

AMENDED IN ASSEMBLY MARCH 30, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 1297

Introduced by Assembly Member Holden

February 19, 2021

An act to amend Sections 63010 and 63045 of the Government Code, relating to economic ~~development~~: *development, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1297, as amended, Holden. California Infrastructure and Economic Development Bank: public and economic development facilities: housing.

The Bergeson-Peace Infrastructure and Economic Development Bank Act authorizes the California Infrastructure and Economic Development Bank, governed by a board of directors, to, among other things, make loans, issue bonds, and provide other financial assistance for various types of projects that qualify as public development or economic development facilities. The act defines “public development facilities” for these purposes to mean real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof, excluding any housing, that are directly related to providing, among other things, housing-related infrastructure, as specified. The act defines “economic ~~develop~~ ~~facilitates~~” *development facilities*” for these purposes to mean real and personal property, structures, buildings, equipment, and supporting components thereof that are used to provide industrial, recreational, research, commercial, utility, goods movement, or service enterprise facilities, community, educational, cultural, or social welfare facilities and any parts or

combinations thereof, and all necessary facilities or infrastructure, excluding any housing.

Existing law establishes the California Infrastructure and Economic Development Bank Fund and continuously appropriates the money in the fund to the bank for purposes of the act.

~~This bill would specify that public development and economic development facilities do not include housing that is~~ *authorize economic development facilities and public development facilities to include housing if the housing is required for the operation of the facilities and the housing is not financed by any tax-exempt bonds issued by the bank and subject to a state allocation of private activity bond volume. By authorizing an additional type of expenditure from the California Infrastructure and Economic Development Bank Fund, the bill would make an appropriation.*

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

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

- 1 SECTION 1. Section 63010 of the Government Code is
- 2 amended to read:
- 3 63010. For purposes of this division, the following words and
- 4 terms shall have the following meanings unless the context clearly
- 5 indicates or requires another or different meaning or intent:
- 6 (a) "Act" means the Bergeson-Peace Infrastructure and
- 7 Economic Development Bank Act.
- 8 (b) "Bank" means the California Infrastructure and Economic
- 9 Development Bank.
- 10 (c) "Board" or "bank board" means the Board of Directors of
- 11 the California Infrastructure and Economic Development Bank.
- 12 (d) "Bond purchase agreement" means a contractual agreement
- 13 executed between the bank and a sponsor, or a special purpose
- 14 trust authorized by the bank or a sponsor, or both, whereby the
- 15 bank or special purpose trust authorized by the bank agrees to
- 16 purchase bonds of the sponsor for retention or sale.
- 17 (e) "Bonds" means bonds, including structured, senior, and
- 18 subordinated bonds or other securities; loans; notes, including
- 19 bond, revenue, tax, or grant anticipation notes; commercial paper;
- 20 floating rate and variable maturity securities; and any other
- 21 evidences of indebtedness or ownership, including certificates of

1 participation or beneficial interest, asset backed certificates, or
2 lease-purchase or installment purchase agreements, whether taxable
3 or excludable from gross income for federal income taxation
4 purposes.

5 (f) “Cost,” as applied to a project or portion thereof financed
6 under this division, means all or any part of the cost of construction,
7 renovation, and acquisition of all lands, structures, real or personal
8 property, rights, rights-of-way, franchises, licenses, easements,
9 and interests acquired or used for a project; the cost of demolishing
10 or removing any buildings or structures on land so acquired,
11 including the cost of acquiring any lands to which the buildings
12 or structures may be moved; the cost of all machinery, equipment,
13 and financing charges; interest prior to, during, and for a period
14 after completion of construction, renovation, or acquisition, as
15 determined by the bank; provisions for working capital; reserves
16 for principal and interest and for extensions, enlargements,
17 additions, replacements, renovations, and improvements; and the
18 cost of architectural, engineering, financial and legal services,
19 plans, specifications, estimates, administrative expenses, and other
20 expenses necessary or incidental to determining the feasibility of
21 any project or incidental to the construction, acquisition, or
22 financing of any project, and transition costs in the case of an
23 electrical corporation.

24 (g) “Economic development facilities” means real and personal
25 property, structures, buildings, equipment, and supporting
26 components thereof that are used to provide industrial, recreational,
27 research, commercial, utility, goods movement, or service
28 enterprise facilities, community, educational, cultural, or social
29 welfare facilities and any parts or combinations thereof, and all
30 facilities or infrastructure necessary or desirable in connection
31 therewith, including provision for working capital, but shall not
32 include any ~~housing that is~~ *housing, unless the housing is required*
33 *for the operation of the facilities and the housing is not* financed
34 by any tax-exempt bonds issued by the bank under its authority
35 provided by Section 63045, subject to a state allocation of private
36 activity bond volume.

37 (h) “Electrical corporation” has the meaning set forth in Section
38 218 of the Public Utilities Code.

1 (i) “Executive director” means the Executive Director of the
2 California Infrastructure and Economic Development Bank
3 appointed pursuant to Section 63021.

4 (j) “Financial assistance” in connection with a project, includes,
5 but is not limited to, any combination of grants, loans, the proceeds
6 of bonds issued by the bank or special purpose trust, insurance,
7 guarantees or other credit enhancements or liquidity facilities, and
8 contributions of money, property, labor, or other things of value,
9 as may be approved by resolution of the board or the sponsor, or
10 both; the purchase or retention of bank bonds, the bonds of a
11 sponsor for their retention or for sale by the bank, or the issuance
12 of bank bonds or the bonds of a special purpose trust used to fund
13 the cost of a project for which a sponsor is directly or indirectly
14 liable, including, but not limited to, bonds, the security for which
15 is provided in whole or in part pursuant to the powers granted by
16 Section 63025.1; bonds for which the bank has provided a
17 guarantee or enhancement, including, but not limited to, the
18 purchase of the subordinated bonds of the sponsor, the subordinated
19 bonds of a special purpose trust, or the retention of the subordinated
20 bonds of the bank pursuant to Chapter 4 (commencing with Section
21 63060); or any other type of assistance deemed appropriate by the
22 bank or the sponsor, except that no direct loans shall be made to
23 nonpublic entities other than in connection with the issuance of
24 rate reduction bonds pursuant to a financing order or in connection
25 with a financing for an economic development facility.

26 For purposes of this subdivision, “grant” does not include grants
27 made by the bank except when acting as an agent or intermediary
28 for the distribution or packaging of financing available from
29 federal, private, or other public sources.

30 (k) “Financing order” has the meaning set forth in Section 840
31 of the Public Utilities Code.

32 (l) “Guarantee trust fund” means the California Infrastructure
33 Guarantee Trust Fund.

34 (m) “Infrastructure bank fund” means the California
35 Infrastructure and Economic Development Bank Fund.

36 (n) “Loan agreement” means a contractual agreement executed
37 between the bank or a special purpose trust and a sponsor that
38 provides that the bank or special purpose trust will loan funds to
39 the sponsor and that the sponsor will repay the principal and pay
40 the interest and redemption premium, if any, on the loan.

1 (o) “Participating party” means any person, company,
2 corporation, association, state, or municipal governmental entity,
3 partnership, firm, or other entity or group of entities, whether
4 organized for profit or not for profit, engaged in business or
5 operations within the state and that applies for financing from the
6 bank in conjunction with a sponsor for the purpose of implementing
7 a project. However, in the case of a project relating to the financing
8 of transition costs or the acquisition of transition property, or both,
9 on the request of an electrical corporation, or in connection with
10 financing for an economic development facility, or for the financing
11 of insurance claims, the participating party shall be deemed to be
12 the same entity as the sponsor for the financing.

13 (p) “Project” means designing, acquiring, planning, permitting,
14 entitling, constructing, improving, extending, restoring, financing,
15 and generally developing public development facilities or economic
16 development facilities within the state or financing transition costs
17 or the acquisition of transition property, or both, upon approval of
18 a financing order by the Public Utilities Commission, as provided
19 in Article 5.5 (commencing with Section 840) of Chapter 4 of Part
20 1 of Division 1 of the Public Utilities Code.

21 (q) “Public development facilities” means real and personal
22 property, structures, conveyances, equipment, thoroughfares,
23 buildings, and supporting components thereof, excluding any
24 ~~housing that is~~ *housing, unless the housing is required for the*
25 *operation of the facilities and the housing is not* financed by any
26 tax-exempt bonds issued by the bank under its authority provided
27 by Section 63045, subject to a state allocation of private activity
28 bond volume, that are directly related to providing the following:

29 (1) “City streets” including any street, avenue, boulevard, road,
30 parkway, drive, or other way that is any of the following:

31 (A) An existing municipal roadway.

32 (B) Is shown upon a plat approved pursuant to law and includes
33 the land between the street lines, whether improved or unimproved,
34 and may comprise pavement, bridges, shoulders, gutters, curbs,
35 guardrails, sidewalks, parking areas, benches, fountains, plantings,
36 lighting systems, and other areas within the street lines, as well as
37 equipment and facilities used in the cleaning, grading, clearance,
38 maintenance, and upkeep thereof.

39 (2) “County highways” including any county highway as defined
40 in Section 25 of the Streets and Highways Code, that includes the

1 land between the highway lines, whether improved or unimproved,
 2 and may comprise pavement, bridges, shoulders, gutters, curbs,
 3 guardrails, sidewalks, parking areas, benches, fountains, plantings,
 4 lighting systems, and other areas within the street lines, as well as
 5 equipment and facilities used in the cleaning, grading, clearance,
 6 maintenance, and upkeep thereof.

7 (3) “Drainage, water supply, and flood control” including, but
 8 not limited to, ditches, canals, levees, pumps, dams, conduits,
 9 pipes, storm sewers, and dikes necessary to keep or direct water
 10 away from people, equipment, buildings, and other protected areas
 11 as may be established by lawful authority, as well as the
 12 acquisition, improvement, maintenance, and management of
 13 floodplain areas and all equipment used in the maintenance and
 14 operation of the foregoing.

15 (4) “Educational facilities” including libraries, child care
 16 facilities, including, but not limited to, day care facilities, and
 17 employment training facilities.

18 (5) “Environmental mitigation measures” including required
 19 construction or modification of public infrastructure and purchase
 20 and installation of pollution control and noise abatement
 21 equipment.

22 (6) “Parks and recreational facilities” including local parks,
 23 recreational property and equipment, parkways, and property.

24 (7) “Port facilities” including airports, inland ports, landports,
 25 waterports, railports, docks, harbors, ports of entry, piers, ships,
 26 small boat harbors and marinas, and any other facilities, additions,
 27 or improvements in connection therewith, that transport goods or
 28 persons.

29 (8) “Power and communications” including facilities for the
 30 transmission or distribution of electrical energy, natural gas, and
 31 telephone and telecommunications service.

32 (9) “Public transit” including air and rail transport, airports,
 33 guideways, vehicles, rights-of-way, passenger stations,
 34 maintenance and storage yards, and related structures, including
 35 public parking facilities, and equipment used to provide or enhance
 36 transportation by bus, rail, ferry, or other conveyance, either
 37 publicly or privately owned, that provides to the public general or
 38 special service on a regular and continuing basis.

39 (10) “Sewage collection and treatment” including pipes, pumps,
 40 and conduits that collect wastewater from residential,

1 manufacturing, and commercial establishments, the equipment,
2 structures, and facilities used in treating wastewater to reduce or
3 eliminate impurities or contaminants, and the facilities used in
4 disposing of, or transporting, remaining sludge, as well as all
5 equipment used in the maintenance and operation of the foregoing.

6 (11) “Solid waste collection and disposal” including vehicles,
7 vehicle-compatible waste receptacles, transfer stations, recycling
8 centers, sanitary landfills, and waste conversion facilities necessary
9 to remove solid waste, except that which is hazardous as defined
10 by law, from its point of origin.

11 (12) “Water treatment and distribution” including facilities in
12 which water is purified and otherwise treated to meet residential,
13 manufacturing, or commercial purposes and the conduits, pipes,
14 and pumps that transport it to places of use.

15 (13) “Defense conversion” including, but not limited to, facilities
16 necessary for successfully converting military bases consistent
17 with an adopted base reuse plan.

18 (14) “Public safety facilities” including, but not limited to, police
19 stations, fire stations, court buildings, jails, juvenile halls, and
20 juvenile detention facilities.

21 (15) “State highways” including any state highway as described
22 in Chapter 2 (commencing with Section 230) of Division 1 of the
23 Streets and Highways Code, and the related components necessary
24 for safe operation of the highway.

25 (16) (A) “Military infrastructure,” including, but not limited
26 to, facilities on or near a military installation, that enhance the
27 military operations and mission of one or more military
28 installations in this state. To be eligible for funding, the project
29 shall be endorsed by the Office of Planning and Research.

30 (B) For purposes of this subdivision, “military installation”
31 means any facility under the jurisdiction of the Department of
32 Defense, as defined in paragraph (1) of subsection (e) of Section
33 2687 of Title 10 of the United States Code.

34 (17) “Goods movement-related infrastructure” including port
35 facilities, roads, rail, and other facilities and projects that move
36 goods, energy, and information.

37 (18) (A) “Housing-related infrastructure” including city streets;
38 drainage, water supply, and flood control; environmental mitigation
39 measures; power and communications; public transit improvement

1 that directly supports transit-oriented housing; sewage collection
2 and treatment; and water treatment and distribution.

3 (B) Any *tax-exempt revenue* bonds issued by the bank under a
4 state allocation of private activity bond volume cap pursuant to
5 Section 63045 shall not finance any housing component of a public
6 development facility.

7 (r) “Rate reduction bonds” has the meaning set forth in Section
8 840 of the Public Utilities Code.

9 (s) “Revenues” means all receipts, purchase payments, loan
10 repayments, lease payments, and all other income or receipts
11 derived by the bank or a sponsor from the sale, lease, or other
12 financing arrangement undertaken by the bank, a sponsor, or a
13 participating party, including, but not limited to, all receipts from
14 a bond purchase agreement, and any income or revenue derived
15 from the investment of any money in any fund or account of the
16 bank or a sponsor and any receipts derived from transition property.
17 Revenues shall not include moneys in the General Fund of the
18 state.

19 (t) “Special purpose trust” means a trust, partnership, limited
20 partnership, association, corporation, nonprofit corporation, or
21 other entity authorized under the laws of the state to serve as an
22 instrumentality of the state to accomplish public purposes and
23 authorized by the bank to acquire, by purchase or otherwise, for
24 retention or sale, the bonds of a sponsor or of the bank made or
25 entered into pursuant to this division and to issue special purpose
26 trust bonds or other obligations secured by these bonds or other
27 sources of public or private revenues. Special purpose trust also
28 means any entity authorized by the bank to acquire transition
29 property or to issue rate reduction bonds, or both, subject to the
30 approvals by the bank and powers of the bank as are provided by
31 the bank in its resolution authorizing the entity to issue rate
32 reduction bonds.

33 (u) “Sponsor” means any subdivision of the state or local
34 government including departments, agencies, commissions, cities,
35 counties, nonprofit corporations formed on behalf of a sponsor,
36 special districts, assessment districts, and joint powers authorities
37 within the state or any combination of these subdivisions that
38 makes an application to the bank for financial assistance in
39 connection with a project in a manner prescribed by the bank. This
40 definition shall not be construed to require that an applicant have

1 an ownership interest in the project. In addition, an electrical
2 corporation shall be deemed to be the sponsor as well as the
3 participating party for any project relating to the financing of
4 transition costs and the acquisition of transition property on the
5 request of the electrical corporation and any person, company,
6 corporation, partnership, firm, or other entity or group engaged in
7 business or operation within the state that applies for financing of
8 any economic development facility, shall be deemed to be the
9 sponsor as well as the participating party for the project relating
10 to the financing of that economic development facility.

11 (v) “State” means the State of California.

12 (w) “Transition costs” has the meaning set forth in Section 840
13 of the Public Utilities Code.

14 (x) “Transition property” has the meaning set forth in Section
15 840 of the Public Utilities Code.

16 SEC. 2. Section 63045 of the Government Code is amended
17 to read:

18 63045. In order to provide or arrange for the financing of
19 economic development facilities, the bank may:

20 (a) Issue taxable revenue bonds pursuant to Chapter 5
21 (commencing with Section 63070) to provide financing for
22 economic development projects compatible with the public interest
23 as specified in Section 63046.

24 (b) Issue taxable revenue bonds pursuant to Chapter 5
25 (commencing with Section 63070) to provide financing for the
26 revolving loan funds and economic development projects of small
27 business development corporations, local economic development
28 corporations, community development corporations, and nonprofit
29 organizations, which revolving loan funds and economic
30 development projects shall be compatible with the public interest.

31 (c) Issue tax-exempt revenue bonds pursuant to Chapter 5
32 (commencing with Section 63070) to provide financing for
33 economic development facilities as permitted by federal law and
34 in accordance with applicable California law relating to the
35 distribution of state allocations for private activity bonds. The
36 proceeds of private activity bonds issued by the bank under any
37 state allocation shall not be used to finance any housing. Projects
38 so financed shall be compatible with the public interest as specified
39 in Section 63046.

- 1 (d) Issue tax-exempt revenue bonds pursuant to Chapter 5
- 2 (commencing with Section 63070) for economic development
- 3 facilities of public sector and nonprofit organizations qualifying
- 4 for exemption under federal law.

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