

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**January 15, 2021**

**DETERMINATION AND ADOPTION OF THE 2020 STATE CEILING ON QUALIFIED  
PUBLIC EDUCATIONAL FACILITY BONDS**

**(Agenda Item No. 8)**

**ACTION:** Adopt the 2021 State Ceiling on Qualified Public Educational Facility Bonds.

**BACKGROUND:**

Qualified Public Educational Facility Bonds (QPEFs) are tax-exempt private activity bonds issued to finance the construction, renovation and furnishing of primary and secondary school facilities. The program, Qualified Public Educational Facilities Bonds (QPEFB), makes traditional long-term, fixed-rate, tax-exempt financing available to for-profit commercial real estate developers, expanding the landscape of capital structures for public school development. The QPEFB Program will provide tax exempt private activity bond allocation to state and local bond-issuing agencies to provide public elementary and secondary schools with financing for the construction or improvement of their facilities. These bonds are designed to provide tax-exempt conduit financing for turnkey private development of public elementary and secondary school facilities.

The volume cap for QPEF bonds that can be issued in California for each program year is specified in Title 26 USCA section 142(k). The limit for the Qualified Public Educational Facility Bond Program is calculated by multiplying the state population by ten dollars (\$10), and totals \$393,680,780 for the 2021 program year. This number may need to be adjusted when the final population number is release.

Pursuant to Internal Revenue Code Section 26 U.S.C. Section 142(k)(B)(ii) Rules for carryforward of unused limitation. A State may elect to carry forward an unused limitation for any calendar year for 3 years following the calendar year in which the unused limitation arose under rules similar to the rules of Section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).

**DISCUSSION:**

Title 26 USCA Section 146 (j) of the Code 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 resulting in a bond volume cap of \$4,330,488,580. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date.

In accordance with CDLAC Regulations, Section 5020 (j) and (k), as soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee shall determine and announce what amount, expressed both as a percentage and as a dollar amount, of the Qualified Public Educational Facility Bonds State Ceiling that shall be available for allocation during the year and in each Allocation Round to the Qualified Public Educational Facility Bond Program.

**COMMENTS:**

1. The Internal Revenue Service has announced that the 2021 volume limit on Qualified Public Educational Facility Bonds is \$10 multiplied by a state's population.
2. The U.S. Census Bureau has reported that California's population is 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date.
3. The Committee must determine and announce the 2021 annual State Ceiling for Qualified Public Educational Facility Bonds as soon as is practicable after the start of the calendar year.
4. Based on the above, the California 2021 State Ceiling on Qualified Public Educational Facility Bonds is \$393,680,780 (calculated as \$10 x 39,368,078). Again, this is the population estimate for 2020. The population estimate for 2021 will be released at a later date.

**RECOMMENDATION:**

Adopt the attached resolution establishing the 2021 State Ceiling for Qualified Public Educational Facility Bonds at \$393,680,780.

*Prepared by Sarah Lester*

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**RESOLUTION NO. 21-002**

**RESOLUTION ADOPTING THE 2021 STATE CEILING ON QUALIFIED PUBLIC  
EDUCATIONAL FACILITY BONDS**

**WHEREAS**, the California Debt Limit Allocation Committee (the “Committee”) is authorized by Section 142 (k) of the Internal Revenue Code, which establishes a volume ceiling (“State Ceiling”) on the aggregate amount of Qualified Public Educational Facility 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 Code Section 142(k) established a volume ceiling on the aggregate amount of Qualified Educational Facility Bonds that can be issued. The volume ceiling is the product of ten dollars (\$10) multiplied by the state population in each calendar year;

**WHEREAS**, the U. S. Bureau of the Census, in Press Release #CB20-TPS.104, dated December 22, 2020, reported the 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.

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

**Section 1.** The 2021 State Ceiling on Qualified Public Educational Facility Bonds is hereby adopted as \$393,680,780; and

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

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