

AMENDED IN SENATE APRIL 18, 2012

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1465

**Introduced by Senator Yee
(Coauthor: Senator Correa)**

(Coauthors: Assembly Members Ammiano, Blumenfield, Huffman,
and Wieckowski)

February 24, 2012

An act to ~~add Title 10.5 (commencing with Section 91700) to the Government Code, add Section 14077 to the Corporations Code, to add Article 4.5 (commencing with Section 12097) to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, and to add Section 44559.13 to the Health and Safety Code, relating to state government, and making an appropriation therefor economic development.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, Yee. ~~California Agriculture and Renewable Energy Export Loan Guarantee Financing Program. Export Financing Advisory Board.~~

(1) *The California Small Business Financial Development Corporation Law authorizes the formation of small business financial development corporations to grant loans or loan guarantees for the purpose of stimulating small business development. That law imposes certain duties with respect to that program on a director designated by the Secretary of Business, Transportation and Housing. The California Small Business Expansion Fund, which is created under that law and is continuously appropriated, provides funds to be used to pay for*

defaulted loan guarantees and administrative costs of these corporations.

This bill would require the Secretary of Business, Transportation and Housing or his or her designee, to the extent that the secretary determines to be practical, enter into loans or loan guarantee agreements with financial institutions that provide export financing in the state for the purpose of increasing exports to out-of-state markets and increasing jobs in California.

(2) The Governor's Office of Business and Economic Development serves as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. The office, among others, makes recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.

This bill would create the Export Financing Advisory Board within the Governor's Office of Business and Economic Development to advise the Secretary of Business, Transportation and Housing, the Governor's Office of Business and Economic Development, and the California Pollution Control Financing Authority (authority) on trends and opportunities in export financing.

(3) Existing law establishes the Capital Access Loan Program for small businesses, administered by the California Pollution Control Financing Authority (authority), which provides loans through participating financial institutions to qualifying small businesses.

This bill would require the authority to, to the extent that the authority determines to be practical, enter into loans or loan guarantee agreements with financial institutions that provide export financing, for the purpose of increasing exports to out-of-state markets and increasing jobs in California.

~~The California Pollution Control Financing Authority Act establishes the California Pollution Control Financing Authority, consisting of the Treasurer, the Controller, and the Director of Finance.~~

~~This bill would create the California Agriculture and Renewable Energy Export Loan Guarantee Financing Program, to be implemented by the California Pollution Control Financing Authority, to provide small businesses, as defined, with financial and technical assistance on export opportunities and techniques, as specified. This bill would also create the Export Financing Advisory Board, consisting of 11 members appointed by the Legislature, the Governor, and specified state officials;~~

to advise the authority on trends and opportunities in export financing. Members of the board will serve at the pleasure of their appointing authority and without compensation. This bill would also create the Export Development Fund, a continuously appropriated fund for the purposes of the program. By creating a continuously appropriated fund and providing for the deposit of moneys into the fund, this bill would make an appropriation.

Vote: $\frac{2}{3}$ -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. The Legislature finds and declares all of the
2 following:

3 (a) The great recession that began in 2007 has severely eroded
4 California’s economy, and ~~the state must restore the agricultural~~
5 ~~and renewable energy manufacturing and production sectors by~~
6 ~~retaining jobs and promoting job growth in those sectors, while~~
7 ~~improving revenue collections through an export financing loan~~
8 ~~guarantee program for those sectors.~~ *will be the principal*
9 *contributors to the economic recovery. Underwriting export finance*
10 *loans is a promising financial tool to grow manufacturing and*
11 *production jobs, while generating new revenues for the state.*

12 (b) International trade and expanding export markets have been
13 an important part of California’s economic prosperity over the last
14 60 years. This legislation is necessary to assist California’s most
15 successful and promising ~~new and emerging~~ *small* businesses and
16 industries ~~to secure markets outside of the United States beyond~~
17 ~~its borders.~~ The credit support provided by this legislation is
18 necessary to facilitate expansion of financially secure businesses
19 and industries that have insufficient international experience or
20 access to credit to secure financing from private sources. The credit
21 support provided by this legislation will be used to facilitate export
22 expansion and is intended to be targeted to new or emerging
23 ventures and provide temporary assistance.

24 (c) *It is the intent of the Legislature that the Governor’s Office*
25 *of Business and Economic Development use California, national,*
26 *and international expertise and state resources to support state*
27 *entities that provide export finance support in helping small*
28 *businesses succeed in markets beyond California’s borders.*

1 SEC. 2. Section 14077 is added to the Corporations Code, to
2 read:

3 14077. In connection with his or her duties under this chapter,
4 the secretary or his or her designee shall, to the extent that the
5 secretary determines to be practical, enter into loans or loan
6 guarantee agreements with financial institutions that provide
7 export financing in the state for the purpose of increasing exports
8 to out-of-state markets and increasing jobs in California.

9 SEC. 3. Article 4.5 (commencing with Section 12097) is added
10 to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government
11 Code, to read:

12

13 Article 4.5. Export Financing Advisory Board

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15 12097. (a) The Export Financing Advisory Board is hereby
16 created within the Governor's Office of Business and Economic
17 Development. The purpose of the board is to advise the Secretary
18 of Business, Transportation and Housing, the Governor's Office
19 of Business and Economic Development, and the California
20 Pollution Control Financing Authority on trends and opportunities
21 in export financing. The executive director of the California
22 Pollution Control Financing Agency shall oversee the board.

23 (b) The board shall consist of 11 members as follows:

24 (1) One member appointed by the Secretary of Food and
25 Agriculture who is knowledgeable about, and experienced in, the
26 exporting and export finance needs of California agriculture.

27 (2) Four members representing export firms, two each appointed
28 by the Governor and the Speaker of the Assembly, who are
29 experienced in exporting, knowledgeable about the needs and
30 problems of small and entrepreneurial exporters, and actively
31 employed with an exporting firm, export trading company, or
32 export management company.

33 (3) Four members representing financial institutions, two each
34 appointed by the Governor and the Senate Committee on Rules,
35 who shall be experienced in export financing, knowledgeable about
36 the export financing needs and problems of small and
37 entrepreneurial exporters, and actively employed with financial
38 institutions.

39 (4) Two members, one each appointed by the Treasurer and the
40 Controller, who shall be accomplished credit evaluation

1 *representatives experienced in analyzing financial statements,*
2 *such as loan applications, and in evaluating the creditworthiness*
3 *of the types of loans, loan guarantees, and firms that are likely to*
4 *come before the board.*

5 *(c) The appointing authorities described in subdivision (b) shall*
6 *make their initial board appointments before April 2, 2013.*

7 *(d) Upon appointment of at least seven members under*
8 *subdivision (b), the board may commence formal action pursuant*
9 *to this title, but in no case shall this be later than June 1, 2013.*

10 *(e) The executive director of the California Pollution Control*
11 *Financing Agency shall call the initial meeting of the board and*
12 *serve as interim chair of the board until a chair has been elected.*

13 *(f) Board members shall serve at the pleasure of the appointing*
14 *authority and vacancies shall be filled by the appointing authority.*

15 *(g) Board members shall serve without compensation.*

16 *SEC. 4. Section 44559.13 is added to the Health and Safety*
17 *Code, to read:*

18 *44559.13. In connection with its duties under this article, the*
19 *authority shall, to the extent that the authority determines to be*
20 *practical, enter into loans or loan guarantee agreements with*
21 *financial institutions that provide export financing, for the purpose*
22 *of increasing exports to out-of-state markets and increasing jobs*
23 *in California.*

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26 **All matter omitted in this version of the bill**
27 **appears in the bill as amended in the**
28 **Senate, April 9, 2012. (JR11)**
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