

AMENDED IN ASSEMBLY JUNE 16, 2015

SENATE BILL

No. 90

Introduced by Committee on Budget and Fiscal Review

January 9, 2015

An act to amend Section 129160 of the Health and Safety Code, and to amend Section 21189.1 of the Public Resources Code, relating to the Budget Act of 2015, public resources, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 90, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2015. Public resources.~~

(1) Existing law establishes the Office of Statewide Health Planning and Development and sets forth its powers and duties, including, but not limited to, the administration of the California Health Facility Construction Loan Insurance Law for the purposes of insuring health facility construction loans. Existing law authorizes the office to make loans from the continuously appropriated Health Facility Construction Loan Insurance Fund to participating health facilities to finance or refinance the construction, improvement, or expansion of health facilities. Existing law requires that all debentures, as defined, issued under those provisions to any lender or bondholder be executed in the name of the fund as obligor, be signed by the State Treasurer, and be negotiable. Existing law provides that in the event that the fund fails to pay the principal or interest on debentures issued, then the State Treasurer is required to pay to the holders the amount entitled out of any money in the State Treasury not otherwise appropriated.

This bill would make those funds continuously appropriated from the General Fund, thereby making an appropriation. The bill would also

require issued debentures to bear interest equal to the insured loan or bond, as specified, and would require the State Treasurer to take appropriate steps to provide that interest on debentures be exempt from federal taxation, if tax exempt.

(2) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

The Jobs and Economic Improvement Through Environmental Leadership Act of 2011 authorizes the Governor, until January 1, 2016, to certify projects meeting certain requirements for streamlining benefits provided by that act. The act provides that if a lead agency fails to approve a project certified by the Governor before January 1, 2016, then the certification expires and is no longer valid. The act requires a lead agency to prepare the record of proceedings for the certified project concurrent with the preparation of the environmental documents.

This bill would provide that the certification expires and is no longer valid if the lead agency fails to approve a certified project before January 1, 2017. Because the bill would extend the obligation of the lead agency to prepare concurrently the record of proceedings, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015:

Vote: majority. Appropriation: ~~no~~yes. Fiscal committee: ~~no~~yes. State-mandated local program: ~~no~~yes.

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

1 *SECTION 1. Section 129160 of the Health and Safety Code is*
2 *amended to read:*

3 129160. (a) (1) All debentures issued under this chapter to
4 any lender or bondholder shall be executed in the name of the fund
5 as obligor, shall be signed by the State Treasurer, and shall be
6 negotiable. Pursuant to Sections 129125 and 129130, all debentures
7 shall be dated as of the date of the institution of foreclosure
8 proceedings or as of the date of the acquisition of the property
9 after default by other than foreclosure, or as of another date as the
10 office, in its discretion, may establish. ~~The~~

11 (2) ~~The~~ debentures shall bear interest from that date at a rate
12 approved by the State Treasurer, equal to either the rate applicable
13 to the most recent issue of State General Fund bonds or that
14 specified in Section 129130, which shall be payable on the dates
15 as the office, in its discretion, may establish except in the case of
16 bonds or other evidences of indebtedness as specified in Section
17 129130, and shall have the same maturity date as the loan which
18 they insured equal to the insured loan or bonds, and shall be
19 payable on a payment schedule identical with payments on the
20 insured loan or bonds. ~~The State Treasurer shall take appropriate~~
21 ~~steps to the extent feasible to provide that interest on the debentures~~
22 ~~shall be exempt from federal income taxation under Section 103~~
23 ~~of the Internal Revenue Code to the extent interest on the insured~~
24 ~~loan or bonds is exempt from federal income taxation under Section~~
25 ~~103 of the Internal Revenue Code on the date the insured loan or~~
26 ~~bonds is exchanged for debentures.~~ All debentures shall be exempt,
27 both as to principal and interest, from all taxation now or hereafter
28 imposed by the state or local taxing agencies, shall be paid out of
29 the fund, which shall be primarily liable therefor, and shall be,
30 pursuant to Section 4 of Article XVI of the California Constitution,
31 fully and unconditionally guaranteed as to principal and interest
32 by the State of California, which guaranty shall be expressed on
33 the face of the debentures. ~~In~~

34 (3) ~~In~~ the event that the fund fails to pay upon demand, when
35 due, the principal of, or interest on, any debentures issued under
36 this chapter, the State Treasurer shall pay to the holders the amount
37 thereof, which is authorized to be appropriated, out of any money
38 ~~in~~ amount, notwithstanding Section 13340 of the Government

1 *Code, is hereby continuously appropriated from the General Fund*
 2 *of the State Treasury not otherwise appropriated, without regard*
 3 *to fiscal years, and thereupon to the extent of the amount so paid*
 4 *the State Treasurer shall succeed to all the rights of the holders of*
 5 *the debentures. The fund shall be liable for repayment to the*
 6 *General Fund of the State Treasury of any money paid therefrom*
 7 *from the General Fund pursuant to this section in accordance with*
 8 *procedures jointly established by the State Treasurer and the office.*

9 (b) ~~In the event of a default, any~~ *Any debenture issued under*
 10 *this article shall be paid on a par with general obligation bonds*
 11 *issued by the state.*

12 *SEC. 2. Section 21189.1 of the Public Resources Code is*
 13 *amended to read:*

14 21189.1. *If, prior to January 1, 2016, 2017, a lead agency fails*
 15 *to approve a project certified by the Governor pursuant to this*
 16 *chapter, then the certification expires and is no longer valid.*

17 *SEC. 3. No reimbursement is required by this act pursuant to*
 18 *Section 6 of Article XIII B of the California Constitution because*
 19 *a local agency or school district has the authority to levy service*
 20 *charges, fees, or assessments sufficient to pay for the program or*
 21 *level of service mandated by this act, within the meaning of Section*
 22 *17556 of the Government Code.*

23 *SEC. 4. This act is a bill providing for appropriations related*
 24 *to the Budget Bill within the meaning of subdivision (e) of Section*
 25 *12 of Article IV of the California Constitution, has been identified*
 26 *as related to the budget in the Budget Bill, and shall take effect*
 27 *immediately.*

28 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
 29 ~~changes relating to the Budget Act of 2015.~~