

Date of Hearing: April 24, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 427 (Muratsuchi) – As Introduced February 9, 2017

**SUBJECT:** California Aerospace Commission

**SUMMARY:** Establishes the California Aerospace Commission (CAC) to foster the development of California's aerospace industry. Specifically, **this bill:**

- 1) Establishes CAC to foster the development of activities in California related to aerospace, including, but not limited to, aviation, commercial and governmental space travel, unmanned aerial vehicles, aerospace education and job training, infrastructure and research launches, manufacturing, academic research, applied research, economic diversification, business development, tourism, and education.
- 2) Requires CAC to be an official recipient of grants from state or local government sources or from private businesses or individuals, for California aerospace-related activities, including, but not limited to, studies, services, infrastructure improvements, and modernization.
- 3) Requires CAC to be an advocate in support of California aerospace-related activities, including, but not limited to, the businesses, facilities, programs, developments, alterations, modifications, educational activities, and other programs impacting those activities.
- 4) Requires CAC to identify and recommend changes in federal, state, and local statutes and regulations that will enhance the development of California aerospace-related activities.
- 5) Requires CAC to report on the economic and employment impacts of California aerospace-related activities and make recommend appropriate state funding mechanisms and amounts to promote development of California aerospace-related activities to the Governor and the Legislature, as specified.
- 6) Requires CAC to act as a clearinghouse for aerospace-related issues and information and foster and promote activities related to aerospace in all parts of California.

**EXISTING LAW:**

- 1) Establishes the Spaceport Office in the California Department of Transportation (Caltrans) with the primary responsibility to seek and obtain federal funding for the commercialization of private space activities in the state.
- 2) Establishes the Governor's Office of Business and Economic Development (GO-Biz), which is administered by a director appointed by the Governor, with the purpose of serving as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment and economic growth.
- 3) Establishes within GO-Biz the California Film Commission, the Office of Tourism and California Travel and Tourism Commission, and elsewhere within state government, various other boards and commissions.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Since the early part of the 20th century, aerospace has been a major industry in California, beginning with a few aircraft builders around World War I, and then vastly expanding in the mobilization for World War II. The industry steadily grew during the Cold War encompassing a wide range of activities, including military and civilian aircraft, reconnaissance and communications satellites, strategic missiles, and space exploration. By the 1980s, about 40% of the aerospace business resided in southern California, and the industry employed close to a half-million people. After the Cold War, declining military spending resulted in significant downsizing of the aerospace industry, and the 2008 economic downturn led to a reduction in state and private funding for aerospace ventures through the Space Enterprise Development Program, which was abolished when the functions of the now-defunct Business, Transportation, and Housing Agency (BTH) were re-assigned in 2014. While existing law creates the Spaceport Office housed in Caltrans with the primary responsibility to seek and obtain federal funding for the commercialization of private space activities in the state, there are currently no personnel assigned to this program.

Despite changes in the industry, according to the author, aerospace in California boasts a gross domestic product exceeding that of the state's film, television, and agricultural industries combined, with over 200,000 Californians directly employed by the industry, and more than 500,000 employed in related fields.

This bill would create CAC to reinvigorate California's aerospace industry by fostering development of aerospace-related activities and recommending and advocating for changes to state policy to enhance the development of those activities.

*Committee concerns:* This bill does not provide much direction on how CAC would be structured or how it would function on a day-to-day basis. It is not clear where this new state entity would be housed. The makeup of commission members is not addressed. The bill does not specify if CAC would be authorized to hire staff or if it would rely on existing state resources, and it does not identify any funding source for its activities.

*Proposed author's amendments:*

- 1) To address the question of this entity's proper placement and configuration in state government, the author proposes to amend this bill to specify that CAC be housed in GO-Biz, which already acts as the lead state agency on business development, private sector investment and economic growth. GO-Biz already houses several similar commissions, including the California Film Commission and the California Travel and Tourism Commission, to conduct similar activities in their respective industries.
- 2) The author proposes to make a technical correction on page 3, line 15 of the bill, replacing the word "Legislation" with the word "Legislature."

*Double-referral:* This bill passed out of the Assembly Arts, Entertainment, Sports, Tourism, and Internet Media Committee on April 5, 2017, with a 6-0 vote.

*Previous legislation:* AB 2600 (Lackey) of 2016, would have requested the Regents of the University of California to establish the California Institute for Aerospace to achieve specified goals relating to the development of the aerospace industry in the state and would request the

regents to locate the California Institute for Aerospace at a satellite campus within 20 miles of Edwards Air Force Base or United States Air Force Plant. AB 2600 was held on the Assembly Appropriations Committee Suspense File.

SB 1215 (Allen) of 2016 was substantially similar to this bill and was held on the Senate Appropriations Committee Suspense File.

SB 506 (Fuller) of 2015 would have established a military and aerospace program within GO-Biz tasked with activities related to state and local defense retention, conversion and base reuse activities and urged local governments impacted by military installations to cooperate in efforts to retain these installations and recognizes a local retention authority for each active military installation in the state. SB 506 was held in the Senate Appropriations Committee Suspense File.

AB 2763 (Committee on Accountability and Administrative Review), Chapter 401, Statutes of 2014, reallocated specific duties of the abolished BTH Agency to GO-Biz and the California State Transportation Agency and eliminated language regarding the Space Enterprise Development Program

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

**Analysis Prepared by:** Justin Behrens / TRANS. /