Commission: establishment.

Existing law establishes the Governor's Office of Business and Economic Development, which is administered by a director appointed by the Governor. The office serves the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

This bill would establish, within the office, the California Aerospace Commission consisting of 15 members, as specified, 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. The bill would require the commission to make recommendations on legislative and administrative action that may be necessary or helpful to maintain or improve the state's aerospace industry and would authorize the commission to engage in various other activities in undertaking its mission and responsibilities, as specified.

This bill would require the commission to have offices contained within existing operations of the office, with specified exceptions. The bill would also require that funds received by the commission be deposited in the Aerospace Account, which the bill would establish

within the California Economic Development Fund, to be used by the commission upon appropriation by the Legislature. The bill would preclude any actions by the office relating to the commission until a determination is made and reported regarding the sufficiency of nonstate funds received. The bill would require state funds, averaged over 3 years, that are allocated to the commission to be matched by nonstate funds. The bill would repeal its provisions on January 1, 2027.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The aerospace industry constitutes one of the largest
- 4 high-technology manufacturing sectors within the United States.
- 5 (b) The aerospace industry generates a significant portion of
- 6 economic output from companies that manufacture goods and
- 7 provide services throughout the industry’s supply chain.
- 8 (c) Accelerated by surges in delivery of civil aircraft systems
- 9 across platforms and commercial space launches, production grew
- 10 in 2017 and is poised for continued growth across all sectors.
- 11 (d) California is a global leader in space instrumentation, satellite
- 12 services and manufacturing, and engineering services. The state
- 13 provides more than 50 percent of all aerospace engineering services
- 14 and 59 percent of aircraft search, detection, navigation, guidance,
- 15 and nautical instrumentation.
- 16 (e) The California aerospace industry employs approximately
- 17 230,000 workers directly and supports 511,000 jobs across related
- 18 industry sectors, including finance, construction, and transportation.
- 19 (f) Key California strengths include having a capable and skilled
- 20 workforce, with numerous technical universities to provide a
- 21 pipeline for the industry, ideal climate conditions for flight-testing,
- 22 large restricted airspace, high concentration of military operations,
- 23 easy access to international manufacturing as an aerospace industry
- 24 legacy, major international shipping ports, and an emerging startup
- 25 scene, that has introduced new players such as SpaceX, Orbital
- 26 ATK, and Virgin Galactic, among others, into the area.
- 27 (g) California’s position as a global leader, however, is being
- 28 increasingly challenged. Primary industry challenges have been

1 identified to include competition from abroad in aerospace
2 manufacturing, a declining in-state customer base with government
3 contracts, and state tax credits that need modification to match
4 incentives in other states.

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

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PART 6.8. CALIFORNIA AEROSPACE COMMISSION

10 15375. This part shall be known, and may be cited, as the
11 California Aerospace Act of 2021.

12 15376. (a) The Legislature finds that the aerospace industry
13 in California provides unique and significant contributions to the
14 economy and history of California.

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

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

23 15377. There is within the Governor's Office of Business and
24 Economic Development, the California Aerospace Commission
25 consisting of 15 members. Any reference in this part to the
26 commission shall be deemed to refer to the California Aerospace
27 Commission.

28 15377.1. (a) The purpose of the commission is to serve as a
29 central point of contact for businesses engaged in the aerospace
30 industry and to support the health and competitiveness of this
31 industry in California.

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

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

- 1 (1) Advise the Legislature and the Governor on issues relating
2 to the aerospace industry.
- 3 (2) Hold hearings, meetings, and other activities designed to
4 solicit information from aerospace businesses and related
5 stakeholders.
- 6 (3) Host and participate in trade shows and other events designed
7 to promote the state’s aerospace industry.
- 8 (4) Review and provide comments on reports and plans related
9 to the aerospace industry, including, but not limited to, marketing
10 and promotional plans.
- 11 (5) Adopt operational rules and procedures, consistent with the
12 authorities and requirements of this part, the Governor’s Office of
13 Business and Economic Development, and general operating
14 procedures of the state.
- 15 (6) Request and obtain any information from state entities
16 necessary to carry out the purposes of this part.
- 17 (7) Accept grant moneys for the purpose of implementing this
18 part.
- 19 (8) Accept gifts and donations for the purpose of implementing
20 this part.
- 21 15377.2. (a) The Governor, the Senate Committee on Rules,
22 and the Speaker of the Assembly shall appoint the voting members,
23 as provided in subdivisions (c) to (e), inclusive.
- 24 (b) (1) All members of the commission, other than the ex officio
25 nonvoting members, shall serve at the pleasure of the appointing
26 authority for a term of two years from the effective date of the
27 appointment, except that the initial term of a member appointed
28 prior to January 1, 2023, pursuant to paragraphs (2), (4), (5), and
29 (6), inclusive, of subdivision (c) shall be three years.
- 30 (2) An individual shall not serve more than three terms on the
31 commission.
- 32 (c) The members appointed by the Governor shall be as follows:
33 (1) Three members from large aerospace corporations.
34 (2) Two members from small- and medium-size aerospace
35 businesses.
36 (3) One member from a local or regional economic development
37 corporation.
38 (4) One member from a seaport that exports aerospace
39 equipment.
40 (5) One member from the aerospace industry supply chain.

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

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

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

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

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

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

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

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

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

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

21 15378. (a) The Governor shall appoint the director of the
22 commission. The commission may submit a list of recommended
23 candidates for the position of director to the Governor for
24 consideration.

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

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

34 15379. (a) The commission shall meet at least two times per
35 year, with the first meeting being held on or before May 1, 2022.

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

- 1 (c) Each commission member shall serve without compensation.
2 Actual and necessary travel expenses for each commission member
3 while on official business of the commission shall be reimbursed.
4 15379.5. A member of the commission, upon identifying a
5 conflict of interest or a potential conflict of interest regarding a
6 matter before the commission, immediately before consideration
7 of the matter, shall do all of the following:
- 8 (a) Publicly identify the interest that gives rise to the conflict
9 of interest or potential conflict of interest.
 - 10 (b) Recuse themselves from discussing or voting on the matter.
 - 11 (c) Leave the room until after the discussion, vote, and any other
12 disposition of the matter is concluded.
- 13 15380. The commission may contract for consultants and
14 appoint an advisory board. A member of the advisory board shall
15 not receive any compensation, or use the name of the commission
16 on any letterhead, business card, or identification badge except to
17 the extent that the person is authorized to do so by the commission.
- 18 15381. (a) (1) The director of the commission shall provide
19 staff support to the commission. The Director of the Governor's
20 Office of Business and Economic Development may assign
21 additional staff on a temporary or permanent basis to support the
22 work of the commission.
- 23 (2) (A) Commission offices shall be contained within existing
24 operations of the Governor's Office of Business and Economic
25 Development, except that the commission may use additional
26 office and meeting space donated by a nonprofit entity.
- 27 (B) The commission shall enter into an agreement with the
28 Institute of Transportation Studies at the University of California
29 at Berkeley for the purpose of providing office and meeting space
30 to the commission to have the effect of reducing state costs.
- 31 (b) State funds, averaged over three years, that are allocated to
32 the commission shall be matched by nonstate funds. For the
33 establishment of the commission and the initial three years, the
34 Director of the Governor's Office of Business and Economic
35 Development shall set the nonstate match, based on the budget of
36 the commission and related administrative costs.
- 37 (c) (1) Unless otherwise specified, all moneys received by the
38 commission shall be deposited into the Aerospace Account, which
39 is hereby established within the California Economic Development
40 Fund, established pursuant to Section 13997.6. Moneys in the

1 Aerospace Account shall, upon appropriation by the Legislature,
2 be used by the commission for purposes of this part.

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

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

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

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

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

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

33 15382. (a) Notwithstanding Section 10231.5, the commission
34 shall annually report on its activities. At a minimum, the report
35 shall include a list of activities, outcomes of those activities, trends
36 impacting the competitiveness of California’s aerospace industry,
37 and key economic data about the industry.

38 (b) The report shall be available through a link on the
39 commission’s internet website within 90 days following the close
40 of the fiscal year. A notice that this requirement has been met shall

1 be provided to the Chief Clerk of the Assembly, the Secretary of
 2 the Senate, and the relevant policy and fiscal committees of both
 3 houses of the Legislature. Reports and recommendations provided
 4 to the Legislature pursuant to this part shall be submitted pursuant
 5 to Section 9795.

6 15383. This part shall remain in effect only until January 1,
 7 2027, and as of that date is repealed.

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10 **REVISIONS:**
 11 **Heading—Line 1.**
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