

AMENDED IN SENATE AUGUST 25, 1997

AMENDED IN SENATE JULY 2, 1997

CALIFORNIA LEGISLATURE—1997-98 REGULAR SESSION

ASSEMBLY BILL

No. 1475

**Introduced by Assembly Member Bordonaro and Senator
O'Connell**

February 28, 1997

An act to add Section 15333.4 to, and to repeal and add Section 15333.3 of, the Government Code, relating to the space industry.

LEGISLATIVE COUNSEL'S DIGEST

AB 1475, as amended, Bordonaro. Space industry.

Existing law designates the Western Commercial Space Center, a nonprofit corporation, as the California Spaceport Authority to foster the development of support and other unique services required for the development of commercial launch, manufacturing, and academic and research operations related to space flight, and sets forth the various duties of the authority in that regard.

This bill would repeal these provisions and would instead provide that the California Space and Technology Alliance shall exist to foster the development of specified activities in California related to space flight, would specify that the alliance shall also function as the California Spaceport Authority, and would set forth the duties of the alliance in that regard. It would provide for the California Space Flight

Competitive Grant Program, to provide funding, upon appropriation by the Legislature, for the development of activities in California related to general space flight. ~~It would require the alliance to evaluate grant proposals and submit recommendations for funding grants to the Trade and Commerce Agency, or any other agency or department if directed to do so by the Legislature in making its appropriation. It would require the agency to disburse funds for the grants after reviewing the recommendations. It would require the alliance to establish an impartial review panel comprised of technical and scientific experts to review grant applications, as specified, and would set forth the duties of that review panel.~~

This bill would establish the Highway to Space Program. It would specify that the Western Commercial Space Center, a nonprofit corporation, shall be charged with promotion and coordination of entities choosing to participate in the program, and set forth the duties of the center in that regard. It would establish the Highway to Space Competitive Grant Program, to provide funding, upon appropriation by the Legislature, for the development of Highway to Space Program Activities. ~~It would require the center to evaluate grant proposals and submit recommendations for funding grants to the Trade and Commerce Agency, or any other agency or department if directed to do so by the Legislature in making its appropriation. It would require the agency to disburse funds for the grants after reviewing the recommendations.~~ *activities. It would require the center to establish an impartial review panel comprised of technical and scientific experts to review grant applications, as specified, and would set forth the duties of that review panel.*

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 15333.3 of the Government
- 2 Code is repealed.
- 3 SEC. 2. Section 15333.3 is added to the Government
- 4 Code, to read:



1 15333.3. (a) The California Space and Technology
2 Alliance shall exist to foster the development of activities
3 in California related to space flight including, but not
4 limited to, space vehicle launches, space education and
5 job training infrastructure and research launches,
6 manufacturing, academic research, applied research,
7 economic diversification, business development, tourism,
8 and education. The alliance shall also function as the
9 California Spaceport Authority.

10 (b) The alliance shall be an official recipient of grants
11 from federal, state, or local government or from private
12 businesses or individuals, for California space
13 flight-related activities, including, but not limited to,
14 studies, services, infrastructure improvements and
15 modernization, and defense transition programs to the
16 extent permitted by law. Any other entity legally eligible
17 may also receive grant funds for these purposes.

18 (c) The alliance shall be an advocate in support of
19 California space flight-related activities, including, but
20 not limited to, the businesses, facilities, programs,
21 developments, alterations, modifications, educational
22 activities, and other programs impacting those activities.

23 (d) To the extent authorized under the Internal
24 Revenue Code, the alliance shall define and promote
25 changes in federal, state, and local statutes and
26 regulations that will enhance the development of
27 California space flight-related activities.

28 (e) (1) To the extent authorized under the Internal
29 Revenue Code, the alliance shall report on the economic
30 and employment impacts of California space
31 flight-related activities to the Governor and the
32 Legislature and other state agencies and commissions
33 developing laws, regulations, decisions, or
34 determinations affecting those activities.

35 (2) The alliance shall recommend to the Governor and
36 the Legislature appropriate state funding mechanisms
37 and amounts to promote development of California space
38 flight-related activities.

39 (f) With regard to the development of California
40 space flight-related activities, the alliance shall provide



1 recommendations to the Governor and the Legislature in
2 the form of strategic planning documents, and shall act as
3 the official policy advisor to the Governor and the
4 Legislature.

5 (g) On matters relating to space flight-related
6 activities, the alliance shall act as the official
7 representative of state government to the federal
8 government, other state governments, local government
9 agencies, and the private sector.

10 (h) The alliance shall review space flight-related grant
11 applications on behalf of the Trade and Commerce
12 Agency, the Department of Transportation, and all other
13 state agencies, and shall make recommendations to the
14 agency for award of those grants.

15 (i) The alliance shall act as a clearinghouse for space
16 flight-related issues and information.

17 (j) The alliance may perform the activities listed in
18 Section 15346.6.

19 (k) In accordance with the California Defense
20 Conversion Act of 1993 (Article 3.7 (commencing with
21 Section 15346)) and with the cooperation of the
22 California Defense Conversion Council, the alliance shall
23 coordinate with Regional Technology Alliances in the
24 development of California space flight-related activities
25 to achieve the optimum utilization of defense conversion
26 and other grant funds.

27 (l) The alliance shall foster and promote activities
28 related to space flight in all parts of California, and all of
29 its actions shall be taken to benefit the entire State of
30 California.

31 (m) The alliance shall be a membership organization
32 open to any person or business interested in California
33 space flight-related activities. It shall be organized as a
34 nonprofit corporation with a board of directors composed
35 of no less than 15, but no more than 27 members. Each
36 director shall serve a three-year term, and shall serve no
37 more than three consecutive terms. Board members shall
38 be selected by the alliance, with no more than 40 percent
39 selected from the space flight industry, no more than 30
40 percent from local government agencies, and no more



1 than 30 percent from the general public and industries
2 other than space flight. Residents of San Luis Obispo and
3 Santa Barbara Counties shall be selected to fill 50 percent
4 plus one of the director positions, with residents of other
5 counties being selected to fill the remaining positions.
6 Nonvoting, ex-officio board directors may be added at the
7 discretion of the board.

8 (n) The alliance acting as a corporation may not
9 engage in or hold stock or any controlling interest in
10 for-profit endeavors relating to space flight-related
11 activities.

12 (o) The alliance shall be accountable to the Secretary
13 of Trade and Commerce and shall provide the secretary
14 with quarterly reports of its activities and finances. The
15 agency shall provide guidance and support to the
16 alliance.

17 ~~(p) The California Space Flight Competitive Grant~~
18 ~~Program shall exist to provide funding, upon~~
19 ~~appropriation by the Legislature, for the development of~~
20 ~~activities in California related to general space flight.~~
21 ~~Entities conducting activities in California intended to~~
22 ~~enhance or promote space flight, including public,~~
23 ~~private, educational, commercial, nonprofit, or for-profit~~
24 ~~activities are eligible to apply for California Space Flight~~
25 ~~Competitive Grants.~~

26 ~~(1) To the extent authorized by the Internal Revenue~~
27 ~~Code, the alliance shall promote California Space Flight~~
28 ~~Competitive Grants and shall at least annually issue~~
29 ~~requests for proposals. The alliance shall develop~~
30 ~~appropriate grant requirements and objectives.~~

31 ~~(2) The alliance shall evaluate California Space Flight~~
32 ~~Competitive Grant proposals and rank them in order of~~
33 ~~priority for funding. In evaluating grant proposals, the~~
34 ~~alliance may establish an impartial committee~~
35 ~~comprising technical experts and the general public to~~
36 ~~review grant applications. The alliance shall then forward~~
37 ~~its rankings, justifications and recommendations to the~~
38 ~~Trade and Commerce Agency, or any other agency or~~
39 ~~department if directed to do so by the Legislature in~~
40 ~~making its appropriation, which shall review the~~



1 ~~recommendations and disburse funds, in keeping with~~
2 ~~the provisions governing issuance of state funds.~~

3 ~~(q)~~

4 (p) *The California Space Flight Competitive Grant*
5 *Program is hereby established to provide funding, upon*
6 *appropriation by the Legislature, for the development of*
7 *activities in California related to space flight. For*
8 *purposes of this section, space flight activities shall*
9 *include civil or commercial space transportation systems,*
10 *new or improved space infrastructure, related space*
11 *support services, or any additional activities that the*
12 *alliance deems consistent with this section. Entities*
13 *conducting activities in California intended to enhance or*
14 *promote space flight, including public, private,*
15 *educational, commercial, nonprofit, or for-profit entities*
16 *are eligible to apply for the California Space Flight*
17 *Competitive Grants.*

18 (1) *To the extent authorized by the Internal Revenue*
19 *Code, the alliance shall promote California Space Flight*
20 *Competitive Grants. If funding is appropriated by the*
21 *Legislature, the alliance shall, at least annually, issue*
22 *requests for proposals.*

23 (2) (A) *The alliance shall develop a minimum*
24 *baseline set of requirements and points a grant*
25 *application must receive in order to be considered for*
26 *funding. Requirements in addition to the minimum*
27 *baseline set, which are consistent with the goals and*
28 *objectives of this program, may be added or deleted from*
29 *each year's grant solicitation.*

30 (B) *Any grant application meeting the minimum*
31 *baseline set of requirements and points described in*
32 *subparagraph (A) is automatically eligible for*
33 *consideration in three subsequent grant year*
34 *solicitations. The applicant is not required to resubmit a*
35 *new grant application during this time, but, in future*
36 *grant solicitations, may provide the review panel with*
37 *any of the following:*

38 (i) *Additional information to enhance its current*
39 *minimum baseline set of requirements and points.*



1 (ii) Any additional information on the grant
2 application that may be necessary to complete any new
3 or existing requirements as provided for in subparagraph
4 (A).

5 (C) The program shall award grants based upon a
6 competitive application process, addressing, at a
7 minimum, each project's eligibility, a review of the
8 proposal's scientific and technological aspects, and the
9 ability to fulfill the goals of the program.

10 (q) It is the intent of the Legislature that the following
11 be considered in developing the minimum baseline set of
12 requirements in subparagraph (A) of paragraph (2) of
13 subdivision (p):

14 (1) Identification of all sources of funding for the
15 entire project, which should include at least one of the
16 following:

17 (A) A private sector company or companies.

18 (B) One or more foundations, industry associations, or
19 nonprofit cooperative associations or any combination
20 thereof.

21 (C) Tangible or intangible in-kind support, including
22 staff, facilities, applied technology, or other as defined
23 further in the grant solicitation.

24 (D) Federal or local government funding.

25 (2) No substitution of other project funding by this
26 grant.

27 (3) A demonstration that a majority of the project will
28 be undertaken in California.

29 (4) Inclusion of one or more of the following in the
30 project, each of which should have significant operations
31 in the state:

32 (A) Private sector companies.

33 (B) Foundations, an industry associations, or nonprofit
34 cooperative associations.

35 (5) An agreement among all project participants as to
36 the intellectual property rights relative to the project.

37 (6) The potential impact on the state's economy.

38 (7) The cost-effectiveness of the project.

39 (8) The importance of state funding for the viability of
40 the project.



1 (9) *Cost sharing by other project participants.*

2 (r) *In evaluating grant proposals, the alliance shall*
3 *establish an impartial review panel comprised of*
4 *technical and scientific experts to review grant*
5 *applications. The panel shall be composed of members*
6 *from throughout the state who are knowledgeable about*
7 *activities related to space flight. The panel membership*
8 *shall be selected so as to afford representation of all parts*
9 *of the state so far as it is practicable. No more than 30*
10 *percent of the panel members shall be government*
11 *representatives, and all other members shall either be*
12 *actively involved in industries related to space flight, or*
13 *technical and scientific experts in activities related to*
14 *space flight.*

15 (1) *The review panel shall review and evaluate*
16 *California Space Flight Competitive Grant applications*
17 *based on the grant solicitation requirements. In*
18 *accordance with subparagraph (A) of paragraph (2) of*
19 *subdivision (p), a point system shall be developed to*
20 *evaluate the grant applications similar to those in*
21 *regulation based on Sections 8450 and 15379.3. In making*
22 *recommendations, the review panel shall apply the*
23 *criteria and priorities as determined by the grant*
24 *solicitation. The grant review shall include a*
25 *determination as to whether the project is eligible, the*
26 *application is complete, and the proposed use of funding*
27 *is consistent with the requirements of the grant*
28 *solicitation. The grant review shall also include a*
29 *determination that there is no conflict of interest, and any*
30 *other technical evaluation determined necessary.*

31 (2) *The review panel shall compile a final,*
32 *consolidated list of grant applications ranked by the*
33 *degree to which each meets the criteria described in the*
34 *grant solicitation, and shall forward this list to the*
35 *Secretary of Trade and Commerce for awarding of grant*
36 *funding. The list may include the panel's*
37 *recommendation as to the amount of state funding for*
38 *each grant application, potential multiyear funding of a*
39 *grant application which must be encumbered in a single*
40 *fiscal year, or both.*



1 (3) *The Secretary of Trade and Commerce shall award*
2 *grants, based on the review panel's final*
3 *recommendation list, to applications receiving the*
4 *highest ranking, unless the secretary finds that changes to*
5 *the ranking are necessary due to noncompliance with the*
6 *grant solicitation criteria or because they pose conflicts of*
7 *interest. The Secretary of Trade and Commerce may*
8 *overturn a recommendation by the review panel only if*
9 *the secretary finds clear and convincing evidence to*
10 *support that action. A report on the funding*
11 *determination shall be transmitted to the Governor and*
12 *the chairs of the Senate and Assembly fiscal committees.*

13 (s) *The alliance is not eligible to apply for grant*
14 *funding under this section.*

15 (t) Nothing in this section shall preclude the state from
16 providing alternative funding allocations for
17 space-related activities.

18 SEC. 3. Section 15333.4 is added to the Government
19 Code, to read:

20 15333.4. (a) The Highway to Space Program is
21 hereby established to promote the development of a
22 commercial space transportation system based in
23 California. Any entity conducting commercial space
24 flight related activities in California may choose to
25 participate in the Highway to Space Program.

26 (b) To the extent authorized by the Internal Revenue
27 Code, the Western Commercial Space Center, a
28 nonprofit corporation, shall be charged with promotion
29 and coordination of entities choosing to participate in the
30 Highway to Space Program.

31 ~~(c) (1) The Highway to Space Competitive Grant~~
32 ~~Program is hereby established to provide funding, upon~~
33 ~~appropriation by the Legislature, for the development of~~
34 ~~Highway to Space Program activities, in keeping with the~~
35 ~~general objectives of commercial space infrastructure~~
36 ~~development. Entities conducting activities intended to~~
37 ~~enhance or promote a commercial space transportation~~
38 ~~system based in California, including public, private,~~
39 ~~nonprofit, or for-profit activities are eligible to apply for~~
40 ~~Highway to Space Competitive Grants.~~



1 ~~(2) The Western Commercial Space Center shall~~
 2 ~~develop appropriate Highway to Space Competitive~~
 3 ~~Grant Program requirements and objectives, and shall at~~
 4 ~~least annually issue requests for proposals and shall~~
 5 ~~promote grant applications.~~

6 ~~(3) The Western Commercial Space Center shall~~
 7 ~~evaluate Highway to Space Competitive Grant Program~~
 8 ~~proposals and rank them in order of priority for funding.~~
 9 ~~In evaluating grant proposals, the center may establish an~~
 10 ~~impartial committee comprising technical experts and~~
 11 ~~the general public to review grant applications. The~~
 12 ~~center shall then forward its rankings, justifications, and~~
 13 ~~recommendations to the Trade and Commerce Agency,~~
 14 ~~or any other agency or department if directed to do so by~~
 15 ~~the Legislature in making its appropriation, which shall~~
 16 ~~review the recommendations and disburse funds, in~~
 17 ~~keeping with the provisions governing issuance of state~~
 18 ~~funds.~~

19 ~~(d)~~

20 *(c) The Highway to Space Competitive Grant*
 21 *Program is hereby established to provide funding, upon*
 22 *appropriation by the Legislature, for the development of*
 23 *activities in California related to commercial space*
 24 *infrastructure. For purposes of this section, commercial*
 25 *space infrastructure shall include civil or commercial*
 26 *space transportation systems, new or improved space*
 27 *infrastructure, related space support services, or any*
 28 *additional activities that the center deems consistent with*
 29 *these specifications. Entities conducting activities in*
 30 *California intended to enhance or promote commercial*
 31 *space infrastructure or space flight, including public,*
 32 *private, educational, commercial, nonprofit, or for-profit*
 33 *entities are eligible to apply for the Highway to Space*
 34 *Competitive Grants.*

35 *(1) To the extent authorized by the Internal Revenue*
 36 *Code, the center shall promote Highway to Space*
 37 *Competitive Grants. If funding is appropriated by the*
 38 *Legislature, the center shall, at least annually, issue*
 39 *requests for proposals.*



1 (2) *The center shall develop a minimum baseline set*
2 *of requirements and points a grant application must*
3 *receive to be considered for funding. Requirements in*
4 *addition to the minimum baseline set, which are*
5 *consistent with the goals and objectives of this program,*
6 *may be added or deleted from each year's grant*
7 *solicitation.*

8 (3) *Any grant application meeting the minimum*
9 *baseline set of requirements and points in paragraph (2)*
10 *is automatically eligible for consideration in three*
11 *subsequent grant year solicitations. The applicant is not*
12 *required to resubmit a new grant application during this*
13 *time, but may, in future grant solicitations, provide the*
14 *review panel with any of the following:*

15 (A) *Additional information to enhance its current*
16 *minimum baseline set of requirements and points.*

17 (B) *Any additional information on the grant*
18 *application that may be necessary to complete any new*
19 *or existing requirements as provided for in paragraph*
20 *(2).*

21 (C) *The program shall award grants based upon a*
22 *competitive application process, addressing, at a*
23 *minimum, each project's eligibility, a review of the*
24 *proposal's scientific and technological aspects, and the*
25 *ability to fulfill the goals of the program.*

26 (d) *It is the intent of the Legislature that the following*
27 *be considered in developing the minimum baseline set of*
28 *requirements in paragraph (2) of subdivision (c):*

29 (1) *Identification of all sources or funding for the*
30 *entire project, which should include at least one of the*
31 *following:*

32 (A) *A private sector company or companies.*

33 (B) *One or more foundations, industry, associations, or*
34 *nonprofit cooperative associations.*

35 (C) *Tangible or intangible in-kind support including*
36 *staff, facilities, applied technology, or other as defined*
37 *further in the grant solicitation.*

38 (D) *Federal or local government funding.*

39 (2) *No substitution of other project funding by this*
40 *grant.*



1 (3) A demonstration that a majority of the project will
2 be undertaken in California.

3 (4) Inclusion of one or more of the following in the
4 project, each of which should have significant operations
5 in the state:

6 (A) Private sector companies.

7 (B) Foundations, industry associations, or nonprofit
8 cooperative associations.

9 (5) An agreement among all project participants as to
10 the intellectual property rights relative to the project.

11 (6) The potential impact on the state's economy.

12 (7) The cost-effectiveness of the project.

13 (8) The importance of state funding for the viability of
14 the project.

15 (9) Cost sharing by other project participants.

16 (e) In evaluating grant proposals, the center shall
17 establish an impartial review panel comprised of
18 technical and scientific experts to review grant
19 applications. The panel shall be composed of members
20 from throughout the state who are knowledgeable of
21 commercial space infrastructure, or related activities.
22 The panel membership shall be selected so as to afford
23 representation of all parts of the state so far as is
24 practicable. No more than 30 percent of the panel
25 members shall be government representatives, and all
26 other members shall either be actively involved in
27 industries related to space flight, or technical and
28 scientific experts in activities related to space flight.

29 (1) The review panel shall review and evaluate
30 Highway to Space Competitive Grant applications, based
31 on the grant solicitation requirements. In accordance
32 with paragraph (2) of subdivision (c), a point system shall
33 be developed to evaluate the grant applications similar to
34 those in regulation based on Sections 8450 and 15379.3. In
35 making recommendations, the review panel shall apply
36 the criteria and priorities, as determined by the grant
37 solicitation. The grant review shall include a
38 determination as to whether the project is eligible, the
39 application is complete, and the proposed use of funding
40 is consistent with the requirements of the grant



1 solicitation. The grant review shall include a
2 determination that there is no conflict of interest, and any
3 other technical evaluation determined necessary.

4 (2) The review panel shall compile a final,
5 consolidated list of grant applications ranked by the
6 degree to which each meets the criteria described in the
7 grant solicitation and shall forward this list to the
8 Secretary of Trade and Commerce for awarding of grant
9 funding. The list may include the panel's
10 recommendation as to the amount of state funding for
11 each grant application, potential multiyear funding of a
12 grant application which must be encumbered in a single
13 fiscal year, or both.

14 (3) The Secretary of Trade and Commerce shall award
15 grants, based on the review panel's final
16 recommendation list, to applications receiving the
17 highest ranking, unless the secretary finds that changes to
18 the ranking are necessary due to noncompliance with the
19 grant solicitation criteria or because they pose conflicts of
20 interest. The Secretary of Trade and Commerce may
21 overturn a recommendation by the review panel only if
22 the secretary finds clear and convincing evidence to
23 support that action. A report on the funding
24 determination shall be transmitted to the Governor and
25 the chairs of the Senate and Assembly fiscal committees.

26 (f) The center is not eligible to apply for grant funding
27 under this section.

28 (g) The Western Commercial Space Center shall be
29 an official recipient of grants from federal, state, or local
30 government or from private businesses or individuals, for
31 Highway to Space Program activities, including, but not
32 limited to, studies, services, infrastructure improvements
33 and modernization, and defense transition programs, to
34 the extent permitted by law. Any other entity legally
35 eligible may also receive grant funds for these purposes.

36 ~~(e)~~

37 (h) The Western Commercial Space Center acting as
38 a corporation may not engage in or hold stock or any
39 controlling interest in for-profit endeavors relating to
40 space flight-related activities.



1 ~~(f)~~

2 (i) Nothing in this section shall preclude the state from
3 providing alternative funding allocations for
4 space-related activities.

5 SEC. 4. The Legislature finds and declares that,
6 because of the unique circumstances applicable to San
7 Luis Obispo and Santa Barbara Counties with regard to
8 space flight-related activities, a statute of general
9 applicability cannot be enacted within the meaning of
10 subdivision (b) of Section 16 of Article IV of the California
11 Constitution. Therefore, this special statute is necessary.

O

