



Governor's Office of Business and Economic Development (GO-Biz)



PRESENTATION TO:

PORT TECH EXPO 2014

SEPTEMBER 17, 2014



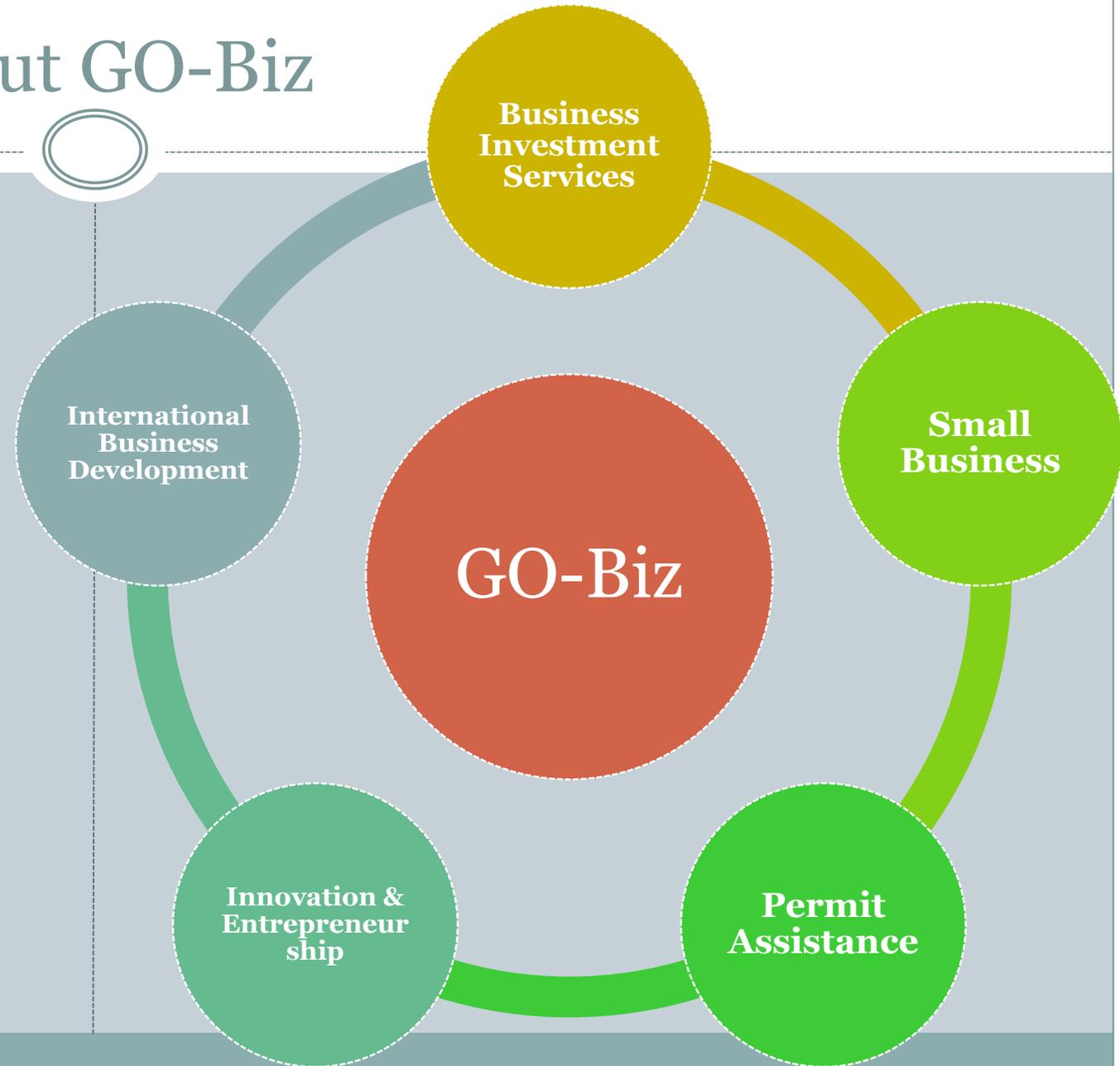
About GO-Biz

5 Primary Business Units:

- Business Investment Services
- Small Business Advocate
- Permit Assistance
- Innovation and Entrepreneurship
- International Affairs and Business Development

As well as:

- Infrastructure & Economic Development Bank
- California Film Commission
- California Commission on Travel & Tourism





Presentation Outline



- California Plans for Freight Mobility and Sustainable Freight
- California Innovation Hub Program
- California Business Investment Services



California Plans for Freight Mobility and Sustainable Freight



1. CALIFORNIA FREIGHT MOBILITY PLAN

2. CALIFORNIA SUSTAINABLE FREIGHT INITIATIVE



Background



California's freight transport system:

- Is the most extensive and interconnected system in the United States
- In 2011, moved over 165 million tons of goods (valued at over \$690 billion), to markets in the United States, and over \$180 billion worth of freight exports to markets around the world.
- Is composed of several deep water seaports, cargo airports, border crossings, and a vast warehousing and distribution sector; connected by a network of over 11,000 miles of railroad track and Interstate and State highways.
- Depends on interconnected facilities working in concert with one another to move freight in and out of California to the rest of the nation and the globe

California recognizes that the emissions from ships, harbor craft, trucks, locomotives, cargo equipment, and aircraft continue to be significant contributors of direct PM_{2.5}, black carbon, and greenhouse gas emissions, as well as the nitrogen oxides and sulfur oxides that form ozone and PM_{2.5}.

The interwoven nature of the system aggregates emissions from vehicles and equipment in close proximity to nearby residents and poses health risks to surrounding communities; highlighting the need for additional steps to protect public health.



Background



For over a decade, the collective efforts from impacted communities, air quality agencies, the ports, and the freight industry as a whole have made significant progress in reducing air quality impacts from the movement freight.

A major milestone was the adoption of the [*Emission Reduction Plan for Ports and Goods Movement in California*](#) by the Air Resources Board (ABR or Board) in 2006 which identified specific actions to reduce emissions and protect public health.

More recently, regional, State and national efforts, such as SCAG's 2012 Regional Transportation Plan, California's Freight Mobility Plan, and the federal reauthorization of MAP-21, have continued to keep freight issues at the forefront of transportation discussions around the State and throughout the country.

California Freight Mobility Plan

Vision: As the national gateway for international trade and domestic commerce, California enhances economic competitiveness by collaboratively developing and operating an integrated, multimodal freight transportation system that provides safe, sustainable freight mobility. This system facilitates the reliable and efficient movement of freight while ensuring a prosperous economy, social equity, and human and environmental health.

- *Required by Federal and State Policy*
 - *Moving Ahead for Progress in the 21st Century Act (MAP-21)*
 - ✦ *Federal act encouraging each state to develop a freight plan*
 - *Assembly Bill 14 (Lowenthal, 2013)*
 - ✦ *Comprehensive plan that governs immediate and long range planning activities and State investment with respect to the movement of freight in California*
- *Lead: California State Transportation Agency, Department of Transportation (CalTrans)*



Freight Mobility Plan - 6 Goals:



- **Economic Competitiveness –**
 - ✦ Improve the contribution of the California freight transportation system to support economic efficiency, productivity, and competitiveness.
- **Congestion Relief**
 - ✦ Reduce costs to users by minimizing congestion on the freight transportation system.
- **Safety and Security**
 - ✦ Improve the safety, security, and resilience of the freight transportation system.
- **Freight System Infrastructure Preservation**
 - ✦ Improve the state of good repair of the freight transportation system.
- **Innovative Technology and Practices**
 - ✦ Use innovative technology and practices to operate, maintain, and optimize the efficiency of the freight transportation system while reducing its environmental and community impacts.
- **Environmental Stewardship**
 - ✦ Avoid and reduce adverse environmental and community impacts of the freight transportation system.



Freight Mobility Plan



- Freight Mobility Plan expected to be finalized by December 31, 2014
- CalTrans needs to hear from you before **October 9, 2014**
 - What about freight is most important to you?
 - What are your freight concerns?
 - How you would like to invest freight dollars?
 - Is there any important freight information you would like in the plan?
- **CFMP@dot.ca.gov**



Sustainable Freight Transport Initiative

Sustainable Freight Strategy

Feeds into the State Implementation Plan and the Climate Change Scoping Plan

Builds on the 2006 Emission Reduction Plan for Ports and Goods Movement in California

Connects with MAP-21, the Freight Mobility Plan and SCAG's 2012 Regional Transportation Plan

- *An initiative to develop the Sustainable Freight Strategy*
 - *ARB Resolution 14-2 adopted in January 2014*
 - *The purpose of the Strategy is to identify and prioritize actions to move California towards a sustainable freight transport system that is characterized by improved efficiency, zero or near-zero emissions, and increased competitiveness of the logistics system.*
 - *Staff also directed to complete a sector based technology and fuel assessment on trucks, rail, ships, commercial harbor craft, cargo handling equipment and aircraft.*
- *Lead: California Environmental Protection Agency, Air Resources Board (CARB)*



Sustainable Freight Initiative



- 8 categories:
 - **Logistics and Infrastructure Efficiencies**
 - ✦ Achieve efficiency gains within the California freight system from 2012 to 2020, 2030 and 2050 that provide time and/or cost savings, and reduce air pollution.
 - **Engines and Equipment**
 - ✦ Develop, demonstrate, and deploy zero emission technology where feasible; technology capable of zero emission miles; and cleanest combustion everywhere else.
 - **Energy/Fuel**
 - ✦ Transition to a freight system powered by renewable, low carbon energy.
 - **Other Emission Reduction Approaches**
 - ✦ Other approaches to reduce emissions and/or health risk from California's freight system.



Sustainable Freight Initiative



- **8 categories:**
 - **Land Use**
 - ✦ Develop and use sustainability principles, criteria, and tools for new and expanded freight facilities, and freight transportation infrastructure projects, that put air quality and public health considerations on an equal footing with other considerations in the siting, design, and operation of projects
 - **Monetary Incentives**
 - ✦ Seek private and public investment to fund projects that will increase efficiency and advance the California freight system towards zero emissions.
 - **Non-monetary Incentives**
 - ✦ Develop and implement programs that provide significant non-monetary incentives to achieve increased efficiencies and accelerated emission reductions from the California freight system
 - **Economy and Jobs**
 - ✦ Recognize regional economies and current workforce training levels. Improve the competitiveness of California's logistics system to support regional and State economies. Identify workforce development needs, including education and job training to provide a reliable workforce for logistics operations.



Sustainable Freight Initiative



- Resolution adopted in January 2014
- Stakeholder input ongoing for the last 9 months
- Upcoming Sustainable Freight Strategy Workshops
 - **Tuesday, September 23rd, 6:00 – 8:00 PM**
 - ✦ Bannings Landing Community Center - 100 East Water Street, Wilmington, CA 90744
 - **Wednesday, September 24th, 4:00 – 6:00 PM**
 - ✦ Caltrans District 11 - 4050 Taylor Street, San Diego, CA 92110
- Staff will develop concepts into recommendations in early 2015
- Economic analysis and environmental assessment in Spring 2015
- Anticipated board action in Summer 2015



GO-Biz International Affairs & Business Development



- GO-Biz recognizes inherent opportunities for both strategy plans to encourage and stimulate new technologies that translate to new jobs that fuel the state economy
- GO-Biz recognizes the need to balance business interests into state strategies and policy development
 - Both strategy plans provide 2 different approaches to 2 different mandates
 - Both strategy plans provide goals to lower emissions to zero by 2050
 - Both strategy plans include working with stakeholders to come up with data
- GO-Biz engaged and part of both working groups to make sure states policies are sensitive to job growth and preservation
- GO-Biz provided the Legislature with a 5-year International Trade and Investment Strategy in February 2014.
 - The Strategy sets up the framework for a Development and Implementation Plan anticipated for Mid next year
 - Identifies urgent needs (including discussions with CAPA)

Contacts



California Freight Mobility Plan

http://www.dot.ca.gov/hq/tpp/offices/ogm/california_freight_mobility_plan.html

Department of Transportation

www.dot.ca.gov
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Sustainable Freight Transport Initiative

<http://www.arb.ca.gov/gmp/sfti/sfti.htm>

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California Innovation Hub Program



NATION'S LARGEST NETWORK OF INNOVATION

16 "I-HUBS" THROUGHOUT THE STATE



I-Hub Program

Sixteen existing iHubs span the state from Redding to San Diego and cover some of California's most vibrant economic sectors from agriculture to life science and from medical technology to bio-mass.

- Leveraging California's national and international market-share in human and investment capital as a global destination for leadership in innovation opportunities;
- Providing a platform for the transfer of ideas discovered in nationally recognized laboratories and universities to private industry for the enhancement of an existing product or the creation of a new start up enterprise;
- Providing an advantage to Californian firms through the introduction of new technologies, processes, research and development (R&D) solutions into its existing business practice;
- Providing conduit assistance for the interaction of existing government owned assets (federal and state), facilities and operations with venture-supported startup companies for the testing and evaluation of products in development; and
- Facilitating a linkage for the inducement of investment funding to an inventor towards the commercialization of concepts into products so that the eventual production occurs within the California economy.

I-Hubs

- AB250 (Holden, 2013), established the I-Hub program and added 4 new I-Hubs
 - San Joaquin – Health Care, Sustainable Construction Tech., Agribusiness
 - iDEA iHub (Kern and Ventura) – Defense, Energy and Aerospace Tech.
 - California Network for Manufacturing Innovation (CNMI) – statewide
 - Inland SoCal Link iHub – Logistics
- GO-Biz currently reauthorizing 16 MOUs *this month*.

REGIONAL LOCATIONS OF THE INNOVATION HUB PROGRAM





GO-Biz Innovation and Entrepreneurship

- **State Innovation Accelerator Accounts**
 - Provides the state with the ability to fundraise and target federal grant funding
 - Private sector engagement: Companies can use GO-Biz's network to seed innovation
- **New Pathways to a Workforce Pipeline**
 - GO-Biz is coordinating partnerships between nonprofit educational organizations as well as the private sector to help develop curriculums that are provided through new, now-traditional delivery systems
- **MonaLisa 2.0 – Motorways Electronic Navigation by Intelligence at Sea**
 - EU sponsored Sea Traffic Management system for increased safety, environment and efficiency

Contact:

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Investment Services

Role: The state's "***Business Team***", works directly with companies on all phases of attraction, retention and expansion projects

- Focus areas: business investments and project development for ALL sectors, statewide
- Key services provided:
 - Analysis of economic incentive programs
 - Site selection search assistance
 - Facilitation between companies and any state agency
 - Coordination with local and regional agencies
- Publication of the "California Business Investment Guide"
 - A compendium of the states resources and incentives
 - Profiles the state's strategic business advantages



Sales and Use Tax Exemption



- Sales tax exemption, statewide, on manufacturing equipment or research and development equipment purchases by companies engaged in manufacturing or biotechnology research and development
- A business will be allowed to exclude the first \$200 million in equipment purchases from the state's portion of sales tax (4.19%) beginning on 7/1/14
- Effective from July 1, 2014 through June 30, 2022
- Qualified equipment under NAICS codes (2012 edition):
 - 3111-3399 (manufacturing), inclusive;
 - 541711 (Biotech R&D); or
 - 541712 (Physical, engineering, life sciences R&D)
- Building improvements and software associated with new equipment purchases (e.g. "clean rooms") may also qualify



New Employment Credit



- Corporate income tax credit available to taxpayers who have a **net** increase in jobs and, that hire either:
 - individuals unemployed for 6 months or longer;
 - veterans within 12 months of separation from service;
 - individuals receiving the federal earned income tax credit;
 - ex-offenders; or
 - recipients of CalWorks.
- Available for employees hired between 1/1/14 and 1/1/21
- From Designated Geographic Areas
- Except: temporary help services, retail trade services, food services, casinos, casino hotels, bars, and adult-oriented businesses
- Three pilot areas designated by GO-Biz provide an opportunity to calculate wages starting at \$10 per hour
- Credit calculation is 35 percent of wages between 1.5 and 3.5 times the minimum wage, and may be claimed for a period of five years



California Competes Credit



- The California Competes Tax Credit is an corporate income tax credit available to businesses that want to locate in California or stay and grow in the state.
- Tax credit agreements will be negotiated by the Governor's Office of Business and Economic Development and approved by the California Competes Tax Credit Committee.
- 25% of available credits are to be reserved for small businesses (earning less than \$2MM in gross receipts)
- No more than 20% of the total allocation may be awarded to any one taxpayer in any fiscal year
- Applications are accepted online and there is no fee to apply.
- Competitive state income tax credit sized and awarded under 11 merit-based factors



California Competes Credit



Evaluation Factors

- 1) Number of jobs created or retained in California
- 2) Compensation paid to employees, including wages and fringe benefits
- 3) Investment within California
- 4) Extent of unemployment and poverty in current or proposed site location
- 5) Incentives available from the state, local government, and other sources
- 6) Incentives available from other states
- 7) Duration of the proposed project and duration of applicant's commitment to remain within the state
- 8) Economic impact within the state
- 9) Strategic importance of applicant's business to the state, region, or locality
- 10) Opportunity for future growth and expansion within state
- 11) Extent to which the anticipated benefit to the state exceeds the projected benefit to the applicant



California Competes Credit



Application Periods Fiscal Year 2014-2015 (\$151.1 Million Available)

- **September 29, 2014, through October 27, 2014 (\$45 million available)**
- January 5, 2015, through February 2, 2015 (\$75 million available)
- March 9, 2015, through April 6, 2015 (\$31.1 plus any unallocated amounts from the previous application periods)
- Note: Applications must be submitted by 11:59pm (Pacific Time) on the closing date

California Competes Tax Credit Committee Meetings

- January 15, 2015
- April 16, 2015
- June 18, 2015

Contact California Competes

- E-mail: CalCompetes@gov.ca.gov
- Phone: (916) 322-0694
- Toll-Free (877) 345-4633

Thank you



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