

AMENDED IN SENATE MAY 1, 2012
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 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, *and to add Article 9 (commencing with 44559.15) to Chapter 1 of Division 27 of*, the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as amended, Yee. 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. The California Pollution Control Financing Authority Act establishes the California Pollution Control Financing Authority, with specified powers and duties, and authorizes the authority to approve financing for projects or pollution control facilities to prevent or reduce environmental pollution.~~

This bill would create the Export Financing Advisory Board within the ~~Governor's Office of Business and Economic Development~~ *California Pollution Control Financing Authority* 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.

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. The Legislature finds and declares all of the
2 following:

1 (a) The great recession that began in 2007 has severely eroded
 2 California’s economy, and manufacturing and production sectors
 3 will be the principal contributors to the economic recovery.
 4 Underwriting export finance loans is a promising financial tool to
 5 grow manufacturing and production jobs, while generating new
 6 revenues for the state.

7 (b) International trade and expanding export markets have been
 8 an important part of California’s economic prosperity over the last
 9 60 years. This legislation is necessary to assist California’s most
 10 successful and promising small businesses and industries to secure
 11 markets beyond its borders. The credit support provided by this
 12 legislation is necessary to facilitate expansion of financially secure
 13 businesses and industries that have insufficient international
 14 experience or access to credit to secure financing from private
 15 sources. The credit support provided by this legislation will be
 16 used to facilitate export expansion and is intended to be targeted
 17 to new or emerging ventures and provide temporary assistance.

18 (c) ~~It is the intent of the Legislature that the~~ *The Governor’s*
 19 *Office of Business and Economic Development use California,*
 20 ~~national, and international~~ *uses its* expertise and state resources to
 21 ~~support state entities that provide export finance support in helping~~
 22 ~~small businesses~~ *that need financial assistance and professional*
 23 *advice* to succeed in markets beyond California’s borders.

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

26 14077. In connection with his or her duties under this chapter,
 27 the secretary or his or her designee shall, to the extent that the
 28 secretary determines to be practical, enter into loans or loan
 29 guarantee agreements with financial institutions that provide export
 30 financing in the state for the purpose of increasing exports to
 31 out-of-state markets and increasing jobs in California.

32 ~~SEC. 3. Article 4.5 (commencing with Section 12097) is added~~
 33 ~~to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government~~
 34 ~~Code, to read:~~

35
 36 ~~Article 4.5. Export Financing Advisory Board~~

37
 38 ~~12097. (a) The Export Financing Advisory Board is hereby~~
 39 ~~created within the Governor’s Office of Business and Economic~~
 40 ~~Development. The purpose of the board is to advise the Secretary~~

1 of Business, Transportation and Housing, the Governor's Office
2 of Business and Economic Development, and the California
3 Pollution Control Financing Authority on trends and opportunities
4 in export financing. The executive director of the California
5 Pollution Control Financing Agency shall oversee the board.

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

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

10 (2) Four members representing export firms, two each appointed
11 by the Governor and the Speaker of the Assembly, who are
12 experienced in exporting, knowledgeable about the needs and
13 problems of small and entrepreneurial exporters, and actively
14 employed with an exporting firm, export trading company, or
15 export management company.

16 (3) Four members representing financial institutions, two each
17 appointed by the Governor and the Senate Committee on Rules,
18 who shall be experienced in export financing, knowledgeable about
19 the export financing needs and problems of small and
20 entrepreneurial exporters, and actively employed with financial
21 institutions.

22 (4) Two members, one each appointed by the Treasurer and the
23 Controller, who shall be accomplished credit evaluation
24 representatives experienced in analyzing financial statements, such
25 as loan applications, and in evaluating the creditworthiness of the
26 types of loans, loan guarantees, and firms that are likely to come
27 before the board.

28 (e) The appointing authorities described in subdivision (b) shall
29 make their initial board appointments before April 2, 2013.

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

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

36 (f) Board members shall serve at the pleasure of the appointing
37 authority and vacancies shall be filled by the appointing authority.

38 (g) Board members shall serve without compensation.

1 ~~SEC. 4.~~

2 *SEC. 3.* Section 44559.13 is added to the Health and Safety
3 Code, to read:

4 44559.13. In connection with its duties under this article, the
5 authority shall, to the extent that the authority determines to be
6 practical, enter into loans or loan guarantee agreements with
7 financial institutions that provide export financing, for the purpose
8 of increasing exports to out-of-state markets and increasing jobs
9 in California.

10 *SEC. 4.* Article 9 (commencing with Section 44559.15) is added
11 to Chapter 1 of Division 27 of the Health and Safety Code, to read:

12

13 *Article 9. Export Financing Advisory Board*

14

15 44559.15. (a) *The Export Financing Advisory Board is hereby*
16 *created within the California Pollution Control Financing*
17 *Authority. The purpose of the board is to advise the Secretary of*
18 *Business, Transportation and Housing, the Governor's Office of*
19 *Business and Economic Development, and the California Pollution*
20 *Control Financing Authority on trends and opportunities in export*
21 *financing. The Executive Director of the California Pollution*
22 *Control Financing Authority shall oversee the board. The findings*
23 *and recommendations of the board shall be advisory only.*

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

25 (1) *One member appointed by the Secretary of Food and*
26 *Agriculture who is knowledgeable about, and possess at least 10*
27 *years of experience in, the exporting and export finance needs of*
28 *California agriculture.*

29 (2) *Four members representing export firms, two each appointed*
30 *by the Governor and the Speaker of the Assembly, who possess at*
31 *least 10 years of experience in exporting, are knowledgeable about*
32 *the needs and problems of small and entrepreneurial exporters,*
33 *and actively employed with an exporting firm, export trading*
34 *company, or export management company.*

35 (3) *Four members representing financial institutions, two each*
36 *appointed by the Governor and the Senate Committee on Rules,*
37 *who shall possess at least 10 years of experience in export*
38 *financing, be knowledgeable about the export financing needs and*
39 *problems of small and entrepreneurial exporters, and be actively*
40 *employed with financial institutions.*

- 1 (4) *Two members, one each appointed by the Treasurer and the*
- 2 *Controller, who shall possess at least 10 years of experience*
- 3 *evaluating the credit worthiness and financial strength of*
- 4 *businesses seeking to be, or currently engaged in, export*
- 5 *transactions.*
- 6 (c) *The appointing authorities described in subdivision (b) shall*
- 7 *make their initial board appointments before April 2, 2013.*
- 8 (d) *Seven members of the board shall constitute a quorum.*
- 9 (e) *The Executive Director of the California Pollution Control*
- 10 *Financing Authority shall call the initial meeting of the board and*
- 11 *serve as interim chair of the board until a chair has been elected.*
- 12 (f) *Board members shall serve at the pleasure of the appointing*
- 13 *authority and vacancies shall be filled by the appointing authority.*
- 14 (g) *Board members shall serve without compensation.*