

AMENDED IN ASSEMBLY APRIL 15, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

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 amended, 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~~ state. This bill would also make technical, nonsubstantive changes to these provisions.

(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~~ any 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.

1 (ii) (I) Sustainable manufacturing systems and manufacturing
2 technologies that minimize the use of resources while maintaining
3 or improving cost and performance.

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

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

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

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

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

1 (4) “Authority” means the California Alternative Energy and
2 Advanced Transportation Financing Authority established pursuant
3 to Section 26004, and any board, commission, department, or
4 officer succeeding to the functions of the authority, or to which
5 the powers conferred upon the authority by this division shall be
6 given.

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

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

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

1 (B) (i) For the purposes of Section 6010.8 of the Revenue and
2 Taxation Code, “participating party” means an entity specified in
3 subparagraph (A) that seeks financial assistance pursuant to Section
4 26011.8.

5 (ii) For purposes of Section 6010.8 of the Revenue and Taxation
6 Code, an entity located outside of the state, including an entity
7 located overseas, is considered to be a participating party and is
8 eligible to apply for financial assistance pursuant to Section
9 26011.8 if the participating party commits to, and demonstrates
10 that, the party will be opening a manufacturing facility in the state.

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

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

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

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

38 (b) This section shall become inoperative on July 1, 2016, and,
39 as of January 1, 2017, is repealed, unless a later enacted statute,

1 that becomes operative on or before January 1, 2017, deletes or
2 extends the dates on which it becomes inoperative and is repealed.

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

6 26003. (a) As used in this division, unless the context
7 otherwise requires:

8 (1) (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 (2) (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
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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 (3) “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 (4) “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 (5) “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 (6) (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
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 5 26011.8 if the participating party commits to, and demonstrates
 6 that, the party will be opening a manufacturing facility in the state.

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 8 clarify existing law and ensure that an out-of-state entity or
 9 overseas entity is eligible to apply for financial assistance pursuant
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11 (7) (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 transportation technologies
 24 or alternative source products, components, or systems.

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

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

34 SEC. 3. Section 1 of Chapter 677 of the Statutes of 2012 is
 35 repealed.