AMENDED IN SENATE APRIL 20, 2009

SENATE BILL No. 501

Introduced by Senator Correa

February 26, 2009

An act to amend Section 8869.85 of the Government Code, relating to government bonds.

LEGISLATIVE COUNSEL'S DIGEST

SB 501, as amended, Correa. California Debt Limit Allocation Committee.

Existing law requires the California Debt Limit Allocation Committee to allocate to authorized state and local agency applicants the volume ceiling for private activity bonds, as defined, that can be issued in California in accordance with federal law.

This bill would ~~require the committee, if the committee determines that a county has not applied to the committee for an allocation during the current calendar year, to allow any local agency located within the county to apply, within 45 days after that determination is made by the committee, for all or a portion of the allocation for which the county would have been eligible had it applied. The bill would define "local agency" for these purposes to include a joint powers authority that has one or more members located within the county~~ *authorize the committee to allow a local agency located within a county that has not applied to the committee for all or a portion of its unapplied for, or otherwise unassigned, allocation during any calendar year, to apply for all or a portion of the allocation for which that county would have been eligible had it applied. The bill would require the committee to award the allocation on a per capita proportionate basis, if there is more than one applicant*.

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

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

SECTION 1. Section 8869.85 of the Government Code is amended to read:

8869.85. (a) Each state agency shall apply to the committee for allocation of a portion of the state ceiling, supplying any information which the committee may require. The application may be for a specific project, or it may be for a designated dollar amount, to be utilized for projects or programs at the discretion of the state agency. No private activity bonds issued by any state agency shall be deemed to receive the benefit of any portion of the state ceiling unless the committee has allocated or permitted the transfer of a portion of the state ceiling to the state agency. The allocation may be on any terms and conditions as the committee may determine.

(b) (1) Any local agency may apply to the committee for an allocation of a portion of the state ceiling, supplying any information which the committee may require. Applications from local agencies may only be for specific projects or programs. No private activity bond issued by a local agency shall be deemed to receive the benefit of any portion of the state ceiling unless the committee has allocated or permitted the transfer of a portion of the state ceiling to the local agency. The allocation may be upon any terms and conditions as the committee may determine.

~~(2) (A) If the committee determines that a county has not applied to the committee for an allocation during the current calendar year, the committee shall allow any local agency located within the county to apply, within 45 days after that determination is made by the committee, for all or a portion of the allocation for which the county would have been eligible had it applied.~~

~~(B) The local agency is not required to obtain consent from the county, or obtain a written transfer of an allocation from the county, in order to apply as authorized under this paragraph.~~

~~(C) For the purposes of this paragraph, “local agency” includes, but is not limited to, a joint powers authority that has one or more members located within the county.~~

(2) (A) The committee may allow a local agency located within a county that has not applied to the committee for all, or a portion, of its unapplied for or otherwise unassigned allocation during any calendar year, to apply, on or after October 1 of that calendar year, for all or a portion of the allocation for which that county would have been eligible had it applied.

(B) If there is more than one local agency applicant for an allocation pursuant to subparagraph (A), the committee shall award the allocation on a per capita proportionate basis among the applicants.

(C) The committee shall consider and act upon an application for previously unapplied for or otherwise unassigned allocations pursuant to this paragraph at the committee's next scheduled meeting before the end of the calendar year in which the application is made.

(D) A local agency is not required to obtain consent from the county, or obtain a written transfer of an allocation from the county, as a condition of applying for an allocation pursuant to this paragraph.

(c) Any allocation made pursuant to this section shall be irrevocable upon issuance of bonds pursuant thereto at least to the extent of the amount of the bonds so issued. No allocation shall permit the state agency or local agency which receives it to use all or any portion of the allocation for a carryforward pursuant to Section 146(f) of the Internal Revenue Code, unless the committee expressly allows use of the allocation for a carryforward.

(d) No allocation made to a state agency or a local agency pursuant to this section may be transferred by the initial recipient thereof to any other state agency or local agency unless the committee expressly permits the transfer. With the committee's permission, any state or local agency may, by resolution, transfer to any other local agency or to any state agency or back to the committee all or any portion of the agency's private activity bond limit. Any such transfer shall be made in writing and may be general or limited and subject to any terms and conditions as may be set forth in the resolution or under the committee's permission, as long as the transfer is irrevocable upon issuance of bonds pursuant to the transfer, at least to the extent of the amount of the bonds so issued. Each transferee shall maintain a written record of the transfer in its records for at least the term of all private activity bonds issued pursuant to the transfer. No transfer may be made pursuant to this section in return for any payment of cash, property, or other marketable thing of value.

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