

AMENDED IN ASSEMBLY APRIL 8, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 371

Introduced by Assembly Member Frazier

February 5, 2019

An act to amend Section 13978.8 of, and to add Section 12096.3.5 to, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 371, as amended, Frazier. Transportation: freight: statewide economic ~~vitality~~ *growth, prosperity, and resiliency* assessment.

The Economic Revitalization Act establishes the Governor's Office of Business and Economic Development, also known as GO-Biz, to serve 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 act authorizes the office, among other things, to make recommendations to the Governor and the Legislature regarding policies, programs, and actions to advance statewide economic goals.

This bill would require GO-Biz, in consultation with the State Air Resources Board, the California Transportation Commission, and the Transportation Agency, to prepare a statewide economic ~~vitality~~ *growth, prosperity, and resiliency* assessment of the California freight ~~industry~~ *sector* on or before December 31, 2021, and to update the assessment at least once every ~~five~~ 5 years. The bill would require the assessment to identify specified information, and would require the office, in developing the assessment, to consult with *the Legislature and* representatives from a cross section of public and private sector freight stakeholders.

Existing law requires the Transportation Agency to prepare a state freight plan on or before December 31, 2014, and every 5 years thereafter, with specified elements to govern the immediate and long-range planning activities and capital investments of the state with respect to the movement of freight.

This bill would require the Transportation Agency to incorporate the findings of the assessment into the state freight plan, as specified.

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 2013, the Legislature enacted Chapter 223 of the Statutes
- 4 of 2013, which required the Transportation Agency to develop a
- 5 state freight plan that provides for governance of the immediate
- 6 and long-range planning activities and capital investments of the
- 7 state with respect to the movement of freight.
- 8 (b) In 2014, the final California Freight Mobility Plan was
- 9 completed by the Transportation Agency and the Department of
- 10 Transportation in consultation with the California Freight Advisory
- 11 Committee, and was submitted to the Legislature, the Governor,
- 12 the California Transportation Commission, the Public Utilities
- 13 Commission, and the State Air Resources Board.
- 14 (c) In July 2015, Governor Brown issued Executive Order ~~No.~~
- 15 B-32-15, which directed the Secretary of Transportation, the
- 16 Secretary for Environmental Protection, and the Secretary of the
- 17 Natural Resources Agency to lead other relevant state departments
- 18 in developing an integrated action plan by July 2016 that
- 19 “establishes clear targets to improve freight efficiency, transition
- 20 to zero-emission technologies, and increase competitiveness of
- 21 California’s freight system.” Participating state departments include
- 22 the State Air Resources Board, the Department of Transportation,
- 23 the State Energy Resources Conservation and ~~the~~ Development
- 24 Commission, and the Governor’s Office of Business and Economic
- 25 Development.
- 26 (d) In July 2016, the California Sustainable Freight Action Plan
- 27 was completed in response to Executive Order ~~No.~~ B-32-15 and
- 28 included recommendations on, among other things, “[a] long-term

1 2050 Vision and Guiding Principles for California’s future freight
2 transport system,” and “[t]argets for 2030 to guide the State toward
3 meeting the Vision.”

4 (e) Efforts by the state, private industry, and seaports that have
5 resulted in emissions reductions and improvements in
6 environmental quality at California’s seaports over the past decade
7 have been substantial, significant, and unprecedented.

8 (f) Improving the efficiency of California’s freight transport
9 system is vital to the state’s economy. Traditional routes of moving
10 freight face increasing competition from across the globe, and
11 California’s system should anticipate and stay ahead of these
12 changes. Currently, California is the nation’s largest gateway for
13 international trade and domestic commerce, with an interconnected
14 system of ports, railroads, highways, and roads that allow freight
15 from around the world to move throughout the state and nation.
16 This system is responsible for one-third of the state’s economic
17 product and jobs, with freight-dependent industries accounting for
18 over \$740,000,000,000 in gross domestic product and over five
19 million jobs in 2014. However, California’s freight transport system
20 is under pressure to serve the state’s growing population and satisfy
21 dynamic market demands, while other locations in the United
22 States and across the world are fiercely competing for this
23 economic activity.

24 (g) Maintaining the state’s cargo competitiveness is not just an
25 imperative for the economic health of California *and its workforce*,
26 but is necessary to preserve reductions in emissions of greenhouse
27 gases. Studies have demonstrated that when California loses market
28 share and volumes of imports to other ports and gateways on the
29 ~~Gulf and Atlantic coasts~~ *that coasts, the* increases of emissions of
30 greenhouse gases associated with this diversion are substantial.
31 Emissions of greenhouse gases are, on average, 22 percent higher
32 when cargo that originates in the Far East is diverted from West
33 Coast ports in favor of East Coast and Gulf Coast ports.

34 SEC. 2. Section 12096.3.5 is added to the Government Code,
35 immediately following Section 12096.3, to read:

36 12096.3.5. (a) The office, in consultation with the State Air
37 Resources Board, the California Transportation Commission, and
38 the Transportation Agency, shall prepare a statewide economic
39 ~~vitality~~ *growth, prosperity, and resiliency* assessment of the
40 California freight ~~industry~~ *sector for the purpose of setting the*

1 *policy foundation and baseline from which to evaluate the impact*
 2 *of government actions on the competitiveness of the state freight*
 3 *sector.*

4 (b) The assessment shall expand on the California Sustainable
 5 Freight Action Plan developed pursuant to Executive Order No.
 6 B-32-15 and shall do all of the following:

7 (1) Identify the economic competitiveness of all sectors of
 8 ~~freight movement and an appropriate baseline as a means to~~
 9 ~~compare economic growth in California.~~ *movement. In developing*
 10 *this information, the strengths and weaknesses of the California*
 11 *economy shall be evaluated, with a focus on emerging issues in*
 12 *the near- and mid-term, including issues related to international*
 13 *trade, manufacturing, warehousing, defense, and goods movement,*
 14 *that may impact businesses, workers, and the public sector.*

15 (2) ~~Identify and develop~~ *metrics and baselines from which to*
 16 *measure the effectiveness of the goals, recommendations, and*
 17 *actions proposed in the assessment, including, but not limited to,*
 18 *financial performance, market share performance, workforce*
 19 *performance, labor market effects, and overall economic*
 20 *performance by of the freight group sector.*

21 (3) ~~Identify the ability of the freight sector to successfully~~
 22 ~~compete with other states and countries as measured by using~~
 23 ~~existing comparable metrics.~~

24 (4)
 25 (3) ~~Identify and develop~~ *goals to increase economic*
 26 *competitiveness and the ability to track these goals. strengthen*
 27 *resilience to economic downturns.*

28 (4) *Identify a process to track, at least annually, progress being*
 29 *made to reach the goals and implement the recommendations and*
 30 *other actions proposed in the assessment. This process shall*
 31 *include a mechanism for modifying those goals and actions to*
 32 *address immediate and emerging issues that may impact the*
 33 *competitiveness of the freight sector.*

34 (5) Identify strategies California is employing to address freight
 35 mobility issues that affect freight economic competitiveness, such
 36 as truck bottlenecks, inefficiencies, and congestion, and recommend
 37 to the California Transportation Commission and the
 38 Transportation Agency complementary or additional strategies to
 39 reduce these mobility issues.

1 (6) Identify challenges the *California freight industry sector*
2 faces in meeting the state’s emission reduction goals and
3 emission-reducing regulations and how these challenges may affect
4 the overall vitality of moving freight in the state, and recommend
5 strategies the state can use to address these challenges.

6 (7) ~~Ensure~~ *Identify whether economic competitiveness is being*
7 *prioritized in the California’s freight sector. sector by assessing*
8 *and comparing the amounts of public resources applied to*
9 *improving freight efficiency, transitioning to zero-emission*
10 *technologies, and increasing the competitiveness of California’s*
11 *freight sector, as those targets were described in Executive Order*
12 *B-32-15.*

13 (c) In developing the assessment, the office shall consult with
14 representatives from a cross section of public and private sector
15 freight stakeholders, including representatives of ports, shippers,
16 carriers, freight-related associations, the freight industry workforce,
17 the Department of Transportation, the Public Utilities Commission,
18 the State Lands Commission, the State Air Resources Board,
19 regional and local governments, *supply chain businesses*, and
20 environmental, safety, and community organizations.

21 (d) *In developing the assessment, the office shall consult with*
22 *the Legislature.*

23 (e) *In developing the assessment, the office shall use the most*
24 *current data reasonably available to ensure the assessment reflects*
25 *current market conditions. The assessment shall include a data*
26 *sheet indicating the source of the data and the time period that the*
27 *data reflects.*

28 ~~(f)~~

29 (f) The office shall prepare the assessment on or before
30 December 31, 2021, and shall update the assessment at least once
31 every five years.

32 (g) *For purposes of this section, the following definitions apply:*

33 (1) *“Economic competitiveness” means the California freight*
34 *sector’s ability to successfully compete with freight sectors in other*
35 *states as measured by using existing comparable metrics, to*
36 *increase the productivity of freight and related sectors, and to*
37 *contribute to the growth of California’s economy. Economic*
38 *competitiveness is affected by policies, institutions, and investments*
39 *that influence the freight sector’s productivity.*

1 (2) “*Freight sector*” means all transportation-based and
2 transportation-dependent enterprises involved in the supply chain
3 from point of origin to point of consumption.

4 SEC. 3. Section 13978.8 of the Government Code is amended
5 to read:

6 13978.8. (a) The Transportation Agency shall prepare a state
7 freight plan. The state freight plan shall comply with the relevant
8 provisions of the federal ~~Moving Ahead for Progress in the 21st~~
9 ~~Century Act (MAP-21), Public Law 112-141. Fixing America’s~~
10 ~~Surface Transportation Act (FAST Act), Public Law 114-94.~~ The
11 agency shall develop a state freight plan that provides a
12 comprehensive plan to govern the immediate and long-range
13 planning activities and capital investments of the state with respect
14 to the movement of freight.

15 (b) (1) The agency shall establish a freight advisory committee
16 consisting of a representative cross section of public and private
17 sector freight stakeholders, including representatives of ports,
18 shippers, carriers, freight-related associations, the freight industry
19 workforce, the California Transportation Commission, the
20 Department of Transportation, the Public Utilities Commission,
21 the State Lands Commission, the State Air Resources Board,
22 regional and local governments, and environmental, safety, and
23 community organizations.

24 (2) The freight advisory committee shall do all of the following:

25 (A) Advise the agency on freight-related priorities, issues,
26 projects, and funding needs.

27 (B) Serve as a forum for discussion for state transportation
28 decisions affecting freight mobility.

29 (C) Communicate and coordinate regional priorities with other
30 organizations.

31 (D) Promote the sharing of information between the private and
32 public sectors on freight issues.

33 (E) Participate in the development of the state freight plan.

34 (c) The state freight plan shall include, at a minimum, all of the
35 following:

36 (1) An identification of significant freight system trends, needs,
37 and issues.

38 (2) A description of the freight policies, strategies, and
39 performance measures that will guide freight-related transportation
40 investment decisions.

1 (3) A description of how the state freight plan will improve the
2 ability of California to meet the national freight goals established
3 under Section 167 of Title 23 of the United States ~~Code~~. *Code*,
4 *and the goals of the national multimodal freight policy established*
5 *under Section 70101 of Title 49 of the United States Code.*

6 (4) Evidence of consideration of innovative technologies and
7 operational strategies, including intelligent transportation systems,
8 that improve the safety and efficiency of freight movement.

9 (5) In the case of routes on which travel by heavy vehicles,
10 including mining, agricultural, energy cargo or equipment, and
11 timber vehicles, is projected to substantially deteriorate the
12 condition of roadways, a description of improvements that may
13 be required to reduce or impede the deterioration.

14 (6) An inventory of facilities with freight mobility issues, such
15 as truck bottlenecks within California, and a description of the
16 strategies California is employing to address those freight mobility
17 issues.

18 (d) Notwithstanding Section 10231.5, the state freight plan shall
19 be submitted to the Legislature, the Governor, the California
20 Transportation Commission, the Public Utilities Commission, and
21 the State Air Resources Board on or before December 31, 2014,
22 and every five years thereafter. The state freight plan shall be
23 submitted pursuant to Section 9795.

24 (e) The state freight plan required by this section may be
25 developed separately from, or incorporated into, the statewide
26 strategic long-range transportation plan required by Section 135
27 of Title 23 of the United States Code.

28 (f) The freight rail element of the state freight plan may be
29 developed separately from, or incorporated into, the state rail plan
30 prepared by the Department of Transportation pursuant to Section
31 14036.

32 (g) (1) The Transportation Agency shall incorporate the findings
33 of the statewide economic ~~vitality~~ *growth, prosperity, and*
34 *resiliency* assessment of the California freight ~~industry~~, *sector*,
35 which is prepared by the Governor's Office of Business and
36 Economic Development pursuant to Section 12096.3.5, into the
37 2019 state freight plan as an addendum by December 31, 2022.

38 (2) The Transportation Agency shall incorporate the findings
39 of the statewide economic ~~vitality~~ *growth, prosperity, and*

1 *resiliency* assessment of the California freight ~~industry~~ *sector* into
2 the 2024 state freight plan.
3 (3) The Transportation Agency shall incorporate the findings
4 of the most recent update to the statewide economic ~~vitality~~ *growth*,
5 *prosperity, and resiliency* assessment of the California freight
6 ~~industry~~ *sector* into each new state freight plan.

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