

**ASSEMBLY BILL**

**No. 13**

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**Introduced by Assembly Member Florez**

December 4, 2000

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An act to add Section 15319 to the Government Code, and to add Section 6358.5 to the Revenue and Taxation Code, relating to the San Joaquin Valley Economic Development Corridor, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 13, as introduced, Florez. San Joaquin Valley Economic Development Corridor Act of 2001.

(1) Existing law sets forth the duties of the Trade and Commerce Agency in overseeing economic and community development efforts in the state.

This bill would enact the San Joaquin Valley Economic Development Corridor Act of 2001 to establish a program, to be administered by the San Joaquin Valley Economic Development Joint Powers Authority, to enhance economic development within the boundaries of the authority. The bill would establish a 2-year micro-loan program and would create the San Joaquin Valley Economic Development Fund in the State Treasury for purposes of the act. The bill would expressly authorize the authority to receive funding and issue revenue bonds and other forms of indebtedness for eligible projects, as defined.

(2) The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would additionally exempt farm equipment, as defined, from that tax within the boundaries of the program.

(3) Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemption from state sales and use taxes enacted by the Legislature are incorporated into the local taxes. Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill will provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

(4) The bill would appropriate \$100,750,000 from the General Fund to the Trade and Commerce Agency for allocation to the San Joaquin Valley Economic Development Joint Powers Authority, as specified.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 15319 is added to the Government  
2 Code, to read:

3 15319. (a) This section shall be known and may be cited as  
4 the San Joaquin Valley Economic Development Corridor Act of  
5 2001.

6 (b) The San Joaquin Valley Economic Development Corridor  
7 Program is hereby established. The San Joaquin Valley Economic  
8 Development Joint Powers Authority shall, at its option,  
9 administer the program. The program shall be subject to the review  
10 of the Trade and Commerce Agency. The geographic boundaries  
11 of the program shall include any city and any county that is a  
12 member of the San Joaquin Valley Economic Development Joint  
13 Powers Authority.

14 (c) The purposes of the San Joaquin Valley Economic  
15 Development Corridor Program are to do the following:

16 (1) Identify regionally significant transportation projects that  
17 assist in the development of the San Joaquin Valley as an  
18 agriculturally based sustainable economy.

19 (2) Support economic development activities that target small-  
20 and medium-sized businesses.



1 (3) Encourage work force development opportunities.

2 (d) (1) The San Joaquin Valley Economic Development  
3 Corridor Program shall include a two-year micro-loan program  
4 geared to assisting existing small- and medium-sized businesses  
5 expand and remain in the San Joaquin Valley. All loans shall be  
6 made within two years of the commencement of the program and  
7 no loans shall be made after that period.

8 (2) The San Joaquin Valley Economic Development Fund is  
9 hereby created in the State Treasury and shall be administered by  
10 the Secretary of Trade and Commerce. Notwithstanding Section  
11 13340, all moneys in the fund are continuously appropriated  
12 without regard to fiscal years for the micro-loan program  
13 established pursuant to this subdivision. The fund shall receive all  
14 loan repayment amounts, including principal and interest, and all  
15 related fees.

16 (e) The San Joaquin Valley Economic Development Joint  
17 Powers Authority may receive funding and issue revenue bonds  
18 and other forms of indebtedness as authorized by Article 2  
19 (commencing with Section 6540) and Article 4 (commencing with  
20 Section 6584) of Chapter 5 of Division 7 of Title 1. Indebtedness  
21 may be issued on or on the behalf of the authority or any  
22 jurisdiction within the authority. Eligible projects include, but are  
23 not limited to, intermodal transfer facilities, food processing  
24 plants, locations to park trucks while under mandatory  
25 out-of-service hours, and goods distribution centers.

26 (f) Thirty percent of the tax-exempt authority allocated by the  
27 Treasurer for industrial development bonds pursuant to Article 2  
28 (commencing with Section 91520) of Chapter 1 of Title 10 shall  
29 be used to fund manufacturing and food and fiber processing plant  
30 projects in the San Joaquin Valley. If within 120 days from the  
31 close of the 2002-03 fiscal year there are insufficient projects in the  
32 San Joaquin Valley to utilize all 30 percent of the tax-exempt  
33 industrial development bond authority, any unused allocation may  
34 be used in any other area of the state. This subdivision shall remain  
35 operative only until June 30, 2003, and shall have no effect after  
36 that date.

37 SEC. 2. Section 6358.5 is added to the Revenue and Taxation  
38 Code, to read:

39 6358.5. (a) There are exempted from the taxes imposed by  
40 this part, the gross receipts from the sale in this state of, and the



1 storage, use, or other consumption in this state of farm equipment  
2 purchased by an individual whose primary residence or a small  
3 business whose primary place of business is within the boundaries  
4 of the San Joaquin Valley Economic Development Program  
5 established by Section 15319 of the Government Code.

6 (b) For the purposes of this section, “farm equipment” means  
7 implements of husbandry, as defined in Section 411, including  
8 equipment used in farming, forestry, dairy, cattle, pork, poultry, or  
9 winegrower operations.

10 SEC. 3. Notwithstanding Section 2230 of the Revenue and  
11 Taxation Code, no appropriation is made by this act and the state  
12 shall not reimburse any local agency for any sales and use tax  
13 revenues lost by it under this act.

14 SEC. 4. The sum of one hundred million seven hundred fifty  
15 thousand dollars (\$100,750,000) is hereby appropriated from the  
16 General Fund to the Trade and Commerce Agency, to be allocated  
17 to the San Joaquin Valley Economic Development Joint Powers  
18 Authority for the purposes of Section 15319 of the Government  
19 Code as follows:

20 (a) Seven hundred fifty thousand dollars (\$750,000) for a study  
21 on the utilization of short line rail in the San Joaquin Valley to  
22 enhance goods movement and support economic development in  
23 the region.

24 (b) One hundred million dollars (\$100,000,000) for transfer to  
25 the San Joaquin Valley Economic Development Fund for  
26 expenditure pursuant to this act.

