

**Introduced by Senators Padilla and Strickland
(Coauthors: Senators Ashburn and Price)**

February 19, 2010

An act to amend Section 26003 of, and to add Section 26011.7 to, the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1467, as introduced, Padilla. Energy: California Alternative Energy and Advanced Transportation Financing Authority.

The California Alternative Energy and Advanced Transportation Financing Authority Act established the California Alternative Energy and Advanced Transportation Financing Authority. The authority is authorized to do all things necessary and convenient to carry out the purposes of the act. The authority is also required to establish a renewable energy program to provide financial assistance, as defined, to certain entities for projects to generate new and renewable energy sources, develop clean and efficient distributed generation, and demonstrate the economic feasibility of new technologies. Existing law provides that the transfer of title of tangible personal property constituting a project under the act to the authority by a participating party or the lease or transfer of tangible personal property constituting a project under the act by the authority to a participating party pursuant to the act is not a "sale" or "purchase" for the purposes of the Sales and Use Tax Law.

This bill would include as a project, machinery or equipment that is utilized for the design, technology transfer, manufacture, production, assembly, distribution, or service of an alternative source component. The bill would require the authority to consider specified criteria in

approving a project for which the purchase, sale, or lease of tangible personal property qualifies for the sales and use tax exclusion.

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 is
2 amended to read:

3 26003. As used in this division, unless the context otherwise
4 requires:

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

11 (b) “Cost” as applied to a project or portion of the project
12 financed under this division means all or part of the cost of
13 construction and acquisition of all lands, structures, real or personal
14 property or an interest in the real or personal property, rights,
15 rights-of-way, franchises, easements, and interests acquired or
16 used for a project; the cost of demolishing or removing any
17 buildings or structures on land so acquired, including the cost of
18 acquiring any lands to which those buildings or structures may be
19 moved; the cost of all machinery, equipment, and furnishings,
20 financing charges, interest prior to, during, and for a period after,
21 completion of construction as determined by the authority; the cost
22 of the purchase or sale of energy derived from an alternative source
23 pursuant to subdivision (g) of Section 26011; provisions for
24 working capital; reserves for principal and interest and for
25 extensions, enlargements, additions, replacements, renovations,
26 and improvements; the cost of architectural, engineering, financial,
27 accounting, auditing and legal services, plans, specifications,
28 estimates, administrative expenses, and other expenses necessary
29 or incident to determining the feasibility of constructing any project
30 or incident to the construction, acquisition, or financing of a
31 project.

32 (c) (1) “Alternative sources” means the application of
33 cogeneration technology, as defined in Section 25134; the

1 conservation of energy; or the use of solar, biomass, wind,
2 geothermal, hydroelectricity under 30 megawatts, or any other
3 source of energy, the efficient use of which will reduce the use of
4 fossil and nuclear fuels.

5 (2) “Alternative sources” does not include a hydroelectric facility
6 that does not meet state laws pertaining to the control,
7 appropriation, use, and distribution of water, including, but not
8 limited to, the obtaining of applicable licenses and permits.

9 (d) “Advanced transportation technologies” means emerging
10 commercially competitive transportation-related technologies
11 identified by the authority as capable of creating long-term, high
12 value-added jobs for Californians while enhancing the state’s
13 commitment to energy conservation, pollution reduction, and
14 transportation efficiency. Those technologies may include, but are
15 not limited to, any of the following:

16 (1) Intelligent vehicle highway systems.

17 (2) Advanced telecommunications for transportation.

18 (3) Command, control, and communications for public transit
19 vehicles and systems.

20 (4) Electric vehicles and ultralow-emission vehicles.

21 (5) High-speed rail and magnetic levitation passenger systems.

22 (6) Fuel cells.

23 (e) “Financial assistance” includes, but is not limited to, either,
24 or any combination, of the following:

25 (1) Loans, loan loss reserves, interest rate reductions, proceeds
26 of bonds issued by the authority, insurance, guarantees or other
27 credit enhancements or liquidity facilities, contributions of money,
28 property, labor, or other items of value, or any combination thereof,
29 as determined by, and approved by the resolution of, the ~~board~~
30 *authority*.

31 (2) Any other type of assistance the authority determines is
32 appropriate.

33 (f) “Participating party” means either of the following:

34 (1) A person or an entity or group of entities engaged in business
35 or operations in the state, whether organized for profit or not for
36 profit, that does either of the following:

37 (A) Applies for financial assistance from the authority for the
38 purpose of implementing a project in a manner prescribed by the
39 authority.

1 (B) Participates in the purchase or sale of energy derived from
2 an alternative source pursuant to subdivision (g) of Section 26011.

3 (2) A public agency or nonprofit corporation that does either of
4 the following:

5 (A) Applies for financial assistance from the authority for the
6 purpose of implementing a project in a manner prescribed by the
7 authority.

8 (B) Participates in the purchase or sale of energy derived from
9 an alternative source pursuant to subdivision (g) of Section 26011.

10 (g) "Project" means a land, building, improvement to the land
11 or building, rehabilitation, work, property, or structure, real or
12 personal, stationary or mobile, including, but not limited to,
13 machinery and equipment, whether or not in existence or under
14 construction, that utilizes, or is designed to utilize, an alternative
15 source, or that is utilized for the design, technology transfer,
16 manufacture, production, assembly, distribution, or service of
17 advanced transportation technologies, *alternative source*
18 *components*, or an arrangement for the purchase, including
19 prepayment, or sale of energy derived from an alternative source
20 pursuant to subdivision (g) of Section 26011.

21 (h) "Public agency" means a federal or state agency, department,
22 board, authority, state or community college, university, or
23 commission, or a county, city and county, city, regional agency,
24 public district, school district, or other political entity.

25 (i) (1) "Renewable energy" means a device or technology that
26 conserves or produces heat, processes heat, space heating, water
27 heating, steam, space cooling, refrigeration, mechanical energy,
28 electricity, or energy in any form convertible to these uses, that
29 does not expend or use conventional energy fuels, and that uses
30 any of the following electrical generation technologies:

31 (A) Biomass.

32 (B) Solar thermal.

33 (C) Photovoltaic.

34 (D) Wind.

35 (E) Geothermal.

36 (2) For purposes of this subdivision, "conventional energy fuel"
37 means any fuel derived from petroleum deposits, including, but
38 not limited to, oil, heating oil, gasoline, fuel oil, or natural gas,
39 including liquefied natural gas, or nuclear fissionable materials.

(3) Notwithstanding paragraph (1), for purposes of this section, “renewable energy” also means ultralow-emission equipment for energy generation based on thermal energy systems such as natural gas turbines and fuel cells.

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

SEC. 2. Section 26011.7 is added to the Public Resources Code, to read:

26011.7. (a) To promote the creation of jobs and reduction of greenhouse gases, the authority may approve a project for which the purchase, sale, or lease of tangible personal property qualifies for the sales and use tax exclusion pursuant to Section 6010.8 of the Revenue and Taxation Code.

(b) In approving a project for which the purchase, sale, or lease of tangible personal property qualifies for the sales and use tax exclusion pursuant to Section 6010.8 of the Revenue and Taxation Code, the authority shall consider both of the following criteria:

(1) The extent to which the anticipated benefit to the state from the project equals or exceeds the projected benefit to the participating party from the sales and use tax exclusion.

(2) The extent to which the project will create new, permanent jobs in California.