

ASSEMBLY BILL

No. 2319

Introduced by Assembly Member Gordon

February 18, 2016

An act to amend Sections 63010, 63041.5, and 63049.64 of the Government Code, and to amend Section 31070.5 of the Streets and Highways Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2319, as introduced, Gordon. California Infrastructure and Economic Development Bank.

The Bergeson-Peace Infrastructure and Economic Development Bank Act authorizes the California Infrastructure and Economic Development Bank, governed by a board of directors, to, among other things, make loans, issue bonds, and provide other financial assistance for various types of infrastructure and economic development projects. The act defines terms for its purposes and establishes the California Infrastructure and Economic Development Bank Fund, a continuously appropriated fund, for support of the bank.

This bill would expand the authority of the bank by adding affordable housing, as defined, to the types of projects to which the bank is authorized to provide financial assistance. By expanding the bank's authority to expend funds in a continuously appropriated fund, the bill would make an appropriation. This bill would also make conforming, nonsubstantive changes to cross-references to this provision.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 63010 of the Government Code is amended to read:

63010. For purposes of this division, the following words and terms shall have the following meanings unless the context clearly indicates or requires another or different meaning or intent:

(a) “Act” means the Bergeson-Peace Infrastructure and Economic Development Bank Act.

(b) “Affordable housing” means a dwelling available for purchase or lease by persons and families who qualify as low- or moderate-income, as defined in Section 50093 of the Health and Safety Code, very low income households, as defined in Section 50105 of the Health and Safety Code, or extremely low income households, as defined in Section 50106 of the Health and Safety Code.

~~(b)~~

(c) “Bank” means the California Infrastructure and Economic Development Bank.

~~(c)~~

(d) “Board” or “bank board” means the Board of Directors of the California Infrastructure and Economic Development Bank.

~~(d)~~

(e) “Bond purchase agreement” means a contractual agreement executed between the bank and a sponsor, or a special purpose trust authorized by the bank or a sponsor, or both, whereby the bank or special purpose trust authorized by the bank agrees to purchase bonds of the sponsor for retention or sale.

~~(e)~~

(f) “Bonds” means bonds, including structured, senior, and subordinated bonds or other securities; loans; notes, including bond, revenue, tax, or grant anticipation notes; commercial paper; floating rate and variable maturity securities; and any other evidences of indebtedness or ownership, including certificates of participation or beneficial interest, asset backed certificates, or lease-purchase or installment purchase agreements, whether taxable or excludable from gross income for federal income taxation purposes.

~~(f)~~

(g) “Cost,” as applied to a project or portion thereof financed under this division, means all or any part of the cost of construction, renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, licenses, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved; the cost of all machinery, equipment, and financing charges; interest prior to, during, and for a period after completion of construction, renovation, or acquisition, as determined by the bank; provisions for working capital; reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements; and the cost of architectural, engineering, financial and legal services, plans, specifications, estimates, administrative expenses, and other expenses necessary or incidental to determining the feasibility of any project or incidental to the construction, acquisition, or financing of any project, and transition costs in the case of an electrical corporation.

~~(g)~~

(h) “Economic development facilities” means real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, goods movement, or service enterprise facilities, community, educational, cultural, or social welfare facilities and any parts or combinations thereof, and all facilities or infrastructure necessary or desirable in connection therewith, including provision for working capital, ~~but shall not include any housing.~~ *capital.*

~~(h)~~

(i) “Electrical corporation” has the meaning set forth in Section 218 of the Public Utilities Code.

~~(i)~~

(j) “Executive director” means the Executive Director of the California Infrastructure and Economic Development Bank appointed pursuant to Section 63021.

~~(j)~~

(k) “Financial assistance” in connection with a project, includes, but is not limited to, any combination of grants, loans, the proceeds of bonds issued by the bank or special purpose trust, insurance,

1 guarantees or other credit enhancements or liquidity facilities, and
2 contributions of money, property, labor, or other things of value,
3 as may be approved by resolution of the board or the sponsor, or
4 both; the purchase or retention of bank bonds, the bonds of a
5 sponsor for their retention or for sale by the bank, or the issuance
6 of bank bonds or the bonds of a special purpose trust used to fund
7 the cost of a project for which a sponsor is directly or indirectly
8 liable, including, but not limited to, bonds, the security for which
9 is provided in whole or in part pursuant to the powers granted by
10 Section 63025.1; bonds for which the bank has provided a
11 guarantee or enhancement, including, but not limited to, the
12 purchase of the subordinated bonds of the sponsor, the subordinated
13 bonds of a special purpose trust, or the retention of the subordinated
14 bonds of the bank pursuant to Chapter 4 (commencing with Section
15 63060); or any other type of assistance deemed appropriate by the
16 bank or the sponsor, except that no direct loans shall be made to
17 nonpublic entities other than in connection with the issuance of
18 rate reduction bonds pursuant to a financing order or in connection
19 with a financing for an economic development facility.

20 For purposes of this subdivision, “grant” does not include grants
21 made by the bank except when acting as an agent or intermediary
22 for the distribution or packaging of financing available from
23 federal, private, or other public sources.

24 ~~(k)~~
25 *(l)* “Financing order” has the meaning set forth in Section 840
26 of the Public Utilities Code.

27 ~~(l)~~
28 *(m)* “Guarantee trust fund” means the California Infrastructure
29 Guarantee Trust Fund.

30 ~~(m)~~
31 *(n)* “Infrastructure bank fund” means the California
32 Infrastructure and Economic Development Bank Fund.

33 ~~(n)~~
34 *(o)* “Loan agreement” means a contractual agreement executed
35 between the bank or a special purpose trust and a sponsor that
36 provides that the bank or special purpose trust will loan funds to
37 the sponsor and that the sponsor will repay the principal and pay
38 the interest and redemption premium, if any, on the loan.

39 ~~(o)~~

(p) “Participating party” means any person, company, corporation, association, state, or municipal governmental entity, partnership, firm, or other entity or group of entities, whether organized for profit or not for profit, engaged in business or operations within the state and that applies for financing from the bank in conjunction with a sponsor for the purpose of implementing a project. However, in the case of a project relating to the financing of transition costs or the acquisition of transition property, or both, on the request of an electrical corporation, or in connection with financing for an economic development facility, or for the financing of insurance claims, the participating party shall be deemed to be the same entity as the sponsor for the financing.

~~(p)~~
(q) “Project” means designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing public development facilities ~~or facilities,~~ *affordable housing, or* economic development facilities within the state or financing transition costs or the acquisition of transition property, or both, upon approval of a financing order by the Public Utilities Commission, as provided in Article 5.5 (commencing with Section 840) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code.

~~(q)~~
(r) “Public development facilities” means real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components ~~thereof, excluding any housing, thereof~~ that are directly related to providing the following:

(1) “City streets” including any street, avenue, boulevard, road, parkway, drive, or other way that is any of the following:

(A) An existing municipal roadway.

(B) Is shown upon a plat approved pursuant to law and includes the land between the street lines, whether improved or unimproved, and may comprise pavement, bridges, shoulders, gutters, curbs, guardrails, sidewalks, parking areas, benches, fountains, plantings, lighting systems, and other areas within the street lines, as well as equipment and facilities used in the cleaning, grading, clearance, maintenance, and upkeep thereof.

(2) “County highways” including any county highway as defined in Section 25 of the Streets and Highways Code, that includes the land between the highway lines, whether improved or unimproved,

1 and may comprise pavement, bridges, shoulders, gutters, curbs,
2 guardrails, sidewalks, parking areas, benches, fountains, plantings,
3 lighting systems, and other areas within the street lines, as well as
4 equipment and facilities used in the cleaning, grading, clearance,
5 maintenance, and upkeep thereof.

6 (3) “Drainage, water supply, and flood control” including, but
7 not limited to, ditches, canals, levees, pumps, dams, conduits,
8 pipes, storm sewers, and dikes necessary to keep or direct water
9 away from people, equipment, buildings, and other protected areas
10 as may be established by lawful authority, as well as the
11 acquisition, improvement, maintenance, and management of
12 floodplain areas and all equipment used in the maintenance and
13 operation of the foregoing.

14 (4) “Educational facilities” including libraries, child care
15 facilities, including, but not limited to, day care facilities, and
16 employment training facilities.

17 (5) “Environmental mitigation measures” including required
18 construction or modification of public infrastructure and purchase
19 and installation of pollution control and noise abatement
20 equipment.

21 (6) “Parks and recreational facilities” including local parks,
22 recreational property and equipment, parkways, and property.

23 (7) “Port facilities” including airports, landports, waterports,
24 railports, docks, harbors, ports of entry, piers, ships, small boat
25 harbors and marinas, and any other facilities, additions, or
26 improvements in connection therewith, that transport goods or
27 persons.

28 (8) “Power and communications” including facilities for the
29 transmission or distribution of electrical energy, natural gas, and
30 telephone and telecommunications service.

31 (9) “Public transit” including air and rail transport, airports,
32 guideways, vehicles, rights-of-way, passenger stations,
33 maintenance and storage yards, and related structures, including
34 public parking facilities, and equipment used to provide or enhance
35 transportation by bus, rail, ferry, or other conveyance, either
36 publicly or privately owned, that provides to the public general or
37 special service on a regular and continuing basis.

38 (10) “Sewage collection and treatment” including pipes, pumps,
39 and conduits that collect wastewater from residential,
40 manufacturing, and commercial establishments, the equipment,

1 structures, and facilities used in treating wastewater to reduce or
2 eliminate impurities or contaminants, and the facilities used in
3 disposing of, or transporting, remaining sludge, as well as all
4 equipment used in the maintenance and operation of the foregoing.

5 (11) “Solid waste collection and disposal” including vehicles,
6 vehicle-compatible waste receptacles, transfer stations, recycling
7 centers, sanitary landfills, and waste conversion facilities necessary
8 to remove solid waste, except that which is hazardous as defined
9 by law, from its point of origin.

10 (12) “Water treatment and distribution” including facilities in
11 which water is purified and otherwise treated to meet residential,
12 manufacturing, or commercial purposes and the conduits, pipes,
13 and pumps that transport it to places of use.

14 (13) “Defense conversion” including, but not limited to, facilities
15 necessary for successfully converting military bases consistent
16 with an adopted base reuse plan.

17 (14) “Public safety facilities” including, but not limited to, police
18 stations, fire stations, court buildings, jails, juvenile halls, and
19 juvenile detention facilities.

20 (15) “State highways” including any state highway as described
21 in Chapter 2 (commencing with Section 230) of Division 1 of the
22 Streets and Highways Code, and the related components necessary
23 for safe operation of the highway.

24 (16) (A) “Military infrastructure,” including, but not limited
25 to, facilities on or near a military installation, that enhance the
26 military operations and mission of one or more military
27 installations in this state. To be eligible for funding, the project
28 shall be endorsed by the Office of Planning and Research.

29 (B) For purposes of this subdivision, “military installation”
30 means any facility under the jurisdiction of the Department of
31 Defense, as defined in paragraph (1) of subsection (e) of Section
32 2687 of Title 10 of the United States Code.

33 (17) “Goods movement-related infrastructure” including port
34 facilities, roads, rail, and other facilities and projects that move
35 goods, energy, and information.

36 ~~(F)~~

37 (s) “Rate reduction bonds” has the meaning set forth in Section
38 840 of the Public Utilities Code.

39 ~~(s)~~

1 (t) “Revenues” means all receipts, purchase payments, loan
2 repayments, lease payments, and all other income or receipts
3 derived by the bank or a sponsor from the sale, lease, or other
4 financing arrangement undertaken by the bank, a sponsor, or a
5 participating party, including, but not limited to, all receipts from
6 a bond purchase agreement, and any income or revenue derived
7 from the investment of any money in any fund or account of the
8 bank or a sponsor and any receipts derived from transition property.
9 Revenues shall not include moneys in the General Fund of the
10 state.

11 (t)
12 (u) “Special purpose trust” means a trust, partnership, limited
13 partnership, association, corporation, nonprofit corporation, or
14 other entity authorized under the laws of the state to serve as an
15 instrumentality of the state to accomplish public purposes and
16 authorized by the bank to acquire, by purchase or otherwise, for
17 retention or sale, the bonds of a sponsor or of the bank made or
18 entered into pursuant to this division and to issue special purpose
19 trust bonds or other obligations secured by these bonds or other
20 sources of public or private revenues. Special purpose trust also
21 means any entity authorized by the bank to acquire transition
22 property or to issue rate reduction bonds, or both, subject to the
23 approvals by the bank and powers of the bank as are provided by
24 the bank in its resolution authorizing the entity to issue rate
25 reduction bonds.

26 (u)
27 (v) “Sponsor” means any subdivision of the state or local
28 government including departments, agencies, commissions, cities,
29 counties, nonprofit corporations formed on behalf of a sponsor,
30 special districts, assessment districts, and joint powers authorities
31 within the state or any combination of these subdivisions that
32 makes an application to the bank for financial assistance in
33 connection with a project in a manner prescribed by the bank. This
34 definition shall not be construed to require that an applicant have
35 an ownership interest in the project. In addition, an electrical
36 corporation shall be deemed to be the sponsor as well as the
37 participating party for any project relating to the financing of
38 transition costs and the acquisition of transition property on the
39 request of the electrical corporation and any person, company,
40 corporation, partnership, firm, or other entity or group engaged in

1 business or operation within the state that applies for financing of
2 any economic development facility, shall be deemed to be the
3 sponsor as well as the participating party for the project relating
4 to the financing of that economic development facility.

5 ~~(v)~~

6 (w) “State” means the State of California.

7 ~~(w)~~

8 (x) “Transition costs” has the meaning set forth in Section 840
9 of the Public Utilities Code.

10 ~~(x)~~

11 (y) “Transition property” has the meaning set forth in Section
12 840 of the Public Utilities Code.

13 SEC. 2. Section 63041.5 of the Government Code is amended
14 to read:

15 63041.5. (a) It is the intent of the Legislature to provide a
16 one-time appropriation for financial assistance to local government
17 to meet capital outlay and infrastructure needs.

18 (b) From the funds appropriated in Item 2920-111-0001 of the
19 Budget Act of 1999, the sum of four hundred twenty-five million
20 dollars (\$425,000,000) shall be available for financial assistance,
21 including, but not limited to, leveraged revolving fund loans, to
22 local government sponsors for public development facilities, as
23 specified in subdivision ~~(q)~~ (r) of Section 63010 of the Government
24 Code.

25 (c) From the funds appropriated in Item 2920-111-0001 of the
26 Budget Act of 1999 and in Item 2920-111-0001 of the Budget Act
27 of 1998 (Chapter 324 of the Statutes of 1998), the California
28 Infrastructure and Economic Development Bank shall make no
29 single loan in excess of 10 percent of the combined amount of
30 these appropriations to the bank unless approved by unanimous
31 consent of the membership of the Board of Directors of the
32 California Infrastructure and Economic Development Bank and
33 the Director of Finance provides a 30-day written notice to the
34 Chairperson and Vice-Chairperson of the Joint Legislative Budget
35 Committee.

36 SEC. 3. Section 63049.64 of the Government Code is amended
37 to read:

38 63049.64. (a) The bank may issue bonds pursuant to Chapter
39 5 (commencing with Section 63070) and may loan the proceeds
40 thereof to the association, and deposit the proceeds into a separate

1 account in the fund, or use the proceeds to refund bonds previously
2 issued under this article. Bond proceeds may also be used to fund
3 necessary reserves, capitalized interest, credit enhancement costs,
4 or costs of issuance.

5 (b) Bonds issued under this article shall not be deemed to
6 constitute a debt or liability of the state or of any political
7 subdivision thereof, other than the bank, or a pledge of the faith
8 and credit of the state or of any political subdivision, but shall be
9 payable solely from the fund and other revenues and assets securing
10 the bonds. All bonds issued under this article shall contain on the
11 face of the bonds a statement to that effect.

12 (c) For purposes of this article, the term “project,” as defined
13 in subdivision-~~(p)~~ (q) of Section 63010, shall include financing of
14 the costs of claims of insolvent workers’ compensation insurers,
15 in an amount (together with associated costs of financing) that
16 may be determined by the association in making a request for
17 financing to the bank.

18 SEC. 4. Section 31070.5 of the Streets and Highways Code is
19 amended to read:

20 31070.5. For the purposes of this chapter, the following terms
21 have the following meanings, unless the context requires otherwise:

22 (a) “Authority” means the Bay Area Toll Authority established
23 under Section 30950.

24 (b) “Account” means the Toll Bridge Seismic Retrofit Account
25 established in the State Transportation Fund under Section 188.12.

26 (c) “Bank” means the California Infrastructure and Economic
27 Development Bank established under Section 63021 of the
28 Government Code.

29 (d) “Bay area bridges” means the state-owned toll bridges in
30 the region within the area of the jurisdiction of the Metropolitan
31 Transportation Commission.

32 (e) “Bonds” has the meaning defined in subdivision-~~(e)~~ (f) of
33 Section 63010 of the Government Code.

34 (f) “Department” means the Department of Transportation.

35 (g) “TIFIA” means the federal Transportation Infrastructure
36 Finance and Innovation Act of 1998 (P.L. 105-178).

37 (h) “Toll surcharge” means the seismic retrofit surcharge
38 imposed under Section 31010.

O