

AMENDED IN ASSEMBLY APRIL 27, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1873

Introduced by Assembly Member Huffman

February 16, 2010

~~An act to amend Section 38597 of the Health and Safety Code, and to amend Section 5898.28 of the Streets and Highways Code, relating to contractual assessments. An act to add Section 38576 to the Health and Safety Code, relating to air pollution.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1873, as amended, Huffman. ~~Contractual assessments: financing bonds: improvements.—PACE bonds: market-based compliance mechanism revenues.~~

The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020. The state board is required by January 1, 2011, to adopt greenhouse gas emissions limits and emission reduction measures by regulation to achieve the prescribed emission reductions. ~~The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions, the revenues from which are to be deposited into the Air Pollution Control Fund, to be available for purposes of carrying out the act, subject to appropriation. The act~~

authorizes the state board to include the use of market-based compliance mechanisms in these regulations.

Existing law authorizes a legislative body of a public agency, as defined, to determine that it would be convenient ~~and~~, advantageous, *and in the public interest* to designate an area within which authorized officials and ~~free and willing~~ property owners may enter into *voluntary* contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property. Existing law authorizes a public agency to issue bonds to finance that work, to be repaid by voluntary contractual assessments (financing bonds).

This bill would authorize the state board, *upon appropriation by the Legislature*, to use ~~those fee~~ revenues *collected from market-based compliance mechanisms* to purchase those financing bonds, ~~subject to appropriation and bonds secured by a voluntary contractual assessment or a voluntary special tax on property~~, *to finance the installation of distributed generation renewable energy sources, or energy or water efficiency improvements levied pursuant to a chartered city's constitutional authority.*

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Global climate change poses serious risks to California's
- 4 public health and natural environment, including significant threats
- 5 to air and water quality and irreparable damage to ecosystems and
- 6 wildlife.
- 7 (b) This state has established clear policy goals, through
- 8 measures such as the California Global Warming Solutions Act
- 9 of 2006 (Division 25.5 (commencing with Section 38500) of the
- 10 Health and Safety Code), to address global climate change.
- 11 (c) The Legislature has also established clear policy goals to
- 12 promote energy efficiency, reduce the state's reliance on fossil
- 13 fuels, and increase the state's energy independence.
- 14 (d) The promotion of renewable energy sources along with
- 15 increased efficiency reduces pollution and greenhouse gas
- 16 emissions and has a positive effect on air quality.

1 (e) Investment in energy and water efficiency improvements is
2 also of benefit to California’s economy, stimulating financial
3 investments and creating new jobs.

4 (f) The protection of California’s natural resources helps
5 stimulate our economy, especially industries related to tourism,
6 fishing, and new technologies, as well as enhancing citizens’
7 quality of life.

8 (g) Residential property improvements to energy and water
9 efficiency financed by contractual assessments authorized by
10 Section 5898.20 of the Streets and Highways Code, *or a voluntary*
11 *contractual assessment or voluntary special tax that is levied*
12 *pursuant to a chartered city’s constitutional authority*, provide a
13 public benefit to everyone in California.

14 ~~SEC. 2.— Section 38597 of the Health and Safety Code is~~
15 ~~amended to read:~~

16 ~~38597. (a) The state board may adopt by regulation, after a~~
17 ~~public workshop, a schedule of fees to be paid by the sources of~~
18 ~~greenhouse gas emissions regulated pursuant to this division,~~
19 ~~consistent with Section 57001. The revenues collected pursuant~~
20 ~~to this section, shall be deposited into the Air Pollution Control~~
21 ~~Fund and are available, upon appropriation by the Legislature, for~~
22 ~~purposes of carrying out this division.~~

23 ~~(b) The state board may use revenues deposited in the Air~~
24 ~~Pollution Control Fund pursuant to this section to purchase bonds~~
25 ~~issued pursuant to Section 5898.28 of the Streets and Highways~~
26 ~~Code to finance the installation of distributed generation renewable~~
27 ~~energy sources or energy or water efficiency improvements, upon~~
28 ~~appropriation by the Legislature for that purpose.~~

29 ~~SEC. 3.— Section 5898.28 of the Streets and Highways Code is~~
30 ~~amended to read:~~

31 ~~5898.28.— A public agency may issue bonds pursuant to this~~
32 ~~chapter, the principal and interest for which would be repaid by~~
33 ~~voluntary contractual assessments. A public agency may advance~~
34 ~~its own funds to finance work to be repaid through voluntary~~
35 ~~contractual assessments, and may from time to time sell bonds to~~
36 ~~reimburse itself for those advances. A public agency may enter~~
37 ~~into a relationship with an underwriter or financial institution that~~
38 ~~would allow the sequential issuance of a series of bonds, each bond~~
39 ~~being issued as the need arose to finance work to be repaid through~~
40 ~~voluntary contractual assessments. The interest rate of each bond~~

1 ~~may be determined by an appropriate index, but shall be fixed at~~
2 ~~the time each bond is issued. Bond proceeds may be used to~~
3 ~~establish a reserve fund, and to pay for expenses incidental to the~~
4 ~~issuance and sale of the bonds. Division 10 (commencing with~~
5 ~~Section 8500) shall apply to any bonds issued pursuant to this~~
6 ~~section, insofar as that division is not in conflict with this chapter.~~

7 *SEC. 2. Section 38576 is added to the Health and Safety Code,*
8 *to read:*

9 *38576. (a) The state board may use revenues collected*
10 *pursuant to this part to purchase Property Assessed Clean Energy*
11 *bonds, upon appropriation by the Legislature for that purpose.*

12 *(b) For purposes of this section, "Property Assessed Clean*
13 *Energy bond" or "PACE bond" means a bond that is secured by*
14 *a voluntary contractual assessment on property authorized*
15 *pursuant to paragraph (2) of subdivision (a) of Section 5898.20*
16 *of the Streets and Highways Code or by a voluntary contractual*
17 *assessment or a voluntary special tax on property to finance the*
18 *installation of distributed generation renewable energy sources,*
19 *or energy or water efficiency improvements that is levied pursuant*
20 *to a chartered city's constitutional authority under Section 5 of*
21 *Article XI of the California Constitution.*