

AMENDED IN ASSEMBLY AUGUST 23, 2004  
AMENDED IN ASSEMBLY SEPTEMBER 12, 2003  
AMENDED IN ASSEMBLY SEPTEMBER 12, 2003  
AMENDED IN ASSEMBLY SEPTEMBER 9, 2003

**SENATE BILL**

**No. 623**

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**Introduced by Senators Ducheny and Karnette Hollingsworth**  
(Principal coauthors: Assembly Members Diaz and Firebaugh)  
(Coauthors: Assembly Members Correa, Montanez, and Vargas)  
(Principal coauthor: Assembly Member Firebaugh)

February 21, 2003

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~~An act to add and repeal Section 13997 of, to add and repeal Chapter 4.5 (commencing with Section 6450) of Division 7 of Title 1 of, and to repeal Article 2 (commencing with Section 6460) of Chapter 4.5 of Division 7 of Title 1 of, the Government Code, relating to international trade, and making an appropriation therefor. An act to add and repeal Section 13985 of the Government Code, relating to international trade.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 623, as amended, Ducheny. International trade.

(1) Existing law provides for various programs in the state for development of opportunities for international trade.

*Existing law generally sets forth the duties of the Business, Transportation and Housing Agency in overseeing various business programs in the state.*

*This bill would, until January 1, 2007, require the agency to serve as the primary state agency responsible for coordination of activities to*

*expand trade and investment for the state and set forth the duties of the agency in this regard.*

*This bill would provide that it would not become operative unless AB 804 is enacted and takes effect on or before January 1, 2005.*

~~This bill would, until January 1, 2005, require the Governor, upon the availability of sufficient existing resources, to establish an Office of International Affairs and Protocol within the Governor’s office under the supervision of a secretary of foreign affairs or similar officer. It would, until that date, provide a process for the establishment of offices of foreign affairs by the office.~~

~~(2) Existing law establishes the California State World Trade Commission in the Technology, Trade, and Commerce Agency. Chapter 229 of the Statutes of 2003 abolishes the agency and the commission on January 1, 2004.~~

~~This bill would, upon the availability of sufficient existing resources, nonstate funds, or both, reestablish the commission, with the same membership, as an advisory body to the Governor and the Legislature, and authorize the commission to raise private sector funds for specified purposes.~~

~~The bill would authorize the Secretary of Business, Transportation and Housing to accept private donations not in excess of \$10,000 for the purposes of promoting international trade and investment for deposit into an Economic Development and Trade Promotion Account in the Special Deposit Fund which would be continuously appropriated to the secretary.~~

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

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

- 1 ~~SECTION 1.~~ Chapter 4.5 (commencing with Section 6450) is
- 2 *SECTION 1. (a) The Legislature finds and declares both of*
- 3 *the following:*
- 4 *(1) In 2002, California’s top export markets were as follows:*
- 5 *(A) Mexico, receiving \$16.1 billion in California exports.*
- 6 *(B) Japan, receiving \$11.1 billion in California exports.*
- 7 *(C) Canada, receiving \$10.1 billion in California exports.*
- 8 *(D) Taiwan, receiving \$5.4 billion in California exports.*
- 9 *(E) Korea, receiving \$4.7 billion in California exports.*



1 (F) Mainland China, receiving \$4.5 billion in California  
2 exports.

3 (G) The United Kingdom, receiving \$4.3 billion in California  
4 exports.

5 (H) Hong Kong, receiving \$3.7 billion in California exports.

6 (I) The Netherlands, receiving \$3.6 billion in California  
7 exports.

8 (J) Germany, receiving \$3.5 billion in California exports.

9 (2) Global trade and investment is an important and desired  
10 sector of business for California and should be encouraged.

11 (b) (1) Therefore, it is the intent of the Legislature that a  
12 cohesive and effective strategy be developed for the State of  
13 California to encourage and facilitate trade and investment with  
14 California businesses.

15 (2) It is the intent of the Legislature that the Secretary of  
16 Business, Transportation and Housing, or the head of any  
17 successor entity, cooperates with the Legislature during the  
18 effective date of this act to develop that strategy.

19 SEC. 2. Section 13985 is added to the Government Code, to  
20 read:

21 13985. (a) The Business, Transportation and Housing  
22 Agency shall serve as the primary state agency responsible for  
23 coordination of activities to expand trade and investment for the  
24 state.

25 (b) The duties of the agency under this section shall be as  
26 follows:

27 (1) Providing information and assistance to help California  
28 business people market their products globally.

29 (2) Working to influence state, federal, and international trade  
30 policies that affect California's ability to compete in markets.

31 (3) Representing California's interest in the enforcement of  
32 federal and international trade laws.

33 (4) Conducting public hearings on trade-related issues of  
34 importance to California business.

35 (5) Providing assistance, where appropriate, in promoting and  
36 encouraging investment in California.

37 (6) Serving as the official representative of the state to foreign  
38 governments and representatives, and trade delegations.



1 (c) *The Secretary of Business, Transportation and Housing*  
2 *may not establish any overseas trade and investment office unless*  
3 *that office has been authorized by statute.*

4 (d) *This section shall remain in effect only until January 1,*  
5 *2007, and as of that date is repealed, unless a later enacted statute,*  
6 *that is enacted before January 1, 2007, deletes or extends that date.*

7 SEC. 3. *This act shall not become operative unless Assembly*  
8 *Bill 804 is enacted and takes effect on or before January 1, 2005.*  
9 ~~added to Division 7 of Title 1 of the Government Code, to read:~~

10

11 ~~CHAPTER 4.5. OFFICE OF INTERNATIONAL AFFAIRS AND~~  
12 ~~PROTOCOL~~

13

14 ~~Article 1. Office of International Affairs and Protocol~~

15

16 ~~6450. The Legislature finds and declares both of the~~  
17 ~~following:~~

18 (a) ~~In 2002, California's top export markets were as follows:~~

19 (1) ~~Mexico, receiving \$16.1 billion in California exports.~~

20 (2) ~~Japan, receiving \$11.1 billion in California exports.~~

21 (3) ~~Canada, receiving \$10.1 billion in California exports.~~

22 (4) ~~Taiwan, receiving \$5.4 billion in California exports.~~

23 (5) ~~Korea, receiving \$4.7 billion in California exports.~~

24 (6) ~~Mainland China, receiving \$4.5 billion in California~~  
25 ~~exports.~~

26 (7) ~~The United Kingdom, receiving \$4.3 billion in California~~  
27 ~~exports.~~

28 (8) ~~Hong Kong, receiving \$3.7 billion in California exports.~~

29 (9) ~~The Netherlands, receiving \$3.6 billion in California~~  
30 ~~exports.~~

31 (10) ~~Germany, receiving \$3.5 billion in California exports.~~

32 (b) ~~Therefore, is the intent of the Legislature to enact~~  
33 ~~legislation to maintain California's market access with its leading~~  
34 ~~trading partners, thereby giving priority to those partners when~~  
35 ~~establishing overseas trade and relations offices.~~

36 ~~6451. Notwithstanding any other provision of law, the~~  
37 ~~Governor shall, upon the availability of sufficient existing~~  
38 ~~resources, establish an Office of International Affairs and Protocol~~  
39 ~~within the Governor's office, under the supervision of a secretary~~



1 of foreign affairs or a similar officer. The Office of International  
2 Affairs and Protocol shall have the following responsibilities:

3 (a) To oversee, promote, and coordinate California's  
4 international, commercial, environmental, agricultural,  
5 educational, health, cultural, and tourism interests.

6 (b) To establish offices of foreign relations, subject to the  
7 requirements of this chapter and upon the availability of sufficient  
8 nonstate funds, which shall provide support to California business  
9 and industry to access international trade and investment  
10 opportunities between California and other countries, and carry  
11 out activities described in subdivision (a) in the regions they serve.

12 6452. (a) Each office of foreign relations shall be established  
13 no sooner than 30 days after notification to the Joint Legislative  
14 Budget Committee and an appropriate committee in both the  
15 Assembly and the Senate to be designated by the Speaker of the  
16 Assembly and the President pro Tempore of the Senate,  
17 respectively, and subject to the requirements of this section.

18 (b) Each proposed office of foreign relations shall, no less than  
19 30 days prior to its proposed establishment date, submit to the  
20 Governor and the Legislature a business plan describing the  
21 intended office and its activities and specifying how the office  
22 development and maintenance is to be implemented and funded.  
23 The appropriate Assembly and Senate committees, as specified in  
24 subdivision (a), may convene hearings for review of, and comment  
25 on, the proposed office. In addition, the business plan shall detail  
26 all of the following:

27 (1) The clearly delineated geographical area to be served by the  
28 office, also known as the region to be served.

29 (2) Actual and potential export markets in the region for goods  
30 produced in the state and the type of goods categorized according  
31 to consumer sector and economic sector.

32 (3) Leading industries in the region.

33 (4) Other states of the United States that have trade offices, or  
34 that have investment, tourism, or export promotion offices in the  
35 region.

36 (5) A cost-benefit analysis.

37 (6) Target export industry markets.

38 (7) Stated objectives, goals, and estimated outcome  
39 performance.



1 ~~(8) Anticipated and actual sources, and amounts, of funding for~~  
2 ~~the office.~~

3 ~~(c) (1) Each office of foreign relations established pursuant to~~  
4 ~~this chapter shall be under the direction of a managing director~~  
5 ~~appointed by the Governor. The managing director shall oversee,~~  
6 ~~coordinate, and manage all employees of the office and its~~  
7 ~~day-to-day operations, and shall report directly to the secretary of~~  
8 ~~foreign affairs or similar officer.~~

9 ~~(2) The Governor shall notify appropriate committees in the~~  
10 ~~Assembly and the Senate, as designated by the Speaker of the~~  
11 ~~Assembly and the President pro Tempore of the Senate,~~  
12 ~~respectively, 30 days prior to the appointment of a managing~~  
13 ~~director.~~

14 ~~(3) A managing director shall possess at least three years of~~  
15 ~~experience in international affairs, including knowledge of the~~  
16 ~~social, economic, and cultural issues within the region to be~~  
17 ~~served. In addition, the managing director shall possess, at a~~  
18 ~~minimum, general professional speaking and writing proficiency~~  
19 ~~in the dominant language of the hosting country of the office.~~

20 ~~(d) Each office of foreign relations established pursuant to this~~  
21 ~~chapter shall communicate with businesses served for the purpose~~  
22 ~~of validating any data that the office is required to include in any~~  
23 ~~report required by this chapter.~~

24 ~~6353. The Office of International Affairs and Protocol, and~~  
25 ~~any office of foreign relations established pursuant to this chapter,~~  
26 ~~shall report to the Governor and the Legislature, not later than one~~  
27 ~~month after the date of their respective establishment pursuant to~~  
28 ~~this chapter, and by January 1 annually thereafter, regarding~~  
29 ~~strategic policy recommendations and findings in accordance with~~  
30 ~~Section 6451.~~

31

32 ~~Article 2.— California State World Trade Commission~~

33

34 ~~6460. (a) (1) Upon the availability of sufficient existing~~  
35 ~~resources, nonstate funds, or both, the California State World~~  
36 ~~Trade Commission shall be established as an advisory body to the~~  
37 ~~Governor and the Legislature. To the extent existing resources are~~  
38 ~~available, the commission shall be staffed by the Office of~~  
39 ~~Planning and Research. The commission shall consist of 15~~  
40 ~~members as follows:~~



1 ~~(A) Nine appointees of the Governor.~~

2 ~~(B) Three appointees of the Speaker of the Assembly.~~

3 ~~(C) Three appointees of the Senate President pro Tempore.~~

4 ~~(2) The Governor, the Lieutenant Governor, the Secretary of~~  
5 ~~State, and the Secretary of Food and Agriculture shall serve as~~  
6 ~~nonvoting, ex officio commission members. In addition, the~~  
7 ~~President pro Tempore of the Senate shall appoint a Senator, and~~  
8 ~~the Speaker of the Assembly shall appoint an Assembly Member~~  
9 ~~to serve as nonvoting, ex officio members of the commission.~~

10 ~~(b) The members of the commission shall consist of the same~~  
11 ~~persons appointed to the former commission who held their~~  
12 ~~positions on December 31, 2003.~~

13 ~~(c) All appointments are for a term of two years. If a vacancy~~  
14 ~~occurs either through the expiration of a term, or for any other~~  
15 ~~reason, a replacement shall be named by the respective appointing~~  
16 ~~authority to fill the vacancy. If a term has not expired, the~~  
17 ~~replacement appointee shall serve out the remainder of the~~  
18 ~~unexpired term.~~

19 ~~(d) All appointees to the commission shall be professionally~~  
20 ~~active in international trade or international economic~~  
21 ~~development, and shall reflect the state's diverse geographic,~~  
22 ~~economic, and cultural makeup.~~

23 ~~(e) The commission shall be chaired by an appointee of the~~  
24 ~~Governor.~~

25 ~~(f) Upon the appointment of the first seven members, the~~  
26 ~~commission may commence formal action pursuant to this~~  
27 ~~chapter.~~

28 ~~6461. (a) The commission shall develop and adopt bylaws~~  
29 ~~consistent with this chapter.~~

30 ~~(b) The commission may raise private sector funds in~~  
31 ~~accordance with, and for the purposes of, Section 13997,~~  
32 ~~including, but not limited to, supporting the state's international~~  
33 ~~trade infrastructure, the operations of the commission, and the~~  
34 ~~offices of foreign relations.~~

35 ~~6462. The commission shall prepare and submit to the~~  
36 ~~Governor and to the Legislature a biennial report on January 15 of~~  
37 ~~every other year. The report shall include, but not be limited to, all~~  
38 ~~of the following:~~

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



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

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

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

10 ~~6463. Not later than four months after the date of its~~  
11 ~~establishment pursuant to this chapter, the California State World~~  
12 ~~Trade Commission shall prepare policy recommendations to the~~  
13 ~~Governor and the Legislature that set forth the most appropriate~~  
14 ~~and effective role state government can play in advancing~~  
15 ~~California's interests in the global economy.~~

16  
17 ~~Article 3.—Operation of Chapter~~

18  
19 ~~6464.—This chapter shall remain in effect only until January 1,~~  
20 ~~2005, and as of that date is repealed, unless a later enacted statute,~~  
21 ~~that is enacted before January 1, 2005, deletes or extends that date.~~

22 ~~SEC. 2.—Section 13997 of the Government Code, as added by~~  
23 ~~Chapter 229 of the Statutes of 2003, is repealed.~~

24 ~~SEC. 3.—Section 13997 is added to the Government Code, to~~  
25 ~~read:~~

26 ~~13997.—(a) (1) The Secretary of Business, Transportation~~  
27 ~~and Housing may accept private sector moneys in an amount not~~  
28 ~~in excess of ten thousand dollars (\$10,000) per donation made to~~  
29 ~~the state for the purposes of promoting international trade and~~  
30 ~~investment, subject to Title 9 (commencing with Section 81000),~~  
31 ~~and not in excess of a total of ten thousand dollars (\$10,000) per~~  
32 ~~quarter per donor. All private sector moneys shall be used for these~~  
33 ~~purposes, but the donor may specify the international trade and~~  
34 ~~investment office, or the office of foreign relations or trade or~~  
35 ~~investment event, for which the private sector money shall be used.~~  
36 ~~The private sector moneys shall be deposited into the Economic~~  
37 ~~Development and Trade Promotion Account, which is hereby~~  
38 ~~established in the Special Deposit Fund in the State Treasury and,~~  
39 ~~notwithstanding Section 13340, is continuously appropriated to~~  
40 ~~the secretary. The secretary may expend moneys in the account,~~



1 ~~without regard to fiscal years, for the purposes of this section.~~  
2 ~~Moneys in the Economic Development and Trade Promotion~~  
3 ~~Account may be allocated to an international trade and investment~~  
4 ~~office or office of foreign relations, and if so allocated shall be~~  
5 ~~maintained by that office in an account.~~

6 ~~(2) (A) Overhead expenses of an office of foreign relations~~  
7 ~~shall be exempt from the private sector donation cap established~~  
8 ~~in this section.~~

9 ~~(B) For purposes of this paragraph, “overhead expenses”~~  
10 ~~means rent, supplies, and the purchase and maintenance of~~  
11 ~~equipment and furniture.~~

12 ~~(3) Records of donations received and expenditures made~~  
13 ~~pursuant to this section shall be subject to public disclosure.~~

14 ~~(b) An entity using funds allocated pursuant to subdivision (a)~~  
15 ~~shall memorialize the payment in a written record that does the~~  
16 ~~following:~~

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

19 ~~(2) Describes the use and the nature and amount of each~~  
20 ~~payment.~~

21 ~~(3) Is filed with the Business, Transportation and Housing~~  
22 ~~Agency, which maintains the records of the entity’s statements of~~  
23 ~~economic interests, and the filing is done within 30 days of the~~  
24 ~~receipt of the payment by the agency.~~

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

27

