



2003-04 STATE LEGISLATIVE SUMMARY

The following is an update of state legislation that deals with state and local debt issuance, public investment practices, and economic development initiatives. The last day for bills to be passed out of each house of origin was August 31, 2004. September 30, 2004 was the last day for the Governor to sign or veto bills passed by the legislature on or before September 1 and delivered to him on or after September 1, 2004. Any bills that were not enrolled to the Governor “died” in their location (that is, they will not be carried over to the next legislation session). These bills would have to be reintroduced to be considered in the 2005-06 Legislative Session. Bill summaries were excerpted from the Legislative Summary provided by the State Legislative Counsel and are current as of October 15, 2004.

BILL NO.	AUTHOR	TITLE	STATUS
GENERAL OBLIGATION BOND LEGISLATION			
AB 2865	Bogh	Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century	Died in the Senate Transportation Committee
SB 403	Florez	California Clean Air Bond Act	Died in the Assembly
SB 562	Ackerman	General Obligation Bonds	Died in Assembly Appropriations Committee
SB 1169	Murray	Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century	Approved by the Governor (Chapter 71, Statutes of 2004)
SB 1256	McClintock	Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century	Died in the Senate Transportation Committee
SB 1483	Perata	Safe, Reliable High-Speed Passenger Train Bond Act for the 21 st Century	Died in the Senate Transportation Committee
SCA 11	Alarcon	Local Government: Transactions and Use Taxes and General Obligation Bonds: Infrastructure Projects	Senate Inactive File – Rule 78
BOND-RELATED LEGISLATION			
AB 382	Correa	Taxation: Tax Exempt Bonds: Indian Tribal Government	Vetoed by the Governor
AB 653	Núñez	Energy Efficiency: Public Buildings	Vetoed by the Governor
AB 687	Núñez/McCarthy	Tribal-State Gaming Compacts: Ratification and Payment Securitization	Approved by the Governor (Chapter 91, Statutes of 2004)
AB 969	Correa	Local Agency Financing: Validation Proceedings	Approved by the Governor (Chapter 470, Statutes of 2004)
AB 1077	Wesson	Veterans	Approved by the Governor (Chapter 824, Statutes of 2004)

AB 2120	Committee on Budget and Fiscal Review	Public Pension Obligations: Bond Financing	Approved by the Governor (Chapter 802, Statutes of 2004)
AB 2364	Correa	State Pension Systems: Credit Enhancement	Approved by the Governor (Chapter 266, Statutes of 2004)
SB 772	Bowen	Public Utilities: Financing Utility Recovery	Approved by the Governor (Chapter 46, Statutes of 2004)
SB 1092	Senate Committee on Local Government	Second Validating Act of 2004	Approved by the Governor (Chapter 284, Statutes of 2004)
SB 1093	Senate Committee on Local Government	Third Validating Act of 2004	Approved by the Governor (Chapter 285, Statutes of 2004)
SB 1096	Committee on Budget and Fiscal Review	Local Government Finance	Approved by the Governor (Chapter 211, Statutes of 2004)
SB 1102	Committee on Budget and Fiscal Review	General Government	Approved by the Governor (Chapter 227, Statutes of 2004)
SB 1106	Committee on Budget and Fiscal Review	Public Pension Obligations: Bond Financing	Approved by the Governor (Chapter 215, Statutes of 2004)
SB 1161	Alpert	California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006	Approved by the Governor (Chapter 698, Statutes of 2004)
SB 1507	Burton	Transportation: Financing	Approved by the Governor (Chapter 793, Statutes of 2004)
SB 1560	Battin	State Militia: Armories: Lease Revenue Bonds	Died in Senate Rules Committee
SB 1770	Committee on Local Government	Special Districts: Securitized Limited Obligation Notes	Approved by the Governor (Chapter 114, Statutes of 2004)
INVESTMENT-RELATED LEGISLATION			
AB 1800	Steinberg	2004-05 Budget	Died in the Assembly
AB 2851	Laird	Budget Act: State Mandates	Approved by Governor (Chapter 316, Statutes of 2004)
AB 2853	Laird	Local Government Expenses: State Mandates	Approved by Governor (Chapter 889, Statutes of 2004)
SB 1095	Chesbro	2004-05 Budget	Died in the Senate Budget and Fiscal Review Committee
SB 1165	Committee on Local Government	Local Government Omnibus Act of 2004	Approved by the Governor (Chapter 118, Statutes of 2004)

ECONOMIC DEVELOPMENT LEGISLATION			
AB 672	Montanez	Downpayment Assistance and Mortgages	Approved by the Governor (Chapter 674, Statutes of 2004)
AB 2245	Parra	Interagency Task Force on Excellence in Economic Development	Died in the Assembly Jobs, Economic Development and the Economy Committee
AB 2565	Parra	Economic Development	Approved by the Governor (Chapter 763, Statutes of 2004)
SB 926	Knight	Economic Development	Approved by the Governor (Chapter 907, Statutes of 2004)
SB 1404	Soto	Multifamily Improvement Districts	Approved by the Governor (Chapter 526, Statutes of 2004)

General Obligation Bond Legislation

(Requires approval by voters in a statewide election)

Bill No.	Author	Title/Content
AB 2865	Bogh	<i>Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century</i> This bill provides for the submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 4, 2008 general election and for the issuance of \$9.95 billion of general obligation bonds. The bill would make other related changes. This bill is identical to SB 1169 and SB 1483. As the bill contains urgency provisions, it would become law upon the Governor's signature. Location: Died in the Senate Transportation Committee
SB 403	Florez	<i>California Clean Air Bond Act</i> Under existing law, various bond acts have been approved by the voters to provide funds for projects, facilities, and programs. This bill would enact the California Clean Air Bond Act, which, if adopted, would authorize, for purposes of financing an air quality program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$5.15 billion. The bill would require the Secretary of State to submit the bond act to the voters at an unspecified statewide election. Location: Died in the Assembly
SB 562	Ackerman	<i>General Obligation Bonds</i> This bill requires future bond acts to contain a statement that any state agencies that administer the bond act shall expend no more than a specified percentage (not to exceed 5 percent) of the proceeds for administrative purposes. The bill requires the Department of Finance to audit these expenditures, as well as requiring the annual Governor's Budget and the annual Budget Act adopted by the Legislature to include a display of the proposed bond act expenditures for each state agency that receives bond funding. Location: Died in the Assembly Appropriations Committee
SB 1169	Murray	<i>Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century</i> This bill provides for the submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 7, 2006 general election and for the issuance of \$9.95 billion of general obligation bonds. The bill would make other related changes. This bill is identical to AB 2865 and SB 1483. As the bill contains urgency provisions, it would become law upon the Governor's signature. Location: Approved by the Governor (Chapter 71, Statutes of 2004)
SB 1256	McClintock	<i>Safe, Reliable High-speed Passenger Train Bond Act for the 21st Century: Repeal</i> This bill would repeal all of the bond act provisions of Chapter 697 of the Statutes of 2002. As the bill contains urgency provisions, it would become law upon the Governor's signature. Location: Died in the Senate Transportation Committee

SB 1483 Perata *Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century*
This bill provides for the submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 7, 2006 general election and for the issuance of \$9.95 billion of general obligation bonds. The bill would make other related changes. This bill is identical to AB 2865 and SB 1169. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Died in the Senate Transportation Committee

SCA 11 Alarcon *Local Government: Transactions and Use Taxes and General Obligation Bonds: Infrastructure Projects*
This bill authorizes a local government to issue general obligation bonds to fund infrastructure projects, including construction of affordable housing for persons of very low, low, and moderate income, transportation enhancement activities, acquisition of land for open-space use, and other infrastructure projects, with 55 percent of the vote instead of the current two-thirds majority.

Location: Senate Inactive File – Rule 78

Bond-Related Legislation

Bill No. **Author** **Title/Content**
AB 382 Correa *Taxation: Tax Exempt Bonds: Indian Tribal Government*
The Personal Income Tax Law imposes a tax on individual taxpayers measured by the amount of the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax. That law, in conformity with the federal income tax laws, exempts from tax interest on bonds issued by this state or a local government in this state. This bill would, in conformity with federal income tax laws, additionally exempt from taxation interest on bonds issued by a federally recognized Indian tribal government located in this state, but only if specified requirements are met, as provided. This bill would take effect immediately as a tax levy.

Location: Vetoed by the Governor

AB 653 Núñez *Energy Efficiency: Public Buildings*
Under existing law, the State Public Works Board, until January 1, 2005, is authorized to issue revenue bonds, notes, and bond anticipation notes to finance the cost of cogeneration equipment, alternative energy equipment, and conservation measures in public buildings. This bill would delete the repeal date of these provisions, thus making this authority permanent and would make projects that combine conservation measures and alternative energy equipment eligible for funding under these provisions. The bill would also require the board, in determining whether to authorize funding for projects pursuant to these provisions, to evaluate each project in its entirety and analyze the costs and the financial and energy savings over the full life of the project. It would authorize the board, when analyzing a project, to consider any additional value added by product warranties associated with the project.

Location: Vetoed by the Governor

AB 687 Núñez and McCarthy *Tribal-State Gaming Compacts: Ratification and Payment Securitization*
This bill ratifies amendments affecting tribal-gaming compacts and makes other changes.

Existing law sets forth the duties of the Infrastructure and Economic Development Bank and its board of directors generally in performing various financing transactions, including the issuance of bonds or the authorizing of the issuance of bonds by a trust, partnership, limited partnership, association, corporation, nonprofit corporation, or other entity, known as a special purpose trust.

This bill would provide that the members of the board of directors of the bank, the Director of the Department of Transportation, and the Director of General Services shall serve ex officio as the directors of the special purpose trust, and would authorize the special purpose trust to issue bonds on the terms it determines. To enter into agreements with any public or private entity and to pledge the compact assets that it purchases as collateral and security for the bonds. It would specify that the bonds issued pursuant to these provisions shall not be deemed to constitute a debt of the state or a pledge of the faith or credit of the state, and set forth the rights of the affected Indian tribes and holders of bonds under these provisions. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 91, Statutes of 2004)

AB 969

Correa *Local Agency Financing: Validation Proceedings*

Under existing law, the state or any state board, department, agency, or authority is authorized to bring an action to determine the validity of its bonds, warrants, contracts, obligations, or evidences of indebtedness pursuant to specified procedures. This bill would authorize any state board, department, agency, or authority that issues bonds, notes, or other obligations the proceeds of which are to be used to purchase, or to make loans evidenced or secured by, the bonds, warrants, contracts, obligations, or evidences of indebtedness of one or more local agencies, to bring an action to determine the validity of the bonds, warrants, contracts, obligations, or evidences of indebtedness of those local agencies to be purchased by, or used to evidence or secure loans by, the state board, department, agency, or authority, pursuant to these procedures.

Under existing law, a local agency is authorized to bring an action to determine the validity of its bonds, warrants, contracts, obligations, or evidences of indebtedness pursuant to specified procedures. This bill would authorize a local agency that issues bonds, notes, or other obligations the proceeds of which are to be used to purchase, or to make loans evidenced or secured by, the bonds, warrants, contracts, obligations, or evidences of indebtedness of other local agencies, to bring a single action in the superior court of the county in which that local agency is located, to determine the validity of the bonds, warrants, contracts, obligations, or evidences of indebtedness of the other local agencies, pursuant to these procedures.

The Joint Exercise of Powers Act generally authorizes two or more public agencies to enter into an agreement to jointly exercise any power common to the contracting parties, subject to specified conditions. This bill would authorize two or more public agencies that have the authority to invest funds in their treasuries, to jointly exercise that common power by agreement, subject to specified conditions.

Existing law authorizes the legislative body of a local agency having money in a sinking fund of, or surplus money in, its treasury not required for the immediate needs of the local agency to invest any portion of the money that it deems wise or expedient in specified securities and financial instruments. This bill would include within these provisions shares of beneficial interest issued by a joint powers authority, formed as authorized by the bill, that invests in the securities and obligations authorized under these provisions, subject to specified conditions.

Location: Approved by the Governor (Chapter 470, Statutes of 2004)

AB 1077

Wesson *Veterans*

Existing law authorizes the Department of General Services, on behalf of the Department of Veterans Affairs, to design, equip, construct, and establish veterans' homes in Fresno and Shasta Counties, to design, equip, construct, and renovate veterans' homes in Yountville, Barstow, and Chula Vista, and to design, equip, construct, and expand veterans' homes that are proposed to be built in Lancaster, Saticoy, and West Los Angeles. This bill would additionally authorize the Department of General Services, on behalf of the Department of Veterans Affairs, to acquire the veterans' homes to be located in Fresno and Shasta Counties, and in Lancaster, Saticoy, and West Los Angeles.

The State Building Construction Act of 1955 authorizes the State Public Works Board to acquire or construct public buildings and to issue revenue bonds, negotiable notes, and negotiable bond anticipation notes to finance that construction. Existing law authorizes the State Public Works Board to issue lease-revenue bonds, notes, or bond anticipation notes pursuant to that law to finance the design, construction, equipping, renovation, or expansion of veterans' homes at Yountville, Barstow, Chula Vista, Lancaster, Saticoy, and West Los Angeles, and in Fresno County and Shasta County, as provided. Existing law continuously appropriates funds derived from the sale of these instruments to the board, on behalf of the Department of Veterans' Affairs, for this purpose. This bill would, among other things, specify that \$162,000,000 is the amount of the bonds and notes that the board is authorized to issue, and would make an appropriation by additionally authorizing these funds to be used to acquire and establish these homes. This bill would delete the authority of the board to augment the acquisition, design, and cost of the construction, renovation, or expansion of these homes and would delete the authority of the board to authorize additional amounts to establish a reasonable construction and equipping reserve.

The Veterans' Homes Bond Act of 2000 requires the proceeds from the sale of the bonds issued under that act to be deposited in the Veterans' Home Fund. Existing law continuously appropriates, subject to approval by the Department of Finance, moneys in the Veterans' Home Fund, in an amount not to exceed \$15,000,000, to the Department of Veterans Affairs for the design, construction, equipping and renovation of the veterans' home in Yountville. Existing law also continuously appropriates, subject to the approval of the Department of Finance, certain federal matching funds for the design, construction, equipping, and renovation of specified veterans' homes. This bill would require the Department of

Veterans Affairs to prepare and submit a report to the Legislature and Governor semiannually, beginning on March 1, 2005, on these veterans homes, as provided. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 824, Statutes of 2004)

AB 2364

Correa *State Pension Systems: Credit Enhancement*

Existing law declares that the retirement boards of public pension and retirement systems have fiduciary responsibility over the assets of the public pension or retirement system. This bill would authorize state pension systems to establish credit enhancement programs to assist issuers of municipal and public finance debt, as specified. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 266, Statutes of 2004)

SB 772

Bowen *Public Utilities: Financing Utility Recovery*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, and authorizes the Commission to fix just and reasonable rates and charges. The existing restructuring of the electrical services industry provides for the issuance of rate reduction bonds by the California Infrastructure and Economic Development Bank for the recovery of transition costs, as defined, by electrical corporations. Among other changes, this bill would authorize the Commission to issue financing orders, to support the issuance of recovery bonds, as defined, by the recovery corporation, as defined, secured by a dedicated rate component, to finance the unamortized balance of the regulatory asset awarded Pacific Gas and Electric Company in Commission Decision 03-12-035. The bill would establish procedures for judicial review of any order or decision made pursuant to these provisions. The bill would make other technical and conforming changes. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 46, Statutes of 2004)

SB 1092

Senate Committee on Local Government *Second Validating Act of 2004*

This bill would enact the Second Validating Act of 2004, which would validate the organization, boundaries, acts, proceedings, and bonds of the state, counties, cities, specified districts, agencies, and entities. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 284, Statutes of 2004)

SB 1093

Senate Committee on Local Government *Third Validating Act of 2004*

This bill would enact the Third Validating Act of 2004, which would validate the organization, boundaries, acts, proceedings, and bonds of the state, counties, cities, specified districts, agencies, and entities.

Location: Approved by the Governor (Chapter 285, Statutes of 2004)

SB 1096

Committee on Budget and Fiscal Review *Local Government Finance*

This bill makes a number of changes to existing laws affecting local governments. The Marks-Roos Local Bond Pooling Act of 1985 generally authorizes a joint exercise of powers authority to issue bonds to assist local agencies in financing public capital improvements, working capital, liability or other insurance needs, or projects, subject to specified conditions.

Existing law sets forth the procedures pursuant to which a public agency may bring or respond to an action in the superior court to determine the validity of matters generally authorized to be determined by the court. This bill additionally would authorize a local agency to sell to a joint exercise of powers authority, and authorize the authority to purchase, with the proceeds of its bonds or its revenue, vehicle license fees (VLF) receivables, defined as any right to payment for moneys due or to become due to a local agency out of funds payable in connection with vehicle license fees. It would authorize the authority to pledge, assign, resell or otherwise transfer or hypothecate any VLF receivables for the purpose of securing bonds issued to finance the purchase price of the VLF receivables. The bill would specify that an action may be brought in the superior court to determine the validity of any bonds issued under the act to finance the purchase of bonds for local agencies, the financing of public capital improvements, or the purchase of VLF receivables and any contracts of sale of VLF receivables entered into by any local agency, and any related documents. As the bill contains urgency provisions, it would become law upon the Governor's signature.

Location: Approved by the Governor (Chapter 211, Statutes of 2004)

SB 1102	<p>Committee on Budget and Fiscal Review <i>General Government</i></p> <p>This bill makes various technical and nonsubstantive changes to current law.</p> <p>Existing law allocates \$4.1 million of bond proceeds under the Housing and Emergency Shelter Trust Fund Act of 2002 to the Department of Housing and Community Development for migrant worker projects. This bill would increase that allocation to \$5.5 million.</p> <p>The existing California Alternative Energy and Advanced Transportation Financing Authority Act authorizes the California Alternative Energy and Advanced Transportation Financing Authority, among other things, to lend financial assistance to a participating party, as defined, for a project, as defined. The act authorizes the authority to incur indebtedness in an amount that does not exceed \$350 million of total debt. This bill would increase the maximum amount of authorized indebtedness to \$1 billion of total debt outstanding, and define “total debt outstanding.”</p> <p>The Economic Recovery Bond Act approved by the voters at the March 2, 2004, statewide primary election, authorizes the issuance of bonds the proceeds of which would be deposited into the Economic Recovery Fund and transferred, subject to certain criteria, to the General Fund to fund the accumulated state budget deficit, as defined. Existing law authorizes the loan of funds from other funds, including the Special Fund for Economic Uncertainties in the General Fund, to the General Fund for the payment of General Fund deficits, according to specified criteria. This bill would establish the Deficit Recovery Fund in the State Treasury. The bill would appropriate certain proceeds of the bonds issued pursuant to the Economic Recovery Bond Act that are deposited in the General Fund, from the General Fund for transfer by the Controller for the 2003-04 fiscal year to the Deficit Recovery Fund, upon approval by the Director of Finance. It would require the Director of Finance to use the moneys transferred to the Deficit Recovery Fund to reimburse General Fund expenditures for the 2003-04 and 2004-05 fiscal years, and would specify that moneys in the fund may be borrowed for General Fund cashflow purposes as authorized by existing law. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Approved by the Governor (Chapter 227, Statutes of 2004)</p>
SB 1106	<p>Committee on Budget and Fiscal Review <i>Public Pension Obligations: Bond Financing</i></p> <p>Under existing law, the state is required to make specified employer contributions to the Public Employees’ Retirement Fund on behalf of state employee members of the Public Employees’ Retirement System. Existing law establishes the Pension Obligation Bond Committee, which is authorized to issue bonds and take other specific actions under the California Pension Obligation Financing Act. This bill would enact the California Pension Restructuring Bond Act of 2004, that would authorize the issuance, during any two fiscal years after June 30, 2004, of up to \$2 billion of bonds and the creation of ancillary obligations, as defined, for the purpose of funding or refunding the state’s obligations to the Public Employees’ Retirement Fund. The bill would authorize the issuance of the bonds only after the Department of Finance determines that those obligations are anticipated to be reduced as a result of changes to the Public Employees’ Retirement Law, as specified. The bill would continuously appropriate from the General Fund, without regard to fiscal year, the amount necessary to pay the principal and interest on the bonds and other obligations incurred in connection with the bonds, subject to certain limits.</p> <p>The bill would authorize the Pension Obligation Bond Committee to bring an action to determine the validity of the bonds issued pursuant to the act. The bill would also authorize the Department of Finance to pay, on behalf of the committee, from funds previously appropriated to the department, specified attorneys’ fees and costs in connection with the prior validation action under the California Pension Obligation Financing Act, thereby making an appropriation. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Approved by Governor (Chapter 215, Statutes of 2004)</p>
SB 1161	<p>Alpert <i>California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006</i></p> <p>Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General Bond Law, in the amount of \$75 million in the 1988 act and in the amount of \$350 million in the 2000 act, for the purpose of financing library construction and renovation. This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006, for submission to the voters at the 2006 statewide primary election. The bill, if approved by the voters, would authorize the</p>

issuance, pursuant to the State General Bond Law, of bonds in the amount not to exceed a total of \$600,000,000 for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian.

Location: Approved by the Governor (Chapter 698, Statutes of 2004)

SB 1507

Burton *Transportation: Financing*

Existing law requires that all money in the State Highway Account in the State Transportation Fund derived from federal sources or from appropriations to other state agencies, or deposited in the account by local agencies or by others, be continuously appropriated to, and be available for expenditure by, the Department of Transportation for the purposes for which the money was made available. Unless otherwise expressly provided for by law, none of the balance of the money in the account may be expended until it has been specifically appropriated by the Legislature.

Existing law continuously appropriates the amounts specified in the annual Budget Act as having been deposited in the State Highway Account in the State Transportation Fund from federal transportation funds, and pledged by the California Transportation Commission, to the Treasurer for the purposes of issuing federal highway grant anticipation notes, as specified, to fund transportation projects selected by the commission.

Existing law defines "eligible project" for these purposes as a highway or other transportation project that has been designated for accelerated construction by the commission, as specified.

Existing law prohibits the Treasurer from authorizing the issuance of the notes if the annual repayment obligations of all outstanding notes in any fiscal year would exceed 30% of the total amount of federal transportation funds deposited in the account for any consecutive 12-month period within the preceding 24 months.

This bill would define "eligible project" for these purposes as a highway or other transportation project that has been designated for accelerated construction by the commission, and increases the capacity, reduces the travel time, or provides long-life rehabilitation of the key bridges and roadways of a corridor or gateway for interregional travel and movement of goods.

The bill would prohibit the Treasurer from authorizing the issuance of the notes if the annual repayment obligations of all outstanding notes in any fiscal year would exceed 15% of the total amount of federal transportation funds deposited in the account for any consecutive 12-month period within the preceding 24 months.

The bill would delete the requirement that the amount for these purposes be specified in the annual Budget Act as having been deposited in the account.

Location: Approved by the Governor (Chapter 793, Statutes of 2004)

SB 1560

Battin *State Militia: Armories: Lease Revenue Bonds*

Existing law authorizes the Director of General Services, with the approval of the Adjutant General and the Legislature, to lease or sell any real property held for armory purposes, and requires that all proceeds of the sale or lease be deposited in the Armory Fund. This bill would express the Legislature's intent to authorize the Director of General Services to issue lease-revenue bonds for the purpose of funding the construction and refurbishment of National Guard armories located in California.

Location: Died in Senate Rules Committee

SB 1770

Committee on Local Government *Special Districts: Securitized Limited Obligation Notes*

Existing law authorizes special districts to borrow money and incur indebtedness to meet short-term needs by action of the legislative body of the special district. This bill would authorize certain special districts, until December 31, 2009, to issue securitized limited obligation notes that are exempt from state and local taxation after the adoption of a resolution by a 4/5 vote of all members of the legislative body of the special district. The bill would subject the issuance of the notes to certain requirements, including a requirement that the notes may not mature later than 10 years after the date of the issuance of the notes and a requirement that the amount of the notes outstanding at any one time may not exceed the sum of \$2,000,000.

Location: Approved by the Governor (Chapter 114, Statutes of 2004)

Investment-Related Legislation

Bill No.	Author	Title/Content
AB 1800	Steinberg	<p><i>2004-05 Budget</i></p> <p>This bill would make appropriations for support of state government for the 2004-05 fiscal year. Among other things, it would suspend mandate and reimbursement provisions for development of local agency investment policies and portfolio reports as well as creation and maintenance of county oversight committees. This bill is identical to SB 1095. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Died on the Assembly Floor</p>
AB 2851	Laird	<p><i>Budget Act: State Mandates</i></p> <p>The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1 million statewide and other procedures for claims whose statewide costs exceed \$1 million.</p> <p>Existing statutory law provides that a school district may not be required to implement or give effect to a statute imposing a state mandate for a specified period if it is identified by the Legislature in the Budget Act as being suspended. Existing law provides that this suspension provision is applicable only to specified mandates. Additionally, this bill also would make this suspension provision applicable to state mandates relating to certain investment reports and county treasury oversight committees. This bill would also make other changes. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Approved by Governor (Chapter 316, Statutes of 2004)</p>
AB 2853	Laird	<p><i>Local Government Expenses: State Mandates</i></p> <p>Existing law requires the treasurer in the case of counties and the treasurer or chief financial officer in the case of cities to annually render to their respective legislative bodies and any oversight committee a statement of investment policy and quarterly reports.</p> <p>This bill would make these requirements optional, thereby eliminating state-mandated local programs, but would state that the Legislature, in recognition of the state and local interests served by these programs, encourages local agencies and officials to continue taking the actions formerly mandated by these provisions, and states that nothing in this statement of encouragement may be construed to impose any liability on a local agency that does not continue to take a formerly mandated action.</p> <p>This bill would also make other changes. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Approved by Governor (Chapter 889, Statutes of 2004)</p>
SB 1095	Chesbro	<p><i>2004-05 Budget</i></p> <p>This bill would make appropriations for support of state government for the 2004-05 fiscal year. Among other things, it would suspend mandate and reimbursement provisions for development of local agency investment policies and portfolio reports as well as creation and maintenance of county oversight committees. This bill is identical to AB 1800. As the bill contains urgency provisions, it would become law upon the Governor’s signature.</p> <p>Location: Died in the Senate Budget and Fiscal Review Committee</p>
SB 1165	Committee on Local Government	<p><i>Local Government Omnibus Act of 2004</i></p> <p>This bill makes a number of non-controversial changes to existing laws affecting local governments.</p> <p>In addition, existing law restricts the types of investments that local government officials may utilize for temporarily idle funds and defines related terms. This bill would define “corporation” for the purpose of these provisions as including a limited liability corporation.</p>

Existing law authorizes a county or a city and county to invest funds using specified criteria. This bill would revise those criteria.

Location: Approved by the Governor (Chapter 118, Statutes of 2004)

Economic Development Legislation

Bill No.	Author	Title/Content
AB 672	Montanez	<i>Downpayment Assistance and Mortgages</i> Existing law establishes the California Homebuyer's Down Payment Assistance Program administered by the California Housing Finance Agency to assist first-time low- and moderate-income homebuyers. It requires downpayment assistance to include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan and limits the amount of downpayment assistance to 3% of the homes sales price. This bill authorizes the amount of downpayment assistance to not exceed 5% of the purchase price or the appraised value, whichever is less, of a home within an infill opportunity zone, or a transit village development district, or a transit-oriented development specific plan area, as defined in Section 65460.4 of the Government Code. This bill would make an appropriation by authorizing the expenditure for a new purpose of moneys in the Self-Help Housing Fund that are continuously appropriated by the Housing and Emergency Shelter Trust Fund Act of 2002 for purposes of the California's Homebuyer's Downpayment Assistance Program.
	Location:	Approved by the Governor (Chapter 674, Statutes of 2004)
AB 2245	Parra	<i>Interagency Task Force on Excellence in Economic Development</i> Existing law provides for various programs for economic development within the state. This bill would require the Governor to establish, not later than March 1, 2005, an Interagency Task Force on Excellence in Economic Development, with a specified membership. It would require the task force to conduct specified activities to the extent feasible, including, not later than September 1, 2005, making recommendations to the Governor and the Legislature regarding the state's economic development investments, and program evaluation and consolidation, restructuring, and coordination. The bill would be repealed on January 1, 2006.
	Location:	Died in Assembly Committee of Jobs, Economic Development and the Economy
AB 2565	Parra	<i>Economic Development</i> Existing law establishes the California Defense Retention and Conversion Council in the Department of Housing and Community Development with specified members and duties related to defense retention and conversion and military base reuse activities in the state. The council is authorized to apply for grants and seek contributions from private industry to fund its operations and is required to actively solicit private funds for specified purposes. SB 926 would, until January 1, 2007, establish the Office of Military and Aerospace Support in the Business, Transportation and Housing Agency and require the office to recommend a specified plan for defense retention and conversion efforts. This bill would require additional specified information to be included within that plan and require the plan to be submitted to the Governor and the Legislature by November 30, 2004. This bill would become operative only if SB 926 of the 2003-04 Regular Session is chaptered and becomes operative. As the bill contains urgency provisions, it would become law upon the Governor's signature.
	Location:	Approved by the Governor (Chapter 763, Statutes of 2004)
SB 926	Knight	<i>Economic Development</i> Existing law establishes the California Defense Retention and Conversion Council in the Department of Housing and Community Development in the Business, Transportation and Housing Agency with specified members and duties related to defense retention and conversion and military base reuse activities in the state. Existing law also requires the Office of Military Base Retention and Reuse, in the Technology, Trade, and Commerce Agency, to provide staff support to the council. The Technology, Trade, and Commerce Agency was abolished as of January 1, 2004. This bill would repeal the provisions establishing and governing the California Defense Retention and Conversion Council. It would, until January 1, 2007, establish the Office of Military and Aerospace Support in the Business, Transportation and Housing Agency, and set forth its duties and authority with respect to state and local defense retention and conversion. It would provide that the Office of Military and Aerospace Support would be in the charge of a director who would be appointed by the Governor. The bill would authorize the office to establish a Military Advisory Committee with a

specified membership. This bill also would authorize the office to seek private funds for the operations of the office. The bill would establish the Military and Aerospace Support Account in the Special Deposit Fund in the State Treasury and require that any private funds the office accepts be deposited in that account. The bill would authorize, upon the approval of the Secretary of Business, Transportation and Housing, the office to expend moneys in the account, upon appropriation by the Legislature, for specified purposes of the office.

The Bergeson-Peace Infrastructure and Economic Development Bank Act authorizes the California Infrastructure and Economic Development Bank to make loans and provide other assistance to public and private entities for various types of projects with respect to public development facilities, as defined, 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 include within the definition of “public development facilities” for these purposes, military infrastructure, including specified components, and subject to specified conditions. By providing for a new use of continuously appropriated funds, this bill would make an appropriation.

The Planning and Zoning Law requires that a city or county general plan consist of various elements, including, among other things, a land use element that considers, among other things, the impact of new growth on military readiness activities carried out on military bases, installations, and operating and training areas, when proposing zoning ordinances or designating land uses covered by the general plan for land or other territory adjacent to those military facilities or underlying designated military aviation routes and airspace. Existing law requires that cities and counties address military impacts based on information that the military provides. This bill would in addition require cities and counties to address military impacts based on information from other sources.

The Planning and Zoning Law with respect to the open-space element, defines open-space land to include areas adjacent to military installations, military training routes, and restricted airspace that can provide buffer zones to military activities and complement the resource value of the military lands. This bill would revise the definition of open-space land to instead include open space in support of the mission of military installations that comprises areas that are adjacent to military installations, military training routes, and underlying restricted airspace that can provide additional buffer zones to military activities and complement the resource values of the military lands.

The Planning and Zoning Law provides that a city or county is not required to comply with the provisions of the third and fourth paragraphs above until (a) a specified agreement is entered into between the federal government and the state to fully reimburse all claims approved by the Commission on State Mandates and paid by the Controller, and (b) until the city’s or county’s next general plan revision. These provisions become inoperative on the January 1 following the date that the agreement is deemed to be terminated, as specified. This bill would instead provide that a city or county is not required to comply with these provisions until the city or county undertakes its next general plan revision. This bill would make the operation of its provisions contingent upon the prior enactment of AB 2565 of the 2003-04 Regular Session. As the bill contains urgency provisions, it would become law upon the Governor’s signature.

Location: Approved by the Governor (Chapter 907, Statutes of 2004)

SB 1404

Soto *Multifamily Improvement Districts*

Existing law establishes the Property and Business Improvement District Law of 1994 to levy assessments on properties within a business improvement area within a city or county for the purpose of financing certain improvements. This bill would enact the Multifamily Improvement District Law to provide until January 1, 2012, for the establishment of multifamily improvement districts within a city or county to levy assessments on residential rental properties within the district for the purpose of financing certain improvements and promoting certain activities beneficial to those properties.

Location: Approved by the Governor (Chapter 526, Statutes of 2004)

This Offprint was previously published in DEBT LINE, a monthly publication of the California Debt and Investment Advisory Commission (CDIAC). CDIAC was created in 1981 to provide information, education, and technical assistance on public debt and investment to state and local public officials and public finance officers. DEBT LINE serves as a vehicle to reach CDIAC’s constituents, providing news and information pertaining to the California municipal finance market. In addition to topical articles, DEBT LINE contains a listing of the proposed and final sales of public debt provided to CDIAC pursuant to Section 8855(g) of the California Government Code. Questions concerning the Commission should be directed to CDIAC at (916) 653-3269 or, by e-mail, at cdiac@treasurer.ca.gov. For a full listing of CDIAC publications, please visit our website at <http://www.treasurer.ca.gov/cdiac>.

All rights reserved. No part of this document may be reproduced without written credit given to CDIAC. Permission to reprint with written credit given to CDIAC is hereby granted.