

AMENDED IN ASSEMBLY MAY 4, 2011

AMENDED IN ASSEMBLY APRIL 7, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1292**

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**Introduced by Assembly Member Roger Hernández**

February 18, 2011

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An act to amend Section 63024 of, and to add Article 6.3 (commencing with Section 63048.55) to Chapter 2 of Division 1 of Title 6.7 of, the Government Code, and to amend Section 116760.40 of the Health and Safety Code, relating to drinking water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1292, as amended, Roger Hernández. Safe Drinking Water State Revolving Fund: revenue bonds.

The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank for the purpose of funding specified types of infrastructure development projects, including public development facilities, that are defined to include sewage collection and treatment facilities and water treatment and distribution facilities. The act authorizes the bank to issue revenue bonds for prescribed purposes.

Existing law, the Safe Drinking Water State Revolving Fund Law, establishes the Safe Drinking Water State Revolving Fund and continuously appropriates money in the fund to the ~~department~~ *State Department of Public Health* to finance the design and construction of projects for public water systems that will enable suppliers to meet safe drinking water standards.

This bill would authorize the bank to issue taxable or tax-exempt revenue bonds for deposit into the Safe Drinking Water State Revolving Fund in accordance with prescribed provisions. By providing for the deposit of additional funds into a continuously appropriated fund, the bill would make 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 63024 of the Government Code is  
2 amended to read:

3 63024. The executive director may contract with the  
4 Department of Finance, the State Department of Health Care  
5 Services, the State Department of Public Health, the Department  
6 of Transportation, the Department of Water Resources, the  
7 Department of Resources Recycling and Recovery, the State Water  
8 Resources Control Board, the Governor’s Office of Planning and  
9 Research, and any other necessary agencies, persons, or firms to  
10 enable the agency to properly perform the duties imposed by this  
11 division.

12 SEC. 2. Article 6.3 (commencing with Section 63048.55) is  
13 added to Chapter 2 of Division 1 of Title 6.7 of the Government  
14 Code, to read:

15  
16 Article 6.3. Safe Drinking Water State Revolving Fund

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18 63048.55. For the purposes of this article, the following terms  
19 have the following meanings:

20 (a) “Department” means the State Department of Public Health.

21 (b) “Revolving fund” means the Safe Drinking Water State  
22 Revolving Fund established pursuant to Section 116760.30 of the  
23 Health and Safety Code.

24 63048.56. Notwithstanding any other law, Article 3  
25 (commencing with Section 63040), Article 4 (commencing with  
26 Section 63042), and Article 5 (commencing with Section 63043),  
27 shall not apply to any financing provided by the bank to, or at the  
28 request of, the department in connection with the revolving fund.

29 63048.57. (a) The bank may issue taxable or tax-exempt  
30 revenue bonds pursuant to Chapter 5 (commencing with Section

1 63070) and deposit the proceeds from the bonds into the revolving  
2 fund or use the proceeds to refund bonds previously issued under  
3 this article. Bond proceeds may also be used to fund necessary  
4 reserves, capitalized interest, or costs of issuance.

5 (b) Except as may be provided in the governing documents with  
6 respect to bond anticipation notes, each of the bonds issued under  
7 this article shall, to the extent provided in the governing documents,  
8 be payable from, and secured by, all or a portion of the revenues  
9 in the revolving fund and the assets of the revolving fund, to the  
10 extent the revenues and assets are pledged by the department for  
11 those purposes.

12 (c) Bonds issued under this article shall not be deemed to  
13 constitute a debt or liability of the state or of any political  
14 subdivision of the state, *other than the bank*, but shall be payable  
15 solely from the revolving fund and the assets of the revolving fund,  
16 and the security provided by the revolving fund. All bonds issued  
17 under this article shall contain on the face of the bonds a statement  
18 to that effect.

19 SEC. 3. Section 116760.40 of the Health and Safety Code is  
20 amended to read:

21 116760.40. The department may undertake any of the following  
22 actions to implement the Safe Drinking Water State Revolving  
23 Fund:

24 (a) Enter into agreements with the federal government for federal  
25 contributions to the fund.

26 (b) Accept federal contributions to the fund.

27 (c) Use moneys in the fund for the purposes permitted by the  
28 federal act.

29 (d) Provide for the deposit of matching funds and other available  
30 and necessary moneys into the fund.

31 (e) Make requests, on behalf of the state, for deposit into the  
32 fund of available federal moneys under the federal act.

33 (f) Determine, on behalf of the state, that public water systems  
34 that receive financial assistance from the fund will meet the  
35 requirements of, and otherwise be treated as required by, the federal  
36 act.

37 (g) Provide for appropriate audit, accounting, and fiscal  
38 management services, plans, and reports relative to the fund.

39 (h) Take additional incidental action as may be appropriate for  
40 adequate administration and operation of the fund.

- 1 (i) Enter into an agreement with, and accept matching funds  
2 from, a public water system. A public water system that seeks to  
3 enter into an agreement with the department and provide matching  
4 funds pursuant to this subdivision shall provide to the department  
5 evidence of the availability of those funds in the form of a written  
6 resolution, or equivalent document, from the public water system  
7 before it requests a preliminary loan commitment.
- 8 (j) Charge public water systems that elect to provide matching  
9 funds a fee to cover the actual cost of obtaining the federal funds  
10 pursuant to Section 1452(e) of the federal act (42 U.S.C. Sec.  
11 300j-12) and to process the loan application. The fee shall be  
12 waived by the department if sufficient funds to cover those costs  
13 are available from other sources.
- 14 (k) Use money returned to the fund under Section 116761.85  
15 and any other source of matching funds, if not prohibited by statute,  
16 as matching funds for the federal administrative allowance under  
17 Section 1452(g) of the federal act (42 U.S.C. Sec. 300j-12).
- 18 (l) Establish separate accounts or subaccounts as required or  
19 allowed in the federal act and related guidance, for funds to be  
20 used for administration of the fund and other purposes. Within the  
21 fund the department shall establish the following accounts,  
22 including, but not limited to:
- 23 (1) A fund administration account for state expenses related to  
24 administration of the fund pursuant to Section 1452(g)(2) of the  
25 federal act.
- 26 (2) A water system reliability account for department expenses  
27 pursuant to Section 1452(g)(2)(A), (B), (C), or (D) of the federal  
28 act.
- 29 (3) A source protection account for state expenses pursuant to  
30 Section 1452(k) of the federal act.
- 31 (4) A small system technical assistance account for department  
32 expenses pursuant to Section 1452(g)(2) of the federal act.
- 33 (5) A state revolving loan account pursuant to Section 1452(a)(2)  
34 of the federal act.
- 35 (6) A wellhead protection account established pursuant to  
36 Section 1452(a)(2) of the federal act.
- 37 (m) Deposit federal funds for administration and other purposes  
38 into separate accounts or subaccounts as allowed by the federal  
39 act.

1 (n) Determine, on behalf of the state, whether sufficient progress  
2 is being made toward compliance with the enforceable deadlines,  
3 goals, and requirements of the federal act and the California Safe  
4 Drinking Water Act, Chapter 4 (commencing with Section 116270).

5 (o) To the extent permitted under federal law, including, but  
6 not limited to, Section ~~1453(a)(2)~~ *1452(a)(2) and (f)(4)* of the  
7 federal Safe Drinking Water Act, ~~as amended~~ (42 U.S.C. Sec.  
8 ~~300j-13(a)(2)~~ *300j-12(a)(2) and (f)(4)*), use any and all amounts  
9 deposited in the fund, including, but not limited to, loan repayments  
10 and interest earned on the loans, as a source of reserve and security  
11 for the payment of principal and interest on revenue bonds, the  
12 proceeds of which are deposited in the fund.

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