

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN ASSEMBLY JUNE 14, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE APRIL 23, 2013

AMENDED IN SENATE APRIL 9, 2013

AMENDED IN SENATE APRIL 1, 2013

**SENATE BILL**

**No. 64**

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**Introduced by Senator Corbett**

January 10, 2013

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An act to add Section 16428.96 to the Government Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 64, as amended, Corbett. California Global Warming Solutions Act of 2006: market-based compliance mechanisms: Clean Technology Investment Innovation Account.

*Existing law establishes the Governor's Office of Business and Economic Development and sets forth its powers and duties as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. The office makes recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.*

The California Global Warming Solutions Act of 2006, hereafter the Global Warming Solutions Act, designates the State Air Resources

Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. Existing law permits moneys from the fund be allocated for the research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded under the *California Global Warming Solutions Act of 2006*.

This bill would create the Clean Technology ~~Investment~~ *Innovation* Account within the Greenhouse Gas Reduction Fund. The bill would require the Legislature to annually appropriate moneys from the Greenhouse Gas Reduction Fund or other funds to the Clean Technology ~~Investment~~ *Innovation* Account in the Budget Act. The bill would make the moneys in the Clean Technology ~~Investment~~ *Innovation* Account available to the ~~state board~~ *Governor's Office of Business and Economic Development* for the purposes of ~~providing grants to nonprofit public benefit corporations and regional technology alliances to design and implement programs that accelerate the development, demonstration, and deployment by companies and entrepreneurs of transformative technologies that would reduce or have the potential to reduce greenhouse gas emissions and foster job creation in the state~~ *evaluating the efficacy of a new technology or product to potentially reduce greenhouse gas emissions, providing grants for technologies or products that have been evaluated and confirmed to have the potential to reduce greenhouse gas emissions, and providing grants to entities that operate programs that target technologies or products that have the potential to reduce greenhouse gas emissions*, as specified. *The bill would require the office to establish a Science and Business Review Committee, with a prescribed membership, to provide programmatic and technical expertise to the office.*

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 16428.96 is added to the Government*  
2 *Code, to read:*

3     16428.96. (a) *There is hereby created the Clean Technology*  
4 *Innovation Account within the Greenhouse Gas Reduction Fund,*  
5 *established pursuant to Section 16428.8. As part of the annual*  
6 *Budget Act, the Legislature shall appropriate moneys from the*  
7 *Greenhouse Gas Reduction Fund or other funds to the Clean*  
8 *Technology Innovation Account.*

9     (b) *Funds in the Clean Technology Innovation Account shall,*  
10 *upon appropriation by the Legislature, be expended by the*  
11 *Governor’s Office of Business and Economic Development for the*  
12 *following purposes:*

13     (1) *To evaluate the efficacy of a new technology or product to*  
14 *potentially reduce greenhouse gas emissions and quantify the*  
15 *potential emissions reduction on a per unit basis. The office shall*  
16 *develop criteria for the evaluation of greenhouse gas emissions*  
17 *and efficacy programs, and the development of appropriate metrics,*  
18 *in consultation with the Science and Business Review Committee,*  
19 *established pursuant to subdivision (c). The office shall contract*  
20 *with the University of California, the California State University,*  
21 *other academic institutions, federal laboratories, nonprofit*  
22 *organizations, or any combination thereof, with the necessary*  
23 *expertise to perform these evaluations.*

24     (2) *To provide grants for technologies or products that have*  
25 *been evaluated and confirmed to have the potential to reduce*  
26 *greenhouse gas emissions pursuant to paragraph (1) and that*  
27 *require financial assistance for commercialization. The Science*  
28 *and Business Review Committee established pursuant to*  
29 *subdivision (c) shall assist the office to establish priorities for*  
30 *funding, including, but not limited to, funding technologies or*  
31 *products with the highest quantified per unit emissions reduction,*  
32 *with the greatest likelihood of early or widespread adoption, or*  
33 *both, or providing a strategic contribution to achieving the state’s*  
34 *greenhouse gas reduction goals. The office shall also consider the*  
35 *commercial viability of the product or technology in arriving at*  
36 *its funding decisions. Funding shall be used for activities occurring*  
37 *in California, including, but not limited to, manufacturing.*

1 (3) (A) *To provide grants on a competitive basis to entities that*  
2 *operate programs that specifically target technologies or products*  
3 *that have the potential to reduce greenhouse gas emissions. Eligible*  
4 *entities shall be located in California and shall assist*  
5 *California-based start-ups and entrepreneurs, including nonprofit*  
6 *incubators and accelerators, regional technology alliances,*  
7 *technology transfer and commercialization programs, or other*  
8 *public or private consortiums. Nonprofit organizations shall be*  
9 *qualified under Section 501(c)(3) of the Internal Revenue Code.*  
10 *Not more than 20 percent of the funds in the account shall be used*  
11 *for the purposes described in this paragraph.*

12 (B) *Funds may be used for activities that include, but are not*  
13 *limited to, all of the following:*

14 (i) *Entrepreneurial training, emphasizing skills and abilities*  
15 *needed to successfully create and run small businesses.*

16 (ii) *Providing access to capital and strategic partners by*  
17 *assisting early-stage companies to identify potential investors and*  
18 *strategic partners, facilitating connections, and securing capital.*

19 (iii) *Providing demonstration or prototyping capabilities and*  
20 *equipment, either in house or in partnerships with local providers.*

21 (iv) *Providing long-term structured programs to support startup*  
22 *businesses as their business plans and technology develop,*  
23 *including development of deployment plans and negotiation of*  
24 *licensing agreements, technology transfers, and patenting.*

25 (v) *Providing a physical site to operate the business.*

26 (C) *Priority shall be given to entities demonstrating all of the*  
27 *following characteristics:*

28 (i) *Is a nonprofit organization that qualifies as an exempt*  
29 *organization under Section 501(c)(3) of the Internal Revenue Code.*

30 (ii) *Has a board of advisors with diversity of expertise, including*  
31 *science, business financing, management, market evaluations,*  
32 *legal, and marketing.*

33 (iii) *Strong evidence of investors and corporate relationships,*  
34 *either directly through the nonprofit incubator or through*  
35 *relationships with local economic development organizations, such*  
36 *as having a multiyear track record of attracting and vetting*  
37 *California clean technology companies or demonstrating successful*  
38 *fundraising by companies that have been through the entity's*  
39 *program.*

1 (iv) *Has data collection on start-ups and ventures served, as*  
2 *well as services provided, with performance and service metrics*  
3 *being collected for a minimum of three years.*

4 (c) (1) *The office shall establish a Science and Business Review*  
5 *Committee to provide programmatic and technical expertise to*  
6 *the office. The committee membership shall consist of one person*  
7 *from each of the following entities:*

- 8 (A) *The State Air Resources Board.*
- 9 (B) *The Department of Food and Agriculture.*
- 10 (C) *The Department of Water Resources.*
- 11 (D) *The State Water Resources Control Board.*
- 12 (E) *The State Energy Resources Conservation and Development*  
13 *Commission.*
- 14 (F) *The Department of Transportation.*
- 15 (G) *The California Council on Science and Technology.*

16 (2) *Persons from other departments or academic institutions*  
17 *whose expertise the office deems necessary may act as advisors*  
18 *to the committee.*

19 (d) *The Science and Business Review Committee shall assist*  
20 *the office to do all of the following:*

- 21 (1) *Develop criteria for greenhouse gas emissions evaluation*  
22 *and efficacy programs, and determine the appropriate metrics*  
23 *pursuant to paragraph (1) of subdivision (b).*
- 24 (2) *Determine funding priorities and develop the policy*  
25 *guidelines for the grant programs described in paragraphs (2)*  
26 *and (3) of subdivision (b), including the project solicitation policies*  
27 *and evaluation criteria.*
- 28 (3) *Evaluate and score funding requests.*

29 (e) *In developing the guidelines for the grant programs, the*  
30 *Science and Business Review Committee shall assist the office to*  
31 *do all of the following:*

- 32 (1) *Consult with interested parties, including, but not limited*  
33 *to, parties from the clean technology industry, academic*  
34 *institutions, and the investment and business community.*
- 35 (2) *Establish policies regarding intellectual property rights*  
36 *arising from research and projects funded by the grants, which*  
37 *shall balance the opportunity of the State of California to benefit*  
38 *from the patents, royalties, and licenses that result from that*  
39 *research and those projects, with the need to ensure that essential*

1 *clean technology research is not unreasonably hindered by the*  
2 *intellectual property agreements.*

3 *(3) Establish policies to recapture, in whole or in part, grants*  
4 *to new and existing companies that fail to maintain a substantial*  
5 *business presence within California for a reasonable period of*  
6 *time after receiving the grant, taking into consideration the amount*  
7 *of the grant, the ratio of public to private funds used for those*  
8 *activities, and the value of any intellectual property agreements*  
9 *entered into with the state.*

10 *(4) Establish reporting requirements and other conditions*  
11 *necessary to manage an effective program, including, but not*  
12 *limited to, meaningful measurements to demonstrate and be able*  
13 *to quantify the effectiveness of program outcomes, fund matching*  
14 *requirements, if any, and minimum or maximum dollar amount of*  
15 *grants to be awarded.*

16 *(f) Not more than 5 percent of the funds appropriated from the*  
17 *account shall be used to pay the costs incurred in the*  
18 *administration of the program.*

19 *(g) The office shall conduct a public meeting to consider public*  
20 *comments before finalizing the guidelines for the grant programs.*  
21 *At least 30 days before the public meeting, the office shall publish*  
22 *the draft solicitation and evaluation guidelines on its Internet Web*  
23 *site.*

24 *(h) Criteria and guidelines adopted by the office to implement*  
25 *this section are exempt from Chapter 3.5 (commencing with Section*  
26 *11340) of Division 3.*

27 ~~SECTION 1. It is the intent of the Legislature that moneys in~~  
28 ~~the Clean Technology Investment Account be used to facilitate~~  
29 ~~the achievement of reductions of greenhouse gas emissions in this~~  
30 ~~state consistent with paragraph (7) of subdivision (c) of Section~~  
31 ~~39712 of the Health and Safety Code.~~

32 ~~SEC. 2. Section 16428.96 is added to the Government Code,~~  
33 ~~to read:~~

34 ~~16428.96. (a) There is hereby created the Clean Technology~~  
35 ~~Investment Account within the Greenhouse Gas Reduction Fund,~~  
36 ~~established pursuant to Section 16428.8. Moneys in the Clean~~  
37 ~~Technology Investment Account shall be available for expenditure~~  
38 ~~by the State Air Resources Board for the purposes of this section,~~  
39 ~~upon appropriation by the Legislature. The Legislature shall~~  
40 ~~annually appropriate moneys from the Greenhouse Gas Reduction~~

1 Fund or other funds to the Clean Technology Investment Account  
2 in the annual Budget Act.

3 ~~(b) (1) Moneys in the Clean Technology Investment Account~~  
4 ~~shall be expended by the State Air Resources Board for grants to~~  
5 ~~design and implement programs that accelerate the development,~~  
6 ~~demonstration, and deployment by companies and entrepreneurs~~  
7 ~~of transformative technologies that would reduce or have the~~  
8 ~~potential to reduce greenhouse gas emissions and foster job creation~~  
9 ~~in the state.~~

10 ~~(2) The State Air Resources Board shall make grants available~~  
11 ~~pursuant to paragraph (1) to either of the following:~~

12 ~~(A) Nonprofit public benefit corporations formed pursuant to~~  
13 ~~the Nonprofit Corporation Law (Division 2 (commencing with~~  
14 ~~Section 5000) of the Corporations Code) that are qualified to do~~  
15 ~~business in California and are qualified under Section 501(c)(3)~~  
16 ~~of the Internal Revenue Code.~~

17 ~~(B) Regional technology alliances.~~

18 ~~(3) Not more than 5 percent of the moneys appropriated to the~~  
19 ~~State Air Resources Board pursuant to this section shall be used~~  
20 ~~to pay the costs associated with administering this section.~~

21 ~~(c) Priority for grants awarded pursuant to subdivision (b) shall~~  
22 ~~be given to nonprofit public benefit corporations and regional~~  
23 ~~technology alliances that have one or more of the following:~~

24 ~~(1) A demonstrated ability to accelerate innovative technologies~~  
25 ~~intended to reduce greenhouse gas emissions.~~

26 ~~(2) A demonstrated ability to attract private capital.~~

27 ~~(3) Access to a broad network of resources, including, but not~~  
28 ~~limited to, sponsoring entities, outside venture capital, academia,~~  
29 ~~volunteers, and mentors.~~

30 ~~(4) Operate as part of a larger effort that it can leverage for the~~  
31 ~~purposes of the programs designed pursuant to paragraph (1) of~~  
32 ~~subdivision (b).~~

33 ~~(5) An ability to match public funds with private resources,~~  
34 ~~whether actual cash or in-kind contributions.~~

35 ~~(d) Prior to disbursing moneys pursuant to this section, the State~~  
36 ~~Air Resources Board shall develop and adopt project solicitation~~  
37 ~~and evaluation guidelines. The state board shall conduct a public~~  
38 ~~meeting to consider public comments prior to finalizing the~~  
39 ~~guidelines. At least 30 days prior to the public meeting, the state~~

1 ~~board shall publish the draft solicitation and evaluation guidelines~~  
2 ~~on its Internet Web site.~~  
3 ~~(e) The Administrative Procedure Act (Chapter 3.5 (commencing~~  
4 ~~with Section 11340) of Part 1 of Division 3 of Title 2) does not~~  
5 ~~apply to the development of program guidelines and solicitation~~  
6 ~~and evaluation guidelines developed pursuant to this section.~~