

ASSEMBLY BILL

No. 1047

Introduced by Assembly Member V. Manuel Perez

February 27, 2009

An act to amend Section 16727 of, and to add Section 63037 to, the Government Code, relating to state funds, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1047, as introduced, V. Manuel Perez. California Infrastructure and Economic Development Bank: local assistance program.

The Bergeson-Peace Infrastructure and Economic Development Bank Act generally sets forth the duties and authority of the California Infrastructure and Economic Development Bank in administering various programs for economic development activities in the state.

This bill would require the bank to establish a local assistance program to provide technical support to small and rural communities in the state in obtaining financing for local infrastructure projects, as defined, subject to specified criteria. The bill would establish the Community Technical Assistance Fund in the State Treasury and would continuously appropriate the moneys in the fund to the bank for purposes of the program, according to specified criteria.

The State General Obligation Bond Law generally sets forth the authorized uses of proceeds of bonds issued under its provisions, including, among other things, the costs of construction or acquisition of capital assets, and the costs of a state agency with responsibility for administering the bond program.

This bill would include among the costs of a state agency with responsibility for administering a bond program, the cost of outreach

and technical assistance directly related to construction or acquisition of capital assets.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16727 of the Government Code is
2 amended to read:

3 16727. Proceeds from the sale of any bonds issued pursuant
4 to this chapter shall be used only for the following purposes:

5 (a) The costs of construction or acquisition of capital assets.
6 “Capital assets” mean tangible physical property with an expected
7 useful life of 15 years or more. “Capital assets” also ~~means~~ *mean*
8 tangible physical property with an expected useful life of 10 to 15
9 years, but these costs ~~may~~ *shall* not exceed 10 percent of the bond
10 proceeds net of all issuance costs. “Capital assets” include major
11 maintenance, reconstruction, demolition for purposes of
12 reconstruction of facilities, and retrofitting work that is ordinarily
13 done no more often than once every 5 to 15 years or expenditures
14 that continue or enhance the useful life of the capital asset. “Capital
15 assets” also include equipment with an expected useful life of two
16 years or more. Costs allowable under this section include costs
17 incidentally but directly related to construction or acquisition,
18 including, but not limited to, planning, engineering, construction
19 management, architectural, and other design work, environmental
20 impact reports and assessments, required mitigation expenses,
21 appraisals, legal expenses, site acquisitions, and necessary
22 easements.

23 (b) To make grants or loans, if the proceeds of the grants or
24 loans are used for the costs of construction or acquisition of capital
25 assets. Bond proceeds may also be used to pay the costs of a state
26 agency for administering the grant or loan program.

27 (c) To repay funds borrowed in anticipation of the sale of the
28 bonds, including interest, or to pay interest on the bonds
29 themselves.

30 (d) To pay the costs of a state agency with responsibility for
31 administering the bond program, *including, but not limited to, the*
32 *cost of outreach and technical assistance directly related to the*
33 *construction or acquisition of capital assets.* These costs include

1 those incurred by the Treasurer, the Controller, the Department of
2 Finance, and the Public Works Board for staff, operating expenses
3 and equipment, and consultants' costs.

4 (e) The costs of the Treasurer's office directly associated with
5 the sale and payment of the bonds, including, but not limited to,
6 underwriting discounts, costs of printing, bond counsel,
7 registration, and fees of trustees.

8 Nothing in this section is intended to prohibit the investment of
9 bond proceeds or the use of proceeds of those investments in any
10 manner authorized by law.

11 SEC. 2. Section 63037 is added to the Government Code, to
12 read:

13 63037. (a) (1) The bank shall establish a local assistance
14 program to provide technical support to small and rural
15 communities in the state in obtaining financing for local
16 infrastructure projects.

17 (2) For purposes of this section, the term "infrastructure
18 projects" has the same meaning as that given to the term "public
19 development facilities" in subdivision (q) of Section 63010.

20 (b) The program shall assist communities in developing strategic
21 plans, writing grants, applying for public and private loans and
22 guarantees, issuing bonds, and other activities directly related to
23 obtaining funding for infrastructure projects. Technical assistance
24 in this regard shall include extended interaction with a community
25 throughout the financing process, and shall be encouraged to
26 maximize public-private partnerships to the extent possible.

27 (c) The bank shall develop a competitive process for selecting
28 communities to be assisted under the program, based on
29 infrastructure need and community readiness to undertake the
30 infrastructure project. First priority shall be given to projects that
31 remediate severe health and safety problems. Second priority shall
32 be given to projects that promote economic development. Third
33 priority shall be given to projects that promote general health and
34 safety. The bank shall make every effort to widely advertise the
35 availability of the program and encourage applications from
36 historically underserved communities.

37 (d) The bank shall provide for no fewer than three professional
38 positions and one staff position to implement the program.

39 (e) (1) Funds to support program activities related to assisting
40 communities in obtaining the proceeds of bonds authorized

1 pursuant to Section 1 of Article XVI of the California Constitution,
2 and transferred pursuant to subdivision (d) of Section 16727, shall
3 be provided through the Community Technical Assistance Fund,
4 which is hereby established in the State Treasury. Notwithstanding
5 Section 13340, moneys in the fund are continuously appropriated
6 to the bank in amounts representing the pro rata share of each
7 source of funds, and moneys transferred pursuant to subdivision
8 (d) of Section 16727 shall not be used for any other purpose than
9 the furtherance of the purpose of the respective bond acts by the
10 program.

11 (2) Other funds, excluding General Fund revenues, may be
12 deposited in the Community Technical Assistance Fund and may
13 be used to provide technical assistance to communities for
14 infrastructure projects financed with funding sources other than
15 those authorized pursuant to Section 1 of Article XVI of the
16 California Constitution.

17 (f) The bank shall individually track each funding source and
18 its use to ensure that all funding conditions are met and that only
19 eligible communities and eligible purposes are authorized.