

**ASSEMBLY BILL**

**No. 2518**

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**Introduced by Assembly Member V. Manuel Perez**

February 19, 2010

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2518, as introduced, V. Manuel Perez. Economic development: 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 the state's small and rural communities in obtaining financing for local infrastructure projects, as defined. The bill would create the Technical Assistance Account in the California Infrastructure Bank Fund, require funds to support program activities related to assisting communities in obtaining the proceeds of specified bonds to be deposited in the account, and continuously appropriate the moneys in the account to the bank for purposes of the program, as specified.

The State General Obligation Bond Law generally sets forth the authorized uses of proceeds of bonds issued under its provisions, including, among other uses, 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 the 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.

1 (d) To pay the costs of a state agency with responsibility for  
2 administering the bond ~~program~~ *program, including, but not limited*  
3 *to, the cost of outreach and technical assistance directly related*  
4 *to the construction or acquisition of capital assets. These costs*  
5 *include those incurred by the Treasurer, the Controller, the*  
6 *Department of Finance, and the Public Works Board for staff,*  
7 *operating expenses and equipment, and consultants' costs.*

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

12 Nothing in this section is intended to prohibit the investment of  
13 bond proceeds or the use of proceeds of those investments in any  
14 manner authorized by law.

15 SEC. 2. Section 63037 is added to the Government Code, to  
16 read:

17 63037. (a) (1) The bank shall establish a local assistance  
18 program to provide technical support to small and rural  
19 communities in the state in obtaining financing for local  
20 infrastructure projects.

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

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

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

1 (d) The bank shall provide for no fewer than three professional  
2 positions and one staff position to implement the program.  
3 (e) (1) Funds to support program activities related to assisting  
4 communities in obtaining the proceeds of bonds authorized  
5 pursuant to Section 1 of Article XVI of the California Constitution,  
6 and transferred pursuant to subdivision (d) of Section 16727, shall  
7 be deposited in the Technical Assistance Account, which is hereby  
8 created in the California Infrastructure Bank Fund. Notwithstanding  
9 Section 13340, moneys in the account are continuously  
10 appropriated to the bank in amounts representing the pro rata share  
11 of each source of funds, and moneys transferred pursuant to  
12 subdivision (d) of Section 16727 shall not be used for any other  
13 purpose than the furtherance of the purpose of the respective bond  
14 acts by the program.  
15 (2) Other funds, excluding General Fund revenues, may be  
16 deposited in the Technical Assistance Account and may be used  
17 to provide technical assistance to communities for infrastructure  
18 projects financed with funding sources other than those authorized  
19 pursuant to Section 1 of Article XVI of the California Constitution.  
20 (f) The bank shall individually track each funding source and  
21 its use to ensure that all funding conditions are met and that only  
22 eligible communities and eligible purposes are authorized.