

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**January 15, 2021**

**DETERMINATION AND ADOPTION OF THE 2021 STATE CEILING ON QUALIFIED  
PRIVATE ACTIVITY BONDS**  
(Agenda Item No. 4)

**ACTION:** Adopt the 2021 State Ceiling on qualified private activity bonds.

**BACKGROUND:** Section 146 of the Internal Revenue Code (the “Code”) limits the amount of qualified (tax-exempt) private activity bond debt that may be issued in a state during a calendar year (“annual State Ceiling”). Section 146(d) of the Code was amended by H.R. 5662, the “Community Renewal Tax Relief Act of 2000 (the “Act”),” to specify that beginning in calendar year 2002 the limit shall be the greater of \$75 multiplied by a state’s population or \$225 million. The Act further specifies that beginning in calendar year 2003 the volume limit may be adjusted annually for inflation. Pursuant to Revenue Procedure 2020-45 published by the Internal Revenue Service, the volume limit on qualified private activity bonds adjusted for inflation for calendar year 2021 is \$110 multiplied by the state’s population.

**DISCUSSION:**

Section 146(j) of the Code further requires that the calculation of the annual State Ceiling be based on the most recent resident population estimate released by the U. S. Bureau of the Census before the beginning of the calendar year. On December 22, 2020, the U.S. Census Bureau issued Press Release #CB20-TPS.104, reporting California’s population as 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date. California’s population decreased by .36% from the population estimate of 39,512,223 used to set the 2020 State Ceiling. The change in the population estimate results in a new 2021 bond volume cap of \$4,330,488,580. In terms of dollars, this is a \$181,705,165 increase from the 2020 State Ceiling. These numbers may need to be adjusted when the final numbers are released.

**COMMENTS:**

1. The Internal Revenue Service has announced that the 2021 volume limit on qualified private activity bonds adjusted for inflation is \$110 multiplied by a state’s population.
2. The U.S. Census Bureau has reported that California’s population is 39,368,078. Again, this is the population estimate for 2020. The population estimate for 2021 will be released at a later date. This number may need to be adjusted when the final numbers are released.
3. The Committee must determine and announce the 2021 annual State Ceiling as soon as is practicable after the start of the calendar year.
4. Based on the above, the estimated California 2021 State Ceiling on qualified private activity bonds is \$4,330,488,580 (calculated as \$110 x 39,368,078). This number may need to be adjusted when the final numbers are released.

**RECOMMENDATION:** Adopt the attached resolution establishing the 2021 State Ceiling for qualified private activity bonds at \$4,330,488,580. Again, these numbers may need to be adjusted when the final numbers are released.

*Prepared by Sarah Lester*

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**RESOLUTION NO. 21-001**

**RESOLUTION ADOPTING THE 2021 STATE CEILING ON  
QUALIFIED PRIVATE ACTIVITY BONDS**

**WHEREAS**, the California Debt Limit Allocation Committee (the “Committee”) is authorized by Chapter 11.8, commencing with Section 8869.80, of the California Government Code (“State Code”) to implement the Federal Tax Reform Act of 1986, 26 U.S.C. Sections 141, et seq. (“Federal Code”), as amended, which establishes a unified volume ceiling (“State Ceiling”) on the aggregate amount of Qualified Private Activity Bonds which can be issued in each state; and

**WHEREAS**, the Committee is directed by the State Code to establish the annual State Ceiling as soon as practicable after the beginning of the calendar year; and

**WHEREAS**, the Internal Revenue Service Revenue Procedure 2020-45 announced that for calendar year 2021, the State Ceiling for qualified private activity bonds adjusted for inflation is \$110 multiplied by the state population; and

**WHEREAS**, the U. S. Bureau of the Census, in Press Release #CB20-TPS.104 dated December 22, 2020 reported the estimated State of California’s population as 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date. This number may need to be adjusted when the final numbers are released.

**NOW, THEREFORE**, the California Debt Limit Allocation Committee resolves as follows:

**Section 1.** The 2021 State Ceiling on Qualified Private Activity Bonds is hereby adopted as \$4,330,488,580; and

**Section 2.** This Resolution shall take effect immediately upon its adoption.

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