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CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

**ASSEMBLY BILL****NO. 1036****Introduced by Assembly Members Eduardo Garcia and Cervantes****February 18, 2021**

An act to amend Section 63050 of, to add Section 8684.3 to, and to add Article 5.5 (commencing with Section 63047.5) to Chapter 2 of Division 1 of Title 6.7 of, the Government Code, relating to economic development, and making an appropriation therefor.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1036, Eduardo Garcia. California Manufacturing Emergency Preparedness Act of 2021.

Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act, establishes the California Infrastructure and Economic Development Bank (I-Bank). Among other things, the act authorizes I-Bank to make loans, issue bonds, and provide financial assistance to economic development or public development facilities.

Existing law establishes the Disaster Assistance Fund and continuously appropriates the fund for these purposes. Existing law provides that when funds are available for these purposes, the Governor may allocate the funds, in connection with relief provided, in affected areas during the period of federal disaster relief, to the Small Business Expansion Fund for use by I-Bank to provide guarantees for low-interest interim loans to be made by lending institutions for the purpose of providing interim financing to enable small businesses that have suffered actual physical damage or significant economic losses, as a result of the disaster or state of emergency for which funding is made available.

This bill would enact the California Manufacturing Emergency Preparedness Act of 2021, which would authorize I-Bank to establish the California Manufacturing Disaster Loan Program (disaster program) for the purpose of attracting, retaining, retooling, establishing, and expanding manufacturing and logistics capacity in the state, and would require I-Bank to establish directives and requirements for the implementation of the program. The bill would prohibit I-Bank from commencing the disaster program until it adopts a resolution finding that there is sufficient funding in the California Manufacturing Disaster Loan Program

Subaccount to cover the costs of implementing the program and that the I-Bank has sufficient direction from the Director of the Office of Emergency Services, as provided.

This bill would also authorize I-Bank to establish the California Manufacturing Competitiveness Loan Program (competitiveness program) for the purpose of attracting, retaining, and expanding manufacturing facilities and other companies in the state. The bill would prohibit the commencement of the competitiveness program unless there is sufficient money in the California Manufacturing Competitiveness Loan Program Subaccount, as specified.

This bill would establish the Manufacturing Program Account within the California Infrastructure and Economic Development Bank Fund, a California Manufacturing Disaster Loan Program Subaccount (disaster subaccount), and a California Manufacturing Competitiveness Loan Program Subaccount (competitiveness subaccount) within that account. The bill would create the competitiveness subaccount for purposes of providing direct loans issued pursuant to the competitiveness program, as provided.

This bill would authorize the Governor to activate one or more programs to provide loans to private business enterprises for the creation, maintenance, expansion, protection, or restoration of capacity or the production of essential materials. This bill would also authorize the Governor to allocate disaster relief funds, including funds in the Disaster Assistance Fund, to the disaster subaccount for use by I-Bank, to cover the costs of administering the disaster program and to provide direct loans made by lending institutions, and to forgive those loans in appropriate circumstances, for the purpose of providing financing to enable the manufacturing and logistics sectors to support the emergency needs of Californians.

This bill would provide that the moneys in the disaster subaccount be made available to I-Bank, upon a transfer of funds by the Director of Finance pursuant to an allocation by the Governor under the California Disaster Assistance Act, for specified purposes. The bill would authorize moneys in the Manufacturing Program Account to be allocated to a lending institution or financial company to act as trustee of the funds, with the approval of the Department of Finance. The bill would authorize I-Bank to create additional subaccounts in the account for specified purposes.

Because this bill would expand the purposes for which a continuously appropriated fund is expended and would deposit moneys and fees into a new, continuously appropriated account, the bill would make an appropriation.

This bill would require I-Bank to annually report, commencing with January 1, 2023, to the Governor and the Legislature on program activity, as specified, in any fiscal year that the program receives funding or has active loans.

This bill would further provide that specified provisions of the bill would be implemented only to the extent that sufficient moneys are available to I-Bank to implement the disaster or competitiveness program. The bill would permit these provisions to be used to meet California's manufacturing and logistics needs in response to the state of emergency declared by the Governor on March 4, 2020, related to the COVID-19 virus. The bill would prohibit I-Bank from entering into loans or lines of credit pursuant to the bill on or after January 1, 2030.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

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

**SECTION 1.** Section 8684.3 is added to the Government Code, immediately following Section 8684.2, to read:

**8684.3.** (a) (1) It is the intent of the Legislature to provide the Governor with appropriate emergency powers to address the manufacturing production and distribution needs of the state to protect the health and safety of Californians.

(2) It is the intent of the Legislature that the Governor utilize the authority provided by this section to provide direct loans, and to forgive those loans in appropriate circumstances, for purposes of addressing the financial requirements of businesses when retooling, repurposing, and expanding production and distributing products necessary to prevent shortages of essential goods.

(b) In addition to the allocations authorized in Section 8683, the Governor may allocate, to the extent the funds are authorized to be transferred, funds made available for the purposes of this chapter, in connection with relief provided, for the benefit of affected areas and in affected areas during the period of federal disaster relief, to the California Manufacturing Disaster Loan Program Subaccount in the Manufacturing Program Account established pursuant to Section 63047.54 for use by the California Infrastructure and Economic Development Bank pursuant to Article 5.5 (commencing with Section 63047.5) of Chapter 2 of Division 1 of Title 6.7. Funds allocated to the California Manufacturing Disaster Loan Program Subaccount in the Manufacturing Program Account pursuant to this section shall be used to cover costs related to the administration of the California Manufacturing Disaster Loan Program under Article 5.5 (commencing with Section 63047.5) of Chapter 2 of Division 1 of Title 6.7 and to provide direct loans made by lending institutions, and to forgive those loans in appropriate circumstances, for the purpose of providing financing to enable the manufacturing and logistics sectors to support the emergency needs of Californians.

**SEC. 2.** Article 5.5 (commencing with Section 63047.5) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

**Article 5.5. California Manufacturing Emergency Preparedness Act of 2021**

**63047.5.** This article shall be known, and may be cited, as the California Manufacturing Emergency Preparedness Act of 2021.

**63047.51.** The Legislature finds and declares all of the following:

(a) California is one of the largest and most diverse economies in the world, with a state gross domestic product of three trillion one hundred billion dollars (\$3,100,000,000,000) in 2019. Based on figures from the Department of Finance, if California were an independent nation it would rank as the fifth largest economy in the world.

(b) Historically, the state's significance in the global marketplace has resulted from a variety of factors, including, but not limited to:

(1) Its strategic west coast location that provides direct access to the growing markets in Asia.

(2) Its economically diverse regional economies and its large, ethnically diverse population, representing both a ready workforce and significant consumer base.

(3) Its access to a wide variety of venture and other private capital.

(4) Its broad base of small- and medium-sized businesses that support the global manufacturing supply chain.

(5) Its culture of innovation and entrepreneurship, particularly in the area of high technology.

(c) Historically, economic growth in California has outpaced the economic growth rate of the nation as a whole, and the state has led the nation in export-related jobs, business startups, and innovation. California leads the nation in the number of manufacturers.

(d) California's manufacturing sector, however, faces many challenges in maintaining global and domestic disaster preparedness, accessing a qualified workforce, and updating equipment and processes to meet domestic production needs during and following a declared state of emergency.

(e) A robust manufacturing sector offers many benefits to the state, including high-wage jobs, a basis for international trade, and one of the highest multiplier effects on other industries and businesses. It has been estimated that for every job created in manufacturing, 2.5 jobs are supported in other industry sectors. For instance, in the electronic computer manufacturing industry, that multiplier effect is 16 to 1.

(f) The federal Defense Production Act provides the President of the United States broad authority to ensure the timely availability of essential domestic industrial resources to support national defense, emergency response, and homeland security requirements through the use of highly tailored economic incentives. Among other objectives, the federal Defense Production Act is intended to be used to correct domestic industrial base shortfalls, including access to essential materials. Specifically, Title III of the federal Defense Production Act, one of three active federal programs, is designed to create, maintain, protect, expand, or restore domestic industrial base capabilities. Subchapter II authorizes a federal agency to provide guarantees of loans by private institutions for the purpose of financing any contractor, subcontractor, provider of critical infrastructure, or other person in support of production capabilities or supplies that are deemed necessary to create, maintain, expedite, expand, protect, or restore production and deliveries or essential services.

(g) State law provides a variety of powers for the Governor to use in response to crises or emergency circumstances threatening the state. Some of these authorities, deriving from the Constitution or statutory law, are continuously available to the Governor with little or no qualification. Other authority, including statutory delegations from the Legislature, exist on a standby basis and remain dormant until the Governor formally declares a state of emergency.

(h) When the COVID-19 pandemic began, the Governor of California did not have emergency financing authority like that offered under the federal Domestic Production Act. This resulted in the state not being able to offer attractive financing to medium- and large-sized manufacturers that would have been capable of substantially increasing production to address shortages in personal protective equipment (PPE), cleaning supplies, and other basic pandemic needs. The record shows that private individuals, private companies, and some public entities struggled to access important and potentially lifesaving resources. While some areas of the state had minimal problems meeting PPE needs, others, including the County of Imperial, experienced significant shortages.

(i) The COVID-19 pandemic demonstrated clear gaps in domestic production of essential products. While the State of California was sometimes able to outbid private purchasers, other states, and smaller nations in accessing critical health-related resources, this sometimes resulted in the state entering into purchasing agreements with fraudulent foreign companies and acceptance of the substandard products. The potential lack of domestic production and the need to pivot existing manufacturers to new and expanded lines of production requires the state to develop finance programs in advance of disasters so they can be activated once a state of emergency is declared.

(j) It is therefore the intent of the Legislature to strengthen the manufacturing capacity of California through the enactment and implementation of this article, to provide the framework and focus to retool and expand California's manufacturing facilities, support a vibrant logistics network, and retain and create more quality jobs.

(k) Loan forgiveness provided through this article produces two statewide benefits to the public by, first, supporting the state's manufacturing capacity to produce essential and scarce goods and, second, by supporting struggling businesses and their employees in the manufacturing sector that, in turn, support the state's emergency response and recovery efforts.

(l) It is therefore also the intent of the Legislature that the bank have the authority to forgive any loan provided through this article if forgiveness of the loan furthers the purposes of the program.

**63047.52.** Unless the context requires otherwise, for the purposes of this article, the following terms shall have the following meanings:

(a) "Administration expenses" means the reasonable and necessary expenses incurred by the bank in the administration of this article, including, without limitation, the fees and costs of paying agents, trustees, attorneys, consultants, and others.

(b) "Applicant" means a company, or a participating financial institution on behalf of a company, that applies to the bank for a loan, loan forgiveness for a loan issued pursuant to this article, or a line of credit to finance a project undertaken or proposed to be undertaken pursuant to this article. "Applicant" may be comprised of more than a single entity.

(c) "Bank" means the California Economic Development and Infrastructure Bank established pursuant to Chapter 1 (commencing with Section 63000).

(d) "Company" means a person, partnership, corporation, whether for profit or not, limited liability company, trust, or other private enterprise of whatever legal form, for which a project is undertaken or proposed to be undertaken pursuant to this article. "Company" may include more than a single enterprise.

(e) "Financial company" means banking organizations, including national banks and trust companies, savings and loan associations, certified community development financial institutions, microbusiness lenders, state insurance companies, mutual insurance companies, and other public and private banking, lending, retirement, and insurance organizations.

(f) "Financial development corporation" means any nonprofit California small business financial development corporation created pursuant to Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of Title 1 of the Corporations Code, or pursuant to Chapter 1 (commencing with Section 32000) of Division 15.5 of the Financial Code.

(g) "Financial institution" means regulated banking organizations, including national banks and trust companies authorized to conduct business in California and state-chartered commercial banks, trust companies, credit unions, and savings and loan associations.

(h) "Loan" means a loan, a portion of a loan, or a line of credit or portion of a line of credit made or extended by the bank, or by a participating financial institution on behalf of the bank, or by a participating financial institution pursuant to the bank's program, to a company for a project or for a portion of a project encompassing one or more of the activities or uses set forth in this article.

(i) "Logistics" means a business that can assist in the collection and distribution of a product, as classified as transportation and warehousing under the 2017 North American Industry Codes 48 and 49.

(j) "Manufacturer" means a business that is capable of manufacturing a product, as classified as manufacturing under the 2017 North American Industry Codes 31 to 33, inclusive.

(k) "Manufacturing Program Account" means the account established pursuant to Section 63047.54 within the California Infrastructure and Economic Development Bank Fund for moneys which are available for direct loans under this article.

(l) "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 pursuant to this article.

**63047.53.** (a) (1) In order to reduce current or projected shortfalls of industrial resources or materials essential for emergency response, the Governor may activate one or more programs to provide loans to private business enterprises, including nonprofit enterprises, for the creation, maintenance, expansion, protection, or restoration of capacity or the production of essential materials. This loan authority shall be activated upon the transfer of funds pursuant to Section 8684.3 from the Disaster Assistance Fund, established pursuant to Section 8690.25, to the Manufacturing Program Account, established pursuant to 63047.54.

(2) The bank may establish the California Manufacturing Disaster Loan Program pursuant to this article for the purpose of attracting, retaining, retooling, establishing, and expanding manufacturing and logistic capacity in the state.

(3) The bank may provide, under the program established pursuant to paragraph (2), loans from funds allocated to the California Manufacturing Disaster Loan Program Subaccount pursuant to Section 8684.3 to businesses in the manufacturing and logistics sectors to support state emergency response and recovery efforts. Loans provided pursuant to this paragraph shall be provided only to a business that meets either of the following requirements:

(A) The business is located in an area affected by a state of emergency that is in the state and that meets any of the following conditions:

(i) The President of the United States declares a state of emergency or disaster for the area.

(ii) The United States Small Business Administration designates the area as a disaster area or declares a disaster in the area.

(iii) The United States Secretary of Agriculture designates the area as a disaster area or declares a disaster in the area.

(iv) The Governor declares a state of emergency for the area.

(B) The business is located in the state and produces or distributes a product, or a component or resource necessary for the production of the product, that fulfills a need of the residents or businesses in an area affected by a state of emergency that is in the state and that meets any of the following conditions:

(i) The President of the United States declares a state of emergency or disaster for the area.

(ii) The United States Small Business Administration designates the area as a disaster area or declares a disaster in the area.

(iii) The United States Secretary of Agriculture designates the area as a disaster area or declares a disaster in the area.

(iv) The Governor declares a state of emergency for the area.

(4) The bank may also forgive, under the program established pursuant to paragraph (2), loans provided pursuant to this article, upon making a finding that forgiveness of the loan would further the purposes of this program. The bank may adopt, pursuant to paragraph (5), additional directives and requirements to qualify for loan forgiveness.

(5) The bank shall adopt directives and requirements for the implementation of this program consistent with this article. The bank shall not commence operation of the program before adopting a resolution finding that both of the following conditions are met:

(A) There is sufficient money in the California Manufacturing Disaster Loan Program Subaccount, established pursuant to Section 63047.54, to cover the costs of implementing the program, including, but not limited to, appropriate oversight costs.

(B) The bank has sufficient direction from the Director of the Office of Emergency Services to set program parameters that address the specific needs of the disaster, including, but not limited to, whether the loans are to be secured, unsecured, priority, or subordinated debt.

(b) The bank shall design the California Manufacturing Disaster Loan Program to meet all of the following objectives:

(1) Protect and enhance the state's long-term manufacturing capacity.

(2) Maintain jobs through the support of retooling, repurposing, establishing, and expanding manufacturing facilities during and immediately following a declaration of a state of emergency.

(3) Support quality manufacturing jobs that provide high wages, including benefits.

(4) Allow manufacturers to access funds under terms and conditions that would not otherwise be available in the private market.

(5) Strengthen the supply chain of small businesses that support this state's manufacturing preparedness.

(6) Assist manufacturers in cost effectively responding to the manufacturing needs of California during a state of emergency.

(c) Among other requirements, the loans and lines of credit provided pursuant to this article shall be subject to all of the following provisions:

(1) Applicants shall commit, as a condition of participating in the program, that all outstanding loans shall be paid in full six months before the relocation of a facility outside of California. If the loan included a subsidized amount, that amount shall also be repaid subject to a sliding scale adopted by the bank.

(2) Applicants shall demonstrate where the facility, or facilities, where the moneys will be expended are located and where the direct benefits of the assistance will be realized in the state.

(3) Upon the request of the bank, each applicant shall agree to report to the bank in the year the funding was provided, and the following years until the loan is repaid, the total employment at all its locations in California. The applicant shall also estimate the number of jobs created or retained through the provision of this state assistance, and provide other appropriate performance data, as determined by the bank.

(4) The Office of Emergency Services, based on information reasonably available to it, shall confirm that the use of the funds as proposed by the applicant will be consistent with existing or reasonably anticipated needs for the production or supply of an industrial resource or material that is essential for emergency response. An appropriate use of the funds under this paragraph shall include, but not be limited to, a private or nonprofit entity that has a contract or purchase agreement with the state to provide goods or services.

(5) Without the loan or line of credit being offered, the applicant is not otherwise able to access credit under reasonable terms or conditions sufficient to finance the activity.

(6) At least one of the following applies:

(A) If the purpose of activating the loan authority under paragraph (1) of subdivision (a) is for state government use, then the utilization of this loan authority is a cost-effective, expedient, and practical method for meeting the need identified in connection with paragraph (4).

(B) If the purpose of activating the loan authority under paragraph (1) of subdivision (a) is to provide products or services for use by a non-state entity, then the utilization of this loan authority is a cost-effective, expedient, and practical method for meeting the need identified in connection with paragraph (4).

(7) The prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan. However, the Office of Emergency Services may waive this requirement based on the level of need for the industrial resource or material.

(8) The agreement for the loan provides that no provision of the loan agreement may be amended or waived without the consent of the fiscal agent of the bank.

(d) (1) To cover the costs of administering the program, each applicant shall pay a nonrefundable application fee, including a proportional share of the costs of developing the program, reviewing applications, and monitoring and overseeing the program. Fee moneys shall be deposited directly into the California Manufacturing Disaster Loan Program Subaccount, established pursuant to Section 63047.54, for the purpose of ensuring that funds are available to the state for the sole purpose of administration of the program.

(2) Moneys allocated pursuant to Section 8684.3 and transferred pursuant to subdivision (b) of Section 63047.54 for purposes of administering this article may also be used to cover the costs of developing the program, reviewing applications, and monitoring and overseeing the program. If such moneys are used to cover these costs, the nonrefundable application fee shall be reduced accordingly.

(e) (1) The California Manufacturing Disaster Loan Program may be administered directly by the bank, or in conjunction with financial companies or financial institutions, in direct or indirect participation with special purpose entities established for manufacturing finance, or under contract with financial development corporations. The bank may pre-enroll a financial company, financial institution, or financial development corporation to administer the program.

(2) Notwithstanding any other law, the bank may implement, in whole or in part, the California Manufacturing Disaster Loan Program with the administrative support of the California Small Business Finance Center, established pursuant to Section 63088.5, or other state entity determined by the bank as being qualified to support the implementation of the program.

**63047.53.1.** (a) The bank may establish the California Manufacturing Competitiveness Loan Program pursuant to this article for the purpose of attracting, retaining, and expanding manufacturing facilities and other companies in the state. The bank shall adopt directives and requirements for the implementation of this program consistent with this article. The bank shall not

commence operation of the program before adopting a resolution finding that there is sufficient money in the California Manufacturing Competitiveness Loan Program Subaccount, established pursuant to Section 63047.54, to cover the costs of implementing the program, including, but not limited to, appropriate oversight costs.

(b) The bank shall design the California Manufacturing Competitiveness Loan Program to meet all of the following objectives:

- (1) Encourage the development of the state's long-term manufacturing capacity.
- (2) Create jobs through the support of retooling and expansion of manufacturing facilities.
- (3) Support quality manufacturing jobs that provide high wages, including benefits.
- (4) Allow manufacturers to access funds under terms and conditions that would not otherwise be available in the private market.
- (5) Strengthen the supply chain of small businesses that support this state's manufacturing competitiveness.
- (6) Assist manufacturers in cost effectively responding to energy efficiency regulations and new technologies.

(c) (1) The bank shall adopt directives and requirements to evaluate and approve applicants for loans or lines of credit and to evaluate and certify the participating financial institutions that may make loans or extend lines of credit on its behalf or directly to companies pursuant to the bank's program.

(2) The evaluation and approval of applicants shall include the assessment of the applicant's creditworthiness and the valuation of guarantees and collateral to be posted by the applicant to secure payment of principal and interest on the loan or line of credit.

(3) The evaluation and certification of participating financial institutions shall include an assessment of the standards for due diligence for each loan or line of credit made on behalf of the bank or made directly to a company pursuant to the bank's program.

(4) The bank shall provide for the development and administration of the application, review, and evaluation process for the program, including, but not limited to, defining the eligibility standards, rating and ranking criteria, and other appropriate policies and procedures for implementing and overseeing the program pursuant to this article.

(5) Among other requirements, the loan and line of credit shall be subject to all of the following provisions:

(A) Outstanding loans shall be paid in full six months before the relocation of a facility outside of California. If the loan included a subsidized amount, that amount shall also be repaid subject to a sliding scale adopted by the bank.

(B) Applicants shall demonstrate where the facility or facilities where the moneys will be expended are located and where the direct benefits of the assistance will be realized in the state.

(C) Wages the applicant pays its employees in the state shall, on average, be equal to or more than the average monthly wage rate for similar workers in the same industry subsector.

(D) Upon the request of the bank, each applicant shall agree to report to the bank in the year the funding was provided, and the following years, on total capital investments made by the company, the total employment at the project facility, and the wage levels by type of work. The applicant shall also estimate the number of jobs created or retained through the provision of this state assistance, as well as provide other appropriate performance data, as determined by the bank.

(d) (1) The bank shall develop a process for the ongoing monitoring of current and outstanding loans and lines of credit and develop and maintain a database on loans or lines of credit from the fund, which shall include data related to the applicant, participating financial institution, the project, the terms of each loan or line of credit, and the status of each loan or line of credit.

(2) The bank shall provide technical assistance to participating financial institutions in order to increase utilization of the minimum documentation, underwriting, and servicing standards.

(e) The bank's evaluation criteria for reviewing applications and determining financing approvals shall include all of the following:

(1) Whether employment benefits arising out of the use of the financing secures the employment of existing employees or increases the overall number of full-time employees of the company.

(2) Whether the company provides compensation for employees at the project facility that exceeds the average compensation for similar employment within the company's jurisdiction or within the state.

(3) Whether the company provides health benefits to employees employed at the project facility or contributions to employee retirement benefits.

(4) Whether the project will provide energy, mineral or natural, or cultivated resource conservation benefits.

(5) Whether the project will include building certified environmentally beneficial facilities, bringing existing facilities up to certified environmentally beneficial status, or implementing greenhouse gas reduction technologies, implementing energy efficiency measures, and installing renewable energy equipment.

(6) Whether the company purchases raw materials or other products from California-based companies.

(f) To cover the costs of administering the program, each applicant shall pay a nonrefundable application fee, including a proportional share of the costs of developing the program, reviewing applications, and monitoring and overseeing the program. Fee moneys shall be deposited directly into the California Manufacturing Competitiveness Loan Program Subaccount, established pursuant to Section 63047.54, for the purpose of ensuring that funds are available to the state for the sole purpose of administration of the program.

**63047.54.** (a) (1) The Manufacturing Program Account is hereby created within the California Infrastructure and Economic Development Bank Fund. No moneys other than those moneys in the account may be used for direct loans issued pursuant to this article.

(2) A California Manufacturing Disaster Loan Program Subaccount is hereby created within the Manufacturing Program Account. Upon a transfer of funds pursuant to subdivision (b), moneys in the account shall be expended for direct loans issued pursuant to this article for the California Manufacturing Disaster Loan Program and associated administrative costs of the bank, including administrative costs incurred by the California Small Business Finance Center pursuant to subdivision (e) of Section 63047.53.

(3) A California Manufacturing Competitiveness Loan Program Subaccount is hereby created within the Manufacturing Program Account. Upon the availability of funds in the subaccount, moneys in the subaccount shall be expended for direct loans issued pursuant to this article for the California Manufacturing Competitiveness Loan Program and associated administrative costs of the bank.

(4) The bank may create subaccounts in the Manufacturing Program Account for moneys relating to providing direct loans under the California Manufacturing Disaster Loan Program or California Manufacturing Competitiveness Loan Program. The bank may also create, if the bank deems it is necessary, subaccounts in the Manufacturing Program Account for purposes of implementing this article, other than for providing direct loans.

(b) The Director of Finance, with the approval of the Governor, shall transfer moneys allocated into funds pursuant to Section 8684.3 to the California Manufacturing Disaster Loan Program Subaccount and the appropriate subaccounts described in paragraph (4) of subdivision (a) relating to the California Manufacturing Disaster Loan Program in an amount necessary for direct loans pursuant to Section 8684.3 and this article and to pay the administrative costs of the bank.

(c) All moneys received from the federal government, foundations, and other public or private funding sources for the purpose of implementing the California Manufacturing Disaster Loan Program or California Manufacturing Competitiveness Loan Program shall be deposited in the appropriate subaccounts in the Manufacturing Program Account. All loan repayments, interest, and royalties shall be deposited back into the appropriate subaccounts in the Manufacturing Program Account.

(d) The bank shall not commence implementation of the program before adopting a resolution finding that there is sufficient money in the appropriate subaccount to cover the costs of implementing the California Manufacturing Disaster Loan Program or California Manufacturing Competitiveness Loan Program, including, but not limited to, appropriate oversight costs.

(e) Upon the transfer of funds pursuant to subdivision (b), all or a portion of the funds in the account or subaccounts may be allocated by the bank, with the approval of the Department of Finance, to a lending institution or financial company that will act as trustee of the funds.

**63047.55.** (a) Notwithstanding Section 10231.5, the bank shall annually report, by January 1, commencing on January 1, 2023, to the Governor and the Legislature, pursuant to Section 9795, on program activity in any fiscal year that the California Manufacturing Disaster Loan Program or California Manufacturing Competitiveness Loan Program receives funding or has active loans.

(b) At a minimum, the information provided pursuant to subdivision (a) shall include all of the following:

(1) The total amount of moneys in the Manufacturing Program Account and its subaccounts, at the beginning of the fiscal year and at the end of the fiscal year.

(2) The number of projects funded and the number of manufacturers and other businesses assisted.

(3) The number of jobs created and the number of jobs retained through program assistance in each of the fiscal years.

(4) Information on publicly held companies shall be reported separately from other companies.



(5) Information on the size of each business assisted based on number of employees. The information required by this paragraph shall be categorized as follows:

(A) Less than 49 employees.

(B) 50 to 99 employees.

(C) 100 to 499 employees.

(D) 500 or more employees.

(c) The bank may include the information required by this section in any annual report of the bank, including, but not limited to, the annual report required by Section 63089.98, in lieu of submitting a separate report for purposes of complying with this section.

**63047.56.** (a) This article shall be implemented only to the extent that sufficient moneys are available to the bank to administer the California Manufacturing Disaster Loan Program or California Manufacturing Competitiveness Loan Program.

(b) This article may be used to meet California's manufacturing and logistics needs in response to the March 4, 2020, proclamation of a state of emergency in response to the COVID-19 virus.

(c) The bank shall not enter into any loan or line of credit pursuant to this article on or after January 1, 2030.

**SEC. 3.** Section 63050 of the Government Code is amended to read:

**63050.** (a) There is hereby created in the State Treasury the California Infrastructure and Economic Development Bank Fund for the purpose of implementing the objectives and provisions of this division. Within the fund there shall also be established a Sponsor Revenue Bond Account, a Participating Party Revenue Bond Account, a State Infrastructure Revolving Account, a Manufacturing Program Account, and additional accounts and subaccounts that the bank may establish from time to time.

(b) Notwithstanding Section 13340 and except as provided in subdivision (c), all moneys in the infrastructure bank fund are continuously appropriated without regard to fiscal years for the support of the bank and shall be available for expenditure for the purposes stated in this division.

(c) Moneys in the infrastructure bank fund shall be available for expenditure for general administration only upon appropriation by the Legislature. This subdivision shall not limit the authority of the bank to expend funds directly related to the servicing of approved debt. Moneys in the fund shall be available for the purpose of general administration of the authority only upon appropriation by the Legislature, but not more than 5 percent of any bond proceeds administered by the authority may be expended to cover the costs of issuance, as that terminology is defined under Section 147 (G) of the Internal Revenue Code.

(d) Notwithstanding any other provision of this division, not more than 15 percent of the financing annually approved by the executive director that utilizes state funds from the infrastructure bank fund may be expended upon educational facilities, environmental mitigation measures, and parks and recreational facilities.

(e) The executive director may transfer funds between the infrastructure bank fund and the guarantee trust fund when appropriate to accomplish the financing objectives of this division.