

## Senate Bill No. 797

### CHAPTER 249

An act to amend Section 16430 of the Government Code, to repeal Title 4.5 (commencing with Section 4400), and Title 4.6 (commencing with Section 4450) of Part 3 of, to repeal Chapter 12 (commencing with Section 7100) and Chapter 13 (commencing with Section 7200) of Title 7 of Part 3 of, the Penal Code, to repeal Chapter 1.6 (commencing with Section 5096.1) and Chapter 1.67 (commencing with Section 5096.71) of Division 5 of the Public Resources Code, and to repeal Article 5.5 (commencing with Section 11922) of Chapter 10 of Part 3 of Division 6 of, and to repeal Chapter 13 (commencing with Section 13970) and Chapter 14 (commencing with Section 13985) of Division 7 of, the Water Code, relating to government finance.

[Approved by Governor September 2, 2015. Filed with  
Secretary of State September 2, 2015.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 797, Committee on Governmental Organization. Government finance.

Existing law specifies the types of securities that are eligible for the investment of surplus state funds, including commercial paper of "prime" quality as defined by a nationally recognized organization that rates these securities, if the commercial paper is issued by a corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting specified conditions. Existing law prohibits a purchase of commercial paper from exceeding 180 days maturity.

This bill would additionally include commercial paper issued by a federally or state-chartered bank or a state-licensed branch of a foreign bank that is approved by the Pooled Money Investment Board as meeting the specified conditions. This bill would prohibit a purchase of commercial paper from exceeding 270 days maturity.

The County Jail Capital Expenditure Bond Act of 1981 authorized the issuance and sale of \$280,000,000 in state general obligation bonds to finance the construction, reconstruction, remodeling, and replacement of county jails and for deferred maintenance. The act establishes the County Jail Capital Expenditure Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

The County Jail Capital Expenditure Bond Act of 1984 authorized the issuance and sale of \$250,000,000 in state general obligation bonds to finance the construction, reconstruction, remodeling, and replacement of county jails and for deferred maintenance. The act establishes the County Jail Capital Expenditure Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

The New Prison Construction Bond Act of 1981 authorized the issuance and sale of \$495,000,000 in state general obligation bonds to finance the construction, renovation, and remodeling of state correctional facilities and for deferred maintenance. The act establishes the New Prison Construction Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

The New Prison Construction Bond Act of 1984 authorized the issuance and sale of \$300,000,000 in state general obligation bonds to finance the construction, renovation, and remodeling of state correctional facilities and for deferred maintenance. The act establishes the 1984 Prison Construction Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

The Cameron-Unruh Beach, Park, Recreational, and Historical Facilities Bond Act of 1964 authorized the issuance and sale of \$150,000,000 in state general obligation bonds to finance the acquisition and development of lands for recreational purposes. The act establishes the State Park and Recreation Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

The State Beach, Park, Recreational, and Historical Facilities Bond Act of 1974, also known as the Z'berg-Collier Park Bond Act, authorized the issuance and sale of \$250,000,000 in state general obligation bonds to finance the acquisition and development of lands for recreational purposes. The act establishes the State Park and Recreation Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by the act.

Existing law, known as the Recreation and Fish and Wildlife Enhancement Bond Act of 1970, authorized the issuance and sale of \$60,000,000 in state general obligation bonds to finance the design and construction of recreation facilities, fish and wildlife enhancement features, and fishing access sites. Existing law establishes the Recreation and Fish and Wildlife Enhancement Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by these provisions.

The Clean Water Bond Law of 1970 authorized the issuance and sale of \$250,000,000 in state general obligation bonds to finance grants to municipalities for water reclamation projects. The Clean Water Bond Law of 1970 establishes the Clean Water Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by these provisions.

The Clean Water Bond Law of 1974 authorized the issuance and sale of \$250,000,000 in state general obligation bonds to finance grants to municipalities for water reclamation projects. The Clean Water Bond Law of 1974 establishes the Clean Water Finance Committee for the purpose of authorizing the issuance and sale of the bonds authorized by these provisions.

This bill would repeal all of the above-described laws.

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

SECTION 1. Section 16430 of the Government Code is amended to read:

16430. Eligible securities for the investment of surplus moneys shall be any of the following:

(a) Bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Bonds or interest-bearing notes on obligations that are guaranteed as to principal and interest by a federal agency of the United States.

(c) Bonds, notes, and warrants of this state, or those for which the faith and credit of this state are pledged for the payment of principal and interest.

(d) Bonds or warrants, including, but not limited to, revenue warrants, of any county, city, metropolitan water district, California water district, California water storage district, irrigation district in the state, municipal utility district, or school district of this state.

(e) Any of the following:

(1) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended (12 U.S.C. Sec. 2001 et seq.).

(2) Debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended (12 U.S.C. Sec. 2001 et seq.).

(3) Bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act (12 U.S.C. Sec. 1421 et seq.).

(4) Stocks, bonds, debentures, and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended (12 U.S.C. Sec. 1701 et seq.).

(5) Bonds of any federal home loan bank established under that act.

(6) Obligations of the Federal Home Loan Mortgage Corporation.

(7) Bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended (16 U.S.C. Sec. 831 et seq.).

(8) Other obligations guaranteed by the Commodity Credit Corporation for the export of California agricultural products under the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. Sec. 714 et seq.).

(f) (1) Commercial paper of “prime” quality as defined by a nationally recognized organization that rates these securities, if the commercial paper is issued by a federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company that is approved by the Pooled Money Investment Board as meeting the conditions specified in either subparagraph (A) or subparagraph (B):

(A) Both of the following conditions:

(i) Organized and operating within the United States.

(ii) Having total assets in excess of five hundred million dollars (\$500,000,000).

(B) Both of the following conditions:

(i) Organized within the United States as a federally or state-chartered bank or a state-licensed branch of a foreign bank, special purpose corporation, trust, or limited liability company.

(ii) Having programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.

(2) A purchase of eligible commercial paper may not do any of the following:

(A) Exceed 270 days maturity.

(B) Represent more than 10 percent of the outstanding paper of an issuing federally or state-chartered bank or a state-licensed branch of a foreign bank, corporation, trust, or limited liability company.

(C) Exceed 30 percent of the resources of an investment program.

(3) At the request of the Pooled Money Investment Board, an investment made pursuant to this subdivision shall be secured by the issuer by depositing with the Treasurer securities authorized by Section 53651 of a market value at least 10 percent in excess of the amount of the state's investment.

(g) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, that are eligible for purchase by the Federal Reserve System.

(h) Negotiable certificates of deposits issued by a federally or state-chartered bank or savings and loan association, a state-licensed branch of a foreign bank, or a federally or state-chartered credit union. For the purposes of this section, negotiable certificates of deposits are not subject to Chapter 4 (commencing with Section 16500) and Chapter 4.5 (commencing with Section 16600).

(i) The portion of bank loans and obligations guaranteed by the United States Small Business Administration or the United States Farmers Home Administration.

(j) Bank loans and obligations guaranteed by the Export-Import Bank of the United States.

(k) Student loan notes insured under the Guaranteed Student Loan Program established pursuant to the Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1001 et seq.) and eligible for resale to the Student Loan Marketing Association established pursuant to Section 133 of the Education Amendments of 1972, as amended (20 U.S.C. Sec. 1087-2).

(l) Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, or the Government Development Bank of Puerto Rico.

(m) Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall be within the top three ratings of a nationally recognized rating service.

(n) Negotiable Order of Withdrawal Accounts (NOW Accounts), invested in accordance with Chapter 4 (commencing with Section 16500).

SEC. 2. Title 4.5 (commencing with Section 4400) of Part 3 of the Penal Code is repealed.

SEC. 3. Title 4.6 (commencing with Section 4450) of Part 3 of the Penal Code is repealed.

SEC. 4. Chapter 12 (commencing with Section 7100) of Title 7 of Part 3 of the Penal Code is repealed.

SEC. 5. Chapter 13 (commencing with Section 7200) of Title 7 of Part 3 of the Penal Code is repealed.

SEC. 6. Chapter 1.6 (commencing with Section 5096.1) of Division 5 of the Public Resources Code is repealed.

SEC. 7. Chapter 1.67 (commencing with Section 5096.71) of Division 5 of the Public Resources Code is repealed.

SEC. 8. Article 5.5 (commencing with Section 11922) of Chapter 10 of Part 3 of Division 6 of the Water Code is repealed.

SEC. 9. Chapter 13 (commencing with Section 13970) of Division 7 of the Water Code is repealed.

SEC. 10. Chapter 14 (commencing with Section 13985) of Division 7 of the Water Code is repealed.