

AMENDED IN SENATE JUNE 23, 2010

AMENDED IN ASSEMBLY MAY 28, 2010

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 add Sections 6509.6, 16480.45, and 20194.5 to the Government Code, and to amend Section 11797 of the Insurance Code, relating to Property Assessed Clean Energy Bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1873, as amended, Huffman. Property Assessed Clean Energy (PACE) bonds.

Existing law requires the Treasurer to invest or make deposits in banks and savings and loan associations of revenues in the Pooled Money Investment Account in accordance with designations specified by the Pooled Money Investment Board.

The Board of Administration of the Public Employees' Retirement System is authorized to make any investment authorized by law, including, among others, an investment in real property.

The State Compensation Insurance Fund is authorized to purchase general obligation bonds or other evidence of indebtedness issued by the state.

Existing law authorizes a legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and

in the public interest to designate an area within which authorized officials and 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.

Existing law defines a Property Assessed Clean Energy (PACE) bond as a bond that is secured by a voluntary contractual assessment as previously described or 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 that are levied pursuant to a chartered city’s constitutional authority under Section 5 of Article XI of the California Constitution.

This bill would authorize the Treasurer, upon direction of the Pooled Money Investment Board, the Board of Administration of the Public Employees’ Retirement System, and the State Compensation Insurance Fund to purchase PACE bonds from specified funds.

The Exercise of Powers Act authorizes any separate entity created pursuant to that act to invest any money in the treasury that is not required for the immediate necessities of the agency or entity, as the agency or entity determines is advisable.

This bill would authorize a joint powers authority to purchase, and a local agency to sell, the right, title, and interest in an assessment contract, pursuant to an agreement between the joint powers authority and the local agency.

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

1 of 2006 (Division 25.5 (commencing with Section 38500) of the
2 Health and Safety Code), to address global climate change.

3 (c) The Legislature has also established clear policy goals to
4 promote energy efficiency, reduce the state's reliance on fossil
5 fuels, and increase the state's energy independence.

6 (d) The promotion of renewable energy sources along with
7 increased efficiency reduces pollution and greenhouse gas
8 emissions and has a positive effect on air quality.

9 (e) Investment in energy and water efficiency improvements is
10 also of benefit to California's economy, stimulating financial
11 investments and creating new jobs.

12 (f) The protection of California's natural resources helps
13 stimulate our economy, especially industries related to tourism,
14 fishing, and new technologies, as well as enhancing citizens'
15 quality of life.

16 (g) Residential property improvements to energy and water
17 efficiency financed by contractual assessments authorized by
18 Section 5898.20 of the Streets and Highways Code, or a voluntary
19 contractual assessment or voluntary special tax that is levied
20 pursuant to a chartered city's constitutional authority, provide a
21 public benefit to everyone in California.

22 *SEC. 2. Section 6509.6 is added to the Government Code, to*
23 *read:*

24 *6509.6. Notwithstanding any other law, a joint powers authority*
25 *created pursuant to this chapter may purchase or acquire, by sale,*
26 *assignment, pledge, or other transfer from a local agency, and*
27 *any local agency may sell, assign, pledge, or transfer to a joint*
28 *powers authority any or all of that local agency's right, title, and*
29 *interest in and to an assessment contract authorized by Chapter*
30 *29 (commencing with Section 5898.10) of Part 3 of Division 7 of*
31 *the Streets and Highways Code, including any related lien, right,*
32 *subsidy, or other right and receivable, and the enforcement and*
33 *collection thereof, pursuant to any terms and conditions agreed*
34 *to between the joint powers authority and the local agency.*

35 ~~SEC. 2.~~

36 *SEC. 3. Section 16480.45 is added to the Government Code,*
37 *to read:*

38 *16480.45. In addition to any other investment authorized by*
39 *this article, the Treasurer may invest in Property Assessed Clean*

1 Energy (PACE) bonds, as defined in Section 26104 of the Public
2 Resources Code.

3 ~~SEC. 3.~~

4 *SEC. 4.* Section 20194.5 is added to the Government Code, to
5 read:

6 20194.5. In addition to the other investments authorized by
7 this article, the board may invest in Property Assessed Clean
8 Energy (PACE) bonds, as defined in Section 26104 of the Public
9 Resources Code.

10 ~~SEC. 4.~~

11 *SEC. 5.* Section 11797 of the Insurance Code is amended to
12 read:

13 11797. (a) The board of directors shall cause all moneys in
14 the State Compensation Insurance Fund which are in excess of
15 current requirements to be invested and reinvested, from time to
16 time, in the same manner as provided for private insurance carriers
17 pursuant to Article 3 (commencing with Section 1170) of Chapter
18 2 of Part 2 of Division 1.

19 (b) (1) (A) Notwithstanding any other law, the State
20 Compensation Insurance Fund may purchase general obligation
21 bonds or other evidence of indebtedness issued by the state,
22 including, but not limited to, notes issued pursuant to Part 5
23 (commencing with Section 17300) of Division 4 of Title 2 of the
24 Government Code or warrants issued pursuant to Part 4
25 (commencing with Section 17000) of Division 4 of Title 2 of the
26 Government Code, in any amount and to enter into purchase
27 contracts with the state for this purpose.

28 (B) Notwithstanding any other law, the State Compensation
29 Insurance Fund may purchase Property Assessed Clean Energy
30 (PACE) bonds, as defined in Section 26104 of the Public Resources
31 Code.

32 (2) The bonds or other evidence of indebtedness specified in
33 paragraph (1), upon delivery to the State Compensation Insurance
34 Fund, shall, for all purposes, be valid and binding obligations of
35 the issuer thereof, be validly issued and outstanding in accordance
36 with their stated terms, and not be deemed to be owned by or on
37 behalf of the issuer thereof.

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