

# Joint Legislative Hearing on The Role of Innovation in California's Post-Recession Economy

## Legislative History: Major Bills related to Infrastructure

World class infrastructure plays a key role in business attraction, as multinational companies consistently rank the quality of infrastructure among their top four criteria in making investment decisions. Research shows that as U.S. infrastructure has been in decline, infrastructure in other countries is rapidly increasing. The 2010-11 Global Competitiveness Report by the World Economic Forum places U.S. infrastructure 23rd in the world, a drop from its rank of 7th in 2000.

California's infrastructure is in a similar state, according to the American Society of Civil Engineers, California Infrastructure Report Card 2012, with an estimated \$65 billion a year investment gap. The impact of this lack of investment is compounded by the substantial new investments made in other states and nations, including the expansion of the Panama Canal.

Below is a selection of legislation from the last three sessions, which were designed to address the infrastructure needs of California's innovation-based economy. The primary focus of these measures is to build, expand and maintain a global goods movement electronic and transportation network.

***AB 696 (Hueso) Economic Development Mandate for Infrastructure Projects:*** This bill would have required projects selected for funding under the Infrastructure State Revolving Fund Program, administered through the California Infrastructure and Economic Development Bank, to only be funded if the project meets specified land use and economic development criteria. Status: Vetoed by Governor. Veto message reads as follows: "This bill, among other things, requires the state Infrastructure Bank to create a methodology to measure the economic development benefits of projects for both public and private applicants. Local government applicants already must make findings that their project promotes economic development and long-term employment. Requiring the I-Bank to speculate on the project's benefits is a costly addition to the application process. Private entities obtain approval from a bond underwriter before federal law allows the state to issue tax-free bonds using its bonding authority. The state has no financial stake or risk in these transactions. Consequently, there is no reason to incur the expense of calculating economic benefits for the transactions of private entities."

***AB 700 (Blumenfeld) Independent Infrastructure Bank:*** This bill would have established an independently administered California Infrastructure and Economic Development Bank and removes the Secretary of the Business, Transportation and Housing Agency as chairperson. Status: The bill was vetoed by the Governor, 2010.

***AB 724 (Bradford) Clean Energy Jobs and Investment Act:*** This bill extends, from January 2012 to 2020, the requirement that the Public Utilities Commission mandate electrical corporations to identify a separate electrical rate component (public goods charge) to fund energy efficiency, renewable energy, and research, development, and demonstration programs

that enhance system reliability and provide in-state benefits. Status: **Pending on the Senate Floor.**

***AB 982 (Skinner) - Land Exchange for Renewable Energy-Related Projects:*** This bill requires the State Lands Commission to enter into an agreement with the federal Department of the Interior to facilitate land exchanges between the state and federal government, to allow for the development of renewable energy project on state lands. Status: The bill was signed by the Governor, Chapter 485, Statutes of 2011.

***AB 1047 (V. Manuel Pérez) Local Government Assistance Program:*** This bill establishes a local assistance program within the California Infrastructure and Economic Development Bank to assist small and rural communities obtain financing for infrastructure projects. Due to the lack of resources these communities have limited funding and staff. The program will assist these communities in developing strategic plans, writing grants, applying for public and private loans and guarantees, issuing bonds, and other activities directly related to obtaining funding for infrastructure programs. Provides that the cost of administering a bond program include the cost of technical assistance and outreach, and creates the Technical Assistance Account within the Infrastructure Bank. Status: The bill was held under submission in the Assembly Committee on Appropriations, 2009.

***AB 1420 (V. Manuel Pérez) Inventory of Innovation Infrastructure:*** This bill requests the California Council on Science and Technology (CCST) and the California Spaceport Authority (CSA) to seek funding to expand their assessment of the state's innovation infrastructure capacity including university research facilities, private research parks, manufacturers and incubators. Further, the bill authorizes the CCST and the CSA to collaborate with public and private colleges and universities, corporations with research capacity, economic development organizations, investment and finance professionals, and the California Community Colleges. Status: The bill was held in Senate Committee on Rules, August 2010.

***AB 1545 (V. Manuel Pérez) Bi-National Infrastructure and Economic Development Bank:*** This bill Establishes a state equivalent of the North American Development (NAD) Bank to facilitate and finance economic and infrastructure projects on both sides of the California and Mexico border region. Status: the bill is pending in the Senate Appropriations Committee.

***AB 1555 (V. Manuel Pérez and Felipe Fuentes) Match for Federal Broadband Funding:*** This bill authorizes the use of up to \$100 million in matching funds to local communities that apply for federal broadband funding pursuant to the federal American Recovery and Reinvestment Act of 2009. Status: The bill was signed by the Governor, Chapter 24, Statutes of 2009.

***AB 1830 (Jones) High Speed Rail: Manufacturers:*** This bill would have established a 5 percent procurement preference for bids on rolling stock and related equipment that is built in California. Status: The bill was vetoed by the Governor, 2010.

***AB 2887 (Houston) Identification of Development Ready Industrial Sites:*** This bill would have required the Governor's Office of Planning and Research, working in conjunction with the Department of Housing and Community Development (HCD) and California Business

Investment Services, identify and prioritize up to 30 sites suitable for development for industrial or traded sector uses by businesses locating to or expanding in the state and maintain a database with a list of the sites. Status: The bill was held in the Assembly Appropriations Committee, 2006.

***ACR 77 (Swanson) Analysis of Regulatory Impact of California Global Warming Solutions Act of 2006:*** This resolution calls on the Air Resources Board to meet the statutory requirements of the California Global Warming Solutions Act of 2006 for the preparation of the best available economic analysis by ensuring that the analysis of the emission reduction measures proposed in the AB 32 Scoping Plan and related rulemaking include the following. The analysis should show the projected employment impacts by industry sector and identification of the types of jobs that will be created and those jobs lost to the state, as well as, the expected wage levels for these new jobs. Status: This resolution was Chaptered by Secretary of State - Res. Chapter 109, Statutes of 2009.

***SB 325 (Rubio) Central California Rail:*** This bill establishes the Central California Railroad Authority to provide short-line rail freight service within Fresno, Kern, Kings, Merced, and Tulare Counties. Status: The bill was signed by the Governor, Chapter 234, Statutes of 2011.

***SB 555 (Hancock) Renewable Energy Facilities:*** This bill authorizes Mello-Roos Community Facilities Districts to finance renewable energy, energy efficiency, and water efficiency improvements on private property. Status: The bill was signed by the Governor, Chapter 493, Statutes of 2011.

***SB 771 (Kehoe) California Alternative Energy and Advanced Transportation Financing Authority:*** This bill specifies that landfill and digester gas turbines, engines, and microturbines may be considered renewable energy eligible for financial assistance under the California Alternative Energy and Advanced Transportation Financing Authority Act. Status: The bill was signed by the Governor, Chapter 598, Statutes of 2011.

***SB 822 (Evans) Five-Year Infrastructure Plan:*** Existing law requires the Governor, in conjunction with the Governor's Budget, to submit annually to the Legislature a proposed 5-year infrastructure plan containing specified information concerning infrastructure needed by state agencies, public schools, and public postsecondary educational institutions and a proposal for funding the needed infrastructure. This bill makes technical, nonsubstantive changes to this provision. Status: The bill was held in the Assembly Committee on Budget, 2012.

***SB 907 (Evans) 20-Year Infrastructure Master Plan:*** This bill establishes an 11-member Master Plan for Infrastructure Financing and Development Commission. The Commission is required to submit to the Governor and Legislature, by December 1, 2013, a long-term plan and strategy for the state's infrastructure needs and a prioritized plan to meet those needs. The Commission is also required to submit periodic progress reports. Status: The bill was held in the Assembly Committee on Jobs, Economic Development and the Economy, 2012.