

AMENDED IN SENATE MARCH 22, 2023

**SENATE BILL**

**No. 517**

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**Introduced by Senator Gonzalez**  
(Coauthor: Assembly Member Vince Fong)

February 14, 2023

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An act to amend Section 12096.3 of, and to add Section 12096.3.6 to, the Government Code, relating to ~~transportation~~: economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 517, as amended, Gonzalez. ~~Transportation~~: Economic development: movement 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. Existing law authorizes GO-Biz to undertake various activities relating to economic development, including the provision of prescribed information.

Existing law requires the Transportation Agency to prepare a state freight plan that provides a comprehensive plan 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 ~~declare the Legislature's intent to enact subsequent legislation relating to increasing efficiency of ports and the goods movement industry~~: authorize GO-Biz to serve as the coordinating

*entity to steer the growth, competitiveness, and sustainability for freight and the supply chain across the state and to promote and assess the continued economic vitality, economic competitiveness, and sustainability of the freight sector. The bill would also authorize GO-Biz to provide freight and supply chain economic competitiveness information.*

*This bill would require the Governor to appoint a freight coordinator with prescribed experience to serve as the advisory and coordinating entity for GO-Biz. The bill would require the freight coordinator to advise and coordinate policies that promote the growth, competitiveness, and sustainability for freight and the supply chain across the state, and to promote and assess the continued economic vitality and sustainability of the freight sector. The bill would require the freight coordinator to advocate for the implementation of these policies in the freight sector. The bill would require the freight coordinator to advise the Governor and director on issues affecting the state's freight and supply chain and on policy and administrative regulations affecting the state's freight and supply chain. The bill would require the freight coordinator to work directly with prescribed state entities as necessary to address and discuss ongoing freight and supply chain issues. The bill would authorize the freight coordinator, in consultation with the director, to establish and convene one or more stakeholder advisory groups to help inform the work of the freight coordinator in implementing their mission and duties. The bill would require the freight coordinator to undertake additional responsibilities relating to developing relevant information, goal setting, and making recommendations, as prescribed. The bill would also require the freight coordinator to participate in future updates to the California Freight Mobility Plan of the Department of Transportation and the AB 32 climate change scoping plan pursuant to the California Global Warming Solutions Act of 2006.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-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 the following:*
- 2     *(a) California receives tremendous benefit from but also must*
- 3     *address costs associated with its premier role in the international*
- 4     *and national supply chain and as a freight gateway. It is imperative*
- 5     *that the state have a lead policy coordinator to address its myriad*

1 *efforts to invest in, grow, and improve the sustainability of its*  
2 *freight and supply chains.*

3 *(b) The freight sector, including seaports, airports, land ports*  
4 *of entry, truck and rail transportation, and warehouses and*  
5 *distribution centers, is vital to California’s economy. The freight*  
6 *sector drives one-third of California’s economy, and creates*  
7 *millions of direct and indirect jobs with trillions of dollars of goods*  
8 *being shipped in the state. However, despite its critical importance*  
9 *to the state, the freight sector lacks high-level coordination and*  
10 *resiliency, as evidenced during the pandemic-induced supply chain*  
11 *crisis.*

12 *(c) To facilitate coordination between various governmental*  
13 *entities and industries, California must coordinate its efforts and*  
14 *create a strategic coordinated approach to industrial planning,*  
15 *infrastructure planning, and environmental planning.*

16 *(d) While the state has various and multiple plans for addressing*  
17 *freight issues, including the Sustainable Freight Action Plan*  
18 *developed pursuant to Executive Order No. B-32-15, a California*  
19 *Freight Mobility Plan, updated every five years in consultation*  
20 *with the Sustainable Freight Action Plan pursuant to AB 14*  
21 *(Chapter 223 of the Statutes of 2013), and dozens of regulations*  
22 *and incentive programs to address sustainability and the reduction*  
23 *of environmental impacts from the freight sector, including the*  
24 *inclusion of the freight sector in the AB 32 climate change scoping*  
25 *plans, updated every five years pursuant to the California Global*  
26 *Warming Solutions Act of 2006 (Division 25.5 (commencing with*  
27 *Section 38500) of the Health and Safety Code), these efforts are*  
28 *not coordinated and no one individual or agency is tasked with*  
29 *facilitating that coordination.*

30 *(e) The state does not have a coordinated and comprehensive*  
31 *freight and supply chain policy in place to facilitate the measured*  
32 *and planned growth of intrastate, interstate, and international*  
33 *freight movements, nor to address the significant direct and indirect*  
34 *infrastructure, environmental, health, financial, and congestion*  
35 *impacts resulting from interstate and international trade, and the*  
36 *lack of this coordination and comprehensive freight and supply*  
37 *chain policy hampers our ability to invest in our supply chains,*  
38 *support our supply chains, and green our supply chains efficiently*  
39 *and cost-effectively.*

1     *SEC. 2. Section 12096.3 of the Government Code is amended*  
2     *to read:*

3     12096.3. The office shall serve the Governor as the lead entity  
4     for economic strategy and the marketing of California on issues  
5     relating to business development, private sector investment, and  
6     economic growth. In this capacity, the office may:

7     (a) Recommend to the Governor and the Legislature new state  
8     policies, programs, and actions, or amendments to existing  
9     programs, advance statewide economic goals and respond to  
10    emerging economic problems and opportunities, and ensure that  
11    all state policies and programs conform to the adopted state  
12    economic and business development goals.

13    (b) Coordinate the development of policies and criteria to ensure  
14    that federal grants administered or directly expended by state  
15    government advance statewide economic goals and objectives.

16    (c) Market the business and investment opportunities available  
17    in California by working in partnership with local, regional, federal,  
18    and other state public and private institutions to encourage business  
19    development and investment in the state.

20    (d) Provide, including, but not limited to, all of the following:

21    (1) Economic and demographic data.

22    (2) Financial information to help link businesses with state and  
23    local public and private programs.

24    (3) Workforce information, including, but not limited to, labor  
25    availability, training, and education programs. *The office shall not*  
26    *do either of the following:*

27    (A) *Track or monitor the productivity of port workers, including,*  
28    *but not limited to, productivity metrics.*

29    (B) *Interfere with any collective bargaining agreement or*  
30    *workers' right to collectively bargain.*

31    (4) Transportation and infrastructure information.

32    (5) Assistance in obtaining state and local permits.

33    (6) Information on tax credits and other incentives.

34    (7) Permitting, siting, and other regulatory information pertinent  
35    to business operations in the state.

36    (8) *Freight and supply chain economic competitiveness*  
37    *information.*

38    (e) Establish a well-advertised telephone number, an interactive  
39    ~~Internet Web site,~~ *internet website* and an administrative structure

1 that effectively supports the facilitation of business development  
2 and investment in the state.

3 (f) Encourage collaboration among research institutions, startup  
4 companies, local governments, venture capitalists, and economic  
5 development agencies to promote innovation.

6 (g) In cooperation with the federal government, foster  
7 relationships with overseas entities to improve the state’s image  
8 as a destination for business investment and expansion.

9 (h) Conduct research on the state’s business climate, including,  
10 but not limited to, research on how the state can remain on the  
11 leading edge of innovation and emerging sectors.

12 (i) Support small businesses by providing information about  
13 accessing capital, complying with regulations, and supporting state  
14 initiatives that support small business.

15 (j) *Serve as the coordinating entity to steer the growth,  
16 competitiveness, and sustainability for freight and the supply chain  
17 across the state, and promote and assess the continued economic  
18 vitality, economic competitiveness, and sustainability of the freight  
19 sector.*

20 *SEC. 3. Section 12096.3.6 is added to the Government Code,  
21 to read:*

22 *12096.3.6. (a) For purposes of this section, the following  
23 definitions apply:*

24 (1) *“Economic competitiveness” means the ability of the  
25 California freight sector to successfully compete with freight  
26 sectors in other states and countries as measured by using existing  
27 comparable metrics, to increase the productivity of freight and  
28 related sectors, and to contribute to the growth of the state’s  
29 economy. Economic competitiveness is affected by policies,  
30 institutions, and investments that influence the freight sector’s  
31 productivity.*

32 (2) *“Freight sector” means all transportation-based and  
33 transportation-dependent enterprises involved in the supply chain  
34 from point of origin to point of consumption, including ports, rail,  
35 freight corridors, and warehouses and distribution centers.*

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

1 (b) The Governor shall appoint a freight coordinator to serve  
2 as the advisory and coordinating entity for the office. The freight  
3 coordinator shall have experience in commerce, trade, and  
4 cross-cutting supply chain management.

5 (c) The freight coordinator shall advise and coordinate policies  
6 that promote the growth, competitiveness, and sustainability for  
7 freight and the supply chain across the state, and shall promote  
8 and assess the continued economic vitality and sustainability of  
9 the freight sector. The freight coordinator shall advocate for the  
10 implementation of these policies in the freight sector. The freight  
11 coordinator shall advise the Governor and director on issues  
12 affecting the state's freight and supply chain, including economic  
13 strategy, investment, and improvements in technology. The freight  
14 coordinator shall also advise the Governor and director on policy  
15 and administrative regulations affecting the state's freight and  
16 supply chain.

17 (d) The freight coordinator shall work directly with the  
18 California Transportation Commission, the Transportation Agency,  
19 the Department of Transportation, the State Energy Resources  
20 Conservation and Development Commission, the Department of  
21 Food and Agriculture, the Public Utilities Commission, the State  
22 Lands Commission, and the State Air Resources Board as  
23 necessary to address and discuss ongoing freight and supply chain  
24 issues.

25 (e) The freight coordinator, in consultation with the director,  
26 may establish and convene one or more stakeholder advisory  
27 groups to help inform the work of the freight coordinator in  
28 implementing their mission and duties.

29 (f) The freight coordinator shall do all of the following:

30 (1) Consult with a representative cross section of public and  
31 private sector freight stakeholders, including representatives of  
32 seaports, airports, land ports of entry, organized labor, cargo  
33 owners including agricultural exporters, shippers, carriers,  
34 freight-related associations, supply chain businesses, the freight  
35 industry workforce, academic and research institutions, local air  
36 pollution control districts, environmental, safety, and community  
37 organizations, and representatives from communities that are  
38 adjacent to, or environmentally impacted by, the freight sector.

39 (2) Consult with the Legislature.

1     (3) Use the most current data reasonably available to update  
2 freight and supply chain economic competitiveness information  
3 such that it reflects current market conditions.

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

7     (5) Expand on the California Sustainable Freight Action Plan  
8 developed pursuant to Executive Order No. B-32-15, and evaluate  
9 the role and capacity of the freight sector in advancing the  
10 zero-emission goals set forth in Executive Order No. N-79-20.

11     (6) Determine the economic competitiveness of all sectors of  
12 freight movement along the supply chain. This determination shall  
13 include an evaluation of the state's supply chain competitiveness,  
14 international trade and exports, manufacturing, warehousing,  
15 distribution centers, capacity to support, defend, and aid workforce  
16 development, to the extent each of these may impact businesses,  
17 workers, and communities as they relate to the freight industry.

18     (7) Identify metrics and baselines from which to measure the  
19 effectiveness of the goals, recommendations, and actions to improve  
20 financial performance, market share performance, workforce  
21 development, positive labor market effects, emerging technologies  
22 including logistics, and overall short- and long-term economic  
23 performance of the freight sector.

24     (8) Assess the relative competitiveness and resiliency of different  
25 sectors of the supply chain, the impacts of trends in the economy  
26 across the supply chain, and how businesses and the freight sector  
27 can be supported under state and federal climate and air pollution  
28 policies.

29     (9) Identify goals to increase economic competitiveness and  
30 strengthen resilience to economic downturns and the effects of  
31 climate change.

32     (10) Determine a process to track, at least annually, progress  
33 being made to reach the goals and implement the recommendations  
34 and other actions.

35     (11) Identify ongoing strategies the state is employing to address  
36 freight mobility issues, such as congestion, truck bottlenecks,  
37 inefficiencies, and a lack of workforce training, and prioritize and  
38 recommend to the California Transportation Commission and the  
39 Transportation Agency complementary or additional strategies to  
40 reduce these mobility issues.

1     (12) Identify challenges the California freight sector faces in  
2 meeting the state’s emission reduction goals, quantify the costs  
3 associated with meeting those emission reduction goals, and  
4 prioritize and recommend strategies the state can use to address  
5 these challenges.

6     (13) Participate in the California Freight Advisory Committee  
7 and in all future updates to the California Freight Mobility Plan  
8 of the Department of Transportation.

9     (14) Participate in all future updates to the AB 32 climate  
10 change scoping plan, updated every five years pursuant to the  
11 California Global Warming Solutions Act of 2006 (Division 25.5  
12 (commencing with Section 38500) of the Health and Safety Code).

13     ~~SECTION 1. It is the intent of the Legislature to enact~~  
14 ~~subsequent legislation relating to increasing efficiency of ports~~  
15 ~~and the goods movement industry.~~