

AMENDED IN ASSEMBLY APRIL 26, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1137

Introduced by Assembly Member V. Manuel Pérez

February 18, 2011

An act to amend ~~Section~~ Sections 6300 , 13996.45, and 13996.6 of, to add Chapter 4.2 (commencing with Section 6315) and Chapter 4.3 (commencing with Section 6317) to Division 7 of Title 1 of, the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1137, as amended, V. Manuel Pérez. Economic development: foreign trade.

Existing law authorizes any public corporation, as defined, and specified private corporations to apply for the privilege of establishing, operating, and maintaining a foreign-trade zone in accordance with specified provisions of federal law, and authorizes any public or private corporation whose application is granted pursuant to those provisions of federal law to establish, operate, and maintain the foreign trade zone, subject to specified conditions and restrictions.

This bill would require these provisions of existing law to be known, and would authorize them to be cited as, the *California* Foreign Free Trade Zone Act.

This bill would establish the California Foreign Investment Program, require the Secretary of Business, Transportation and Housing to serve as the lead state entity under specified provisions of the federal Immigration and Nationality Act, and require the secretary to set the terms and conditions for issuing a state designation letter within the structure and scope of those provisions of federal law.

This bill would also establish the California Export *Promotion and Gap Financing Program*, and authorize the secretary to apply for and receive federal funding for the implementation of a state and federal export financing program. The bill would require the secretary, upon receipt of moneys pursuant to that application, to implement a program that meets specified conditions. The bill would require the secretary to report on the program, as specified, and to annually post on the agency's Internet Web site a summary of the programs, annual activities, and key achievements, and a summary of the information related to the requirements of the program. The bill would authorize the secretary to adopt regulations to implement the program, as specified.

Existing law requires the Secretary of Business, Transportation and Housing to prepare a study on the potential role of the state in global markets. Existing law requires the secretary to utilize that study to develop a strategy for international trade and investment. Existing law requires the secretary to develop a statewide business partnership for international trade and investment. Existing law states that California's international trade and investment policy is directed through its state strategy.

This bill would require California's trade and investment policy to be implemented pursuant to the strategy developed by the secretary.

This bill would require the secretary to consult with local and regional governmental entities and associations. This bill would authorize the secretary, as a part of the consultation process, to create an advisory board comprised of representatives from certain entities to provide the secretary on advice on the content of the study, and of the strategy that the secretary is developing. This bill would require the secretary as a part of the consultation to discuss certain issues related to trade and investment. This bill would provide that this consultation may be conducted within the existing business partnership framework or separately, or both.

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 6300 of the Government Code is amended
- 2 to read:
- 3 6300. (a) This chapter shall be known and may be cited as the
- 4 *California Foreign Free Trade Zone Act.*

(b) As used in this chapter, “public corporation” means the state, any political subdivision thereof, any incorporated municipality therein, any public agency of the state, of any political subdivision thereof, or of any municipality therein, or any corporate municipal instrumentality of this state or of this state and one or more other states.

SEC. 2. Chapter 4.2 (commencing with Section 6315) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 4.2. CALIFORNIA FOREIGN INVESTMENT PROGRAM

6315. (a) This chapter shall be known and may be cited as the California Foreign Investment Program.

(b) (1) As used in this chapter, “public corporation” means the state, any political subdivision thereof, any incorporated municipality therein, any public agency of the state, of any political subdivision thereof, or of any municipality therein, or any corporate municipal instrumentality of this state or of this state and one or more other states.

(2) As used in this chapter, “Immigration and Nationality Act” means Section 203(b)(5) of the Immigration and Nationality Act (8 U.S.C. Sec. 1153(b)(5)).

6315.1. (a) The Secretary of Business, Transportation and Housing shall serve as the lead state entity under the Immigration and Nationality Act. The secretary shall set the terms and conditions for issuing a state designation letter within the structure and scope of the Immigration and Nationality Act.

(b) Any public or private corporation may apply for the privilege of establishing, operating, and maintaining a regional center in accordance with the Immigration and Nationality Act.

(c) (1) Any application for designation as a regional center shall be accompanied by a letter of support from the secretary attesting to the legal status of the applicant and that the applicant has agreed to the reporting and monitoring terms of the Business, Transportation and Housing Agency.

(2) *The secretary shall establish reporting and monitoring requirements, consistent with federal and state requirements, that, as a minimum, do the following: identify the number of businesses assisted, the size of those businesses by number of employees and gross revenues, and the number of jobs created and retained.*

(d) The secretary shall not sign any designation letter without the applicant first entering into an agreement with the agency to meet the agency's reporting and monitoring requirements.

(e) The secretary shall post on the agency's Internet Web site a list with contact information for each regional center applicant that receives a designation letter from the secretary.

6315.2. (a) Any public or private corporation authorized by this chapter to apply to establish, operate, and maintain a regional center whose application is granted pursuant to the terms of the Immigration and Nationality Act may establish, operate, and maintain the regional center subject to the conditions and restrictions of the Immigration and Nationality Act, and any amendments thereto, and any conditions and restrictions established by the secretary pursuant to this chapter.

(b) If authorized to establish, operate, and maintain a regional center, a public corporation may, in addition to its other powers, do either of the following:

(1) Provide for indemnity or assurance to the federal government or its agencies as they may request.

(2) Deposit moneys with the federal government, as the federal government or its agencies may request, provided those moneys are available by direct appropriation or otherwise.

SEC. 3. Chapter 4.3 (commencing with Section 6317) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 4.3. CALIFORNIA EXPORT *PROMOTION AND GAP*
FINANCING PROGRAM

6317. This chapter shall be known and may be cited as the California Export *Promotion and Gap* Financing Program.

6317.1. (a) The Secretary of Business, Transportation and Housing may apply for and receive federal funding for the implementation of a state and federal *promotion or* export financing program. Upon receipt of any moneys pursuant to this application, the secretary shall cause to be implemented a program that meets the conditions of the federal program and all of the following conditions:

(1) Development of the program shall include local governments, economic development organizations, trade organizations, financial institutions, small business organizations,

1 the federal Small Business Administration, the federal Rural
2 Development initiatives administered by the United States
3 Department of Agriculture, and financial and community
4 intermediaries that are engaged or could be engaged in trade
5 development.

6 (2) Among other elements, the program shall also include all
7 of the following:

8 (A) A clear statement of the program's objectives.

9 (B) A method for establishing a baseline and measurement of
10 whether the objective was achieved on an annual basis.

11 (C) Reporting requirements for assisted businesses consistent
12 with the program's objectives.

13 (D) An identification of related ~~state~~ *federal, state, and local*
14 programs that would add value to the overall program if
15 implemented in a collaborative fashion.

16 (E) A method for ensuring program resources are available to
17 all areas of the state.

18 (F) *An identification of how the program helps to implement*
19 *the state's international trade and foreign investment strategy,*
20 *adopted pursuant to Section 13996.55.*

21 (3) In reporting on the program, the secretary shall address, but
22 not be limited to, the number of businesses assisted, the size of
23 those businesses by number of employees and gross revenues, the
24 number of jobs created and retained, and an estimate of the
25 economic impact of the financial assistance.

26 (b) The secretary shall annually, *in any year that the program*
27 *is active*, post on the Business, Transportation and Housing
28 Agency's Internet Web site a summary of the programs, annual
29 activities, and key achievements, and a summary of the information
30 related to the requirements of subdivision (a).

31 (c) *The secretary shall, during any year that the program is*
32 *active, consult with, on a regular and frequent basis, county and*
33 *city governments, particularly those that have foreign trade offices,*
34 *in developing or participating in trade missions or promotional*
35 *efforts established by counties, cities, or special districts.*

36 (e)

37 (d) If the federal requirements prohibit any of the requirements
38 of this act, the secretary shall notify the relevant policy and fiscal
39 committees of the Legislature about the federal programmatic
40 limitation. The secretary may waive any of the requirements of

1 paragraph (2) of subdivision (a) if the secretary determines doing
2 so is necessary to fulfill federal requirements for the
3 implementation of the export financing program.

4 (d)

5 (e) The secretary may adopt regulations to implement the
6 provisions of this chapter. The secretary may adopt emergency
7 regulations to implement the provisions of this chapter if necessary
8 to meet the time lines established by the federal government.

9 *SEC. 4. Section 13996.45 of the Government Code is amended*
10 *to read:*

11 13996.45. (a) (1) Subject to paragraph (2), and subject to
12 Section 13996.75, the Business, Transportation and Housing
13 Agency shall be the primary state agency authorized to do all of
14 the following:

15 (A) Attract employment-producing foreign investment to the
16 state.

17 (B) Cooperate in international public infrastructure projects.

18 (C) Provide support for California business in accessing
19 international markets, including, but not limited to, export
20 assistance.

21 (D) Engage in other trade or foreign investment related activities
22 specifically assigned by the Governor.

23 (2) Nothing in this chapter shall be construed to confer powers
24 or impose duties upon the agency in conflict with any powers
25 conferred or duties imposed upon the Department of Food and
26 Agriculture with respect to the promotion of California agriculture,
27 fish, and forest exports.

28 (b) The international trade and investment activities of the
29 agency shall be monitored by the Legislature, and all public
30 moneys in its budget expended for those purposes, shall be subject
31 to approval by the Legislature.

32 (c) The Secretary of Business, Transportation and Housing shall
33 develop an international trade and investment policy, which shall
34 be consistent with the economic development strategic plan
35 prepared by the California Economic Strategy Panel pursuant to
36 Section 15570, and shall provide guidance to strategies and plans
37 from other agencies and departments related to workforce and
38 infrastructure development.

39 (d) California's international trade and investment policy shall
40 ~~be directed implemented through its state strategy~~ *the strategy*

1 *developed pursuant to Section 13996.55, which shall be based on*
2 *current and emerging market conditions and the needs of investors,*
3 *businesses, and workers to be competitive in global markets.*

4 *SEC. 5. Section 13996.6 of the Government Code is amended*
5 *to read:*

6 *13996.6. (a) The Legislature finds and declares that the quality*
7 *and effectiveness of the state's international trade and foreign*
8 *investment programs and activities are highly dependent on*
9 *establishing and maintaining an open dialogue with a broad range*
10 *of trade-related stakeholders including, but not limited to,*
11 *businesses, trade and business assistance programs, worker*
12 *organizations, education and workforce training entities, and local*
13 *governments.*

14 ~~(a)~~

15 *(b) The Secretary of Business, Transportation and Housing shall*
16 *convene a statewide business partnership for international trade*
17 *and investment no later than March 1, 2007.*

18 ~~(b)~~

19 *(1) The business partnership shall include representatives from*
20 *small, medium, and large businesses and industries, as well as*
21 *nongovernmental organizations and government representatives.*

22 ~~(c)~~

23 *(2) The business partnership shall advise the secretary on*
24 *business needs and strategy priorities as they relate to international*
25 *trade and investment. This information shall be used in establishing*
26 *the needs and priorities in the plan developed pursuant to Section*
27 *13996.5 and the strategy developed pursuant to Section 13996.55,*
28 *and for any other uses as determined by the secretary.*

29 *(c) (1) The secretary shall consult with local and regional*
30 *government entities and associations, particularly those entities*
31 *and organizations that have foreign trade economic development*
32 *offices, or develop or regularly participate in trade missions and*
33 *other promotional efforts.*

34 *(2) As part of the consultation process, the secretary may*
35 *establish an advisory board comprised of representatives from*
36 *counties, cities, and special districts for the purpose of providing*
37 *advice on the content of the plan developed pursuant to Section*
38 *13996.5, and the strategy developed pursuant to Section 13996.55.*

39 *(3) Key issues to be discussed include, but are not limited to,*
40 *how the state and local entities can work collaboratively on issues*

1 *including, but not limited to, target nations or industries for*
2 *exports, foreign direct investment, and integration of the EB 5*
3 *visa program. Participation on the advisory committee would be*
4 *without compensation for time or travel.*

5 *(4) Consultation with local and regional governments may be*
6 *conducted within the business partnership framework separately,*
7 *or both.*