

AMENDED IN SENATE APRIL 29, 2014

AMENDED IN SENATE APRIL 10, 2014

SENATE BILL

No. 1121

Introduced by Senator De León

February 19, 2014

An act to add and repeal Part 11.5 (commencing with Section 15880) to Division 3 of Title 2 of the Government Code, and to amend Section 39712 of the Health and Safety Code, relating to state government, and making an appropriation therefor. *government.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1121, as amended, De León. The California Green ~~Bank~~. *Bank Board.*

~~(1) The~~

The Bergeson-Peace Infrastructure and Economic Development Bank Act authorizes the California Infrastructure and Economic Development Bank, governed by a board of directors, to make loans, issue bonds, and provide other assistance for various types of economic development projects, among other things. The activities of the bank under these provisions are funded from the California Infrastructure and Economic Development Bank Fund, which is continuously appropriated for these purposes.

This bill would establish ~~until January 1, 2036~~, the California Green Bank to, among other things, serve as a provider of bond guarantees, loans, loan guarantees, the warehousing of loans, securitization, insurance, portfolio insurance, credit enhancements, and other forms of financing support and risk management for clean energy projects and innovative energy technology projects, as those terms are defined. ~~The bank would be governed by a board of directors~~ *Board* composed

~~of 11 7 members appointed by the Governor, the Legislature, and including various heads of executive branch entities, as specified, to serve terms of office to be determined by the board. The act would authorize the board to select a chief executive officer to manage and conduct the business of the bank, at the direction of the board, and to select an executive vice president and 2 divisional vice presidents and hire staff. The act would require these employees to be compensated at prevailing rates of compensation for similar positions in private industry. The act would authorize the bank to employ or contract with banks, credit agencies, and attorneys, at customary commercial rates to carry out the activities and mission of the bank, including, but not limited to, administrative and operative functions. one member appointed by the Senate Committee on Rules, and one member appointed by the Speaker of the Assembly. The bill would specify the duties and responsibilities of the board, including the duty to evaluate current state financial support for commercially viable clean energy projects and innovative energy technology projects. The bill would also require the board to make specific recommendations relating to its duties in a report to the Legislature, on or before January 1, 2016.~~

~~The act would specifically authorize the bank to issue bonds that may have a maturity of not more than 50 years and are exempt from state taxation. The act would limit the repayment of bonds to the extent funds are available to the bank and would provide that repayment is not backed by the full faith and credit of the state. The act would require the bank to establish a program to provide loans, loan guarantees, securitization, insurance, portfolio insurance, and other forms of financing support, as the bank determines is appropriate for qualified clean energy projects. The act would require the bank to charge fees for bond guarantees, and would authorize the bank to facilitate financing in tax equity markets and take a nonvoting equity or membership interest in innovative energy technology projects or developers. The act also would authorize the bank to take certain actions if a sponsor or developer of an innovative energy technology projects defaults on its financing support.~~

~~The act would establish the California Green Bank Fund, to receive local, state, federal, and private moneys, as a continuously appropriated fund for the purpose of implementing the act.~~

~~The act annually requires the bank to submit a report to the Governor and the Legislature on its activities and to be independently audited.~~

~~(2) The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the~~

~~reporting and verification of emissions of greenhouse gases and, among other things, authorizes the state board to include use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law authorizes the allocation of moneys appropriated from the Greenhouse Gas Reduction Fund for the purpose of reducing greenhouse gas emissions through, among other things, investments in programs implemented by local and regional agencies and collaboratives, and by nonprofit organizations coordinating with local governments.~~

~~This bill would specify that these investments include the California Green Infrastructure Bank.~~

~~(3) Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.~~

~~This bill would make legislative findings to that effect.~~

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

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

1 *SECTION 1. Part 11.5 (commencing with Section 15880) is*
 2 *added to Division 3 of Title 2 of the Government Code, to read:*

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4 *PART 11.5. THE CALIFORNIA GREEN BANK ACT*

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6 15880. (a) *There is in state government the California Green*
 7 *Bank Board. The board shall be composed of the following*
 8 *members:*

9 (1) *The Treasurer.*

10 (2) *The Director of Finance.*

11 (3) *The President of the California Public Utilities Commission.*

12 (4) *The Chair of the California Energy Commission.*

13 (5) *The Chair of the State Air Resources Board.*

14 (6) *One person appointed by the Senate Committee on Rules.*

15 (7) *One person appointed by the Speaker of the Assembly.*

1 (b) The members listed in paragraphs (1) to (5), inclusive, of
2 subdivision (a) may each designate a deputy or clerk from within
3 his or her agency to act for and represent him or her at all meetings
4 of the board.

5 (c) All members of the board shall serve thereon without
6 compensation, but shall be reimbursed for all necessary expenses
7 actually incurred in the performance of their duties.

8 15880.5. The board shall have all of the following duties and
9 responsibilities:

10 (a) Evaluate current state financial support for commercially
11 viable clean energy projects not currently able to obtain financing
12 in the capital markets at a reasonable cost with a reasonable rate
13 of return to a clean energy project developer, and for innovative
14 energy technology projects not currently able to obtain financing.

15 (b) Identify the firms and projects for which new forms of
16 financial assistance will advance the state's policy objectives,
17 including, but not limited to, reduction in greenhouse gases.

18 (c) Recommend specific forms of financial assistance that will
19 assist these projects and firms with an acceptable amount of risk
20 for the state.

21 15880.10. (a) The board shall make specific recommendations
22 relating to the duties listed in Section 15880.5 in a report to the
23 Legislature, on or before January 1, 2016.

24 (b) (1) The report described in subdivision (a) shall be
25 submitted in compliance with Section 9795.

26 (2) Pursuant to Section 10231.5, this section is repealed on
27 December 1, 2020.

28 15880.15. In carrying out its duties and responsibilities, the
29 board shall have all of the following powers:

30 (a) To meet at any time and place it deems proper.

31 (b) To employ staff, pursuant to laws and regulations governing
32 state civil service.

33 (c) To contract with experts in clean technology development
34 and finance.

35 (d) To cooperate with every department, agency, or
36 instrumentality in the state government.

37 (e) To receive any data, the access to which is not restricted by
38 any state or federal law, that is necessary to prepare the report
39 described in subdivision (a) of Section 15880.10.

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, April 10, 2014. (JR11)**

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