

ASSEMBLY BILL

No. 1422

Introduced by Committee on Jobs, Economic Development, and the Economy (Medina (Chair), Daly, Fong, Fox, and V. Manuel Pérez)

March 21, 2013

An act to amend Section 26003 of the Public Resources Code, and to repeal Section 1 of Chapter 677 of the Statutes of 2012, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1422, as introduced, Committee on Jobs, Economic Development, and the Economy. California Alternative Energy and Advanced Transportation Financing Authority: participating party.

(1) Existing law, the California Alternative Energy and Advanced Transportation Financing Authority Act, establishes the California Alternative Energy and Advanced Transportation Financing Authority and requires the authority to establish programs to provide financial assistance to participating parties for projects related to sustainable and renewable energy sources, energy efficiency, and advanced transportation projects. The act provides financial assistance, in the form of a sales and use tax exclusion, to participating parties for these types of projects.

This bill would clarify that for purposes of the sales and use tax exclusion, an entity located outside of the state, including an entity located overseas, is considered to be a participating party and is eligible to apply for financial assistance if the participating party commits to, and demonstrates that the participating party will be opening a manufacturing facility in the state.

(2) Existing law requires the Governor’s Office of Business and Economic Development to review and identify efficient and cost-effective methods for the state to create jobs in advanced manufacturing, as specified, and to report its findings to the Legislature on or before January 1, 2017.

This bill would repeal this reporting requirement.

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 materials,
8 products, and processes through the use of science, engineering,
9 or information technologies, high-precision tools and methods, a
10 high-performance workforce, and innovative business or
11 organizational models utilizing any of the following technology
12 areas:

- 13 (i) Micro- and nanoelectronics, including semiconductors.
- 14 (ii) Advanced materials.
- 15 (iii) Integrated computational materials engineering.
- 16 (iv) Nanotechnology.
- 17 (v) Additive manufacturing.
- 18 (vi) Industrial biotechnology.

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

- 20 (i) Systems that result from substantive advancement, whether
21 incremental or breakthrough, beyond the current industry standard,
22 in the production of materials and products. These advancements
23 include improvements in manufacturing processes and systems
24 that are often referred to as “smart” or “intelligent” manufacturing
25 systems, which integrate computational predictability and
26 operational efficiency.
- 27 (ii) (I) Sustainable manufacturing systems and manufacturing
28 technologies that minimize the use of resources while maintaining
29 or improving cost and performance.

1 (II) Sustainable manufacturing systems and manufacturing
2 technologies do not include those required to be undertaken
3 pursuant to state or federal law or regulations, air district rules or
4 regulations, memoranda of understanding with a governmental
5 entity, or legally binding agreements or documents. The State Air
6 Resources Board shall advise the authority to ensure that the
7 requirements of this clause are met.

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

14 (B) “Advanced transportation technologies” does not include
15 those projects required to be undertaken pursuant to state or federal
16 law or regulations, air district rules or regulations, memoranda of
17 understanding with a governmental entity, or legally binding
18 agreements or documents. The State Air Resources Board shall
19 advise the authority regarding projects that are excluded pursuant
20 to this subparagraph.

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

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

38 (4) “Authority” means the California Alternative Energy and
39 Advanced Transportation Financing Authority established pursuant
40 to Section 26004, and any board, commission, department, or

1 officer succeeding to the functions of the authority, or to which
2 the powers conferred upon the authority by this division shall be
3 given.

4 (5) “Cost” as applied to a project or portion of the project
5 financed under this division means all or part of the cost of
6 construction and acquisition of all lands, structures, real or personal
7 property or an interest in the real or personal property, rights,
8 rights-of-way, franchises, easements, and interests acquired or
9 used for a project; the cost of demolishing or removing any
10 buildings or structures on land so acquired, including the cost of
11 acquiring any lands to which those buildings or structures may be
12 moved; the cost of all machinery, equipment, and furnishings,
13 financing charges, interest prior to, during, and for a period after,
14 completion of construction as determined by the authority;
15 provisions for working capital; reserves for principal and interest
16 and for extensions, enlargements, additions, replacements,
17 renovations, and improvements; the cost of architectural,
18 engineering, financial, accounting, auditing and legal services,
19 plans, specifications, estimates, administrative expenses, and other
20 expenses necessary or incident to determining the feasibility of
21 constructing any project or incident to the construction, acquisition,
22 or financing of a project.

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

29 (7) (A) “Participating party” means a person, federal or state
30 agency, department, board, authority, or commission, state or
31 community college, or university, or a city or county, regional
32 agency, public district, school district, or other political entity
33 engaged in the business or operations in the state, whether
34 organized for profit or not for profit, that applies for financial
35 assistance from the authority for the purpose of implementing a
36 project.

37 (B) (i) For the purposes of Section 6010.8 of the Revenue and
38 Taxation Code, “participating party” means an entity specified in
39 subparagraph (A) that seeks financial assistance pursuant to Section
40 26011.8.

1 (ii) For purposes of Section 6010.8 of the Revenue and Taxation
2 Code, an entity located outside of the state, including an entity
3 located overseas, is considered to be a participating party and is
4 eligible to apply for financial assistance pursuant to Section
5 26011.8 if the participating party commits to, and demonstrates
6 that, the party will be opening a manufacturing facility in the state.

7 (iii) It is the intent of the Legislature by adding clause (ii) to
8 clarify existing law and ensure that an out-of-state entity or
9 overseas entity is eligible to apply for financial assistance pursuant
10 to Section 26011.8.

11 (8) (A) “Project” means a land, building, improvement to the
12 land or building, rehabilitation, work, property, or structure, real
13 or personal, stationary or mobile, including, but not limited to,
14 machinery and equipment, whether or not in existence or under
15 construction, that utilizes, or is designed to utilize, an alternative
16 source, or that is utilized for the design, technology transfer,
17 manufacture, production, assembly, distribution, or service of
18 advanced transportation technologies or alternative source
19 components.

20 (B) “Project,” for the purposes of Section 26011.8 and Section
21 6010.8 of the Revenue and Taxation Code, means any tangible
22 personal property that is utilized for the design, manufacture,
23 production, or assembly of advanced manufacturing, advanced
24 transportation technologies, or alternative source products,
25 components, or systems.

26 (9) “Revenue” means all rents, receipts, purchase payments,
27 loan repayments, and all other income or receipts derived by the
28 authority from a project, or the sale, lease, or other disposition of
29 alternative source or advanced transportation technology facilities,
30 or the making of loans to finance alternative source or advanced
31 transportation technology facilities, and any income or revenue
32 derived from the investment of money in any fund or account of
33 the authority.

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

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

1 26003. (a) As used in this division, unless the context
2 otherwise requires:

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

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

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

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

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

39 (4) “Cost” as applied to a project or portion of the project
40 financed under this division means all or part of the cost of

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

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

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

32 (B) (i) For the purposes of Section 6010.8 of the Revenue and
33 Taxation Code, “participating party” means an entity specified in
34 subparagraph (A) that seeks financial assistance pursuant to Section
35 26011.8.

36 (ii) *For purposes of Section 6010.8 of the Revenue and Taxation*
37 *Code, an entity located outside of the state, including an entity*
38 *located overseas, is considered to be a participating party and is*
39 *eligible to apply for financial assistance pursuant to Section*

1 26011.8 if the participating party commits to, and demonstrates
 2 that, the party will be opening a manufacturing facility in the state.
 3 (iii) It is the intent of the Legislature by adding clause (ii) to
 4 clarify existing law and ensure that an out-of-state entity or
 5 overseas entity is eligible to apply for financial assistance pursuant
 6 to Section 26011.8.

7 (7) (A) “Project” means a land, building, improvement to the
 8 land or building, rehabilitation, work, property, or structure, real
 9 or personal, stationary or mobile, including, but not limited to,
 10 machinery and equipment, whether or not in existence or under
 11 construction, that utilizes, or is designed to utilize, an alternative
 12 source, or that is utilized for the design, technology transfer,
 13 manufacture, production, assembly, distribution, or service of
 14 advanced transportation technologies or alternative source
 15 components.

16 (B) “Project,” for the purposes of Section 26011.8 and Section
 17 6010.8 of the Revenue and Taxation Code, means any tangible
 18 personal property that is utilized for the design, manufacture,
 19 production, or assembly of advanced transportation technologies
 20 or alternative source products, components, or systems.

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

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

30 SEC. 3. Section 1 of Chapter 677 of the Statutes of 2012 is
 31 repealed.

32 ~~SECTION 1. (a) The Governor’s Office of Business and~~
 33 ~~Economic Development, established pursuant to Section 12096.2~~
 34 ~~of the Government Code, shall review and identify efficient and~~
 35 ~~cost-effective methods for the state to create jobs in advanced~~
 36 ~~manufacturing. In undertaking this review, the office shall consult~~
 37 ~~with the Legislative Analyst’s Office and engage other government~~
 38 ~~and private sector stakeholders who have expertise in~~
 39 ~~manufacturing, workforce development, education, and economic~~
 40 ~~development. The Governor’s Office of Business and Economic~~

1 Development shall report its findings to the Legislature on or before
2 January 1, 2017.
3 (b) ~~A report submitted pursuant to subdivision (a) shall be~~
4 ~~submitted in compliance with Section 9795 of the Government~~
5 ~~Code.~~

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