

AMENDED IN ASSEMBLY JULY 2, 2014  
AMENDED IN ASSEMBLY JUNE 18, 2014  
AMENDED IN ASSEMBLY JUNE 14, 2013  
AMENDED IN SENATE MAY 28, 2013  
AMENDED IN SENATE MAY 28, 2013  
AMENDED IN SENATE APRIL 23, 2013  
AMENDED IN SENATE APRIL 9, 2013  
AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 64**

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**Introduced by Senator Corbett**

January 10, 2013

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An act to add Section 16428.96 to the Government Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 64, as amended, Corbett. California Global Warming Solutions Act of 2006: market-based compliance mechanisms: Clean Technology Innovation Account.

Existing law establishes the Governor's Office of Business and Economic Development and sets forth its powers and duties 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 makes recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.

The California Global Warming Solutions Act of 2006, hereafter the ~~Global Warming Solutions Act~~, designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include *the* use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. Existing law permits moneys from the fund *to* be allocated for the research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded under the California Global Warming Solutions Act of 2006.

This bill would create the Clean Technology Innovation Account within the Greenhouse Gas Reduction Fund. The bill would require the Legislature to annually appropriate moneys from the Greenhouse Gas Reduction Fund or other funds to the Clean Technology Innovation Account in the Budget Act. The bill would make the moneys in the Clean Technology Innovation Account available to the Governor's Office of Business and Economic Development for the purposes of evaluating the efficacy of a new technology or product to potentially reduce greenhouse gas emissions, ~~providing and to provide grants for activities in California~~ for technologies or products that have been evaluated and confirmed to have the potential to reduce greenhouse gas emissions, ~~and providing grants to entities that operate programs that target technologies or products that have the potential to reduce greenhouse gas emissions~~, as specified. The bill would require the office to establish a Science and Business Review Committee, with a prescribed membership, to provide programmatic and technical expertise to the office.

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 16428.96 is added to the Government
- 2 Code, to read:

1 16428.96. (a) There is hereby created the Clean Technology  
2 Innovation Account within the Greenhouse Gas Reduction Fund,  
3 established pursuant to Section 16428.8. As part of the annual  
4 Budget Act, the Legislature shall appropriate moneys from the  
5 Greenhouse Gas Reduction Fund or other funds to the Clean  
6 Technology Innovation Account.

7 (b) ~~Funds~~ *Moneys* in the Clean Technology Innovation Account  
8 shall, upon appropriation by the Legislature, be expended by the  
9 Governor's Office of Business and Economic Development for  
10 the following purposes:

11 (1) To evaluate the efficacy of a new technology or product to  
12 potentially reduce greenhouse gas emissions and quantify the  
13 potential emissions reduction on a per unit basis. The office shall  
14 develop criteria for the evaluation of greenhouse gas emissions  
15 and efficacy ~~programs~~, *programs* and the development of  
16 appropriate ~~metries~~, *metrics* in consultation with the Science and  
17 Business Review Committee, established pursuant to subdivision  
18 (c). The office shall contract with the University of California, the  
19 California State University, other academic institutions, federal  
20 laboratories, nonprofit organizations, or any combination thereof,  
21 ~~with that have~~ the necessary expertise to perform these evaluations.

22 (2) To provide grants for technologies or products that have  
23 been evaluated and confirmed to have the potential to reduce  
24 greenhouse gas emissions pursuant to paragraph (1) and that require  
25 financial assistance for commercialization. The Science and  
26 Business Review Committee established pursuant to subdivision  
27 (c) shall assist the office to establish priorities for funding,  
28 including, but not limited to, funding technologies or products  
29 with the highest quantified per unit emissions reduction, with the  
30 greatest likelihood of early or widespread adoption, or both, or  
31 providing a strategic contribution to achieving the state's  
32 greenhouse gas reduction goals. The office shall also consider the  
33 commercial viability of the product or technology in arriving at  
34 its funding decisions. Funding shall be used for activities occurring  
35 in California, including, but not limited to, manufacturing.

36 ~~(3) (A) To provide grants on a competitive basis to entities that~~  
37 ~~operate programs that specifically target technologies or products~~  
38 ~~that have the potential to reduce greenhouse gas emissions. Eligible~~  
39 ~~entities shall be located in California and shall assist~~  
40 ~~California-based start-ups and entrepreneurs, including nonprofit~~

1 incubators and accelerators, regional technology alliances,  
2 technology transfer and commercialization programs, or other  
3 public or private consortiums. Nonprofit organizations shall be  
4 qualified under Section 501(c)(3) of the Internal Revenue Code.  
5 Not more than 20 percent of the funds in the account shall be used  
6 for the purposes described in this paragraph.

7 (B) Funds may be used for activities that include, but are not  
8 limited to, all of the following:

9 (i) Entrepreneurial training, emphasizing skills and abilities  
10 needed to successfully create and run small businesses.

11 (ii) Providing access to capital and strategic partners by assisting  
12 early-stage companies to identify potential investors and strategic  
13 partners, facilitating connections, and securing capital.

14 (iii) Providing demonstration or prototyping capabilities and  
15 equipment, either in house or in partnerships with local providers.

16 (iv) Providing long-term structured programs to support startup  
17 businesses as their business plans and technology develop,  
18 including development of deployment plans and negotiation of  
19 licensing agreements, technology transfers, and patenting.

20 (v) Providing a physical site to operate the business.

21 (C) Priority shall be given to entities demonstrating all of the  
22 following characteristics:

23 (i) Is a nonprofit organization that qualifies as an exempt  
24 organization under Section 501(c)(3) of the Internal Revenue Code.

25 (ii) Has a board of advisors with diversity of expertise, including  
26 science, business financing, management, market evaluations,  
27 legal, and marketing.

28 (iii) Strong evidence of investors and corporate relationships,  
29 either directly through the nonprofit incubator or through  
30 relationships with local economic development organizations, such  
31 as having a multiyear track record of attracting and vetting  
32 California clean technology companies or demonstrating successful  
33 fundraising by companies that have been through the entity's  
34 program.

35 (iv) Has data collection on start-ups and ventures served, as  
36 well as services provided, with performance and service metrics  
37 being collected for a minimum of three years.

38 (c) (1) The office shall establish a Science and Business Review  
39 Committee to provide programmatic and technical expertise to the

1 office. The committee membership shall consist of one person  
2 from each of the following entities:  
3 (A) The State Air Resources Board.  
4 (B) The Department of Food and Agriculture.  
5 (C) The Department of Water Resources.  
6 (D) The State Water Resources Control Board.  
7 (E) The State Energy Resources Conservation and Development  
8 Commission.  
9 (F) The Department of Transportation.  
10 (G) The California Council on Science and Technology.  
11 (2) Persons from other departments or academic institutions  
12 whose expertise the office deems necessary may act as advisors  
13 to the committee.  
14 (d) The Science and Business Review Committee shall assist  
15 the office ~~to do~~ *in doing* all of the following:  
16 (1) Develop criteria for greenhouse gas emissions evaluation  
17 and efficacy ~~programs, programs~~ and determine the appropriate  
18 metrics pursuant to paragraph (1) of subdivision (b).  
19 (2) Determine funding priorities and develop the policy  
20 guidelines for the grant ~~programs~~ *program* described in ~~paragraphs~~  
21 *paragraph (2) and (3)* of subdivision (b), including the project  
22 solicitation policies and evaluation criteria.  
23 (3) Evaluate and score funding requests.  
24 (e) In developing the guidelines for the grant ~~programs,~~  
25 *program*, the Science and Business Review Committee shall assist  
26 the office to do all of the following:  
27 (1) Consult with interested parties, including, but not limited  
28 to, parties from the clean technology industry, academic  
29 institutions, and the investment and business community.  
30 (2) Establish policies regarding intellectual property rights  
31 arising from research and projects funded by the ~~grants, which~~  
32 *grants. These policies* shall balance the opportunity of the State  
33 of California to benefit from the patents, royalties, and licenses  
34 that result from that research and those projects, with the need to  
35 ensure that essential clean technology research is not unreasonably  
36 hindered by the intellectual property agreements.  
37 (3) Establish policies to recapture, in whole or in part, grants to  
38 new and existing companies that fail to maintain a substantial  
39 business presence within California for a reasonable period of time  
40 after receiving the grant, taking into consideration the amount of

1 the grant, the ratio of public to private funds used for those  
2 activities, and the value of any intellectual property agreements  
3 entered into with the state.

4 (4) Establish reporting requirements and other conditions  
5 necessary to manage an effective program, including, but not  
6 limited to, meaningful measurements to demonstrate and be able  
7 to quantify the effectiveness of program outcomes, ~~fund matching~~  
8 *fund-matching* requirements, if any, and minimum or maximum  
9 dollar-~~amount~~ *amounts* of grants to be awarded.

10 (f) Not more than 5 percent of the ~~funds~~ *moneys* appropriated  
11 from the account shall be used to pay the costs incurred in the  
12 administration of the program.

13 (g) The office shall conduct a public meeting to consider public  
14 comments before finalizing the guidelines for the grant programs.  
15 At least 30 days before the public meeting, the office shall publish  
16 the draft solicitation and evaluation guidelines on its Internet Web  
17 site.

18 (h) Criteria and guidelines adopted by the office to implement  
19 this section are exempt from ~~Chapter~~ *the Administrative Procedure*  
20 *Act (Chapter 3.5 (commencing with Section 11340) of Division*  
21 *3.3).*

22 (i) *For purposes of this section, "office" means the Governor's*  
23 *Office of Business and Economic Development.*