

Introduced by Committee on Environmental Quality (Senators Simitian (Chair), Ashburn, Corbett, Hancock, Lowenthal, Pavley, and Runner)

March 25, 2009

~~An act to amend Sections 44510, 44525, and 44525.7 of, and to repeal Section 44525.5 of, the Health and Safety Code, and to amend Sections 6206.5 and 41780 of the Public Resources Code, relating to resources, and declaring the urgency thereof, to take effect immediately.~~
An act to amend Sections 44501, 44502, 44506, 44507, 44508, 44510, 44520, 44525, 44525.6, 44525.7, 44526, 44530, 44532, 44534, 44536, 44537, 44542, 44543, 44545, 44550, 44552.5, 44553, 44554, 44555, 44559.1, and 44559.4 of, and to repeal Sections 44525.5, 44533, 44535, 44546, and 44547 of, the Health and Safety Code, and to amend Sections 6206.5 and 41780 of the Public Resources Code, relating to resources, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 832, as amended, Committee on Environmental Quality. Resources: California Pollution Control Financing Authority: public lands: solid waste diversion.

(1) The California Pollution Control Financing Authority Act establishes the California Pollution Control Financing Authority, with specified powers and duties, and authorizes the authority to approve financing for projects or pollution control facilities to prevent or reduce environmental pollution.

This bill would make various changes to the financial and administrative provisions of the act. *The bill would include state agencies as eligible participating parties for financing, and would define project or pollution control facility as specified.*

(2) Under existing law, the State Lands Commission has the power to apply to the United States Department of the Interior for patents to the numbered school sections in place, which have not been patented by the state.

This bill would delete the condition that the numbered school sections to which this provision applies be those that have not been patented by the state.

(3) The California Integrated Waste Management Act of 1989, which is administered by the California Integrated Waste Management Board, requires each city, county, and regional agency, if any, to develop a source reduction and recycling element of an integrated waste management plan containing specified components. Those entities are required to divert, from disposal or transformation, 50% of the solid waste through source reduction, recycling, and composting subject to the element, except as specified.

This bill would delete the condition that the solid waste subject to source reduction, recycling, and composting under these provisions, be diverted from landfill disposal or transformation.

(4) The bill would make conforming changes.

(5) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. Section 44501 of the Health and Safety Code is
2 amended to read:

3 44501. ~~(a)~~The Legislature ~~hereby~~ finds and declares ~~that it~~
4 all of the following:

5 (a) It is necessary and essential that the state, in cooperation
6 with the federal government, use all practical means and measures
7 to control, remediate, and eliminate pollution hazards to the
8 environment, *provide clean water, and enable alternative and*
9 *renewable sources of energy.* ~~The Legislature further finds and~~
10 ~~determines that industry~~ Industry within this state utilizes processes
11 and facilities that have significant environmental impact. These
12 processes and facilities ~~shall~~ need to be modified and supplemented
13 to meet the quality standards established, and to be established,
14 for the control and remediation of environmental pollution. Industry

1 needs and requires new methods to finance the capital outlays
2 required for the devices, equipment, and facilities utilized in
3 pollution control if they are to rapidly comply with the quality
4 standards established by the state and federal governments, and if
5 they are to rapidly remediate contaminated properties so that those
6 properties can be reused for economically beneficial purposes.

7 (b) ~~The Legislature also finds and declares that the disposal of~~
8 waste products by ~~such current~~ methods *such* as incineration and
9 landfill pollute the environment by degrading air and water quality.
10 ~~The Legislature further finds that in~~ *In* order to reduce the
11 environmental pollution that currently occurs in connection with
12 the disposal of waste products, there is a need to develop new and
13 alternative processes and facilities that provide for the disposal of
14 those waste products in ways that prevent or reduce environmental
15 degradation. ~~The Legislature also finds that those~~ *Those* new and
16 alternative processes and facilities include those that recover
17 resources and energy from waste products. ~~The Legislature further~~
18 ~~finds and declares that in~~ *In* order to prevent further environmental
19 degradation resulting from contamination caused by the release
20 of waste products and hazardous materials, there is a need to
21 encourage the remediation of that contamination of properties with
22 the potential for economically beneficial reuse.

23 (c) The alternate method of financing provided in this division
24 is in the public interest and serves a public purpose and will
25 promote the health, welfare, and safety of the citizens of the ~~State~~
26 ~~of California~~ *state*.

27 (d) ~~The Legislature also finds and declares that~~ California is
28 expected to undergo tremendous population growth by the addition
29 of ~~an estimated five million~~ *millions of* new jobs, ~~12 million~~ new
30 residents, and ~~over four million~~ new households ~~over the next 20~~
31 years. This constitutes more rapid growth than California
32 experienced during the 1950's, 1960's, and 1970's, combined. ~~The~~
33 ~~Legislature also finds that as~~ *As* a result of this unprecedented
34 growth, the long-term environmental quality of the state depends,
35 in part, on altering current growth patterns by adopting policies
36 and programs that promote new forms of sustainable development
37 and that will help reduce pollution and the degradation of the
38 environment. ~~The Legislature also finds that a~~ *A* key element of
39 sustainable development is infill development and the revitalization
40 of existing communities. Sustainable development will result in

1 the remediation of brownfields, reduce traffic and auto pollution,
2 and help preserve open spaces. ~~The Legislature also finds that~~
3 ~~many~~ *Many* communities in California do not have the resources
4 or expertise to identify and compete for state, federal, or private
5 assistance in order to develop and implement environmentally
6 sensitive growth policies and programs for economically struggling
7 neighborhoods. ~~The Legislature further finds and declares that~~
8 ~~assisting~~ *Assisting* economically distressed counties and cities to
9 develop and implement sustainable and environmentally sensitive
10 growth policies and programs that increase the utilization of
11 unproductive properties within existing communities will help
12 reduce environmental hazards created by brownfields and traffic
13 congestion, while aiding in the revitalization of economically
14 struggling neighborhoods and the preservation of open space at
15 the urban edges. The grant and loan program provided in this
16 division is in the public interest, serves a public purpose, and will
17 promote the health, welfare, and safety of the citizens of the ~~State~~
18 ~~of California~~ *state*.

19 (e) (1) ~~The Legislature also finds and declares that real~~ *Real*
20 property contaminated with hazardous substances is a continuing
21 blight on communities. Estimates suggest there are between 67,000
22 and 119,000 contaminated sites, commonly referred to as
23 “brownfields,” throughout the state. Located in existing
24 communities, many of these sites are abandoned, idle, or
25 underutilized due to a combination of factors, including legal
26 liability concerns, regulatory issues, and the costs of pollution
27 cleanup. Additionally, many of the undeveloped brownfields in
28 the state are located within communities with depressed land values
29 and pressing economic need, communities often characterized by
30 a lack of capital investment. The remediation and development of
31 brownfields is an important component of revitalizing existing
32 communities and supporting sustainable growth patterns. While
33 remediation and development activities should focus on brownfield
34 sites that, although contaminated, have the potential for
35 economically beneficial reuse, there currently exist few, if any,
36 sources for financing the assessment, planning, and reporting
37 activities that are the necessary first steps toward determining
38 whether a site has the potential for economically beneficial reuse.
39 (2) ~~The Legislature finds and declares that the~~

1 (f) The California Pollution Control Financing Authority should
2 work in conjunction with public and private sector entities,
3 including, but not limited to, cities, counties, school districts,
4 redevelopment agencies, and financial institutions, to assist in
5 financing, through loans, the cost of performing or obtaining site
6 assessments, remedial action plans technical assistance, and;
7 reports, and where it is determined that a site has the potential for
8 economically beneficial reuse, the cleanup, remediation, or
9 development of brownfield sites. The loan program provided by
10 this division is in the public interest, serves a public purpose, and
11 will promote the health, welfare, and safety of the citizens of the
12 ~~State of California~~ state.

13 SEC. 2. Section 44502 of the Health and Safety Code is
14 amended to read:

15 44502. It is the purpose of this division to carry out and make
16 effective the findings of the Legislature and to that end to do all
17 of the following, to the mutual benefit of the people of the state
18 and to protect their health and welfare:

19 (a) To provide industry within the state, irrespective of company
20 size, with an alternative method of financing in providing,
21 *acquiring, enlarging, and or installing facilities for establishing*
22 *pollution control facilities, providing supplies of clean water, and*
23 *producing energy from alternative or renewable sources*, that are
24 needed to accomplish the purposes of this division.

25 (b) To assist economically distressed counties and cities to
26 develop and implement growth policies and programs that reduce
27 pollution hazards and the degradation of the environment or
28 promote infill development.

29 (c) To assist with the financing of the costs of assessment,
30 remedial planning and reporting, technical assistance, and the
31 cleanup, remediation, or development of brownfield sites, or other
32 similar or related costs.

33 SEC. 3. Section 44506 of the Health and Safety Code is
34 amended to read:

35 44506. "Participating party" means any person, company,
36 corporation, *public agency*, partnership, firm, or other entity or
37 group of entities engaged in operations within this state that
38 requires financing pursuant to the terms of this division to aid and
39 assist in the control, remediation, or elimination of pollution of
40 the environment of the state.

1 SEC. 4. Section 44507 of the Health and Safety Code is
2 amended to read:

3 44507. "Pollution" means an alteration of the quality of the
4 environment of the state and shall be determined by the various
5 standards prescribed from time to time by this state, the federal
6 government, or any agency, department, or political subdivision
7 of this state or the federal government, and may include, but is not
8 limited to, ~~earth~~, all of the following:

9 (a) *Earth*, air, or water pollution, ~~pollution~~.

10 (b) *Pollution* caused by solid or hazardous waste materials
11 including the disposal, ~~thermal~~ or processing of these materials.

12 (c) *Thermal* pollution, ~~radiation~~.

13 (d) *Radiation* contamination, ~~the~~.

14 (e) *The* release of hazardous materials, ~~or noise~~.

15 (f) *Noise* pollution. ~~Pollution also includes, but is not limited~~
16 ~~to, the contamination~~

17 (g) *Contamination* of soil or groundwater resulting from the
18 release of hazardous materials, as defined in Section 25260, ~~or the~~
19 ~~presence~~.

20 (h) *The presence* of asbestos or lead paint, at sites with a
21 reasonable potential for economically beneficial reuse.

22 (i) *Any natural or manmade substance that must be removed to*
23 *provide safe drinking water*.

24 SEC. 5. Section 44508 of the Health and Safety Code is
25 amended to read:

26 44508. (a) "Project" and "pollution control facility,"
27 respectively, mean any land, building, improvement thereto, work,
28 *real or personal* property or structure, ~~real or personal~~, *vehicle, or*
29 *equipment* providing or designed to provide for the control,
30 reduction, abatement, elimination, remediation, or prevention of
31 pollution, including, but not limited to, hydrostatic control facilities,
32 dust collectors, smoke bags, settling ponds, filtration plants, sewage
33 disposal facilities, garbage disposal facilities, recycling facilities,
34 dumps, filling grounds, chlorination ponds, treatment works, water
35 utility property, soil excavation and removal, construction,
36 operation, and maintenance of systems that extract, contain, or
37 treat groundwater, soil vapor, gas, or leachate, and all other
38 structures, systems, or facilities now or hereafter developed or
39 useful in the control of pollution of any type or character, including
40 any structure, equipment, or other facilities for the purpose of the

1 purchase, production, distribution, or sale of water, or of reducing,
2 treating, neutralizing, or cooling the temperature of any liquid,
3 gaseous, or solid or hazardous waste substance or discharge
4 resulting from the process of manufacture, industry, or commerce,
5 or from the development, processing, or recovery of any natural
6 resource or the generation of electricity, steam heat, or
7 manufactured gas, together with the recovery, treatment,
8 neutralizing, stabilizing, or cooling equipment, facilities, plants,
9 or structures necessary to reduce, control, remediate, or eliminate
10 pollution, and any and all facilities which may hereafter be
11 developed through science, study, and investigation to aid and
12 assist in the control of pollution or the removal or treatment of any
13 substance that might otherwise cause or contribute to pollution,
14 and including the use of renewable energy resource devices or the
15 development of an energy conservation program where that action
16 is designed to reduce onsite emissions or pollutants *improvement*
17 *of air, water, or soil quality, ensure the safe handling, recycling,*
18 *or disposal of materials that might otherwise be improperly*
19 *disposed of, or provide for environmental restoration, cleanup, or*
20 *enhancement. Eligible projects include, but are not limited to, any*
21 *type of project described in this subdivision that is authorized*
22 *pursuant to federal law for tax exempt or tax credit financing*
23 *including in Section 142 (a)(4),(5), (6), (8), (9), (10), (12), or (14)*
24 *of Title 26 of the United States Code.*

25 (b) “Project” also means payment by a party for the party’s
26 share of the cost of remediation of pollution at a contaminated site
27 for which the party is a de minimis or de micromis responsible
28 party, and the party has been accorded that status in an expedited
29 final settlement or other settlement with the United States
30 Environmental Protection Agency, reached in accordance with
31 subsection (g) of Section 122 of the Comprehensive Environmental
32 Response, Compensation, and Liability Act of 1980 (42 U.S.C.
33 Sec. 9601 et seq.) and the regulations and guidance issued by the
34 United States Environmental Protection Agency pursuant to that
35 act.

36 SECTION 1.

37 SEC. 6. Section 44510 of the Health and Safety Code is
38 amended to read:

39 44510. “Revenues” means all rents, receipts, purchase payments
40 and all other income or receipts derived by the authority from the

1 sale, lease, or other disposition of pollution control facilities, loan
2 repayments under any loans made in connection with financing
3 pollution control facilities, and any income or revenue derived
4 from the investment of any money in any fund or account of the
5 authority.

6 *SEC. 7. Section 44520 of the Health and Safety Code is*
7 *amended to read:*

8 44520. (a) The authority shall, in accordance with Chapter
9 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
10 Title 2 of the Government Code, adopt all necessary rules and
11 regulations to carry out its powers and duties under this division.
12 The authority may call upon any board or department of the state
13 government for aid and assistance in the preparation of plans and
14 specifications and in the development of technology necessary to
15 effectively control pollution.

16 (b) Notwithstanding subdivision (a), the authority, or any other
17 agency implementing a small business or brownfield site financing
18 assistance program pursuant to an interagency agreement with the
19 authority, may adopt regulations relating to small business or
20 brownfield site financing as emergency regulations in accordance
21 with Chapter 3.5 (commencing with Section 11340) of Part 1 of
22 Division 3 of Title 2 of the Government Code. For purposes of
23 that Chapter 3.5, including Section 11349.6 of the Government
24 Code, the adoption of the regulations shall be considered by the
25 Office of Administrative Law to be necessary for the immediate
26 preservation of the public peace, health and safety, and general
27 welfare. ~~Notwithstanding subdivision (e) of Section 11346.1 of~~
28 ~~the Government Code, the~~ *The* regulations shall be repealed 180
29 days after their effective date, unless the adopting authority or
30 agency complies with that Chapter 3.5, ~~as provided in subdivision~~
31 ~~(e) of Section 11346.1 of the Government Code.~~

32 (c) Notwithstanding subdivision (a), the authority, or any other
33 agency implementing a loan program pursuant to an interagency
34 agreement with the authority, may adopt regulations relating to
35 the loans and grants authorized under subdivision (g) of Section
36 44526 as emergency regulations in accordance with Chapter 3.5
37 (commencing with Section 11340) of Part 1 of Division 3 of Title
38 2 of the Government Code. For purposes of that Chapter 3.5,
39 including Section 11349.6 of the Government Code, the adoption
40 of the regulations shall be considered by the Office of

1 Administrative Law to be necessary for the immediate preservation
2 of the public peace, health and safety, and general welfare.
3 ~~Notwithstanding subdivision (e) of Section 11346.1 of the~~
4 ~~Government Code, the~~ *The* regulations shall be repealed 180 days
5 after their effective date, unless the adopting authority or agency
6 complies with that Chapter 3.5, ~~as provided in subdivision (e) of~~
7 ~~Section 11346.1 of the Government Code.~~

8 ~~SEC. 2.~~

9 *SEC. 8.* Section 44525 of the Health and Safety Code is
10 amended to read:

11 44525. The authority may charge reasonable application and
12 project fees to reimburse the authority for costs incurred in
13 administering applications for financing pursuant to this division
14 and to support authority programs, including, but not limited to,
15 the Capital Access Loan Program authorized by Article 8
16 (commencing with Section 44559), and grants and loans as
17 authorized by subdivisions (h) and (g) of Section 44526.

18 ~~SEC. 3.~~

19 *SEC. 9.* Section 44525.5 of the Health and Safety Code, as
20 added by Chapter 914 of the Statutes of 2000, is repealed.

21 *SEC. 10.* *Section 44525.6 of the Health and Safety Code is*
22 *amended to read:*

23 44525.6. (a) Commencing in 2002, and annually thereafter,
24 the authority shall submit a report to the Legislature regarding the
25 ~~loan~~ program described in subdivision (g) of Section 44526
26 describing the total amount of loans issued pursuant to subdivision
27 (g) of Section 44526 in the previous calendar year, the amount of
28 each loan issued, and a description of the programs awarded
29 funding.

30 (b) This section shall remain in effect only until January 1, 2012,
31 and as of that date is repealed, unless a later enacted statute that
32 is enacted before January 1, 2012, deletes or extends that date.

33 ~~SEC. 4.~~

34 *SEC. 11.* Section 44525.7 of the Health and Safety Code, as
35 added by Chapter 915 of the Statutes of 2000, is amended to read:

36 44525.7. Commencing in 2002, and annually thereafter, the
37 authority shall submit a report to the Legislature regarding the ~~loan~~
38 program described in subdivision (h) of Section 44526.

39 *SEC. 12.* *Section 44526 of the Health and Safety Code is*
40 *amended to read:*

1 44526. The authority is authorized to do any of the following:

2 (a) To determine the location and character of any project to be
3 financed under the provisions of this division, to lend financial
4 assistance to any participating party, to construct, reconstruct,
5 renovate, replace, lease, as lessor or lessee, and regulate the same,
6 and to enter into contracts for the sale of any pollution control
7 facilities, including installment sales or sales under conditional
8 sales contracts, and to make loans to participating parties to lend
9 financial assistance in the acquisition, construction, or installation
10 of a project.

11 (b) To issue bonds, notes, bond anticipation notes, and other
12 obligations of the authority for any of its corporate purposes, and
13 to fund or refund the same, all as provided in this division.

14 (c) To fix fees and charges for pollution control facilities, *or*
15 *for the loan of moneys to finance pollution control facilities*, and
16 to revise from time to time those fees and charges, and to collect
17 rates, rents, fees, *loan repayments*, and charges for the use of and
18 for any facilities or services furnished, or to be furnished, by a
19 project or any part thereof and to contract with any person,
20 partnership, association, corporation, or public agency with respect
21 thereto, and to fix the terms and conditions upon which any
22 pollution control facilities may be sold or disposed of, whether
23 upon installment sales contracts or otherwise.

24 (d) To employ and fix the compensation of bond counsel,
25 financial consultants, and advisers as may be necessary in its
26 judgment in connection with the issuance and sale of any bonds,
27 notes, bond anticipation notes, or other obligations of the authority;
28 to contract for engineering, architectural, accounting, or other
29 services of appropriate agencies as may be necessary in the
30 judgment of the authority for the successful development of any
31 project; and to pay the reasonable costs of consulting engineers,
32 architects, accountants, and construction experts employed by any
33 participating party if, in the judgment of the authority, those
34 services are necessary to the successful development of any project,
35 and those services are not obtainable from any public agency.

36 (e) To receive and accept loans, contributions, or grants, of
37 money, property, labor, or other things of value, for, or in aid of,
38 the authority in carrying out the purposes of this division, from
39 any source, including, but not limited to, the federal government,
40 the state, or any agency of the state, any local government or

1 agency thereof, or any nonprofit or for-profit private entity or
2 individual.

3 (f) To apply for, and accept, subventions, grants, loans,
4 advances, and contributions from any source, of money, property,
5 labor, or other things of value. The sources may include, but are
6 not limited to, bond proceeds, dedicated taxes, state appropriations,
7 federal appropriations, federal grant and loan funds, public and
8 private sector retirement system funds, and proceeds of loans from
9 the Pooled Money Investment Account.

10 (g) To provide grants and loans to any city or county deemed
11 eligible by the authority. The grants and loans shall be used to
12 assist California neighborhoods suffering from high poverty or
13 unemployment levels, or from low-income levels, to assist cities
14 and counties in developing and implementing growth policies and
15 programs that reduce pollution hazards and the degradation of the
16 environment, or to promote infill development to revitalize these
17 communities. The grants and loans may be used to employ the
18 technical expertise necessary to identify, assess, and complete
19 applications for state, federal, and private economic assistance
20 programs that develop and implement sustainable development
21 and sound environmental policies and programs. Priority shall be
22 given to applicants lacking the resources to identify, assess, and
23 complete applications to economic assistance, and for those lacking
24 the resources to develop and implement sustainable growth and
25 other sound environmental policies and programs. The authority
26 shall fund these grants and loans from any funds available to the
27 authority or set aside for the authority's administrative expenses.
28 The authority may not award more than seven million five hundred
29 thousand dollars (\$7,500,000) in grants and loans pursuant to this
30 subdivision. This subdivision shall remain operative only until
31 January 1, 2012.

32 (h) (1) To provide a loan directly, or indirectly through one or
33 more public or private sector intermediaries, to any city, county,
34 school district, redevelopment agency, financial institution, as
35 defined in subdivision (d) of Section 44559.1, for-profit or
36 not-for-profit organization, or participating party, as defined in
37 Section 44506, to assist in financing, among other things, the costs
38 of performing or obtaining brownfield site assessments, remedial
39 action plans and reports, technical assistance, the cleanup,
40 remediation, or development of brownfield sites, or any other

1 similar or related costs, subject to all applicable federal, state, and
2 local laws, procedures, and regulations.

3 (2) The authority shall establish standards and criteria to ensure
4 that a recipient of direct or indirect financing for cleanup or
5 remediation pursuant to this subdivision has the necessary financial
6 resources and expertise to successfully and appropriately complete
7 the cleanup or remediation of the property.

8 (3) The authority may pay all, or a portion, of the associated
9 program development and implementation costs of any public or
10 private sector intermediaries through which a loan is made. A loan
11 authorized by this subdivision is subject to both of the following:

12 (A) A loan may be used in connection with a brownfield site
13 prior to a determination of whether the site has a reasonable
14 potential for economically beneficial reuse.

15 (B) A loan may be made upon the terms determined by the
16 authority and may provide for any rate of interest or no interest.

17 (4) The authority shall fund a loan made pursuant to this
18 subdivision from any funds available to it, from any funds set aside
19 for the authority's administrative expenses, or from any small
20 business assistance fund established for these purposes pursuant
21 to Section 44548.

22 (5) The authority may waive repayment of all, or a portion, of
23 any loan made pursuant to this subdivision upon conditions to be
24 determined by the authority, and the amount so waived shall be
25 deemed a grant to the recipient.

26 (i) To do all things generally necessary or convenient to carry
27 out the purposes of this division.

28 *SEC. 13. Section 44530 of the Health and Safety Code is*
29 *amended to read:*

30 44530. All expenses incurred in carrying out the provisions of
31 this division shall be payable solely from funds provided under
32 the authority of this division and no liability or obligation shall be
33 imposed upon the State of California and, ~~except as provided in~~
34 ~~Section 44547~~, none shall be incurred by the authority beyond the
35 extent to which moneys shall have been provided under the
36 provisions of this division. Under no circumstances shall the
37 authority create any debt, liability, or obligation on the part of the
38 State of California payable from any source whatsoever other than
39 the moneys provided under the provisions of this division.

1 *SEC. 14. Section 44532 of the Health and Safety Code is*
2 *amended to read:*

3 44532. When the principal of and interest on bonds of the
4 authority issued to finance *or refund* the cost of a particular project
5 for a participating party, ~~including any refunding bonds issued to~~
6 ~~refund and refinance such bonds~~, shall have been fully paid and
7 retired or when adequate provision shall have been made for the
8 payment and retirement of the same, and all other conditions of
9 the resolution, indenture, or agreement authorizing and securing
10 the same shall have been satisfied and the lien of ~~such the~~
11 resolution, indenture, or agreement shall have been released in
12 accordance with the provisions thereof, the authority is authorized,
13 upon ~~such~~ terms and conditions as may be prescribed by the
14 authority, to execute ~~such these~~ deeds and conveyances as are
15 necessary or required to convey title to ~~such the~~ project to ~~such~~
16 ~~the~~ participating party.

17 *SEC. 15. Section 44533 of the Health and Safety Code is*
18 *repealed.*

19 ~~44533. (a) No project relating to the improvement of air or~~
20 ~~water quality or solid waste control or related to the remediation~~
21 ~~of property contaminated by a release of hazardous materials shall~~
22 ~~be eligible for financing under this division unless, prior to the~~
23 ~~issuance of bonds or notes, a local, regional, state, or federal~~
24 ~~environmental authority exercising jurisdiction over the project~~
25 ~~certifies that the project, as designed, will further compliance with~~
26 ~~federal, state, or local pollution control standards and requirements.~~
27 ~~Within 60 days of the receipt of a written request for that~~
28 ~~certification by either the authority or a participating party, the~~
29 ~~local, regional, state, or federal authority shall issue a written~~
30 ~~certificate to that effect if, in fact, the project as designed, is in~~
31 ~~furtherance of those purposes. The certification requirements of~~
32 ~~this subdivision may be waived by the authority, at the request of~~
33 ~~the participating party, if that certification is not necessary to~~
34 ~~qualify the bonds or notes for tax-exempt status under federal laws~~
35 ~~and regulations.~~

36 ~~(b) No certification issued pursuant to subdivision (a) shall be~~
37 ~~admissible in evidence, constitute an admission, or bind any~~
38 ~~certifying authority in any proceeding in which the compliance of~~
39 ~~a participating party's facilities with any applicable pollution~~
40 ~~control, land use, zoning, or other similar law is an issue or in any~~

1 application or proceeding for a permit to locate or construct
2 facilities:

3 *SEC. 16. Section 44534 of the Health and Safety Code is*
4 *amended to read:*

5 44534. (a) The authority shall take initial action on any
6 completed application for financing submitted to it by a
7 participating party ~~at no later than~~ the next meeting of the authority
8 ~~which that occurs more than 10~~ after at least 30 days following
9 receipt of ~~such~~ the application. *The authority may delegate to its*
10 *executive director or deputy executive director the authority to*
11 *grant initial approval for financing to a participating party.*

12 (b) The authority shall take final action with regard to the
13 issuance of bonds or notes to lend financial assistance to a
14 participating party within 60 days of receipt by the authority of a
15 request from ~~such~~ the participating party for the issuance of bonds
16 or notes.

17 ~~A~~

18 (c) A request from a participating party for final approval of the
19 issuance of bonds or notes shall be accompanied by evidence of
20 the fulfillment of all conditions to the issuance of ~~such~~ the bonds
21 or notes and by copies of forms of all principal legal documents
22 to be approved by the authority, which ~~must~~ shall be satisfactory
23 in form and substance to the Attorney General.

24 (e)

25 (d) The authority may give final approval for the issuance of
26 bonds or notes upon ~~such~~ terms as it deems necessary and desirable.
27 ~~The authority may, in its discretion, give final approval to the~~
28 ~~issuance of bonds or notes prior to receipt of the certificate~~
29 ~~described in subdivision (b) of Section 44533.~~

30 *SEC. 17. Section 44535 of the Health and Safety Code is*
31 *repealed.*

32 ~~44535. (a) The authority may separately approve financing~~
33 ~~for projects, the purpose of which is to prevent, remediate, or~~
34 ~~reduce environmental pollution resulting from the disposal of solid,~~
35 ~~hazardous, or liquid waste.~~

36 ~~(b) The following projects shall be considered for financing:~~

37 ~~(1) Projects utilizing recognized resource recovery or energy~~
38 ~~conversion processes.~~

39 ~~(2) Projects utilizing new technologies or processes for resource~~
40 ~~recovery or energy conversion.~~

1 ~~(3) Projects utilizing technologies designed to reduce the level~~
2 ~~of pollutants found in water.~~

3 ~~(4) Recycled water facilities.~~

4 ~~(5) Water main replacements.~~

5 ~~(6) Water filtration facilities.~~

6 ~~(7) Projects for the disposal of agricultural wastes.~~

7 ~~(8) Soil excavation and removal, and construction, operation,~~
8 ~~and maintenance of systems that extract, contain, or treat~~
9 ~~groundwater, soil vapor, gas, or leachate.~~

10 ~~(9) Other projects for the reduction or remediation of~~
11 ~~environmental pollution resulting from the disposal of solid,~~
12 ~~hazardous, or liquid waste, including, but not limited to, payment~~
13 ~~of the cost to remediate environmental pollution by a party that is~~
14 ~~a de minimis responsible party, in accordance with the standards~~
15 ~~for an expedited final settlement specified in subdivision (g) of~~
16 ~~Section 9622 of Title 42 of the United States Code, or a de~~
17 ~~micromis responsible party, under the regulations adopted by the~~
18 ~~Environmental Protection Agency pursuant to the Comprehensive~~
19 ~~Environmental Response, Compensation, and Liability Act of 1980~~
20 ~~(42 U.S.C. Sec. 9601 et seq.).~~

21 ~~(e) The projects specified in subdivision (b) may include~~
22 ~~elements that provide for new refuse removal vehicles, transfer~~
23 ~~stations, resource recovery or energy conversion plants, source~~
24 ~~separation, or any solid or liquid waste disposal facilities involved~~
25 ~~in resource recovery systems. “Solid, hazardous, or liquid waste~~
26 ~~disposal facilities” means any property, or portion thereof, used~~
27 ~~for the collection, storage, treatment, utilization, processing, or~~
28 ~~final disposal of solid, hazardous, or liquid waste in resource~~
29 ~~recovery systems.~~

30 *SEC. 18. Section 44536 of the Health and Safety Code is*
31 *amended to read:*

32 44536. The authority may approve financing for projects which
33 finance a pollution control facility, or equipment for a facility
34 which, that is not owned by the applicant if such the facility or
35 equipment is a component of an approved trade off package to
36 achieve air quality standards. The authority may also approve
37 financing for projects where the owner of the project enters into
38 a lease or operating agreement with another entity that will use
39 the project. In either case both the owner and the user shall be
40 treated as participating parties.

1 SEC. 19. Section 44537 of the Health and Safety Code is
2 amended to read:

3 44537. ~~Prior to the beginning of each calendar quarter, the~~*The*
4 authority shall obtain from the appropriate state control agencies
5 a list of the names and addresses of those business associations,
6 corporations, or individuals which have been required, by a
7 specified deadline, to correct pollution problems caused by existing
8 facilities. The authority shall notify such business associations,
9 corporations, or individuals of its programs for financing pollution
10 control facilities.

11 ~~In addition, the authority shall take all reasonable steps to~~
12 publicize its programs so that eligible applicants may be aware of
13 them.

14 SEC. 20. Section 44542 of the Health and Safety Code is
15 amended to read:

16 44542. (a) (1) The authority is authorized from time to time
17 to issue its negotiable bonds, notes, debentures, or other securities
18 (hereinafter collectively called "bonds") for any corporate purpose.
19 ~~Such~~ *These* bonds may be authorized, without limiting the
20 generality of the foregoing, to finance a single project for a single
21 participating party, a series of projects for a single participating
22 party, a single project for several participating parties, or several
23 projects for several participating parties.

24 ~~In~~
25 (2) *In* anticipation of the sale of ~~such~~ *the* bonds as authorized
26 by Section 44540, or as may be authorized pursuant to Section
27 44541, the authority may issue negotiable bond anticipation notes
28 and may renew the same from time to time. ~~Such~~ *These* bond
29 anticipation notes may be paid from the proceeds of sale of the
30 bonds of the authority in anticipation of which they were issued.
31 Notes and agreements relating thereto and bond anticipation notes,
32 hereinafter collectively called notes, and the resolution or
33 resolutions authorizing the same may contain any provisions,
34 conditions, or limitations ~~which~~ *that* a bond, agreement relating
35 thereto, and bond resolution of the authority may contain, except
36 that ~~such~~ *the* note or renewal thereof shall mature at ~~such~~ *a* time
37 not exceeding three years from the date of issue of the original
38 note.

39 (b) Except as may otherwise be expressly provided by the
40 authority, every issue of its bonds, notes, or other obligation shall

1 be general obligations of the authority payable from any revenues
2 or moneys of the authority available therefor and not otherwise
3 pledged, subject only to any agreements with the holders of
4 particular bonds, notes, or other obligations pledging any particular
5 revenues or moneys and subject to any agreements with any
6 participating party. Notwithstanding that ~~such~~ bonds, notes, or
7 other obligations may be payable from a special fund, they shall
8 be and be deemed to be for all purposes negotiable instruments,
9 subject only to the provisions of ~~such~~ *the* bonds, notes, or other
10 obligations for registration.

11 (c) The bonds may be issued as serial bonds or as term bonds,
12 or the authority in its discretion, may issue bonds of both types.
13 The bonds shall be authorized by resolution of the authority and
14 shall bear ~~such~~ *the* date or dates, mature at ~~such~~ *the* time or times,
15 not exceeding 50 years from their respective dates, bear interest
16 at ~~such~~ *the* ~~fixed~~ rate or rates, *or at the variable rates, including*
17 *multiple methods of setting rates from time to time while the bonds*
18 *are outstanding*, be payable at ~~such~~ *the* time or times, be in ~~such~~
19 *the* denominations, ~~be in such form, either coupon or registered,~~
20 ~~carry such registration privileges,~~ be executed in ~~such~~ *the* manner,
21 be payable in lawful money of the United States of America at
22 ~~such~~ *the* place or places, and be subject to ~~such~~ *the* terms of
23 redemption *or tender*, as ~~such~~ resolution or resolutions may
24 provide. The bonds or notes shall be sold by the ~~State~~ Treasurer
25 ~~within 60 days of receipt of a certified copy of the authority's~~
26 ~~resolution authorizing the sale of the bonds; provided, that the~~
27 ~~authority, at its discretion, may adopt a resolution extending such~~
28 ~~60-day period as agents for sale. Such sales~~ *The bond or notes*
29 *may be sold at a public or private sale, and for such* *the* price or
30 prices and on ~~such~~ terms and conditions, as the authority shall
31 determine after giving due consideration to the recommendations
32 of any participating party to be assisted from the proceeds of ~~such~~
33 *the* bonds or notes. Pending preparation of the definitive bonds,
34 the ~~State~~ Treasurer may issue interim receipts, certificates, or
35 temporary bonds which shall be exchanged for ~~such~~ definitive
36 bonds. The ~~State~~ Treasurer may sell any bonds, notes, or other
37 evidence of indebtedness at a price below the par value thereof;
38 ~~provided, however, that the~~ *if the* discount on any security so sold
39 shall not exceed 6 percent of the par value thereof.

1 (d) Any resolution or resolutions authorizing any bonds or any
2 issue of bonds may contain provisions, which shall be a part of
3 the contract with the holders of the bonds *or any credit provider*
4 to be authorized, as to *all of the following*:

5 (1) Pledging the full faith and credit of the authority or pledging
6 all or any part of the revenues of any project or any
7 revenue-producing contract or contracts made by the authority
8 with any individual, partnership, corporation, or association or
9 other body, public or private, or other moneys of the authority, to
10 secure the payment of the bonds or of any particular issue of bonds,
11 subject to ~~such~~ agreements with bondholders *or any credit*
12 *providers* as may then exist.

13 (2) The rentals, fees, purchase payments, *loan payments*, and
14 other charges to be charged, and the amounts to be raised in each
15 year thereby, and the use and disposition of the revenues.

16 (3) The setting aside of reserves or sinking funds, and the
17 regulation and disposition thereof.

18 (4) Limitations on the right of the authority or its agent to restrict
19 and regulate the use of the project or projects to be financed out
20 of the proceeds of the bonds or any particular issue of bonds.

21 (5) Limitations on the purpose to which the proceeds of sale of
22 any issue of bonds then or thereafter to be issued may be applied
23 and pledging ~~such~~ *these* proceeds to secure the payment of the
24 bonds or any issue of the bonds.

25 (6) Limitations on the issuance of additional bonds, the terms
26 upon which additional bonds may be issued and secured and the
27 refunding of outstanding bonds.

28 (7) The procedure, if any, by which the terms of any contract
29 with bondholders may be amended or abrogated, the amount of
30 bonds the holders of which must consent thereto, and the manner
31 in which ~~such~~ consent may be given.

32 (8) Limitations on expenditures for operating, administrative,
33 or other expenses of the authority.

34 (9) Defining the acts or omissions to act ~~which shall~~ *that*
35 constitute a default in the duties of the authority to holders of its
36 obligations and providing the rights and remedies of ~~such~~ *these*
37 holders in the event of a default.

38 (10) The mortgaging of any project and the site thereof for the
39 purpose of securing the bondholders.

1 (11) The mortgaging of land, improvements, or other assets
2 owned by a participating party for the purpose of securing the
3 bondholders.

4 ~~(12) Procedures for the selection of projects to be financed with
5 the proceeds of the bonds authorized by the resolution if the bonds
6 are to be sold in advance of the designation of the projects and
7 participating parties to receive such financing.~~

8 (12) *Provisions for the security of any credit provider supporting
9 payment on the bonds, but only in a manner subordinate to the
10 rights of bondholders.*

11 (e) Neither the members of the authority nor any person
12 executing the bonds or notes shall be liable personally on the bonds
13 or notes or be subject to any personal liability or accountability
14 by reason of the issuance thereof.

15 (f) The authority shall have power out of any funds available
16 therefor to purchase its bonds or notes *without the cancellation
17 thereof*. The authority may hold, pledge, cancel, or resell ~~such~~
18 bonds, subject to, and in accordance with, agreements with
19 bondholders.

20 *SEC. 21. Section 44543 of the Health and Safety Code is
21 amended to read:*

22 44543. (a) In the discretion of the authority, any bonds issued
23 under the provisions of this division may be secured by a trust
24 agreement by and between the authority and a trustee or trustees,
25 which may be any trust company or bank having the powers of a
26 trust company within or without the state. ~~Such~~ *The* trust agreement
27 or the resolution providing for the issuance of ~~such~~ bonds may
28 pledge or assign the revenues to be received or proceeds of any
29 contract or contracts pledged and may convey or mortgage the
30 project or projects, or any portion thereof, to be financed out of
31 the proceeds of ~~such~~ bonds. ~~Such~~ *The* trust agreement or resolution
32 providing for the issuance of ~~such~~ bonds may contain ~~such~~
33 provisions for protecting and enforcing the rights and remedies of
34 the bondholders, *or any credit provider*, as may be reasonable and
35 proper and not in violation of law, including particularly ~~such~~
36 provisions as have hereinabove been specifically authorized to be
37 included in any resolution or resolutions of the authority
38 authorizing bonds thereof. Any bank or trust company doing
39 business under the laws of this state ~~which~~ *that* may act as
40 depository of the proceeds of bonds or of revenues or other moneys

1 may furnish ~~such~~ *these* indemnifying bonds or pledge ~~such~~
 2 securities as may be required by the authority. Any ~~such~~ trust
 3 agreement may set forth the rights and remedies of the bondholders
 4 and of the trustee or trustees, and may restrict the individual right
 5 of action by bondholders *or any credit provider*. In addition to the
 6 foregoing, any ~~such~~ trust agreement or resolution may contain
 7 ~~such~~ other provisions as the authority may deem reasonable and
 8 proper for the security of the bondholders. Notwithstanding any
 9 other provision of law, the ~~State~~ Treasurer shall not be deemed to
 10 have a conflict of interest by reason of acting as trustee pursuant
 11 to this division.

12 ~~AH~~

13 (b) All expenses incurred in carrying out the provisions of ~~such~~
 14 a trust agreement or resolution may be treated as a part of the cost
 15 of the operation of a project.

16 SEC. 22. Section 44545 of the Health and Safety Code is
 17 amended to read:

18 44545. (a) The authority ~~is hereby authorized to~~ *may* provide
 19 for the issuance of bonds of the authority for the purpose of
 20 refunding, *directly or indirectly*, any bonds, notes, or other
 21 ~~securities~~ *evidence of indebtedness* of the authority *or a public*
 22 *agency* then outstanding, including the payment of any redemption
 23 premium thereon and any interest accrued or to accrue to the
 24 earliest or subsequent date of redemption, purchase, or maturity
 25 of ~~such~~ *these* bonds, and, if deemed advisable by the authority, for
 26 the additional purpose of paying all or any part of the cost of
 27 constructing and acquiring additions, improvements, extensions,
 28 or enlargements of a project or any portion thereof.

29 (b) The proceeds of any ~~such~~ bonds issued for the purpose of
 30 refunding outstanding bonds, notes, or other securities may, in the
 31 discretion of the authority, be applied to the purchase or retirement
 32 at maturity or redemption of ~~such~~ outstanding bonds either on their
 33 earliest or any subsequent redemption date or upon the purchase
 34 or retirement at the maturity thereof and may, pending ~~such~~
 35 application, be placed in escrow to be applied to ~~such~~ purchase or
 36 retirement at maturity or redemption on ~~such~~ a date as may be
 37 determined by the ~~board~~ *authority*.

38 (c) Pending ~~such~~ *this* use, any ~~such~~ *of these* escrowed proceeds
 39 may be invested and reinvested by the ~~State~~ Treasurer *or any*
 40 *trustee* in obligations of, or guaranteed by, the ~~United States~~ of

1 ~~America, or in certificates of deposit or time deposits secured by~~
2 ~~obligations of, or guaranteed by, the United States of America~~
3 ~~instruments as may be specified in the resolution or indenture~~
4 ~~governing the bonds to be refunded, maturing at such the time or~~
5 ~~times as shall be appropriate to assure ensure the prompt payment,~~
6 ~~as to principal, interest and redemption premium, if any, of the~~
7 ~~outstanding bonds to be so refunded. The interest, income, and~~
8 ~~profits, if any, earned or realized on any such this type of~~
9 ~~investment may also be applied to the payment of the outstanding~~
10 ~~bonds to be so refunded. After the terms of the escrow have been~~
11 ~~fully satisfied and carried out, any balance of such these proceeds~~
12 ~~and interest, income, and profits, if any, earned or realized on the~~
13 ~~investments thereof may be returned to the authority for use by it~~
14 ~~in any lawful manner.~~

15 ~~(d) The portion of the proceeds of any such bonds issued for~~
16 ~~the additional purpose of paying all or any part of the cost of~~
17 ~~constructing and acquiring additions, improvements, extensions,~~
18 ~~or enlargements of a project may be invested and reinvested by~~
19 ~~the State Treasurer in obligations of, or guaranteed by, the United~~
20 ~~States of America, or in certificates of deposit or time deposits~~
21 ~~secured by obligations of, or guaranteed by, the United States of~~
22 ~~America, maturing not later than the time or times when such~~
23 ~~proceeds will be needed for the purpose of paying all or any part~~
24 ~~of such cost. The interest, income and profits, if any, earned or~~
25 ~~realized on such investment may be applied to the payment of all~~
26 ~~or any part of such cost or may be used by the authority in any~~
27 ~~lawful manner.~~

28 ~~(e)~~

29 ~~(d) All such of these bonds shall be subject to the provisions of~~
30 ~~this division in the same manner and to the same extent as other~~
31 ~~bonds issued pursuant to this division. If the authority refunds~~
32 ~~bonds or evidences of indebtedness not originally issued by the~~
33 ~~authority, the authority shall make findings that the project being~~
34 ~~refinanced qualifies as a project under this division.~~

35 ~~SEC. 23. Section 44546 of the Health and Safety Code is~~
36 ~~repealed.~~

37 ~~44546. If, in the opinion of the State Treasurer, any bonds~~
38 ~~issued by the authority under the provisions of this division are~~
39 ~~adequately secured and the revenues and other funds applicable~~
40 ~~to the payments of the bonds are, or upon the acquisition,~~

1 construction, or improvement of the project or projects which such
2 bonds finance, will be sufficient to pay the principal of and interest
3 on such bonds, then the State Treasurer shall certify that such
4 bonds are legal investments for all trust funds, the funds of all
5 insurance companies, banks, both commercial and savings, trust
6 companies, savings and loan associations, and investment
7 companies, for executors, administrators, guardians, conservators,
8 trustees, and other fiduciaries, for state school funds, and for any
9 funds which may be invested in county, municipal, or school
10 district bonds, and that such bonds are securities which may
11 properly and legally be deposited with, and received by, any state
12 or municipal officer or any agency or political subdivision of the
13 state for any purpose for which the deposit of bonds or obligations
14 of the state is now, or may hereafter be, authorized by law,
15 including deposits to secure public funds.

16 *SEC. 24. Section 44547 of the Health and Safety Code is*
17 *repealed.*

18 ~~44547. No liability shall be incurred by the authority beyond~~
19 ~~the extent to which moneys have been provided under this division;~~
20 ~~except that for the purposes of meeting the necessary expenses of~~
21 ~~initial organization and operation until such date as the authority~~
22 ~~derives revenues or proceeds from bonds or notes as provided~~
23 ~~under this division, the authority may borrow money as needed~~
24 ~~for such expenses from any funds available to the authority,~~
25 ~~including the General Fund in the State Treasury. Such borrowed~~
26 ~~moneys shall be repaid with interest within a reasonable time after~~
27 ~~the authority receives revenues or proceeds from bonds or notes~~
28 ~~as provided under this division.~~

29 *SEC. 25. Section 44550 of the Health and Safety Code is*
30 *amended to read:*

31 44550. The authority may contract with any participating party
32 for the construction *or acquisition* of a project by ~~such the~~
33 participating party. All ~~such~~ contracts for the construction *or*
34 *acquisition* of a project by a participating party shall provide that
35 the participating party shall be responsible for the architectural
36 and engineering design and for the construction and completion
37 thereof subject to ~~such~~ standards for architectural and engineering
38 design as may be established, and subject to ~~such~~ supervision as
39 the authority deems necessary. The authority may agree to pay the
40 cost of ~~such~~ a project constructed *or acquired* by any participating

1 party and to advance ~~such~~ costs from time to time in installments
2 or otherwise as required by the contract for the construction *or*
3 *acquisition* thereof. Title to all ~~such of these~~ projects ~~shall may~~ be
4 vested in the authority subject to the terms of any lease thereof to
5 the participating party or the rights of a participating party under
6 any contract for the purchase *or acquisition* of ~~such the~~ project
7 including the payment of the purchase price under installment sales
8 contracts.

9 *SEC. 26. Section 44552.5 of the Health and Safety Code is*
10 *amended to read:*

11 44552.5. (a) As an alternative to leasing or selling a project
12 to a participating party, the authority may finance the acquisition,
13 construction, or installation of a project by means of a loan to the
14 participating party. The principal amount of the participating
15 party's obligation as borrower shall be sufficient to provide funds
16 for all the purposes specified in subdivisions (a), (b), and (c) of
17 Section 44551 and may be paid in installments, together with
18 interest on the unpaid balance, or otherwise as may be mutually
19 agreed by the authority and the participating party and set forth in
20 the loan agreement. Loans made pursuant to this section may be
21 secured or unsecured in the discretion of the authority.

22 (b) The authority may also purchase or acquire from a financial
23 institution part or all of a loan made to a participating party for a
24 project meeting the requirements of this division. ~~In the case of~~
25 ~~such a purchase, subdivision (a) of Section 44533 shall be deemed~~
26 ~~to have been complied with if the financial institution in making~~
27 ~~the loan is participating in a financing program of the authority~~
28 ~~pursuant to terms and conditions specified by the authority. The~~
29 ~~authority may by resolution waive the requirement of subdivision~~
30 ~~(a) of Section 44533 for the purchase of loans of small businesses~~
31 ~~eligible for assistance pursuant to Section 44548.~~

32 (c) Section 44550 shall not apply to projects constructed with
33 moneys loaned pursuant to this section.

34 *SEC. 27. Section 44553 of the Health and Safety Code is*
35 *amended to read:*

36 44553. All moneys received pursuant to the provisions of this
37 division, whether as proceeds from the sale of bonds, notes, or
38 other evidences of indebtedness or as revenues *or fees received*
39 *by the authority*, shall be deemed to be trust funds to be held and
40 applied solely as provided in this division. Any bank or trust

1 company with which ~~such~~ *these* moneys shall be deposited shall
 2 act as trustee of ~~such~~ *these* moneys and shall hold and apply the
 3 same for the purposes hereof, subject to ~~such~~ regulations as the
 4 resolution authorizing the bonds of any issue or the trust agreement
 5 securing ~~such~~ *these* bonds may provide.

6 *SEC. 28. Section 44554 of the Health and Safety Code is*
 7 *amended to read:*

8 44554. Any holder of bonds, notes, or other obligations issued
 9 under the provisions of this division ~~or any of the coupons~~
 10 ~~appertaining thereto~~, and the trustee or trustees under any trust
 11 agreement, except to the extent the rights herein given may be
 12 restricted by any resolution authorizing the issuance of, or any
 13 ~~such~~ trust agreement securing, ~~such~~ bonds, notes, or other
 14 obligations, may, either at law or in equity, by suit, action,
 15 mandamus, or other proceedings, protect and enforce any and all
 16 rights under the laws of the state or granted hereunder or under
 17 ~~such~~ resolution or trust agreement, and may enforce and compel
 18 the performance of all duties required by this division or by ~~such~~
 19 resolution or trust agreement to be performed by the authority or
 20 by any officer, employee, or agent thereof, including the fixing,
 21 charging, and collecting of the rates, rents, fees, and charges herein
 22 authorized and required by the provisions of ~~such~~ *the* resolution
 23 or trust agreement to be fixed, established, and collected.

24 *SEC. 29. Section 44555 of the Health and Safety Code is*
 25 *amended to read:*

26 44555. The exercise of the powers granted by this division
 27 shall be in all respects for the benefit of the people of this state,
 28 for their health and welfare, and protection of the state's
 29 environment. Any bonds, notes, or other obligations issued under
 30 the provisions of this division, their transfer and the income
 31 therefrom, shall at all times be free from taxation of every kind by
 32 the state and by municipalities and other political subdivisions of
 33 the state. ~~Provided, however, that the preceding sentence shall not~~
 34 ~~apply with respect to any bonds, notes or other obligations, or the~~
 35 ~~income therefrom, for any period during which such bonds, notes~~
 36 ~~or other obligations are held by (a) any participating party, (b)~~
 37 ~~persons, organizations, trades, or businesses (whether or not~~
 38 ~~incorporated, organized in this state, or affiliated with such~~
 39 ~~participating party) owned or controlled, directly or indirectly, by~~
 40 ~~such participating party, or (c) persons, organizations, trades or~~

1 ~~businesses (whether or not incorporated, organized in this state,~~
2 ~~or affiliated with such participating party (which own or control,~~
3 ~~directly or indirectly, such participating party.~~

4 *SEC. 30. Section 44559.1 of the Health and Safety Code is*
5 *amended to read:*

6 44559.1. As used in this article, unless the context requires
7 otherwise, *all of the following terms have the following meanings:*

8 (a) “Authority” means the California Pollution Control
9 Financing Authority.

10 (b) “California Capital Access Fund” means a fund created
11 within the authority to be used for purposes of the program.

12 (c) “Executive Director” means the Executive Director of the
13 California Pollution Control Financing Authority.

14 (d) (1) “Financial institution” means a federal- or state-chartered
15 bank, savings association, credit union, not-for-profit community
16 development financial institution certified under Part 1805
17 (commencing with Section 1805.100) of Chapter XVIII of Title
18 12 of the Code of Federal Regulations, or a consortium of these
19 entities. A consortium of those entities may include a nonfinancial
20 corporation, if the percentage of capitalization by all nonfinancial
21 corporations in the consortium does not exceed 49 percent.

22 (2) “Financial institution” also includes a lending institution
23 that has executed a participation agreement with the Small Business
24 Administration under the guaranteed loan program pursuant to
25 Part 120 (commencing with Section 120.1) of Chapter I of Title
26 13 of the Code of Federal Regulations and meets the requirements
27 of Section 120.410 of Chapter I of Title 13 of the Code of Federal
28 Regulations, and a small business investment company licensed
29 pursuant to Part 107 (commencing with Section 107.20) of Chapter
30 I of Title 13 of the Code of Federal Regulations. *For loans where*
31 *all or part of the fees and matching contributions are paid by an*
32 *entity participating in the program pursuant to subdivision (e) of*
33 *Section 44559.2, “financial institution” also includes financial*
34 *lenders, as defined in Section 22009 of the Financial Code, making*
35 *commercial loans, as defined in Section 22502 of the Financial*
36 *Code.*

37 (3) A financial institution described in paragraph (2) shall be
38 domiciled or have its principal office in the State of California.

39 (e) “Loss reserve account” means an account in the State
40 Treasury or any financial institution that is established and

1 maintained by the authority for the benefit of a financial institution
2 participating in the Capital Access Loan Program established
3 pursuant to this article for the purposes of the following:

4 (1) Depositing all required fees paid by the participating
5 financial institution and the qualified business.

6 (2) Depositing contributions made by the state and, if applicable,
7 the federal government or other sources.

8 (3) Covering losses on enrolled qualified loans sustained by the
9 participating financial institution by disbursing funds accumulated
10 in the loss reserve account.

11 (f) “Participating financial institution” means a financial
12 institution that has been approved by the authority to enroll
13 qualified loans in the program and has agreed to all terms and
14 conditions set forth in this article and as may be required by any
15 applicable federal law providing matching funding.

16 (g) “Passive real estate ownership” means ownership of real
17 estate for the purpose of deriving income from speculation, trade,
18 or rental, but does not include any of the following:

19 (1) The ownership of that portion of real estate being used or
20 intended to be used for the operation of the business of the owner
21 of the real estate.

22 (2) The ownership of real estate for the purpose of construction
23 or renovation, until the completion of the construction or renovation
24 phase.

25 (h) “Program” means the Capital Access Loan Program created
26 pursuant to this article.

27 (i) “Qualified business” means a small business concern that
28 meets both of the following criteria, regardless of whether the
29 small business concern has operations that affect the environment:

30 (1) It is a corporation, partnership, cooperative, or other entity,
31 whether that entity is a nonprofit entity or an entity established for
32 profit, that is authorized to conduct business in the state.

33 (2) It has its primary business location within the boundaries of
34 the state.

35 (j) (1) “Qualified loan” means a loan or a portion of a loan
36 made by a participating financial institution to a qualified business
37 for any business activity that has its primary economic effect in
38 California. A qualified loan may be made in the form of a line of
39 credit, in which case the participating financial institution shall
40 specify the amount of the line of credit to be covered under the

1 program, which may be equal to the maximum commitment under
2 the line of credit or an amount that is less than that maximum
3 commitment. A qualified loan made under the program may be
4 made with the interest rates, fees, and other terms and conditions
5 agreed upon by the participating financial institution and the
6 borrower.

7 (2) “Qualified loan” does not include any of the following:

8 (A) A loan for the construction or purchase of residential
9 housing.

10 (B) A loan to finance passive real estate ownership.

11 (C) A loan for the refinancing of an existing loan when and to
12 the extent that the outstanding balance is not increased.

13 (D) A loan, the proceeds of which will be used in any manner
14 that could cause the interest on any bonds previously issued by
15 the authority to become subject to federal income tax.

16 (k) “Severely affected community” means any area classified
17 as an enterprise zone pursuant to the Enterprise Zone Act (Chapter
18 12.8 (commencing with Section 7070) of Division 7 of Title 1 of
19 the Government Code), any area, as designated by the executive
20 director, contiguous to the boundaries of a military base designated
21 for closure pursuant to Section 2687 of Title 10 of the United States
22 Code, as amended, and any other comparable economically
23 distressed geographic area so designated by the executive director
24 from time to time.

25 (l) “Small Business Assistance Fund” means a fund created
26 within the authority pursuant to Section 44548.

27 (m) “Small business concern” has the same meaning as in
28 Section 632 of Title 15 of the United States Code, or as otherwise
29 provided in regulations of the authority.

30 *SEC. 31. Section 44559.4 of the Health and Safety Code is*
31 *amended to read:*

32 44559.4. (a) If a financial institution that is participating in
33 the Capital Access Loan Program established pursuant to this
34 article decides to enroll a qualified loan under the program in order
35 to obtain the protection against loss provided by its loss reserve
36 account, it shall notify the authority in writing on a form prescribed
37 by the authority, within 10 days after the date on which the loan
38 is made, of all of the following:

39 (1) The disbursement of the loan.

40 (2) The dollar amount of the loan enrolled.

1 (3) The interest rate applicable to, and the term of, the loan.

2 (4) The amount of the agreed upon premium.

3 (b) The financial institution may make a qualified loan to be
4 enrolled under the program to an individual, or to a partnership or
5 trust wholly owned or controlled by an individual, for the purpose
6 of financing property that will be leased to a qualified business
7 that is wholly owned by that individual. In that case, the property
8 shall be treated as meeting the requirements of paragraph (1) of
9 subdivision (g) of Section 44559.1.

10 (c) When making a qualified loan that will be enrolled under
11 the program, the participating financial institution shall require
12 the qualified business to which the loan is made to pay a fee of
13 not less than 2 percent of the principal amount of the loan, but not
14 more than 3½ percent of the principal amount. The financial
15 institution shall also pay a fee in an amount equal to the fee paid
16 by the borrower. The financial institution shall deliver the fees
17 collected under this subdivision to the authority for deposit in the
18 loss reserve account for the institution. The financial institution
19 may recover from the borrower the cost of its payments to the loss
20 reserve account through the financing of the loan, upon the
21 agreement of the financial institution and the borrower. *The*
22 *financial institution may cover the cost of borrower payments to*
23 *the loan loss reserve account.*

24 (d) When depositing fees collected under subdivision (c) to the
25 credit of the loss reserve account for a participating financial
26 institution, the authority shall do the following:

27 (1) If no matching funds are available under a federal capital
28 access program or other source, the authority shall transfer to the
29 loss reserve account an amount that is not less than the amount of
30 the fees paid by the participating financial institution. However,
31 if the qualified business is located within a severely affected
32 community, the authority shall transfer to the loss reserve account
33 an amount equal to 150 percent of the amount of the fees paid by
34 the participating financial institution.

35 (2) If matching funds are available under a federal capital access
36 program or other source, the authority shall transfer, on an
37 immediate or deferred basis, to the loss reserve account the amount
38 required by that federal program or other source. However, the
39 total amount deposited into the loss reserve account shall not be

1 less than the amount which would have been deposited in the
2 absence of matching funds.

3 ~~SEC. 5.~~

4 *SEC. 32.* Section 6206.5 of the Public Resources Code is
5 amended to read:

6 6206.5. The commission is hereby empowered to apply to the
7 United States Department of the Interior for patents to the
8 numbered school sections in place and to accept patents, in
9 accordance with an act of Congress approved June 21, 1934 (Public
10 No. 440-73d Congress) entitled "An Act Authorizing the Secretary
11 of the Interior to issue patents to the numbered school sections in
12 place, granted to the States by the act approved February 22, 1889,
13 by the act approved January 25, 1927 (44 Stat. 1026), and by any
14 other act of Congress."

15 ~~SEC. 6.~~

16 *SEC. 33.* Section 41780 of the Public Resources Code is
17 amended to read:

18 41780. (a) Each jurisdiction's source reduction and recycling
19 element shall include an implementation schedule that shows both
20 of the following:

21 (1) For the initial element, the jurisdiction shall divert 25 percent
22 of all solid waste by January 1, 1995, through source reduction,
23 recycling, and composting activities.

24 (2) Except as provided in Sections 41783 and 41784, for the
25 first and each subsequent revision of the element, the jurisdiction
26 shall divert 50 percent of all solid waste on and after January 1,
27 2000, through source reduction, recycling, and composting
28 activities.

29 (b) This section does not prohibit a jurisdiction from
30 implementing source reduction, recycling, and composting
31 activities designed to exceed ~~these~~ *the* requirements of this division.

32 ~~SEC. 7.~~

33 *SEC. 34.* This act is an urgency statute necessary for the
34 immediate preservation of the public peace, health, or safety within
35 the meaning of Article IV of the Constitution and shall go into
36 immediate effect. The facts constituting the necessity are:

37 In order to ensure the protection of the environment at the earliest
38 possible time, it is necessary that this act take effect immediately.

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