

Date of Hearing: June 29, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

SB 808 (Roth) – As Amended April 7, 2021

SENATE VOTE: 37-0

SUBJECT: GO-Biz: Made in California Program

POLICY FRAME: California faces many hurdles in meeting the economic recovery challenges of the COVID-19 pandemic. Among other economic truths, the pandemic laid bare the risks of relying on extended global supply chains to meet the basic needs of California families, as well as production and component requirements for our manufacturing and retail trade sectors. Moving forward, enhancement of domestic manufacturing capacity appears to be a high priority.

President Biden has invoked the Defense Production Act (DPA) as a means to expedite, assure, and expand the supply of selective products to meet the nation’s emergency, as well as economic recovery needs. Earlier in the year, he used the DPA to accelerate production of at-home and point-of-care coronavirus tests and is most recently using the DPA to address shortages of the computer chips used in the manufacturing cars.

Beyond the DPA, the American Jobs Plan calls for major new investments in the US manufacturing, including \$52 billion for capital access programs to support domestic manufacturers and the modernization of US supply chains, \$50 billion to increase semiconductor manufacturing and research, and \$12 billion in targeted workforce training programs in underserved communities.

SB 808 proposes to use this heightened interest in reshoring and expansion of domestic manufacturing capacity to relaunch the state’s Made in California Program. Leveraging manufacturing as an economic recovery tool has many unique economic development qualities. Not only does manufacturing provide average wage levels well above the statewide average, manufacturing also supports a wide range of small businesses within their expanded supply chain. Further, investments in manufacturing also advantage other industry sectors, including trade, transportation, professional services, and finance.

The analysis includes information on the economic impacts of the COVID-19 pandemic on California business, manufacturing in California, the Made in California Program, potential enforcement challenges triggered by the proposed program changes, and a list of related legislation. Suggested amendments are included in Comment 8.

SUMMARY: SB 808 modifies the Made in California Program by removing the requirements that the finished product could lawfully use the “Made in USA” label, and that a qualified third party verify that the company and labeled products meet the requirements of the state program.

The bill retains the requirement for re-certification every three years, however the company would now be allowed to self-certify their compliance. Enforcement of potential fraudulent activity under the Consumer Legal Remedies Act is also retained, which allows an individual or group of individuals to seek damages through the civil courts.

EXISTING LAW:

- 1) Establishes the Made in California Program, within the Governor’s Office of Business and Economic Development (GO-Biz), for the purposes of encouraging consumer product awareness and fostering the purchases of high-quality California products.
 - a) Requires GO-Biz to develop a program that permits a company to represent that a product is made in this state. To be eligible under the program, a company is required to establish all of the following:
 - i) The product is substantially made by an individual located in California.
 - ii) The finished product could lawfully use a “Made in USA” label, as specified.
 - iii) Defines “substantially made” to mean completing an act that adds at least 51% of a final product’s wholesale value by manufacture, assembly, fabrication, or production to create a final, recognizable product. The bill also states that “substantially made” does not include the act of packaging a product.
 - iv) Excludes agricultural products subject to the Buy California Program from the Made in California Program.
 - b) Requires each company to register with GO-Biz for use of the “Made in California” label.
 - i) Requires, as part of the registration process, that a company submits a qualified third-party certification that the product meets the requirements of the Made in California Program.
 - ii) Requires, as a condition of retaining a company’s participation in the Made in California Program, the submittal of a new compliance certification by a qualified third-party at least once every three years.
 - iii) Defines a “qualified third-party” to mean an individual, group, or association that possesses a professional license, certification, or other equivalent documentation indicating sufficient training, education, or expertise to perform a regulatory compliance audit.
 - c) Authorizes GO-Biz to establish a marketing agreement, consistent with the authority for the California Department of Food and Agriculture. The marketing agreement would provide, among other things, for the funding, governance, and conditions related to the issuance of a “Made in California” label.
 - d) Authorizes GO-Biz to require a fee to accompany the registration. In addition:
 - i) Authorizes GO-Biz to accept monetary donations or other donations from businesses, nonprofit organizations, or individuals to implement the Made in California Program.
 - ii) Requires the deposit of the proceeds from fees and monetary donations in the Made in California Fund, as specified.
 - e) Requires GO-Biz to annually report to the Legislature regarding expenditures, progress, and ongoing priorities of the Made in California Program.
 - f) Requires enforcement of the provisions of the Made in California Program be undertaken pursuant to the Consumers Legal Remedies Act, as specified.

- i) Specifies that it is an unlawful deceptive practice to represent that a product is made in California by using a “Made in California” label, unless the product complies with the requirements of the Made in California Program.
 - ii) Specifies that GO-Biz is not required to enforce, audit, or investigate a company that participates in the Made in California Program.
 - iii) Authorizes any consumer who suffer damages as a result of the use of a method, act, or practice declared to be unlawful under the Consumers Legal Remedies Act to bring an action against that person to recover or obtain any of the following:
 - (1) Actual damages, but in no case shall the total award of damages in a class action be less than one thousand dollars (\$1,000).
 - (2) An order enjoining the methods, acts, or practices.
 - (3) Restitution of property.
 - (4) Punitive damages.
 - (5) Any other relief that the court deems proper.
 - iv) Allows for a class action suit to be filed on behalf of a class of consumers adversely affected by an unfair method of competition, act, or practice.
- 2) Establishes the Buy California Program within the California Department of Food and Agriculture for the purposes of encouraging consumer nutritional and food awareness and to foster purchases of high quality California agricultural products.
 - 3) Protects consumers and competitors against unlawful, unfair, or fraudulent business acts or practices and unfair, deceptive, untrue, or misleading advertising.
 - a) [Makes it unlawful](#) for any person, firm, corporation, or association to sell or offer for sale in this state any merchandise on which merchandise or on its container there appears the words “Made in USA,” or similar words if the merchandise or any article, unit, or part thereof, has been entirely or substantially made, manufactured, or produced outside of the US.
 - i) Any person, corporation, firm, partnership, joint stock company, or any other association or organization which violates or proposes to violate this chapter may be enjoined by any court of competent jurisdiction.
 - ii) Actions for injunction may be prosecuted by the Attorney General or any district attorney, county counsel, city attorney, or city prosecutor in this state in the name of the people of the State of California upon their own complaint; or upon the complaint of any board, officer, person, corporation, or association; or by any person who has suffered injury in fact and has lost money or property as a result of a violation of this chapter.
 - b) Makes it unlawful, under the [Unfair Competition Law](#), for any person, corporations, firms, partnerships, joint stock company, or association to engage in unfair competition, which means and includes any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising.
 - i) Makes it unlawful for any person, firm, corporation, or association; or any employee thereof with intent directly or indirectly to dispose of real or personal property to make or disseminate

information before the public which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading

- ii) Requires actions for relief to be prosecuted exclusively in a court of competent jurisdiction by the Attorney General, or a district attorney, or by a county counsel authorized by agreement with the district attorney, in actions involving violation of a county ordinance, or by a city attorney of a city having a population in excess of 750,000, or by a city attorney in a city and county or, with the consent of the district attorney, by a city prosecutor in a city having a full-time city prosecutor in the name of the people of the State of California upon their own complaint or upon the complaint of a board, officer, person, corporation, or association, or by a person who has suffered injury in fact and has lost money or property as a result of the unfair competition.
- c) Establishes the [Unfair Trade Practices Act](#) for the purpose of safeguarding the public against the creation or perpetuation of monopolies and to foster and encourage competition by prohibiting unfair, dishonest, deceptive, destructive, fraudulent, and discriminatory practices by which fair and honest competition is destroyed or prevented.
 - i) Makes it unlawful for any person engaged in the production, manufacture, distribution or sale of any article or product of general use or consumption with intent to destroy the competition of any regular established dealer in such article or product, or to prevent the competition of any person who in good faith, intends, and attempts to become such dealer, to create locality discriminations.
 - ii) Authorizes, under certain circumstances, civil actions to be brought by any person, trade association, the Attorney General or district attorney.
 - iii) Specifies that in any action brought under the Unfair Practices Act that it is not necessary to allege or prove actual damages or the threat thereof, or actual injury or the threat thereof, to the plaintiff.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **A Closer Look at the Impact of COVID-19 on Businesses:** During the initial months of the 2021-22 legislative session, the Assembly Committee on Jobs, Economic Development, and the Economy (JEDE) held several hearings examining policy options for supporting an inclusive economic recovery. Dr. Robert Fairlie, University of California Santa Cruz, testified at the Committee's February 23, 2021, hearing and provided an overview of the economic impacts of the pandemic on small business owners in the US and in California. His presentation began with his work, [The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey](#). In this report he used a simulation model to estimate that between February 2020 and April 2020 there was a decrease of business activity of 41% among Black-owned businesses, 32% among Latinx-owned businesses, and 26% among Asian-owned business. The report further stated that immigrant business owners experienced substantial losses of 36%. Female-owned businesses were also disproportionately impacted, experiencing a 25% decline in business activity.

Dr. Fairlie regularly tracked business activity by demographic group and found that by June 2020, business activity had returned, but was still down substantially from pre-pandemic levels, “[The Impact of COVID-19 on Small Business Owners: The First Three Months after Social Distancing](#),” published in *Journal of Economics and Management Strategies* in August 2020.

While overall business activity was down -8% in June, activity among Black business owners remained at -19% and for immigrant owners -18%. Business owners who were women (-10%), Latinx (-10%), and Asian (-10%) still fared worse than white business owners (-5%). **Chart 1** shows this transition on a monthly basis, for selected business owners of color.

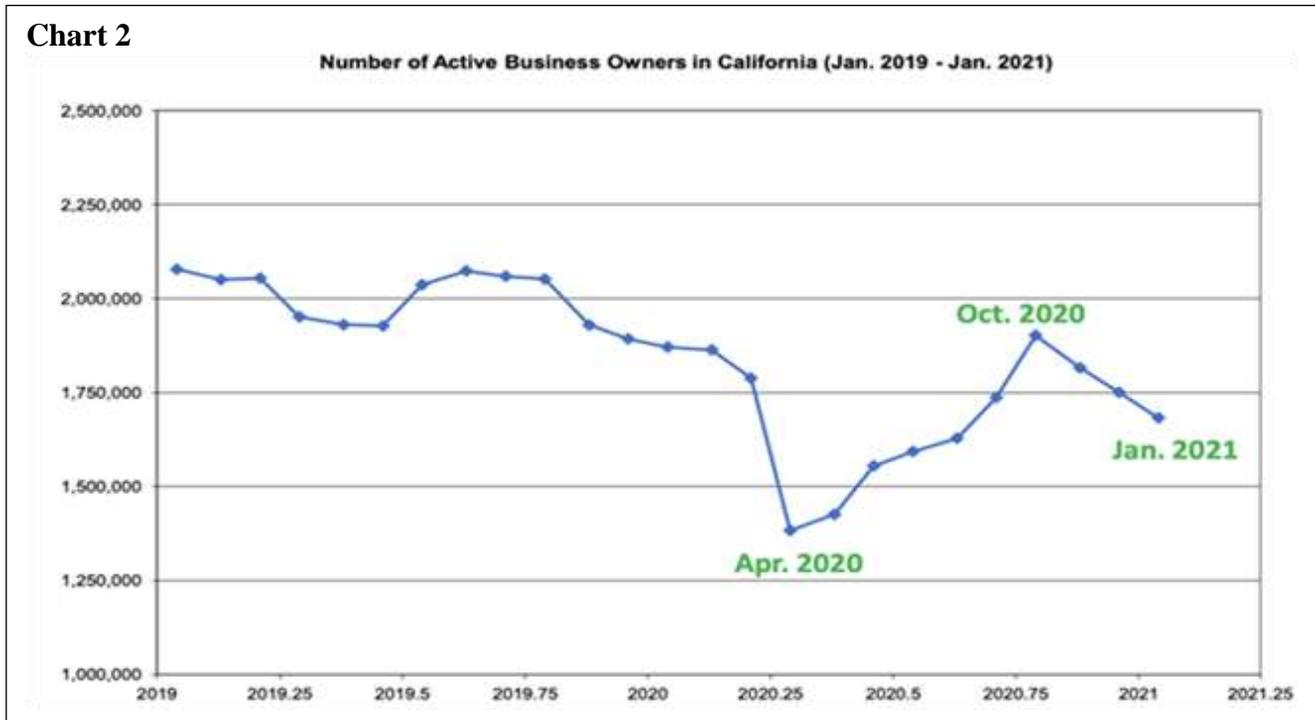
Chart 1 - Change in Number of Active US Business Owners by Race and Ethnicity									
	African-American			Latinx			Asian		
	Relative to			Relative to			Relative to		
	Feb. 2020	Month in Prev. Yr.	Reg. Adjusted	Feb. 2020	Month in Prev. Yr.	Reg. Adjusted	Feb. 2020	Month in Prev. Yr.	Reg. Adjusted
Feb. 2020	0%	2%	0%	0%	5%	0%	0%	-1%	0%
Mar. 2020	0%	13%	-6%	-6%	-3%	-4%	5%	4%	6%
Apr. 2020	-41%	-38%	-52%	-32%	-28%	-32%	-26%	-36%	-29%
May 2020	-26%	-23%	-35%	-19%	-14%	-20%	-21%	-24%	-24%
June 2020	-19%	-24%	-28%	-10%	-4%	-8%	-10%	-14%	-10%
July 2020	-10%	-18%	-18%	-11%	0%	-10%	-9%	-5%	-7%
Aug. 2020	1%	-2%	-5%	-3%	2%	-3%	-11%	-11%	-9%
Sept. 2020	2%	-6%	-6%	1%	0%	0%	-17%	-12%	-20%
Oct. 2020	7%	-3%	-4%	3%	1%	-1%	-15%	-5%	-17%
Nov. 2020	3%	0%	-5%	5%	-1%	-2%	-22%	-16%	-27%
Dec. 2020	-3%	-10%	-12%	-3%	-1%	-7%	-20%	-20%	-23%

Notes: (1) Estimates are a continuation from those reported in Fairlie, Robert. 2020. “*The Impact of COVID-19 on Small Business Owners: The First Three Months after Social-Distancing Restrictions*” *Journal of Economics and Management Strategy*. (2) Reg. Adjusted estimates are based on regression analysis accounting for trends and seasonality (monthly).

Source: Robert W. Fairlie, Professor of Economics, University of California, Santa Cruz, <https://people.ucsc.edu/~rfairlie/current/>

- 2) **California Small Businesses in the Pandemic:** According to Dr. Fairlie’s testimony at the February 23, 2021, hearing, there were over 1.8 million small businesses estimated to be in California at the end of January 2020. By the end of January 2021, he reported that the number of small businesses in California had fallen to 1.6 million. In the First Quarter of 2020, California business activity decreased by an estimated loss of 100,000 businesses, followed by a 200,000 decrease in the Second Quarter. In the Third Quarter, as businesses began reopening in the state, business activity increased by 165,000 businesses. In the final Quarter of 2020, business activity was up by 10,000 from the prior quarter.ⁱ

This business activity data, it should be noted, is reported in the aggregate and does not distinguish between new business activity and activity attributed to the continuation of existing businesses. **Chart 2 - California Small Businesses**, copied from the slide deck provided by Dr. Fairlie at the JEDE hearing, tracks business activities from January 2019 through January 2021.



Among other features, the data shows that although there has been a measurable level of regained business activity since April 2020, California has not recovered to pre-pandemic small business activity levels. For this research, the federal definition of a small businesses is used, meaning businesses with under 500 employees.

- 3) **Good Start – Now Largely Inactive:** According to the 2019-20 annual report of the Made in California Program, GO-Biz and the Office of the Small Business Advocate (CalOSBA), who administers the program, have tried a variety of approaches but have been unsuccessful in implementing CA Made, the name GO-Biz branded for the Made in California Program. Below is a relevant excerpt from the 2019-20 annual report.

“In this reporting period and since the inception program, the CA Made program has not built significant participation from the state’s large manufacturing sector. Despite extensive efforts by GO-Biz and CalOSBA since program launch, CA Made remains mostly inactive.

“On June 7, 2016, regulations for CA Made were approved and filed, and an official webpage for CA Made was launched – www.camade.ca.gov. A digital advertising campaign was also released in late summer 2016 that included both digital banner placements across a variety of manufacturing, small business and business publication websites, and promotion on major social media platforms. In addition, CalOSBA staff incorporated CA Made information as part of its small business forums and stakeholder meetings that it conducted across the state. The promotional efforts generated attention and led prospective applicants to the website. During the marketing roll-out between August and December 2016, the CA Made website received over 6,200 page views during 2,400 sessions from 1,844 unique users.

“In November 2017, a partnership was launched with California Manufacturing Technology Consulting (CMTC), a U.S. Department of Commerce designated Manufacturing Extension Partnership (MEP), to expand offerings for any certified CA Made firms. Additional services included business advising, acceleration services, marketing, and networking.

“Despite GO-Biz’s promotional efforts, CalOSBA received only two complete applications for the program since launch. The first complete application was approved in March 2017 for a three-year period. The second complete application was approved in July 2019 for a three-year period, yet the applicant declined to renew their certification for the subsequent two years.

“To further understand the barriers to participation, GO-Biz conducted four focus groups across the state in December 2016 and found that firms were deterred by the third-party certification requirements and the on-site visits.

“In August 2019, GO-Biz partnered with CMTC to conduct a survey across its clients to understand program barriers and perceived value-add. With 111 survey responses, top barriers identified were third-party certification and fees (approximately \$2000 total) and the [Made in USA standard](#).”

- 4) **2019-20 Program Activity:** In addition to the Made in California Program, the CalOSBA administers a number of other programs and provides services that benefit small manufacturers. Made in California Program registrants benefit from not only being able to use the “Made in California” label on products, packaging, and point-of-sale merchandising, but also benefit from:
- Placement of the product and company bio on the “CA Made” website;
 - Marketing via GO-Biz's social media sites;
 - Learning about information on services from program partners; and
 - Business-to-business networking, technical advising, and additional marketing through the Made in California partnership with California Manufacturing Technology Consulting.

In general, running the CA Made program through the CalOSBA should be a good fit, as many of the other program and resources within the unit would also be helpful to California producers. However, according to the 2019-20 annual report, “historic challenges and barriers in its structuring” have resulted in an inactive program.

During the report period, CA Made had no active certifications nor applications or inquiries in process. From October 1, 2019 through September 30, 2020, only three new accounts were created on the CA Made application portal (<https://camade.ca.gov/Login.aspx>) and there were zero outbound “clicks” to the CA Made website from the GO-Biz website (www.business.ca.gov).

While GO-Biz and CalOSBA conducted no specific outreach on the CA Made program during the report period, CalOSBA had been very active in supporting small manufacturers during the COVID-19 pandemic. In addition, the CalOSBA’s extensive network of small business centers, funded through the Small Business Technical Assistance Expansion Program, have been asked to support manufacturing firms and promote the CA Made brand.

Compounding the implementation challenges, GO-Biz explains in its 2019-20 annual report that “[d]ue to limited participation and certification activity since program inception, the only third-party certifier, TÜV Rheinland North America (TÜV), withdrew its offering for CA Made as of June 1, 2020. As a result, there are currently no third-party certifying organizations offering a CA Made certification service. Despite extensive outreach, other third-party certifiers have not indicated an interest in offering a CA Made certification, likely due to cost-benefit value since there are so few participants. Going forward, any interested CA Made applicants would need to identify an

independent qualified third-party certifier and negotiate their own rate independently to complete their application.”

In 2021, GO-Biz shared recommendations for relaunching the Made in California Program with Senator Roth, who chairs the Senate Committee on Business, Professions, and Economic Development. While SB 808 is not an officially sponsored bill by the Administration, GO-Biz is the source of the initial bill language.

GO-Biz closes out its 2019-20 Made in California Program annual report by stating that “[p]roviding a branded competitive edge for in-state makers, producers, and manufacturers remains a priority. GO-Biz and CalOSBA will continue to explore ways to provide a strong labelling program bolstered by marketing and support services to help grow revenues and rebuild California’s economy by increasing demand for CA Made branded products.”

- 5) **Enforcement Challenges:** The Consumer Legal Remedies Act makes it unlawful to represent that a product is made in California by using a “Made in California” label, if that the product does not comply with the requirements of the GO-Biz’ Made in California Program.

In order to qualify for a “Made in California” label, the product must meet the labeling standards for “Made in USA” and be substantially (51%) produced in California. In addition, the business must register the product with GO-Biz.

There are three primary controls within the Made in California Program to ensure businesses do not misrepresent products.

- One, there are existing checks and balances in state law that govern the “Made in USA” labeling standards, which were initially codified in 1961.
- Two, a business is required to submit third-party verification that the product meets the “Made in California” labeling standard, which includes both the US and California content requirements.
- Three, a consumer or group of consumers who suffers financial damage as an outcome of a business unlawfully using the “Made in California” label may bring an action against the business to recover damages.

SB 808 removes both the “Made in USA” content requirements and the third-party verification process from the Made in California Program because, based on surveys and other feedback, these requirements served as barriers to business participation.

In light of these proposed changes, it may be appropriate to add further enforcement mechanisms that work within the new proposed program structure. The current enforcement is seemingly limited to private citizens seeking compensation for personal damages. Considering the possible damage to the California brand, in general, one area to consider is providing specific standing for a public prosecutor to bring an action on behalf of the people of California.

Following discussions with Legislative Counsel, committee staff suggest that there are two enforcement authorities that could address this potential lack of enforcement tools, including the [Unfair Practices Act](#) pursuant to Chapter 4 (commencing with Section 17000) and the [Unfair](#)

[Competition Act](#) pursuant to Chapter 5 (commencing with Section 17200) of the Business and Professions Code.

- 6) **Manufacturing and 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 throughout. In 2017, California’s 35,321 manufacturing establishments accounted for 14.2% of all manufacturing plants in the US, which produced 10.67% of state GDP.

In 2018, the California manufacturing sector contributed over \$316.7 billion to the state economy, which represented 10.7% of total output. Manufacturing employed 1.3 million workers in California in 2018, which accounted for 7.66% of the state’s non-farm employment in 2019. Average annual income for a worker in manufacturing was \$109,875 as compared to \$59,149 for the nonfarm workers. Average hourly earnings in manufacturing were \$31.58 in January of 2018, as compared to \$30 for all private industry sectors and \$18.04 for leisure and hospitality jobs.

Manufacturing is California’s most export-intensive activity, with \$149.56 billion in manufactured goods exported in 2018, which accounted for 86.2% of California’s annual exports. Employment related to manufacturing has historically supported 25% of all manufacturing jobs. The growth in manufactured goods between 2010 and 2019 was 19.8%. California exported \$40.4 billion in exports to Mexico and Canada under the USMCA agreement in 2019. The two largest exports by aggregate dollar value in 2020 were computers and electronic products valued at \$37.5 billion (24.1% of all exports) and transportation equipment at \$17.3 billion (11.2%).

Manufacturers comprise the largest sector of foreign-owned companies with US affiliates, employing 2.5 million workers in 2017. Also, manufacturing jobs have a large employment multiplier effect. According to the Milken Institute, each manufacturing job supports roughly 2.5 other jobs in the state's economy overall. 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, which include many small businesses and logistic companies.

- 7) **Manufacturing in the Future:** Employment Development Department currently projects that, between 2018 and 2028, total employment in California will rise by 16.3%, with total employment in the manufacturing sector in California decreasing by 1.7%, as shown in *Chart 2* below.

	Annual Average Employment 2018	Estimated Employment in 2028	Numerical Change	Percent Change
Total Employment	18,825,900	20,412,500	1,589,600	7.7%
Manufacturing	1,323,100	1,301,100	-22,000	-1.7%

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

While the aggregate employment down, some subsectors are anticipated to have more significant increases, including motor vehicle manufacturing (36.5%) and beverage and tobacco product manufacturing (20%). *Chart 3* provides a more detailed look at selected job growth in the manufacturing sector, while also illustrating the importance of new policy interventions. Relaunching a modified Made in California Program is not, by itself, the answer to California’s stagnating manufacturing sector, but could play a role within a larger set of strategies.

Chart 3 – Selected Net Job Growth in Manufacturing				
	Annual Average Employment 2018	Estimated Employment in 2028	Numerical Change	Percent Change
Manufacturing	1,323,100	1,301,100	-22,000	-1.7%
Durable Goods Manufacturing	845,400	834,600	-10,800	-1.3%
Wood Product Manufacturing	25,400	24,000	-1,400	-5.5%
Other Wood Product Manufacturing	18,000	17,200	-800	-4.4%
Fabricated Metal Product Manufacturing	132,900	126,400	-6,500	-4.9%
Machinery Manufacturing	77,300	78,500	1,200	1.6%
Motor Vehicle Manufacturing	18,900	25,800	6,900	36.5%
Aerospace Product and Parts Manufacturing	76,000	77,500	1,500	2.0%
Ship and Boat Building	8,500	7,500	-1,000	-11.8%
Furniture and Related Product Manufacturing	34,900	28,800	-6,100	-17.5%
Medical Equipment and Supplies Manufacturing	54,400	58,500	4,100	7.5%
Nondurable Goods Manufacturing	477,700	466,500	-11,200	-2.3%
Food Manufacturing	161,400	162,700	1,300	0.8%
Beverage and Tobacco Product Manufacturing	63,600	76,800	13,200	20.8%
Apparel Manufacturing	37,100	27,300	-9,800	-26.4%
Paper Manufacturing	21,300	19,900	-1,400	-6.6%
Petroleum and Coal Products Manufacturing	13,000	10,500	-2,500	-19.2%
Chemical Manufacturing	80,700	83,500	2,800	3.5%
Pharmaceutical and Medicine Manufacturing	46,800	49,000	2,200	4.7%
Manufacturing	1,323,100	1,301,100	-22,000	-1.7%
Durable Goods Manufacturing	845,400	834,600	-10,800	-1.3%

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

- 8) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Require the business to sign their self-certification of eligibility under penalty of perjury.
 - b) Authorize a public prosecutor to bring a civil charge on behalf of the people of California for unlawfully using the Made in California label under the [Unfair Practices Act](#) and the [Unfair Competition](#) laws.
 - c) Tighten the rules related to donations by:
 - i) Prohibiting donations for the operation of the program be more than 20% of annual program budget.
 - ii) Prohibiting donations for a specific event be more than 20% of the estimated event cost.
 - iii) Requiring donations be reported to the Legislature within 20 days of receipt.
- 9) **Related Legislation:** Below is a list of bills from prior sessions.

- a) **AB 890 (Jones) Modifying the “Made in USA” Labeling Standard:** This bill would have provided that a product sold in California could carry the label “Made in USA” if it was substantially made, manufactured, or produced in the US as measured by the following criteria: at least 90% of the components, parts, articles, or units of the merchandise were manufactured in the US; US manufacturing costs constitute at least 90% of the total manufacturing costs for the merchandise; and the merchandise was last substantially transformed or assembled in the US. Status: Failed passage in Senate Committee on the Judiciary, 2013.
- b) **AB 2624 (Medina) Establishing “Made in North America” Label:** This bill would have made it unlawful to sell or offer for sale in this state any product that contains the words “Made in North America,” “North American Made,” or similar words on the product or its container unless all of the product was made in the United States, Canada, or Mexico. The bill adds misrepresenting a product as made in North America to the list of unfair methods of competition and unfair or deceptive acts or practices actionable under the Consumers Legal Remedies Act. Status: Died on the Senate Floor Inactive File, 2014.
- c) **SB 12 (Corbett) Made in California Program:** This bill established the Made in California Program, within the Governor’s Office of Business and Economic Development, for the purpose of encouraging consumer product awareness and to foster purchases of high-quality products made in this state. Status: Signed by the Governor, Chapter 541, Statutes of 2013.
- d) **SB 823 (Corbett) Establishing the “Made in California” Label:** This bill would have created a Made in California Program within the Governor’s Office of Economic Development. Status: Held in the Assembly Committee on Appropriations, 2011.
- e) **SB 661 (Hill) Exceptions to the Made in USA Labeling Standard:** This bill would have provided that merchandise made, manufactured, or produced in the US that has an article, unit, or part from outside of the US may be labeled and sold in California as “Made in USA” or “Made in America” if the following requirements are met:
 - i) The manufacturer of the merchandise certifies that it can neither produce the article, unit, or part within the US nor obtain the article, unit, or part of the merchandise from a domestic source;
 - ii) The manufacturer’s determination that the article, unit, or part cannot be produced or obtained within the United States from a domestic source is not based on the cost of the article, unit, or part; and
 - iii) The article, unit, or part of the merchandise obtained from outside the United States constitutes only a negligible part of the final manufactured product. Status: Failed passage in Senate Committee on the Judiciary, 2014.
- f) **SB 1004 (Holmdahl) Made in USA Standard:** This bill codified California’s “Made in the USA” law, making it unlawful for any person, firm, corporation, or association to sell or offer for sale any merchandise that advertises itself as being made or manufactured in the United States when any article, unit, or part of the merchandise has been entirely or substantially made, manufactured, or produced outside of the US. Status: Signed by the Governor, Chapter 676, Statutes of 1961.

REGISTERED SUPPORT / OPPOSITION:

Support

California Manufacturing and Technology Association

Opposition
None on file

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

ⁱ Robert Fairlie, "California State Assembly, Feb. 2021- Written: Testimony", <https://people.ucsc.edu/~rfairlie/current/>, accessed February 24, 2021 and United States Census Bureau, "2017 SUSB Annual Data Tables by Establishment Industry", <https://www.census.gov/data/tables/2017/econ/susb/2017-susb-annual.html>, accessed November 25, 2020, and United States Census Bureau, "2018 CBP and NES Combined Report", <https://www.census.gov/data/tables/2018/econ/nonemployer-statistics/2018-combined-report.html>, accessed October 3, 2020, and United States Census Bureau, "2018 CBP and NES Combined Report", <https://www.census.gov/data/tables/2018/econ/nonemployer-statistics/2018-combined-report.html>, accessed October 3, 2020.