

Assembly Bill No. 968

CHAPTER 189

An act to amend Sections 15314, 15315, 15316, 15317, 15325, 15363.6, 15363.10, 15363.50, 15364.5, 15364.6, 15364.7, 15364.71, 15364.74, 15364.76, 15364.77, 15364.78, 15364.79, 15365.6, 15365.11, 15365.12, 15392, and 15392.1 of, to amend the headings of Chapter 1 (commencing with Section 15310) of, and Chapter 1.3 (commencing with Section 15363.6) of, Part 6.7 of Division 3 of Title 2 of, to amend and repeal Section 15364.4 of, and to repeal Sections 15364.80 and 15364.85 of, the Government Code, relating to the Technology, Trade, and Commerce Agency.

[Approved by Governor August 12, 2001. Filed with Secretary of State August 13, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 968, Chan. Technology, Trade, and Commerce Agency: organization.

Existing law sets forth the various offices and divisions within the Technology, Trade, and Commerce Agency, including the Office of Foreign Investment, the Office of Trade Policy and Research, the Office of California-Mexico Affairs, and the California State World Trade Commission. Within the California State World Trade Commission are the international trade and investment offices, also known as overseas trade offices, the Office of Export Development, and the Export Finance Office.

This bill would revise and recast those provisions and would provide that the Office of Foreign Investment, the Office of Trade Policy and Research, the Office of California-Mexico Affairs, the California State World Trade Commission, the international trade and investment offices, the Office of Export Development, and the Export Finance Office are within the International Trade and Investment Division within the agency. It would delete the references to overseas trade offices and instead refer to international trade and investment offices. The bill would make other related changes and make additional technical, nonsubstantive changes.



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

SECTION 1. The heading of Chapter 1 (commencing with Section 15310) of Part 6.7 of Division 3 of Title 2 of the Government Code is amended to read:

CHAPTER 1. TECHNOLOGY, TRADE, AND COMMERCE AGENCY

SEC. 2. Section 15314 of the Government Code is amended to read:
15314. (a) The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 shall apply to the agency, and the secretary is the head of the agency within the meaning of those provisions.

(b) The agency is the successor to the Department of Commerce.

SEC. 3. Section 15315 of the Government Code is amended to read:
15315. (a) The Legislature finds and declares that the expansion of international trade is vital to the overall growth of California's economy. The Legislature further finds and declares that current state efforts to develop relations with foreign countries are insufficient for effective coordination and mobilization of the resources necessary to promote economic growth and international trade.

(b) In order to encourage international trade and development, the California State World Trade Commission is hereby created in the International Trade and Investment Division of the Technology, Trade, and Commerce Agency. It shall be composed of leading representatives of California government and private industry, and shall address policies that affect California's ability to trade internationally, and provide research in international trade that can be utilized by the commission in developing and implementing effective and aggressive marketing strategies.

(c) For purposes of this chapter:

(1) "Commission" means the California State World Trade Commission.

(2) "International trade" consists of the export and import of agricultural, mineral, and manufacturing products, business services, and banking.

(d) In addition, the commission may create an advisory council composed of commission-appointed private industry leaders and representatives of the executive and legislative branches of state government. They shall have the responsibility of assisting and advising the commission. Advisory council members shall receive travel and other expenses equal to those of state employees when on authorized commission business.



SEC. 4. Section 15316 of the Government Code is amended to read:

15316. (a) The Legislature hereby finds and declares that economic development corporations are an integral component of the state's job creation effort because they are a critical link between the state's primary agency for economic development, the Technology, Trade, and Commerce Agency, and the statewide business community, providing excellent leverage of the state's resources. Economic development corporations provide broad public benefit to the residents of this state by helping to alleviate unemployment, encouraging private investment, and diversifying local economies.

(b) "Economic development corporations" mean local and regional nonprofit organizations of public and private cooperation whose activities further the economic development of the communities they serve. Economic development corporations engage in a wide range of programs and strategies to attract, retain, and expand business. These may include marketing the community, small business lending, and other financial services, a wide range of technical assistance to small business, preparation of economic data, and business advocacy.

SEC. 5. Section 15317 of the Government Code is amended to read:

15317. The secretary shall direct all relevant components of the Technology, Trade, and Commerce Agency to coordinate resources within the agency and other state agencies for all of the following purposes:

(a) To act as a regulatory ombudsman for the apparel industry in disputes with state and local government.

(b) To focus state resources that can be applied to the deployment and development of advanced technologies to improve the productivity of the California apparel industry.

(c) To support locally provided training programs for apparel workers, contractors, manufacturers, and other industry participants.

(d) To determine how best to make available to apparel manufacturers and contractors additional financial resources for these purposes through the existing loan and grant programs of the agency and other state and local economic development programs.

(e) To promote actively the products of California's apparel industry domestically and internationally.

SEC. 6. Section 15325 of the Government Code is amended to read:

15325. The work of the agency shall be divided into at least the following:

(a) The Office of Economic Research.

(b) The Office of Local Development.

(c) The Office of Business Development.

(d) The Office of Tourism.



- (e) The Office of Small Business.
- (f) The Film Office.
- (g) The Office of Marketing and Communications.
- (h) The Office of Strategic Technology.
- (i) The International Trade and Investment Division, including all of the following:
 - (1) The Office of Foreign Investment.
 - (2) The Office of Export Development.
 - (3) The Office of California-Mexico Affairs.
 - (4) The Office of Trade Policy and Research.
 - (5) The California State World Trade Commission.
 - (6) The international trade and investment offices.
 - (7) The Export Finance Office.
 - (j) California Field Offices.
 - (k) The Office of Trade Policy and Research.
 - (l) The Office of Permit Assistance.
 - (m) The Office of Military Base Retention.
 - (n) The Division of Science, Technology, and Innovation.

SEC. 7. The heading of Chapter 1.3 (commencing with Section 15363.6) of Part 6.7 of Division 3 of Title 2 of the Government Code is amended to read:

CHAPTER 1.3. TECHNOLOGY, TRADE, AND COMMERCE AGENCY

SEC. 8. Section 15363.6 of the Government Code is amended to read:

15363.6. The secretary shall have the following responsibilities:

- (a) Coordinating the various trade, investment, and tourism activities of the Technology, Trade, and Commerce Agency to ensure that the resources that the state has invested in these programs are used effectively and efficiently and that they foster the state's reputation as a source of high quality, cost-effective goods and services including tourism destinations.
- (b) Coordinating, on behalf of the Governor, the use of the overseas trade offices by any state export program not under the International Trade and Investment Division, such as those that are operated by the Department of Food and Agriculture and the California Energy Commission, and by any state agency which may have occasion to need the services of the overseas trade offices in carrying out that agency's official duties and responsibilities.
- (c) Reporting to the Governor and the Legislature on an annual basis about the policies, plans, budgeting, and accomplishments of the agency and its programs.



(d) In his or her capacity as a member of the Governor's cabinet, coordinating the development of a state policy on economic development and trade, and advising the Governor and members of the cabinet of the potential impacts of regulations on the state's business, economy, and job base. The initial policy and implementation strategy shall be included as a part of the secretary's first annual report to the Governor and the Legislature following enactment of this chapter. Each year thereafter, the secretary's annual report shall discuss economic development and trade policies including accomplishments and needed modifications.

(e) Evaluating, at his or her discretion, the findings and determinations required of any state agency that proposes to adopt regulations under Article 5 (commencing with Section 11346) of Chapter 3.5 of Part 1, including economic and cost impacts, reporting requirements, and alternatives analyses. The secretary shall, during the written comment period specified pursuant to paragraph (9) of subdivision (a) of Section 11346.5, submit written comments into the record of the agency that proposes to adopt those regulations in those instances when the secretary determines that the contents of the notice of the proposed action or the supporting analysis and initial statement of reasons do not sufficiently support the findings and determinations of the agency. The secretary may, at his or her discretion, comment on other aspects of the proposed action that significantly impact the state's business, industry, economy, or job base, including the cumulative effects of the proposed action that significantly impact the state's business, industry, economy, or job base, including the cumulative impacts of the proposed action considered along with regulatory requirements in place at the federal, state, and local levels.

(f) Identifying science and technology trends that are significant to the state and developing a state strategy to address them.

(g) Developing a state strategy for applying and commercializing technology to create jobs, respond to industry changes, and foster innovation and competitiveness.

(h) Coordinating state science and technology policies and programs.

(i) Consulting frequently with the California Council on Science and Technology. The secretary may, as deemed appropriate and necessary, request specific studies and reports from the council.

SEC. 9. Section 15363.10 of the Government Code is amended to read:

15363.10. (a) The secretary shall lead the preparation of a biennial California Economic Development Strategic Plan. In fulfilling this duty, the secretary shall do the following:



(1) Review the recommendations made by the California Economic Strategy Panel in their biennial economic development strategic plan document. This document shall make recommendations regarding an economic development strategic plan for the state, covering a two-year time period and containing a statement of economic goals for the state, a prioritized list identifying significant issues learned from economic development strategic plan panel meetings, proposals for legislation, regulations, and administrative reforms necessary to improve the business climate and economy of the state, evaluation of the effectiveness of the state's economic development programs, a list of key industries in which the state shall focus its economic development efforts, and strategies to foster job growth and economic development covering all state agencies, offices, boards, and commissions that have economic development responsibilities.

(2) Convene a biennial economic strategy panel to provide recommendations regarding a California economic development strategic plan. This panel shall conduct meetings in Sacramento, all cities of the state with populations over 500,000, and in major cities of other regions of California as designated by the secretary. The secretary shall invite businesses, labor unions, organizations representing the interests of diverse ethnic and gender groups, local government leaders, academic economists and business professors, chambers of commerce and other business organizations, government agencies, and key industries to contribute to the preparation of the recommended economic strategy. These meetings shall address at least the following matters of concern:

(A) Strengths and weaknesses of the California economy and the state's prospects for future economic prosperity.

(B) Emerging and declining industries in California and elsewhere.

(C) Effectiveness of California's economic development programs in creating and retaining jobs and attracting industries.

(D) Adequacy of state and local physical and economic infrastructure.

(E) Government impediments to economic development.

(b) The panel shall be composed of the following 15 members:

(1) The Secretary of Technology, Trade, and Commerce, who shall serve as chair of the panel.

(2) Eight persons appointed by the Governor.

(3) The Speaker of the Assembly or his or her designee.

(4) The President pro Tempore of the Senate or his or her designee.

(5) The Minority Leader of the Assembly or his or her designee.

(6) The Minority Leader of the Senate or his or her designee.

(7) One person appointed by the Speaker of the Assembly.



(8) One person appointed by the Senate Committee on Rules.

(c) The panel shall be representative of state government, business, labor, finance, and academic institutions, and shall be broadly reflective of the state's population as to gender, ethnicity, and geographic residence within California.

At least one-half of all the persons on the panel shall be from the private sector and at least two appointments shall be from private businesses with less than 50 employees. At least two appointments shall be from rural areas of the state. Appointments to the panel shall expire at the end of the two-year planning horizon of the economic development strategy.

(d) The secretary shall deliver copies of the economic strategy panel's recommended California economic development strategic plan to every constitutional officer, legislator, member of the Governor's cabinet, members of the economic development strategic plan panel, and every state agency, office, board, and commission having economic development responsibilities.

(e) In each succeeding two-year cycle, the secretary shall undertake this process anew, so as to update the economic strategy on or before October 31 of each succeeding second year.

SEC. 10. Section 15363.50 of the Government Code is amended to read:

15363.50. The Technology, Trade, and Commerce Agency, in cooperation with the California State World Trade Commission, shall require each trade office of the state to disseminate information to interested parties on environmental technologies in order to assist California-based firms to export their technologies or services to international markets.

SEC. 11. Section 15364.4 of the Government Code, as amended by Section 1 of Chapter 824 of the Statutes of 1995, is amended to read:

15364.4. (a) Each office of the International Trade and Investment Division, including any overseas trade office pursuant to Section 15364.71, shall be in the charge of an office director who shall be appointed, upon the recommendation of the secretary, by the Governor, unless otherwise specified. The office directors shall hold office at the pleasure of the secretary and shall receive a salary as fixed by the secretary with the approval of the Department of Personnel Administration.

(b) All employees of the California State World Trade Commission, as created in the Governor's office by Chapter 1387 of the Statutes of 1986, who, on the operative date of this section, are serving on the commission staff, other than as temporary employees, shall be transferred to the California State World Trade Commission established



in the Technology, Trade, and Commerce Agency. In accordance with Section 19050.9, the status, positions, and rights of these persons shall not be affected by the transfer, and, except as to positions exempt from civil service, they shall be subject to state civil service.

SEC. 12. Section 15364.4 of the Government Code, as amended by Section 3 of Chapter 929 of the Statutes of 1994, is repealed.

SEC. 13. Section 15364.5 of the Government Code is amended to read:

15364.5. The director of an international trade and investment office shall do all of the following:

- (a) Carry out the management directives of the secretary.
- (b) Manage and disburse all funds and maintain records.
- (c) Direct all staff, which includes, but is not limited to, the responsibility to hire and dismiss employees.

SEC. 14. Section 15364.6 of the Government Code is amended to read:

15364.6. The Technology, Trade, and Commerce Agency shall serve as the primary state agency responsible for coordination of activities to expand international trade for the State of California. Within this statutory authority, the agency may perform all of the following functions:

- (a) Provide information and assistance to help California business people market their products abroad.
- (b) Represent or assist in representing the interests of California-based companies in foreign market transactions through trade delegations, missions, marts, seminars, and additionally appropriate promotional tools.
- (c) Work to influence state, federal, and international trade policies that affect California's ability to compete in world markets.
- (d) Represent California's interests in the enforcement of United States and international trade laws.
- (e) Conduct public hearings on trade-related issues of importance to California business.
- (f) Administer programs designed to increase the availability of funds used to finance the overseas sales of California products.
- (g) Provide assistance, where appropriate, in promoting and encouraging cultural development, international tourism, and reverse investment.
- (h) Serve as the official representative of the State of California to foreign governments and representatives.
- (i) Establish one or more offices in California and in foreign countries, if appropriate and economically feasible, and serve as a clearinghouse for inquiries from foreign businesses and governments



and provide them with introductions to California businesses and agriculture.

(j) Secure funding of the agency's programs and activities from federal, state, local, and private sources in addition to fees charged for services and published materials.

SEC. 15. Section 15364.7 of the Government Code is amended to read:

15364.7. The commission created by Section 15315 shall prepare and submit to the Governor and to the Legislature a biennial report on January 15 of every other year. The report shall include, but not be limited to, all of the following:

(a) A description of the commission's activities within the two-year reporting period.

(b) Information and data on relevant trade patterns and trends.

(c) Analyses of major trade issues affecting California's trade performance and an assessment of significant foreign and domestic trade barriers that inhibit the expansion of California's exports.

(d) An action agenda for the next two years, including priorities for research, program expansion, state or federal advocacy, or any other activities that would enhance California's international trade position.

SEC. 16. Section 15364.71 of the Government Code is amended to read:

15364.71. The International Trade and Investment Division is hereby created in the Technology, Trade, and Commerce Agency. The division shall administer any trade and investment offices or showcases established pursuant to this part. The division shall also do the following:

(a) Assist existing California companies and agricultural enterprises to expand their export sales. The division shall work with the other offices of the agency through seminars and conferences to ensure that smaller and medium-sized firms in the state have adequate access to knowledge about, and the services of, the overseas trade offices.

(b) Coordinate the various export development, finance, research, policy, and promotion programs that exist in state government.

(c) Assist the Governor, the Legislature, and state agencies in establishing and maintaining relations with public and private representatives in other countries.

SEC. 17. Section 15364.74 of the Government Code is amended to read:

15364.74. (a) The secretary shall designate an individual whose primary responsibilities shall be all of the following:

(1) To oversee and coordinate the activities of all international trade and investment offices.



(2) To keep the Governor informed of these activities.

(3) To act as a liaison to all state departments, commissions, or agencies which have specified international trade, investment, or tourism functions which impact on the activities of the international trade and investment offices.

(b) The individual designated pursuant to subdivision (a) shall meet all the following qualifications:

(1) Be knowledgeable of state government operations.

(2) Be familiar with the various state government agencies, departments, and programs which have international trade, investment, or tourism components.

(3) Have private sector experience in international business development.

(c) The individual designated to coordinate the operations of international trade and investment offices shall respond in a timely fashion to requests by the Legislature for information on specific activities and expenditures of the offices.

(d) The person designated pursuant to this section shall be the Deputy Secretary of the International Trade and Investment Division.

SEC. 18. Section 15364.76 of the Government Code is amended to read:

15364.76. (a) The director of an international trade and investment office may enter into contracts for the performance of services, the procurement of materials and goods, and the lease of office space as may be necessary for the operation of the office.

(b) The Governor may appoint persons to assist the director of any international trade and investment office in the operation of that office. The Governor shall make these appointments from among persons recommended by the secretary. The persons appointed pursuant to this subdivision shall receive a salary as fixed by the secretary with the approval of the Department of Personnel Administration and notwithstanding any limitation contained in Section 12010.6, shall be deemed state officers exempt from civil service. The status, rights, and conditions of employment of individuals appointed pursuant by this subdivision shall conform to the laws of the jurisdiction in which the international trade and investment office is located.

SEC. 19. Section 15364.77 of the Government Code is amended to read:

15364.77. Notwithstanding any other provision of law, upon the approval of the secretary, the director of an international trade and investment office may establish and maintain a checking account for depositing and withdrawing funds appropriated for the use of the office in a bank located and qualified to do business in the country in which the



office is established and that is, under California law, a branch of a state or national bank located in this state or a foreign bank licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code to maintain a branch office in California, or authorized under federal law to maintain a federal branch in California.

SEC. 20. Section 15364.78 of the Government Code is amended to read:

15364.78. Upon the approval of the secretary, the director of an international trade and investment office may receive up to one-fourth the amount annually budgeted and approved for the operation and maintenance of that office every three months for deposit in the office's checking account for use in meeting the day-to-day operating expenses of the office. All records of any international trade and investment office checking account shall be maintained at the Technology, Trade, and Commerce Agency and the Technology, Trade, and Commerce Agency shall make those records available to the Department of Finance for audit purposes.

SEC. 21. Section 15364.79 of the Government Code is amended to read:

15364.79. (a) The secretary may accept private sector moneys in an amount not in excess of ten thousand dollars (\$10,000) per donation made to the state for the purposes of promoting international trade and investment, subject to Title 9 (commencing with Section 81000), and not in excess of a total of ten thousand dollars (\$10,000) per quarter per donor. All private sector moneys shall be used for these purposes but the donor may specify the international trade and investment office or international trade or investment event for which the private sector money shall be used. The private sector moneys shall be deposited into the Economic Development and Trade Promotion Account, which is hereby established in the Special Deposit Fund in the State Treasury. The secretary may expend moneys in the account, without regard to fiscal years, for the purposes of this section. Moneys in the Economic Development and Trade Promotion Account may be allocated to an international trade and investment office, and if so allocated shall be maintained by that office in an account meeting the requirements of Section 15364.77. Notwithstanding any other provision of law, the secretary may use the private sector moneys for expenses incurred to promote international trade and investment that will directly benefit California business. Records of donations received and expenditures made pursuant to this section shall be subject to public disclosure.

(b) The international trade and investment office using the funds shall memorialize the payment in a written record as follows:



(1) Identifies the donor and the official or officials receiving or using the payment.

(2) Describes the official agency use and the nature and amount of each payment.

(3) Is filed with the Technology, Trade, and Commerce Agency that maintains the records of the agency's statements of economic interests, and the filing is done within 30 days of the receipt of the payment by the agency.

(c) Nothing in this section shall affect any requirement of the Political Reform Act (Title 9 (commencing with Section 81000)).

SEC. 22. Section 15364.80 of the Government Code is repealed.

SEC. 23. Section 15364.85 of the Government Code is repealed.

SEC. 24. Section 15365.6 of the Government Code is amended to read:

15365.6. There is within Technology, Trade, and Commerce Agency a California Office of Export Development.

SEC. 25. Section 15365.11 of the Government Code is amended to read:

15365.11. (a) The California Office of Export Development shall develop a rural manufacturing and service export program to be known as the Rural Export Strategy.

(b) Rural Export Strategy program outreach activities shall include, but need not be limited to, all of the following:

(1) Identifying and recruiting delegations of potential foreign buyers of products manufactured or produced in rural areas.

(2) Providing information and technical assistance to rural businesses interested in exporting products and services.

(3) Organizing and conducting trade missions for rural businesses through the development of public-private partnerships with local trade organizations.

(4) Conducting market research.

(5) Increasing awareness in rural communities of export services offered by the International Trade and Investment Division of the Technology, Trade, and Commerce Agency.

(c) The Rural Export Strategy shall provide a means by which current programs and resources provided by or available through state government can be made available to rural manufacturers and service providers so that all regions in California are served.

(d) The Rural Export Strategy shall be developed in collaboration with relevant agencies, organizations, and businesses that serve or are located within rural California, or both, including, but not limited to, economic development councils, private industry councils, rural conservation and development councils, local, state, and federal



agencies, Centers for International Trade Development, the California Community Colleges Economic Development Program, and chambers of commerce. The strategy shall use the resources available through these agencies, organizations, businesses, and others that the office determines are appropriate to improve outreach and the availability of state export development programs and resources.

(e) The Rural Export Strategy shall include a cost-effective mechanism to educate the staff in California's international trade and investment offices about products and services available from the state's rural communities.

(f) In addition to other state business and export development resources, the Rural Export Strategy shall include provisions describing how the California Export Finance Office can be more accessible and more utilized by rural businesses.

(g) The Rural Export Strategy shall be submitted to the Secretary of Technology, Trade, and Commerce for consideration and recommendation, where appropriate.

SEC. 26. Section 15365.12 of the Government Code is amended to read:

15365.12. The office shall also do all of the following:

(a) Issue a biennial report for inclusion in the agency's biennial report required by Section 15364.7. The report shall include all of the following information:

(1) A list of the trade promotional activities and events in which the office has participated and descriptions of the nature of its participation.

(2) An accounting of its financial participation in trade promotion activities.

(3) An assessment of the export sales and other benefits that have accrued to the state as a result of the state's participation in these events.

(b) Submit, at least annually, to the secretary, a proposed program of trade promotional activities and events for the office. The secretary shall have approval authority over the events in which the office proposes to participate, and may appoint a subcommittee or advisory group to assist the secretary in determining the approved list of trade promotion events for the office.

(c) Coordinate its trade promotional activities with the Department of Food and Agriculture and the State Energy Resources Conservation and Development Commission in order to avoid duplication of effort and to maximize the effectiveness of the state's participation in these events.

SEC. 27. Section 15392 of the Government Code is amended to read:

15392. The California Export Finance Office is hereby created in the Technology, Trade, and Commerce Agency. The office's purpose is



to expand employment and income opportunities for Californians through increased exports of California goods, services, and agricultural commodities by providing actual and potential California exporters, specifically small and medium-sized exporters, with information and technical assistance on export opportunities and exporting techniques and financial assistance in support of export transactions.

SEC. 28. Section 15392.1 of the Government Code is amended to read:

15392.1. (a) The Director of the California Export Finance Office shall be appointed, upon consultation with the Export Finance Board, by the secretary. The director shall be knowledgeable about private and public export assistance and export financing programs.

(b) The director shall serve at the pleasure of the secretary and shall receive a salary as fixed by the secretary with the approval of the Department of Personnel Administration.

(c) The director shall administer the programs of the office and perform any duties delegated by the board.

