

Trade and Commerce

The Trade and Commerce Agency promotes business development, job creation, and job retention efforts. The Governor's Budget proposes \$319 million and 356 personnel years for the Agency. Services to the business community are provided through the offices of Permit Assistance, Strategic Technology, Business Development, Tourism, Marketing and Communications, California-Mexico Affairs, and the California Film Commission. In fiscal year 2000-01, the Agency has proposed a number of initiatives that support the theme of California's new economy. (See also the [California's New Economy section](#).)

Initiatives to Foster the New Economy

- **Next Generation Internet**—The Budget includes \$5.0 million for the State to partner with federal, private and other public entities to develop two "Next Generation Internet" centers. The centers will be laboratories available to the business and academic sectors to develop commercial applications using high-speed Internet (Internet2) technologies. The primary goal is to help California's high-tech industries maintain their world-wide leadership.
- **Connecting Rural Communities**—The Administration proposes \$2.1 million to develop and administer a demonstration grant program for electronic commerce in rural regions. Coordinated through CSU Fresno, the program's objective is to assist rural areas—where private communication companies have not provided economical Internet access—with planning funding needed to compete for federal grants for communication infrastructure development.
- **Commercial Space**—The Budget proposes \$4.1 million to support the commercial space and aerospace industries. Of this, \$2.4 million is for competitive grants, \$1.0 million is to continue the campaign to locate launch and production facilities for the VentureStar reusable launch vehicle in California, \$250,000 is for consultant support to secure the Joint Strike Fighter project, \$213,000 is to construct an aerospace supplier data base, and the balance is for agency support.
- **Biomass Grants**—The Budget includes \$10.0 million for a 2000-01 grant program to facilitate the ability of the emerging biomass industry to convert agricultural waste into clean energy. The program will be replaced by a tax credit for 2001-02 and 2002-03.
- **Rural Investment Tax Exemption**—Through its California Infrastructure and Economic Development Bank, the Agency will authorize \$5.0 million in state sales tax exemptions for businesses in high unemployment areas that meet specified investment and job-creation criteria.
- **CalTIP**—The Trade and Commerce Agency recommends increased funding for the California Technology Investment Partnership (CalTIP) program by \$2.2 million to meet growth in demand. The program supports California's new economy by accelerating the development and commercialization of new products and services through grants to high-technology firms. State grants are matched with private and federal funds.
- **Manufacturing Technology Program**—To maintain the program's current size (\$33.0 million in total grants from all fund sources), the Budget proposes an increase of \$1.2

million in state support to compensate for scheduled reductions in federal matching grants. The program supports the state's manufacturing sector by providing grants to manufacturing businesses to assist in upgrading and developing new manufacturing technology.

Other Business/Job Retention and Expansion Proposals

- **Small Business Loan Guarantees**—The Budget provides \$3.0 million to expand the Small Business Loan Guarantee Program to the leveraged ratio of 4:1 allowed under statute. With this augmentation, the program can better serve California's small businesses by increasing the volume of its loan guarantees from the current level of about \$99 million to \$124 million.
- **Military Base Closures**—Pursuant to Chapter 425, Statutes of 1999, the Trade and Commerce Agency proposes \$970,000 for permanent support of the Office of Military Base Retention and for a two-year competitive grant program (\$400,000 each year) to communities potentially affected by future military base closures or losses of military missions. Grants will support planning and liaison activities with the federal government, helping communities and base management to make the case for retaining and expanding missions on California's bases.
- **Infrastructure Bank**—The Trade and Commerce Agency administers the California Infrastructure and Economic Development Bank. In 1999-00, the Bank was capitalized with \$425.0 million from the General Fund (in addition to \$50.0 million provided in 1998), providing a significant source of financial assistance for public infrastructure projects that support economic development. The Bank is authorized to issue bonds against these assets, leveraging its loan capacity to three or four times its initial capitalization. The Bank's board approved loan guidelines in December of 1999. Pre-applications may be filed with the Bank now. It is expected that review of loan applications and loan awards will begin in early spring of 2000. The Budget anticipates a total of \$295 million in loans in 1999-00 and 2000-01.