



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

FIONA MA, CPA, CHAIR
State Treasurer

GAVIN NEWSOM
Governor

BETTY T. YEE
State Controller

INTERIM EXECUTIVE DIRECTOR
NANCEE ROBLES

February 11, 2022

**STATE OF CALIFORNIA
OFFICE OF THE TREASURER
CALIFORNIA DEBT LIMITATION ALLOCATION COMMITTEE**

NOTICE OF PROPOSED RULE MAKING:

The California Debt Limit Allocation Committee (CDLAC) proposes to adopt the amended regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to CDLAC@treasurer.ca.gov. Comments may also be submitted via mail to:

California Debt Limit Allocation Committee
Attn: Emily Burgos
915 Capitol Mall, Room 311
Sacramento, CA 95814

The written comment period closes on March 28, 2022. To ensure CDLAC will consider your comment it must be received by March 28, 2022.

AUTHORITY

Section 8869.94, California Government Code authorizes the Committee to adopt regulations relating to an allocation system to administer the state unified volume ceiling as emergency regulations and instructs the Office of Administrative Law to consider such regulations to be "necessary for the immediate preservation of the public peace, health and safety or general welfare."

REFERENCE

California Government Code Sections 8869.80-8869.94 8869.82, 8869.84, 8869.84(c) and (e), 8869.85(a), 8869.85(b), 8869.86(c), 8869.87, 8669.89, and 8869.94.

INFORMATIVE DIGEST

Summary of Existing Laws and Effect of the Proposed Action

The purpose of CDLAC ("the Committee") is to implement Section 1301 of the Federal Tax Reform Act of 1986 and Section 146 of the Internal Revenue Code which impose a limit on the amount of tax-exempt private activity bonds which a state may issue in a calendar year (i.e. the annual state ceiling). Federal tax law defines the term "private activity bond"; limits the volume of private activity bonds which a state may issue in a calendar year; defines the types of programs and projects which qualify for tax-exempt bond financing under the volume cap; and specifies recordkeeping requirements.

The Committee was statutorily created by Chapter 943, Statutes of 1987, in response to the 1986 Federal Tax Reform Act. California Government Code Section 8869.80 et seq. defines the Committee's responsibilities as follows:

Set the Annual State Ceiling:

The Committee is required to establish the state ceiling as soon as is practicable after the start of each calendar year.

Allocate the State Ceiling:

The Committee is granted the sole authority for allocating the annual ceiling.

Other Administrative Functions:

The Committee is authorized to adopt regulations relating to an allocation system to administer the state unified volume ceiling as emergency regulations (California Government Code 8869.94) which includes authorization to prepare forms, establish procedures, set priorities, require a performance deposit, assess fees, and perform other administrative functions as necessary. Additionally, in establishing CDLAC the Legislature emphasized the substantial public benefit of promoting housing for lower income families and individuals and of preserving and rehabilitating existing governmental assisted housing for lower income families and individuals.

The proposed competitive system for Qualified Residential Rental Projects will ensure that limited tax-exempt bond allocation is available to affordable housing projects through a fair, equitable, and transparent system. In competitive rounds, scores are used to rank order applications to award allocation until the round limit is met.

Anticipated Benefits of the Proposed Regulations

The benefits derived by these proposed regulations include the fair, efficient and equitable administration of the Qualified Residential Rental Project (QRRP) Program in compliance with state and federal law.

Evaluation of Inconsistency/Incompatibility with Existing State Regulations

The Committee has determined that the proposed regulations are not inconsistent or incompatible with existing state regulations. Application for bond allocations is a nonmandatory activity and these regulations ensure a fair and efficient process for allocations as to both applicants and the Committee

DISCLOSURES REGARDING THE PROPOSED ACTION

CDLAC has made the following initial determinations:

Mandate on local agencies or school districts: None.

Cost or savings to any state agency: The Executive Director of the Committee has determined that the Regulations do not impose any additional cost or savings requiring reimbursement under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the California Government Code, any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Section 6680, a Fiscal Impact Statement (Form 399) is submitted.

Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.

Other nondiscretionary cost or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.

Significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states: None.

Significant effect on housing costs: The proposed changes will ensure the award of allocation to quality affordable housing projects.

Cost impacts on a representative private person or business: CDLAC is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed regulations.

Results of the Economic Impact Analysis/Assessment

CDLAC concludes that it is unlikely that the proposal will (1) eliminate any jobs, (2) create any jobs, (3) create any new businesses, or (4) eliminate any existing businesses or result in the expansion of businesses currently doing business within the state.

CDLAC concludes the proposal will not impact the health and welfare of California residents, worker safety, and the State's environment.

Small Business Determination

The proposed regulations will not affect small businesses. These regulations establish procedures that only bond issuers and affordable housing developers must follow.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), CDLAC must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, as effective and less burdensome to affected private persons than the proposed action, or more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

CDLAC invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

CONTACT PERSONS

Inquiries concerning the proposed rulemaking action may be directed to:

Emily Burgos
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
916.653.3255
CDLAC@treasurer.ca.gov
eburgos@treasurer.ca.gov

Christina Vue
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
916.653.3255
CDLAC@treasurer.ca.gov
cvue@treasurer.ca.gov

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

CDLAC will make the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address and online at

<https://www.treasurer.ca.gov/cdlac/regulations.asp> . As of the date this notice is published in the Notice Register, the rulemaking file consists of the Notice of Proposed Action, the proposed text of the regulations, the Initial Statement of Reasons, and the STD. 399. Please direct requests to inspect or copy the rulemaking file to the contact person(s) listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, CDLAC may adopt the proposed regulations substantially as described in this notice. If CDLAC makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before adopting the regulations as revised. Please direct requests for copies of any modified regulations to the contact person(s) listed above. If substantive modifications are made, CDLAC will accept written comments on the modified regulations for the duration of the period of public availability.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, CDLAC will make copies of the Final Statement of Reasons available. Please direct requests for copies to the contact person(s) listed above.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations with modifications highlighted, as well as the Final Statement of Reasons, when completed, and modified text, if any, may be accessed via CDLAC's website at <https://www.treasurer.ca.gov/cdlac/regulations.asp> .