

AMENDED IN ASSEMBLY JUNE 14, 2022

AMENDED IN SENATE APRIL 6, 2022

SENATE BILL

No. 1104

Introduced by Senator Gonzalez
(Coauthor: Assembly Member Fong)

February 16, 2022

An act to amend Section 13978.8 of, and to add Section 12096.3.6 to, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1104, as amended, Gonzalez. Governor's Office of Business and Economic Development: Office of Freight.

Existing law creates the Governor's Office of Business and Economic Development, known as "GO-Biz," and requires GO-Biz to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Under existing law, GO-Biz is under the direct control of the Director of the Governor's Office of Business and Economic Development, who is responsible to the ~~Governor~~. *Governor and who is required to, among other things, provide to the Legislature a strategy for international trade and investment, as provided.*

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 establish the Office of Freight within GO-Biz. The bill would require the office to serve as the coordinating entity to steer

the growth, competitiveness, and sustainability for freight and ports across the state and to promote and assess the continued economic vitality and sustainability of the freight sector. *The bill would require the Governor to appoint a director to (1) oversee the Office of Freight, (2) facilitate collaboration along the supply chain, and (3) advocate for the interests of business and industry in the freight sector. The bill would require the Office of Freight to meet with specified state agencies as necessary to address and discuss ongoing freight and supply chain issues and would authorize the Office of Freight to establish and convene stakeholder advisory groups, as provided.* The bill would require the ~~office, Office of Freight in coordination~~ consultation with specified state agencies, to prepare an assessment of statewide economic growth, competitiveness, prosperity, resiliency, and sustainability for the state’s freight sector. The bill would require ~~the office~~ GO-Biz to submit the assessment to the Legislature on or before December 31, 2024, and an updated assessment at least once every 5 years ~~thereafter.~~ *thereafter, and would also require GO-Biz to use the assessment to inform the development of, and recommended actions included within, the strategy for international trade and investment, as provided.* The 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. Section 12096.3.6 is added to the Government
2 Code, to read:
3 12096.3.6. (a) For purposes of this section, the following
4 definitions apply:
5 (1) “Economic competitiveness” means the ability of the
6 California freight sector to successfully compete with freight
7 sectors in other states as measured by using existing comparable
8 metrics, to increase the productivity of freight and related sectors,
9 and to contribute to the growth of the state’s economy. Economic
10 competitiveness is affected by policies, institutions, and
11 investments that influence the freight sector’s productivity.
12 (2) “Freight sector” means all transportation-based and
13 transportation-dependent enterprises involved in the supply chain

1 from point of origin to point of consumption, including ports, rail,
2 freight corridors, and warehouses and distribution centers.

3 (3) *“Supply chain” means participants in the economic supply*
4 *chain of this state, including, but not limited to, seaports, airports,*
5 *land ports of entry, air carriers, motor carriers, ocean carriers,*
6 *rail carriers, marine terminals, rail terminals, trucking terminals,*
7 *warehouses, the agriculture industry, manufacturers, and retailers.*

8 (b) The Office of Freight is hereby established within the
9 Governor’s Office of Business and Economic Development. The
10 Office of Freight shall serve as the coordinating entity to steer the
11 growth, competitiveness, and sustainability for freight and ports
12 across the state, and shall promote and assess the continued
13 economic vitality and sustainability of the freight sector.

14 (c) *The Governor shall appoint a director of the Office of*
15 *Freight who shall oversee the Office of Freight, facilitate*
16 *collaboration along the supply chain, and advocate for the interests*
17 *of business and industry in the freight sector. The director of the*
18 *Office of Freight shall have experience in commerce, trade, and*
19 *cross-cutting supply chain management.*

20 (d) (1) *The Office of Freight, the California Transportation*
21 *Commission, the Transportation Agency, the Department of*
22 *Transportation, and the State Air Resources Board shall meet as*
23 *necessary to address and discuss ongoing freight and supply chain*
24 *issues.*

25 (2) *The Office of Freight, in consultation with the Director of*
26 *the Governor’s Office of Business and Economic Development,*
27 *may establish and convene one or more stakeholder advisory*
28 *groups to help inform the work of the Office of Freight in*
29 *implementing its mission and duties.*

30 ~~(e)~~

31 (e) (1) The Office of Freight, ~~in coordination~~ *in consultation* with
32 the State Air Resources Board, the California Transportation
33 Commission, *the Department of Transportation,* and the
34 Transportation Agency, shall prepare an assessment of statewide
35 economic growth, competitiveness, prosperity, resiliency, and
36 sustainability for the state’s freight sector.

37 (2) Notwithstanding Section 10231.5, ~~the office~~ *Governor’s*
38 *Office of Business and Economic Development* shall submit the
39 assessment to the Legislature on or before December 31, 2024,
40 and an updated assessment at least once every five years thereafter.

1 The assessment shall be submitted in compliance with Section
2 9795.

3 ~~(d)~~

4 (f) In developing the assessment, the Office of Freight shall do
5 all of the following:

6 (1) Consult with a representative cross section of public and
7 private sector freight stakeholders, including representatives of
8 ports, shippers, carriers, freight-related associations, supply chain
9 businesses, the freight industry workforce, the Public Utilities
10 Commission, the State Lands Commission, *academic and research*
11 *institutions*, local air pollution control districts, environmental,
12 safety, and community organizations and representatives from
13 communities that are adjacent to, or environmentally impacted by,
14 the freight sector.

15 (2) Consult with the Legislature.

16 (3) Use the most current data reasonably available to ensure the
17 assessment reflects current market conditions.

18 (4) Consider relevant data and outcomes from the assessment
19 required by Section 14517.

20 ~~(e)~~

21 (g) The assessment shall do all of the following:

22 (1) Evaluate the resiliency of the state's freight sector, including
23 assessing the ongoing needs to address supply chain congestion
24 outlined in Executive Order No. N-19-21.

25 (2) Expand on the California Sustainable Freight Action Plan
26 developed pursuant to Executive Order No. B-32-15, and evaluate
27 the role and capacity of the freight sector in advancing the
28 zero-emission goals set forth in Executive Order No. N-79-20.

29 ~~Identify~~ *Determine* the economic competitiveness of all
30 sectors of freight movement along the supply chain. This
31 ~~identification~~ *determination* shall include an evaluation of the
32 state's supply chain competitiveness, international trade and
33 exports, manufacturing, warehousing, distribution centers, capacity
34 to expand, defense, and workforce development, ~~that to the extent~~
35 *each of these* may impact businesses, workers, and communities
36 as they relate to the freight industry.

37 (4) Identify metrics and baselines from which to measure the
38 effectiveness of the goals, recommendations, and actions proposed
39 in the ~~assessment, including, but not limited to,~~ *assessment in*
40 *supporting* financial performance, market share performance,

1 workforce development, *positive* labor market effects, emerging
2 technologies including logistics, and overall short- and long-term
3 economic performance of the freight sector.

4 (5) Assess the relative competitiveness and resiliency of different
5 sectors of the supply chain, the impacts of trends in the economy
6 across the supply chain, and ~~the impacts of~~ *how economic*
7 *competitiveness for businesses and the freight sector can be*
8 *supported under state and federal climate and air pollution policies*
9 ~~on economic competitiveness for businesses and the freight sector.~~
10 *policies.*

11 (6) Identify goals to increase economic competitiveness and
12 strengthen resilience to economic downturns and the effects of
13 climate change.

14 (7) ~~Identify~~ *Determine* a process to track, at least annually,
15 progress being made to reach the goals and implement the
16 recommendations and other actions proposed in the assessment.
17 This process shall include a mechanism for modifying those goals
18 and actions to address immediate and emerging issues,
19 stay-at-home orders, or other crises that may impact the
20 competitiveness of the freight sector.

21 (8) Identify ongoing strategies the state is employing to address
22 freight mobility issues, such as congestion, truck bottlenecks,
23 inefficiencies, and a deficit of workforce, and prioritize and
24 recommend to the California Transportation Commission and the
25 Transportation Agency complementary or additional strategies to
26 reduce these mobility issues.

27 (9) Identify challenges the California freight sector faces in
28 meeting the state's emission reduction goals, quantify the costs
29 associated with meeting those emission reduction goals, and
30 prioritize and recommend strategies the state can use to address
31 these challenges.

32 (10) Include a data sheet indicating the source of the data and
33 the time period that the data reflects.

34 (h) *The assessment shall be used by the Governor's Office of*
35 *Business and Economic Development to inform the development*
36 *of, and recommended actions included within, the strategy for*
37 *international trade and investment, prepared pursuant to Section*
38 *13996.55.*

39 SEC. 2. Section 13978.8 of the Government Code is amended
40 to read:

- 1 13978.8. (a) The Transportation Agency shall prepare a state
2 freight plan. The state freight plan shall comply with the relevant
3 provisions of the federal Moving Ahead for Progress in the 21st
4 Century Act (MAP-21), Public Law 112-141. The agency shall
5 develop a state freight plan that provides a comprehensive plan to
6 govern the immediate and long-range planning activities and capital
7 investments of the state with respect to the movement of freight.
- 8 (b) (1) The agency shall establish a freight advisory committee
9 consisting of a representative cross section of public and private
10 sector freight stakeholders, including representatives of ports,
11 shippers, carriers, freight-related associations, the freight industry
12 workforce, the California Transportation Commission, the
13 Department of Transportation, the Public Utilities Commission,
14 the State Lands Commission, the State Air Resources Board,
15 regional and local governments, and environmental, safety, and
16 community organizations.
- 17 (2) The freight advisory committee shall do all of the following:
- 18 (A) Advise the agency on freight-related priorities, issues,
19 projects, and funding needs.
- 20 (B) Serve as a forum for discussion for state transportation
21 decisions affecting freight mobility.
- 22 (C) Communicate and coordinate regional priorities with other
23 organizations.
- 24 (D) Promote the sharing of information between the private and
25 public sectors on freight issues.
- 26 (E) Participate in the development of the state freight plan.
- 27 (c) The state freight plan shall include, at a minimum, all of the
28 following:
- 29 (1) An identification of significant freight system trends, needs,
30 and issues.
- 31 (2) A description of the freight policies, strategies, and
32 performance measures that will guide freight-related transportation
33 investment decisions.
- 34 (3) A description of how the state freight plan will improve the
35 ability of California to meet the national freight goals established
36 under Section 167 of Title 23 of the United States Code.
- 37 (4) Evidence of consideration of innovative technologies and
38 operational strategies, including intelligent transportation systems,
39 that improve the safety and efficiency of freight movement.

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

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

10 (7) A description of needed infrastructure, projects, and
11 operations for the deployment of zero-emission medium- and
12 heavy-duty vehicles and the development of freight corridors
13 identified pursuant to Section 14517.

14 (8) Beginning with the state freight plan due on or before
15 December 31, 2029, and each state freight plan thereafter, the
16 findings of the assessment prepared pursuant to Section 12096.3.6.

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

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

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

31 (g) The Transportation Agency shall incorporate the findings
32 of the assessment prepared pursuant to Section 12096.3.6 into the
33 state freight plan that is due on or before December 31, 2024, as
34 an addendum by December 31, 2024.

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- 2 **REVISIONS:**
- 3 **Heading—Line 2.**
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