

AMENDED IN SENATE JULY 11, 2013

AMENDED IN ASSEMBLY MAY 8, 2013

AMENDED IN ASSEMBLY APRIL 22, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1021**

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**Introduced by Assembly Member Eggman  
(Coauthors: Assembly Members Chesbro and Williams)**

February 22, 2013

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An act to amend Section 26003 of the Public Resources Code, relating to alternative energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1021, as amended, Eggman. Alternative energy: recycled feedstock.

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance for projects that promote the use of alternative energies. Existing law authorizes the authority to approve a project for financial assistance in the form of the sales and use tax exclusion.

This bill would expand projects eligible for the sales and use tax exclusion to include projects that process or utilize recycled feedstock, as defined, that is intended to be reused in the production of another product or soil amendment, *but would not include a project that processes or utilizes recycled feedstock in a manner that constitutes disposal, as defined.*

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. Section 26003 of the Public Resources Code, as  
2 amended by Section 5 of Chapter 677 of the Statutes of 2012, is  
3 amended to read:

4 26003. (a) As used in this division, unless the context  
5 otherwise requires:

6 (1) (A) “Advanced manufacturing” means manufacturing  
7 processes that improve existing, or create entirely ~~new~~ *new*,  
8 materials, products, and processes through the use of science,  
9 engineering, or information technologies, high-precision tools and  
10 methods, a high-performance workforce, and innovative business  
11 or organizational models utilizing any of the following technology  
12 areas:

13 (i) Microelectronics and nanoelectronics, including  
14 semiconductors.

15 (ii) Advanced materials.

16 (iii) Integrated computational materials engineering.

17 (iv) Nanotechnology.

18 (v) Additive manufacturing.

19 (vi) Industrial biotechnology.

20 (B) “Advanced manufacturing” includes all of the following:

21 (i) Systems that result from substantive advancement, whether  
22 incremental or breakthrough, beyond the current industry standard,  
23 in the production of materials and products. These advancements  
24 include improvements in manufacturing processes and systems  
25 that are often referred to as “smart” or “intelligent” manufacturing  
26 systems, which integrate computational predictability and  
27 operational efficiency.

28 (ii) (I) Sustainable manufacturing systems and manufacturing  
29 technologies that minimize the use of resources while maintaining  
30 or improving cost and performance.

31 (II) Sustainable manufacturing systems and manufacturing  
32 technologies do not include those required to be undertaken  
33 pursuant to state or federal law or regulations, air district rules or  
34 regulations, memoranda of understanding with a governmental  
35 entity, or legally binding agreements or documents. The State Air  
36 Resources Board shall advise the authority to ensure that the  
37 requirements of this clause are met.

1 (2) (A) “Advanced transportation technologies” means  
2 emerging commercially competitive transportation-related  
3 technologies identified by the authority as capable of creating  
4 long-term, high value-added jobs for Californians while enhancing  
5 the state’s commitment to energy conservation, pollution and  
6 greenhouse gas emissions reduction, and transportation efficiency.

7 (B) “Advanced transportation technologies” does not include  
8 those projects required to be undertaken pursuant to state or federal  
9 law or regulations, air district rules or regulations, memoranda of  
10 understanding with a governmental entity, or legally binding  
11 agreements or documents. The State Air Resources Board shall  
12 advise the authority regarding projects that are excluded pursuant  
13 to this subparagraph.

14 (3) (A) “Alternative sources” means devices or technologies  
15 used for a renewable electrical generation facility, as defined in  
16 paragraph (1) of subdivision (a) of Section 25741, a combined  
17 heat and power system, as defined in Section 2840.2 of the Public  
18 Utilities Code, distributed generation and energy storage  
19 technologies eligible under the self-generation incentive program  
20 pursuant to Section 379.6 of the Public Utilities Code, as  
21 determined by the Public Utilities Commission, or a facility  
22 designed for the production of renewable fuels, the efficient use  
23 of which reduce the use of fossil or nuclear fuels, and energy  
24 efficiency devices or technologies that reduce the need for new  
25 electric generation and reduce emissions of toxic and criteria  
26 pollutants and greenhouse gases.

27 (B) “Alternative sources” does not include a hydroelectric  
28 facility that does not meet state laws pertaining to the control,  
29 appropriation, use, and distribution of water, including, but not  
30 limited to, the obtaining of applicable licenses and permits.

31 (4) “Authority” means the California Alternative Energy and  
32 Advanced Transportation Financing Authority established pursuant  
33 to Section 26004, and any board, commission, department, or  
34 officer succeeding to the functions of the authority, or to which  
35 the powers conferred upon the authority by this division shall be  
36 given.

37 (5) “Cost” as applied to a project or portion of the project  
38 financed under this division means all or part of the cost of  
39 construction and acquisition of all lands, structures, real or personal  
40 property or an interest in the real or personal property, rights,

1 rights-of-way, franchises, easements, and interests acquired or  
2 used for a project; the cost of demolishing or removing any  
3 buildings or structures on land so acquired, including the cost of  
4 acquiring any lands to which those buildings or structures may be  
5 moved; the cost of all machinery, equipment, and furnishings,  
6 financing charges, interest prior to, during, and for a period after,  
7 completion of construction as determined by the authority;  
8 provisions for working capital; reserves for principal and interest  
9 and for extensions, enlargements, additions, replacements,  
10 renovations, and improvements; the cost of architectural,  
11 engineering, financial, accounting, auditing and legal services,  
12 plans, specifications, estimates, administrative expenses, and other  
13 expenses necessary or incident to determining the feasibility of  
14 constructing any project or incident to the construction, acquisition,  
15 or financing of a project.

16 (6) “Financial assistance” includes, but is not limited to, loans,  
17 loan loss reserves, interest rate reductions, proceeds of bonds issued  
18 by the authority, bond insurance, loan guarantees or other credit  
19 enhancements or liquidity facilities, contributions of money, or a  
20 combination thereof, as determined by, and approved by the  
21 resolution of, the board.

22 (7) (A) “Participating party” means a person, federal or state  
23 agency, department, board, authority, or commission, state or  
24 community college, or university, or a city or county, regional  
25 agency, public district, school district, or other political entity  
26 engaged in the business or operations in the state, whether  
27 organized for profit or not for profit, that applies for financial  
28 assistance from the authority for the purpose of implementing a  
29 project.

30 (B) For the purposes of Section 6010.8 of the Revenue and  
31 Taxation Code, “participating party” means an entity specified in  
32 subparagraph (A) that seeks financial assistance pursuant to Section  
33 26011.8.

34 (8) (A) “Project” means a land, building, improvement to the  
35 land or building, rehabilitation, work, property, or structure, real  
36 or personal, stationary or mobile, including, but not limited to,  
37 machinery and equipment, whether or not in existence or under  
38 construction, that utilizes, or is designed to utilize, an alternative  
39 source, or that is utilized for the design, technology transfer,  
40 manufacture, production, assembly, distribution, or service of

1 advanced transportation technologies or alternative source  
2 components.

3 (B) “Project,” for the purposes of Section 26011.8 and Section  
4 6010.8 of the Revenue and Taxation Code, means ~~any~~ tangible  
5 personal property that *primarily* processes or ~~utilizes~~ *utilizes*  
6 recycled feedstock that is intended to be reused in the production  
7 of another product or soil amendment, or that is utilized for the  
8 design, manufacture, production, or assembly of advanced  
9 manufacturing, advanced transportation technologies, or alternative  
10 source products, components, or systems. *Project does not include*  
11 *tangible personal property that processes or utilizes recycled*  
12 *feedstock in a manner that would constitute disposal as defined*  
13 *in subdivision (b) of Section 40192.*

14 (9) “Recycled feedstock” means material that would otherwise  
15 be destined for disposal, having completed its intended end use  
16 and product lifecycle, that is intended to be reused in the production  
17 of another product or soil amendment.

18 (10) “Revenue” means all rents, receipts, purchase payments,  
19 loan repayments, and all other income or receipts derived by the  
20 authority from a project, or the sale, lease, or other disposition of  
21 alternative source or advanced transportation technology facilities,  
22 or the making of loans to finance alternative source or advanced  
23 transportation technology facilities, and any income or revenue  
24 derived from the investment of moneys in any fund or account of  
25 the authority.

26 (b) This section shall become inoperative on July 1, 2016, and,  
27 as of January 1, 2017, is repealed, unless a later enacted statute,  
28 that becomes operative on or before January 1, 2017, deletes or  
29 extends the dates on which it becomes inoperative and is repealed.

30 SEC. 2. Section 26003 of the Public Resources Code, as added  
31 by Section 6 of Chapter 677 of the Statutes of 2012, is amended  
32 to read:

33 26003. (a) As used in this division, unless the context  
34 otherwise requires:

35 (1) (A) “Advanced transportation technologies” means  
36 emerging commercially competitive transportation-related  
37 technologies identified by the authority as capable of creating  
38 long-term, high value-added jobs for Californians while enhancing  
39 the state’s commitment to energy conservation, pollution and  
40 greenhouse gas emissions reduction, and transportation efficiency.

1 (B) “Advanced transportation technologies” does not include  
2 those projects required to be undertaken pursuant to state or federal  
3 law or regulations, air district rules or regulations, memoranda of  
4 understanding with a governmental entity, or legally binding  
5 agreements or documents. The State Air Resources Board shall  
6 advise the authority regarding projects that are excluded pursuant  
7 to this subparagraph.

8 (2) (A) “Alternative sources” means devices or technologies  
9 used for a renewable electrical generation facility, as defined in  
10 paragraph (1) of subdivision (a) of Section 25741, a combined  
11 heat and power system, as defined in Section 2840.2 of the Public  
12 Utilities Code, distributed generation and energy storage  
13 technologies eligible under the self-generation incentive program  
14 pursuant to Section 379.6 of the Public Utilities Code, as  
15 determined by the Public Utilities Commission, or a facility  
16 designed for the production of renewable fuels, the efficient use  
17 of which reduce the use of fossil or nuclear fuels, and energy  
18 efficiency devices or technologies that reduce the need for new  
19 electric generation and reduce emissions of toxic and criteria  
20 pollutants and greenhouse gases.

21 (B) “Alternative sources” does not include a hydroelectric  
22 facility that does not meet state laws pertaining to the control,  
23 appropriation, use, and distribution of water, including, but not  
24 limited to, the obtaining of applicable licenses and permits.

25 (3) “Authority” means the California Alternative Energy and  
26 Advanced Transportation Financing Authority established pursuant  
27 to Section 26004, and any board, commission, department, or  
28 officer succeeding to the functions of the authority, or to which  
29 the powers conferred upon the authority by this division shall be  
30 given.

31 (4) “Cost” as applied to a project or portion of the project  
32 financed under this division means all or part of the cost of  
33 construction and acquisition of all lands, structures, real or personal  
34 property or an interest in the real or personal property, rights,  
35 rights-of-way, franchises, easements, and interests acquired or  
36 used for a project; the cost of demolishing or removing any  
37 buildings or structures on land so acquired, including the cost of  
38 acquiring any lands to which those buildings or structures may be  
39 moved; the cost of all machinery, equipment, and furnishings,  
40 financing charges, interest prior to, during, and for a period after,

1 completion of construction as determined by the authority;  
2 provisions for working capital; reserves for principal and interest  
3 and for extensions, enlargements, additions, replacements,  
4 renovations, and improvements; the cost of architectural,  
5 engineering, financial, accounting, auditing and legal services,  
6 plans, specifications, estimates, administrative expenses, and other  
7 expenses necessary or incident to determining the feasibility of  
8 constructing any project or incident to the construction, acquisition,  
9 or financing of a project.

10 (5) “Financial assistance” includes, but is not limited to, loans,  
11 loan loss reserves, interest rate reductions, proceeds of bonds issued  
12 by the authority, bond insurance, loan guarantees or other credit  
13 enhancements or liquidity facilities, contributions of money, or a  
14 combination thereof, as determined by, and approved by the  
15 resolution of, the board.

16 (6) (A) “Participating party” means a person, federal or state  
17 agency, department, board, authority, or commission, state or  
18 community college, or university, or a city or county, regional  
19 agency, public district, school district, or other political entity  
20 engaged in the business or operations in the state, whether  
21 organized for profit or not for profit, that applies for financial  
22 assistance from the authority for the purpose of implementing a  
23 project.

24 (B) For the purposes of Section 6010.8 of the Revenue and  
25 Taxation Code, “participating party” means an entity specified in  
26 subparagraph (A) that seeks financial assistance pursuant to Section  
27 26011.8.

28 (7) (A) “Project” means a land, building, improvement to the  
29 land or building, rehabilitation, work, property, or structure, real  
30 or personal, stationary or mobile, including, but not limited to,  
31 machinery and equipment, whether or not in existence or under  
32 construction, that utilizes, or is designed to utilize, an alternative  
33 source, or that is utilized for the design, technology transfer,  
34 manufacture, production, assembly, distribution, or service of  
35 advanced transportation technologies or alternative source  
36 components.

37 (B) “Project,” for the purposes of Section 26011.8 and Section  
38 6010.8 of the Revenue and Taxation Code, means ~~any~~ tangible  
39 personal property that *primarily* processes or ~~utilizes~~ *utilizes*  
40 recycled feedstock that is intended to be reused in the production

1 of another product or soil amendment, or that is utilized for the  
2 design, manufacture, production, or assembly of advanced  
3 transportation technologies or alternative source products,  
4 components, or systems. *Project does not include tangible personal*  
5 *property that processes or utilizes recycled feedstock in a manner*  
6 *that would constitute disposal as defined in subdivision (b) of*  
7 *Section 40192.*

8 (8) “Recycled feedstock” means material that would otherwise  
9 be destined for disposal, having completed its intended end use  
10 and product lifecycle, that is intended to be reused in the production  
11 of another product or soil amendment.

12 (9) “Revenue” means all rents, receipts, purchase payments,  
13 loan repayments, and all other income or receipts derived by the  
14 authority from a project, or the sale, lease, or other disposition of  
15 alternative source or advanced transportation technology facilities,  
16 or the making of loans to finance alternative source or advanced  
17 transportation technology facilities, and any income or revenue  
18 derived from the investment of money in any fund or account of  
19 the authority.

20 (b) This section shall become operative on July 1, 2016.