

AMENDED IN ASSEMBLY JUNE 4, 2007

AMENDED IN ASSEMBLY APRIL 26, 2007

AMENDED IN ASSEMBLY APRIL 19, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1506**

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**Introduced by Assembly Member Arambula**

February 23, 2007

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~~An act to add Section 14075.5 to the Corporations Code, and to add Section 63038 to the Government Code, relating to air pollution. An act relating to greenhouse gas emissions.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1506, as amended, Arambula. ~~Energy Independence and Early Adapter Business Incentive Act of 2007. Greenhouse gas emissions.~~

*Existing law imposes various functions and duties on the Business, Transportation and Housing Agency, including the administration of programs that, among other things, promote job and business growth and encourage economic development.*

*This bill would require the agency to conduct a study of the most effective ways for the state to provide incentives to businesses to reduce greenhouse gas emissions and increase our energy independence, and to report its findings and recommendations to the Legislature on or before January 1, 2009.*

~~(1) The California Small Business Financial Development Corporation Law provides for the creation of nonprofit California small business financial development corporations that are authorized to, among other things, provide loans and loan guarantees, including granting energy efficiency improvement loans, to small businesses.~~

~~This bill would authorize a corporation to provide direct loans and loan guarantees for capital expenditures that reduce greenhouse gas emissions or generate renewable energy if specified requirements are met.~~

~~(2) The Bergeson-Peace Infrastructure and Economic Development Bank Act creates the California Infrastructure and Economic Development Bank, and charges it with responsibilities designed to carry out the purposes of the act. The act requires the bank to establish guidelines for the selection of projects to receive assistance from the bank.~~

~~This bill would authorize the bank, upon appropriation by the Legislature of funds for this purpose, to make loans on capital equipment at interest rates that are below market interest rates if specified requirements are met, including a requirement that the loan applicant use the loan proceeds to purchase or retrofit equipment that will directly result in a measurable reduction of greenhouse gas emissions.~~

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

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

1     ~~SECTION 1.~~ This act shall be known, and may be cited, as the  
2     ~~Energy Independence and Early Adapter Business Incentive Act~~  
3     ~~of 2007.~~

4     ~~SEC. 2.~~

5     ~~SECTION 1.~~ The Legislature finds and declares both of the  
6     following:

7     (a) The increased costs of energy, combined with the physical,  
8     environmental, and regulatory risks associated with climate change,  
9     have resulted in a significant challenge for California businesses.

10    (b) In order for California companies to remain competitive in  
11    the global marketplace, it is necessary and appropriate for the state  
12    to provide incentives to businesses to reduce greenhouse gas  
13    emissions and increase our energy independence.

14    ~~SEC. 2. (a) The Business, Transportation and Housing Agency~~  
15    ~~shall conduct a study of the most effective ways for the state to~~  
16    ~~provide incentives to businesses to reduce greenhouse gas~~  
17    ~~emissions and increase our energy independence.~~

1 (b) *The Business, Transportation and Housing Agency shall*  
2 *report its findings and recommendations to the Legislature on or*  
3 *before January 1, 2009.*

4 ~~SEC. 3. Section 14075.5 is added to the Corporations Code,~~  
5 ~~to read:~~

6 ~~14075.5. (a) A corporation may provide direct loans and loan~~  
7 ~~guarantees for capital expenditures that reduce greenhouse gas~~  
8 ~~emissions or generate renewable energy if all of the following~~  
9 ~~requirements are met:~~

10 ~~(1) The loan applicant is creditworthy and meets the~~  
11 ~~underwriting standards otherwise required under the loan guarantee~~  
12 ~~program.~~

13 ~~(2) An alternative loan at a market interest rate is not available~~  
14 ~~to the applicant.~~

15 ~~(3) State income tax credits do not benefit the applicant in an~~  
16 ~~amount that is sufficient for the applicant to justify the expenditure.~~

17 ~~(4) The loan applicant reports its greenhouse gas emissions to~~  
18 ~~the California Climate Action Registry or the State Air Resources~~  
19 ~~Board.~~

20 ~~(b) The agency, in consultation with the State Air Resources~~  
21 ~~Board, shall determine whether a capital expenditure meets the~~  
22 ~~requirements of subdivision (a).~~

23 ~~(c) Notwithstanding any other law, it is the intent of the~~  
24 ~~Legislature that, for each fiscal year beginning July 1, 2008, until~~  
25 ~~December 31, 2011, funds appropriated for the purposes of this~~  
26 ~~section shall be used on a priority basis for the purposes described~~  
27 ~~in subdivision (a).~~

28 ~~(d) The agency shall determine which size businesses are eligible~~  
29 ~~for loan and loan guarantees under this section.~~

30 ~~SEC. 4. Section 63038 is added to the Government Code, to~~  
31 ~~read:~~

32 ~~63038. The bank, upon appropriation by the Legislature of~~  
33 ~~funds for this purpose, may make loans on capital equipment at~~  
34 ~~interest rates that are below market interest rates if all of the~~  
35 ~~following conditions are met:~~

36 ~~(a) The loan applicant will use the loan proceeds to purchase~~  
37 ~~or retrofit equipment that will directly result in a measurable~~  
38 ~~reduction of greenhouse gas emissions. The bank, in consultation~~  
39 ~~with the State Air Resources Board, shall determine whether the~~  
40 ~~equipment meets that requirement.~~

- 1     ~~(b) The bank determines all of the following:~~
- 2         ~~(1) The applicant has the ability to repay the loan.~~
- 3         ~~(2) An alternative loan at a market interest rate is not available~~
- 4     ~~to the applicant.~~
- 5         ~~(3) State income tax credits do not benefit the applicant in an~~
- 6     ~~amount that is sufficient for the applicant to justify the expenditure.~~
- 7         ~~(e) The loan recipient is a small business with less than 20~~
- 8     ~~employees.~~
- 9         ~~(d) The loan recipient reports its greenhouse gas emissions to~~
- 10    ~~the California Climate Action Registry or the State Air Resources~~
- 11    ~~Board.~~
- 12    ~~(e) Loans shall be made pursuant to this section on or after~~
- 13    ~~March 1, 2008. No loans may be made pursuant to this section~~
- 14    ~~after December 31, 2011.~~