

ASSEMBLY BILL

No. 1581

**Introduced by Committee on Natural Resources (Skinner (Chair),
Brownley, Chesbro, De Leon, Hill, and Huffman)**

March 27, 2009

An act to amend Sections 42023.1, 42023.2, 42023.3, 42023.4, 42023.5, and 42023.6 of the Public Resources Code, relating to solid waste, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1581, as introduced, Committee on Natural Resources. Solid waste: recycling market development.

The California Integrated Waste Management Act of 1989, which is administered by the California Integrated Waste Management Board, establishes an integrated waste management program. The act creates the Recycling Market Development Revolving Loan Subaccount in the Integrated Waste Management Account and continuously appropriates the funds deposited in the subaccount to the board for making loans for the purposes of the Recycling Market Development Revolving Loan Program. Existing law makes the provisions regarding the loan program, the creation of the subaccount, and expenditures from the subaccount inoperative on July 1, 2011, and repeals them as of January 1, 2012, and provides for disposition of funds remaining after inoperation and repeal.

This bill would extend the inoperative and repeal dates to July 1, 2015, and January 1, 2016, respectively, thereby continuing the program and the continuous appropriation until July 1, 2015, and thus making an appropriation.

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 42023.1 of the Public Resources Code
2 is amended to read:
3 42023.1. (a) The Recycling Market Development Revolving
4 Loan Subaccount is hereby created in the account for the purpose
5 of providing loans for purposes of the Recycling Market
6 Development Revolving Loan Program established pursuant to
7 this article.
8 (b) Notwithstanding Section 13340 of the Government Code,
9 the funds deposited in the subaccount are hereby continuously
10 appropriated to the board without regard to fiscal year for making
11 loans pursuant to this article.
12 (c) The board may expend interest earnings on funds in the
13 subaccount for administrative expenses incurred in carrying out
14 the Recycling Market Development Revolving Loan Program,
15 upon the appropriation of funds in the subaccount for that purpose
16 in the annual Budget Act.
17 (d) The money from ~~any~~ loan repayments and fees, including,
18 but not limited to, principal and interest repayments, fees and
19 points, recovery of collection costs, income earned on ~~any~~ an asset
20 recovered pursuant to a loan default, and funds collected through
21 foreclosure actions, shall be deposited in the subaccount.
22 (e) All interest accruing on interest payments from loan
23 applicants shall be deposited in the subaccount.
24 (f) The board may expend the money in the subaccount to make
25 loans to local governing bodies, private businesses, and nonprofit
26 entities within recycling market development zones, or in areas
27 outside zones where partnerships exist with other public entities
28 to assist local jurisdictions to comply with Section 40051.
29 (g) The board shall establish and collect fees for applications
30 for loans authorized by this section. The application fee shall be
31 set at a level that is sufficient to fund the board’s cost of processing
32 applications for loans. In addition, the board shall establish a
33 schedule of fees, or points, for loans ~~which~~ *that* are entered into
34 by the board, to fund the board’s administration of the revolving
35 loan program.

1 (h) The board may expend money in the subaccount for the
2 administration of the Recycling Market Development Revolving
3 Loan Program, upon the appropriation of funds in the subaccount
4 for that purpose in the annual Budget Act. In addition, the board
5 may expend money in the account to administer the revolving loan
6 program, upon the appropriation of funds in the subaccount for
7 that purpose in the annual Budget Act. However, funding for the
8 administration of the revolving loan program from the account
9 shall be provided only if there are not sufficient funds in the
10 subaccount to fully fund the administration of the program.

11 (i) The board, pursuant to subdivision (a) of Section 47901, may
12 set aside funds for the purposes of paying costs necessary to protect
13 the state's position as a lender-creditor. These costs shall be broadly
14 construed to include, but not be limited to, foreclosure expenses,
15 auction fees, title searches, appraisals, real estate brokerage fees,
16 attorney fees, mortgage payments, insurance payments, utility
17 costs, repair costs, removal and storage costs for repossessed
18 equipment and inventory, and additional expenditures to purchase
19 a senior lien in foreclosure or bankruptcy proceedings.

20 (j) (1) Except as provided in paragraph (2), this section shall
21 become inoperative on July 1, ~~2015~~ 2015, and as of January 1,
22 ~~2016~~ 2016, is repealed, unless a later enacted statute, which
23 becomes effective on or before January 1, ~~2016~~ 2016, deletes or
24 extends the dates on which it becomes inoperative and is repealed.

25 (2) The repeal of this section pursuant to paragraph (1) shall
26 not extinguish any loan obligation or the authority of the state to
27 pursue appropriate actions for the collection of a loan.

28 SEC. 2. Section 42023.2 of the Public Resources Code is
29 amended to read:

30 42023.2. (a) Upon authorization by the Legislature in the
31 annual Budget Act, the Controller shall transfer a sum not to exceed
32 five million dollars (\$5,000,000) from the account to the
33 subaccount as necessary to meet anticipated loan demand under
34 the program. Those amounts shall be a loan to the subaccount,
35 repayable with interest to the account at the rate of return for money
36 in the Surplus Money Investment Fund.

37 (b) (1) Except as provided in paragraph (2), this section shall
38 become inoperative on July 1, ~~2015~~ 2015, and as of January 1,
39 ~~2016~~ 2016, is repealed, unless a later enacted statute, which

1 becomes effective on or before January 1, ~~2012~~ 2016, deletes or
2 extends the dates on which it becomes inoperative and is repealed.

3 (2) The repeal of this section pursuant to paragraph (1) shall
4 not extinguish any loan obligation or the authority of the state to
5 pursue appropriate actions for the collection of a loan.

6 SEC. 3. Section 42023.3 of the Public Resources Code is
7 amended to read:

8 42023.3. (a) All money remaining in the subaccount on July
9 1, ~~2011~~ 2015, and all money received as repayment and interest
10 on loans shall, as of July 1, ~~2011~~ 2015, be transferred to the account
11 and any money due and outstanding on loans as of July 1, ~~2011~~
12 2015, shall be repaid to the board and deposited by the board in
13 the account until paid in full, except that, upon authorization by
14 the Legislature in the annual Budget Act, interest earnings may be
15 expended for administrative costs associated with the collection
16 of outstanding loan accounts.

17 (b) (1) Except as provided in paragraph (2), this section shall
18 become inoperative on July 1, ~~2011~~ 2015, and as of January 1,
19 ~~2012~~ 2016, is repealed, unless a later enacted statute, which
20 becomes effective on or before January 1, ~~2012~~ 2016, deletes or
21 extends the dates on which it becomes inoperative and is repealed.

22 (2) The repeal of this section pursuant to paragraph (1) shall
23 not extinguish any loan obligation or the authority of the state to
24 pursue appropriate actions for the collection of a loan.

25 SEC. 4. Section 42023.4 of the Public Resources Code is
26 amended to read:

27 42023.4. (a) ~~Loans~~ A loan made pursuant to Section 42023.1
28 shall be subject to all of the following requirements:

29 (1) The terms of ~~any~~ an approved loan shall be specified in a
30 loan agreement between the borrower and the board. The loan
31 agreement shall include a requirement that the failure to comply
32 with the agreement shall result in any remaining unpaid amount
33 of the loan, with accrued interest, being immediately due and
34 payable. Notwithstanding any term of the agreement, ~~any~~ a
35 recipient of a loan that the board approves shall repay the principal
36 amount, plus interest on the basis of the rate of return for money
37 in the Surplus Money Investment Fund at the time of the loan
38 commitment. Except as provided in subdivision (a) of Section
39 42023.3, all money received as repayment and interest on loans
40 made pursuant to this section shall be deposited in the subaccount.

1 (2) The term of ~~any~~ a loan made pursuant to this section shall
2 be not more than 10 years when collateralized by assets other than
3 real estate, or not more than 15 years when partially or wholly
4 collateralized by real estate.

5 (3) The board shall approve only those loan applications that
6 demonstrate the applicant's ability to repay the loan. The highest
7 priority for funding shall be given to projects ~~which~~ that
8 demonstrate that the project will increase market demand for
9 recycling the project's type of postconsumer waste material.

10 (4) The board shall finance not more than three-fourths of the
11 cost of each project, or not more than two million dollars
12 (\$2,000,000) for each project, whichever is less.

13 (5) The Department of Finance may audit the expenditure of
14 the proceeds of ~~any~~ a loan made pursuant to Section 42023.1 and
15 this section.

16 (b) (1) Except as provided in paragraph (2), this section shall
17 become inoperative on July 1, ~~2015~~ 2015, and as of January 1,
18 ~~2012~~ 2016, is repealed, unless a later enacted statute, which
19 becomes effective on or before January 1, ~~2012~~ 2016, deletes or
20 extends the dates on which it becomes inoperative and is repealed.

21 (2) The repeal of this section pursuant to paragraph (1) shall
22 not extinguish any loan obligation or the authority of the state to
23 pursue appropriate actions for the collection of a loan.

24 SEC. 5. Section 42023.5 of the Public Resources Code is
25 amended to read:

26 42023.5. (a) The board shall, as part of the annual report to
27 the Legislature, pursuant to Section 40507, include a report on the
28 performance of the Recycling Market Development Revolving
29 Loan Program, including the number and size of loans made,
30 characteristics of loan recipients, projected loan demand, and the
31 cost of administering the program.

32 (b) This section shall become inoperative on July 1, ~~2015~~ 2015,
33 and as of January 1, ~~2012~~ 2016, is repealed, unless a later enacted
34 statute, which becomes effective on or before January 1, ~~2012~~
35 2016, deletes or extends the dates on which it becomes inoperative
36 and is repealed.

37 SEC. 6. Section 42023.6 of the Public Resources Code is
38 amended to read:

39 42023.6. (a) The board shall encourage applicants to seek
40 participation from private financial institutions or other public

1 agencies. For purposes of enabling the board and local agencies
2 to comply with Sections 40051 and 41780, the board may
3 participate, in an amount not to exceed five hundred thousand
4 dollars (\$500,000), in the Capital Access Loan Program as provided
5 in Article 8 (commencing with Section 44559) of Chapter 1 of
6 Division 27 of the Health and Safety Code.

7 (b) For purposes of participating in the Capital Access Loan
8 Program, as specified in subdivision (a), or in ~~any~~ a program that
9 leverages subaccount funds, the board may operate both inside
10 and outside the recycling market development zones.

11 (c) (1) Except as provided in paragraph (2), this section shall
12 become inoperative on July 1, ~~2011~~ 2015, and as of January 1,
13 ~~2012~~ 2016, is repealed, unless a later enacted statute, which
14 becomes effective on or before January 1, ~~2012~~ 2016, deletes or
15 extends the dates on which it becomes inoperative and is repealed.

16 (2) The repeal of this section pursuant to paragraph (1) shall
17 not extinguish any loan obligation or the authority of the state to
18 pursue appropriate actions for the collection of a loan.