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AB-1561 Economic development: infrastructure: logistic hubs. (2017-2018)

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Assembly Bill No. 1561

CHAPTER 313

An act to amend Sections 13996.55 and 63010 of the Government Code, relating to economic development.

[Approved by Governor September 10, 2018. Filed with Secretary of State September 10, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1561, Quirk-Silva. Economic development: infrastructure: logistic hubs.

(1) Existing law requires the Director of the Governor's Office of Business and Economic Development to provide to the Legislature, not later than February 1, 2019, a strategy for international trade and investment that includes, at minimum, specified components. Existing law requires that this strategy include a framework that enables the office to evaluate on an ongoing basis, as appropriate, current workforce, infrastructure, research and development, and other needs of small and large firms, including, among other things, airports.

This bill would extend to July 1, 2019, the date by which the director would be required to provide that strategy to the Legislature, and would instead require that the strategy identify the process the Governor's Office of Business and Economic Development will use to complete that evaluation, and would require that the strategy also evaluate logistic hubs.

Existing law requires the director to submit the international trade and investment strategy to the Chief Clerk of the Assembly and the Secretary of the Senate and to provide a copy of the strategy to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of specified committees of the Legislature.

This bill would instead require the director to provide to these specified members of the Legislature a notice of the submittal of the strategy to the Chief Clerk of the Assembly and Secretary of the Senate.

(2) Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act, authorizes the California Infrastructure and Economic Development Bank, governed by a board of directors, to, among other things, make loans, issue bonds, and provide other financial assistance for various types of projects that qualify as public development or economic development facilities. The act defines the term "public development facilities" for these purposes as real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof that are directly related to providing, among other things, port facilities.

This bill would revise the description of port facilities to specifically include inland ports.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The state has a compelling interest in the development of a robust network of logistic hubs, connected by roads, rail, and air. It is the policy of this state that, because of that compelling interest, legislation in this area is a matter of statewide concern and is necessary to develop and build out an intermodal network in a manner that provides the state with an economic advantage today and in the future.

(b) New and upgraded port and foreign-trade zone facilities, as well as rail and road infrastructure investments, are needed to enhance California's competitiveness for international and domestic cargoes, grow employment, yield significant economic development, increase state and local tax revenues, and reduce impacts on environmental quality from goods movement.

(c) The state's ports of entry serve as a vital interface between California, the United States, and the state's important trade partners in North and South America, the Pacific Rim countries, and other regions of the world. In 2016, California exported \$163.6 billion in products through its air, land, and sea ports to over 220 foreign markets.

(d) Inland ports represent a relatively new concept within the United States' freight system, but their use is growing as facilities in Salt Lake City, Utah; Dallas/Fort Worth, Texas; and Cordele, Georgia expand these regions' goods movement capabilities. Inland ports can play a key role in enhancing the efficiency of logistic networks and serve as key nodes within expansive domestic and international supply chains.

(e) California's long-term success is dependent on the ability to reimagine a state manufacturing and freight movement system that connects resources to production and products to consumers with economical options that are able to adapt to changing needs. Developing inland ports complements the state's existing innovation, manufacturing, and goods movement resources, while offering new options for improving air quality and reducing greenhouse gas emissions. Inland ports also promote and disburse economic development benefits throughout the state and provide for higher levels of logistical integration.

(f) A further benefit of inland ports is the development of underutilized areas and economic resources of the state, while relieving congestion at land, air, and sea ports of entry. Once goods are received at the inland port, further inspection can occur or the goods can be transferred to a different transportation mode, stored for future distribution, or assembled into other products. The colocation of innovation and manufacturing facilities with the consolidation of logistic services provides inland ports with unique and high-value opportunities attractive to quality shippers and logistical managers.

(g) It is the intent of the Legislature to assist in the economic development of a statewide goods movement network that supports, leverages, enhances, and links resources, manufacturing, warehousing, distribution centers, and inland ports with airports, seaports, and land ports of entry.

SEC. 2. Section 13996.55 of the Government Code is amended to read:

13996.55. (a) The Director of the Governor's Office of Business and Economic Development shall provide to the Legislature, not later than July 1, 2019, a strategy for international trade and investment that, at a minimum, includes all of the following:

(1) Policy goals, objectives, and recommendations necessary to implement a comprehensive international trade and investment program for the state. This information shall be provided in a fashion that clearly indicates priority within the overall strategy.

(2) Measurable outcomes and timelines for the goals, objectives, and actions for the international trade and investment program.

(3) Identification of impediments for achieving goals and objectives.

(4) Identification of key stakeholder partnerships that will be used in implementing the strategy.

(5) Identification of options for funding recommended actions.

(6) A current organizational structure for the state administration of international trade and investment policies, programs, and services. The organizational chart may include other state entities that are related to achieving the goals, objectives, and actions identified in the strategy.

(b) (1) The strategy shall be based on current and emerging market conditions and the needs of investors, businesses, and workers to be competitive in global markets.

(2) The strategy shall identify the process the Governor's Office of Business and Economic Development will use to evaluate on an ongoing basis, as appropriate, current workforce, infrastructure, research and development, and other needs of small and large firms, including, but not limited to, highways, logistic hubs, and rail that link businesses with the state's ports of entry and foreign and domestic markets.

(3) The strategy may, to the extent relevant and feasible, be based on existing studies and reports, including, but not limited to, the Goods Movement Action Plan, the California Strategic Workforce Development Plan, the California Export of Recycled Materials Report, the California Five-Year Infrastructure Plan, and the Environmental Goals and Policy Report.

(c) The strategy shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate and a notice of its submittal shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(d) The strategy shall be updated pursuant to the procedures of this section at least once every five years.

SEC. 3. Section 63010 of the Government Code is amended to read:

63010. For purposes of this division, the following words and terms shall have the following meanings unless the context clearly indicates or requires another or different meaning or intent:

(a) "Act" means the Bergeson-Peace Infrastructure and Economic Development Bank Act.

(b) "Bank" means the California Infrastructure and Economic Development Bank.

(c) "Board" or "bank board" means the Board of Directors of the California Infrastructure and Economic Development Bank.

(d) "Bond purchase agreement" means a contractual agreement executed between the bank and a sponsor, or a special purpose trust authorized by the bank or a sponsor, or both, whereby the bank or special purpose trust authorized by the bank agrees to purchase bonds of the sponsor for retention or sale.

(e) "Bonds" means bonds, including structured, senior, and subordinated bonds or other securities; loans; notes, including bond, revenue, tax, or grant anticipation notes; commercial paper; floating rate and variable maturity securities; and any other evidences of indebtedness or ownership, including certificates of participation or beneficial interest, asset backed certificates, or lease-purchase or installment purchase agreements, whether taxable or excludable from gross income for federal income taxation purposes.

(f) "Cost," as applied to a project or portion thereof financed under this division, means all or any part of the cost of construction, renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, licenses, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved; the cost of all machinery, equipment, and financing charges; interest prior to, during, and for a period after completion of construction, renovation, or acquisition, as determined by the bank; provisions for working capital; reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements; and the cost of architectural, engineering, financial and legal services, plans, specifications, estimates, administrative expenses, and other expenses necessary or incidental to determining the feasibility of any project or incidental to the construction, acquisition, or financing of any project, and transition costs in the case of an electrical corporation.

(g) "Economic development facilities" means real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, goods movement, or service enterprise facilities, community, educational, cultural, or social welfare facilities and any parts or combinations thereof, and all facilities or infrastructure necessary or desirable in connection therewith, including provision for working capital, but shall not include any housing.

(h) "Electrical corporation" has the meaning set forth in Section 218 of the Public Utilities Code.

(i) "Executive director" means the Executive Director of the California Infrastructure and Economic Development Bank appointed pursuant to Section 63021.

(j) "Financial assistance" in connection with a project, includes, but is not limited to, any combination of grants, loans, the proceeds of bonds issued by the bank or special purpose trust, insurance, guarantees or other credit enhancements or liquidity facilities, and contributions of money, property, labor, or other things of value, as may be approved by resolution of the board or the sponsor, or both; the purchase or retention of bank bonds, the bonds of a sponsor for their retention or for sale by the bank, or the issuance of bank bonds or the bonds of a special purpose trust used to fund the cost of a project for which a sponsor is directly or indirectly liable, including, but not limited to, bonds, the security for which is provided in whole or in part pursuant to the powers granted by Section 63025.1; bonds for which the bank has provided a guarantee or enhancement, including, but not limited to, the purchase of the subordinated bonds of the sponsor, the subordinated bonds of a special purpose trust, or the retention of the subordinated bonds of the bank pursuant to Chapter 4 (commencing with Section 63060); or any other type of

assistance deemed appropriate by the bank or the sponsor, except that no direct loans shall be made to nonpublic entities other than in connection with the issuance of rate reduction bonds pursuant to a financing order or in connection with a financing for an economic development facility.

For purposes of this subdivision, "grant" does not include grants made by the bank except when acting as an agent or intermediary for the distribution or packaging of financing available from federal, private, or other public sources.

(k) "Financing order" has the meaning set forth in Section 840 of the Public Utilities Code.

(l) "Guarantee trust fund" means the California Infrastructure Guarantee Trust Fund.

(m) "Infrastructure bank fund" means the California Infrastructure and Economic Development Bank Fund.

(n) "Loan agreement" means a contractual agreement executed between the bank or a special purpose trust and a sponsor that provides that the bank or special purpose trust will loan funds to the sponsor and that the sponsor will repay the principal and pay the interest and redemption premium, if any, on the loan.

(o) "Participating party" means any person, company, corporation, association, state, or municipal governmental entity, partnership, firm, or other entity or group of entities, whether organized for profit or not for profit, engaged in business or operations within the state and that applies for financing from the bank in conjunction with a sponsor for the purpose of implementing a project. However, in the case of a project relating to the financing of transition costs or the acquisition of transition property, or both, on the request of an electrical corporation, or in connection with financing for an economic development facility, or for the financing of insurance claims, the participating party shall be deemed to be the same entity as the sponsor for the financing.

(p) "Project" means designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing public development facilities or economic development facilities within the state or financing transition costs or the acquisition of transition property, or both, upon approval of a financing order by the Public Utilities Commission, as provided in Article 5.5 (commencing with Section 840) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code.

(q) "Public development facilities" means real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof, excluding any housing, that are directly related to providing the following:

(1) "City streets" including any street, avenue, boulevard, road, parkway, drive, or other way that is any of the following:

(A) An existing municipal roadway.

(B) Is shown upon a plat approved pursuant to law and includes the land between the street lines, whether improved or unimproved, and may comprise pavement, bridges, shoulders, gutters, curbs, guardrails, sidewalks, parking areas, benches, fountains, plantings, lighting systems, and other areas within the street lines, as well as equipment and facilities used in the cleaning, grading, clearance, maintenance, and upkeep thereof.

(2) "County highways" including any county highway as defined in Section 25 of the Streets and Highways Code, that includes the land between the highway lines, whether improved or unimproved, and may comprise pavement, bridges, shoulders, gutters, curbs, guardrails, sidewalks, parking areas, benches, fountains, plantings, lighting systems, and other areas within the street lines, as well as equipment and facilities used in the cleaning, grading, clearance, maintenance, and upkeep thereof.

(3) "Drainage, water supply, and flood control" including, but not limited to, ditches, canals, levees, pumps, dams, conduits, pipes, storm sewers, and dikes necessary to keep or direct water away from people, equipment, buildings, and other protected areas as may be established by lawful authority, as well as the acquisition, improvement, maintenance, and management of floodplain areas and all equipment used in the maintenance and operation of the foregoing.

(4) "Educational facilities" including libraries, child care facilities, including, but not limited to, day care facilities, and employment training facilities.

(5) "Environmental mitigation measures" including required construction or modification of public infrastructure and purchase and installation of pollution control and noise abatement equipment.

(6) "Parks and recreational facilities" including local parks, recreational property and equipment, parkways, and property.

(7) "Port facilities" including airports, inland ports, landports, waterports, railports, docks, harbors, ports of entry, piers, ships, small boat harbors and marinas, and any other facilities, additions, or improvements in connection therewith, that transport goods or persons.

(8) "Power and communications" including facilities for the transmission or distribution of electrical energy, natural gas, and telephone and telecommunications service.

(9) "Public transit" including air and rail transport, airports, guideways, vehicles, rights-of-way, passenger stations, maintenance and storage yards, and related structures, including public parking facilities, and equipment used to provide or enhance transportation by bus, rail, ferry, or other conveyance, either publicly or privately owned, that provides to the public general or special service on a regular and continuing basis.

(10) "Sewage collection and treatment" including pipes, pumps, and conduits that collect wastewater from residential, manufacturing, and commercial establishments, the equipment, structures, and facilities used in treating wastewater to reduce or eliminate impurities or contaminants, and the facilities used in disposing of, or transporting, remaining sludge, as well as all equipment used in the maintenance and operation of the foregoing.

(11) "Solid waste collection and disposal" including vehicles, vehicle-compatible waste receptacles, transfer stations, recycling centers, sanitary landfills, and waste conversion facilities necessary to remove solid waste, except that which is hazardous as defined by law, from its point of origin.

(12) "Water treatment and distribution" including facilities in which water is purified and otherwise treated to meet residential, manufacturing, or commercial purposes and the conduits, pipes, and pumps that transport it to places of use.

(13) "Defense conversion" including, but not limited to, facilities necessary for successfully converting military bases consistent with an adopted base reuse plan.

(14) "Public safety facilities" including, but not limited to, police stations, fire stations, court buildings, jails, juvenile halls, and juvenile detention facilities.

(15) "State highways" including any state highway as described in Chapter 2 (commencing with Section 230) of Division 1 of the Streets and Highways Code, and the related components necessary for safe operation of the highway.

(16) (A) "Military infrastructure," including, but not limited to, facilities on or near a military installation, that enhance the military operations and mission of one or more military installations in this state. To be eligible for funding, the project shall be endorsed by the Office of Planning and Research.

(B) For purposes of this subdivision, "military installation" means any facility under the jurisdiction of the Department of Defense, as defined in paragraph (1) of subsection (e) of Section 2687 of Title 10 of the United States Code.

(17) "Goods movement-related infrastructure" including port facilities, roads, rail, and other facilities and projects that move goods, energy, and information.

(18) "Housing-related infrastructure" including city streets; drainage, water supply, and flood control; environmental mitigation measures; power and communications; public transit improvement that directly supports transit-oriented housing; sewage collection and treatment; and water treatment and distribution.

(r) "Rate reduction bonds" has the meaning set forth in Section 840 of the Public Utilities Code.

(s) "Revenues" means all receipts, purchase payments, loan repayments, lease payments, and all other income or receipts derived by the bank or a sponsor from the sale, lease, or other financing arrangement undertaken by the bank, a sponsor, or a participating party, including, but not limited to, all receipts from a bond purchase agreement, and any income or revenue derived from the investment of any money in any fund or account of the bank or a sponsor and any receipts derived from transition property. Revenues shall not include moneys in the General Fund of the state.

(t) "Special purpose trust" means a trust, partnership, limited partnership, association, corporation, nonprofit corporation, or other entity authorized under the laws of the state to serve as an instrumentality of the state to accomplish public purposes and authorized by the bank to acquire, by purchase or otherwise, for retention or sale, the bonds of a sponsor or of the bank made or entered into pursuant to this division and to issue special purpose trust bonds or other obligations secured by these bonds or other sources of public or private revenues. Special purpose trust also means any entity authorized by the bank to acquire transition property or to issue rate reduction bonds, or both, subject to the approvals by the bank and powers of the bank as are provided by the bank in its resolution authorizing the entity to issue rate reduction bonds.

(u) "Sponsor" means any subdivision of the state or local government including departments, agencies, commissions, cities, counties, nonprofit corporations formed on behalf of a sponsor, special districts, assessment districts, and joint powers authorities within the state or any combination of these subdivisions that makes an application to the bank for financial assistance in connection with a project in a manner prescribed by the bank. This definition shall not be construed to require that an applicant have an ownership interest in the project. In addition, an electrical corporation shall be deemed to be the sponsor as well as the

participating party for any project relating to the financing of transition costs and the acquisition of transition property on the request of the electrical corporation and any person, company, corporation, partnership, firm, or other entity or group engaged in business or operation within the state that applies for financing of any economic development facility, shall be deemed to be the sponsor as well as the participating party for the project relating to the financing of that economic development facility.

(v) "State" means the State of California.

(w) "Transition costs" has the meaning set forth in Section 840 of the Public Utilities Code.

(x) "Transition property" has the meaning set forth in Section 840 of the Public Utilities Code.