



NEWS...

From the Desk of California State Treasurer Fiona Ma, CPA



MAY 2020

Friends,

While we are all doing our part to mitigate the spread of coronavirus and adapting to a changing world, the California State Treasurer's Office has remained open and continues to work towards the strongest possible results for taxpayers.

Among the bright spots were two successful April bond sales that the markets, credit rating agencies and financial media looked upon favorably, a reflection of investor confidence in California. First we sold \$1.4 billion in General Obligation bonds, including refinancing of debt that will save taxpayers about \$334 million over the next 20 years. We followed that with the sale of \$113.3 million in State Public Works Board bonds and taxpayer savings of \$19.6 million over 10 years.

Also in April, the California Debt Limit Allocation Committee (CDLAC) I chair approved \$600 million in private activity bonds for XpressWest to build and operate a high-speed electric rail passenger system that is projected to begin running between San Bernardino County and Las Vegas by late 2023. This \$5 billion project is expected to generate 20,000 construction jobs in California, remove 2.8 million cars and 100,000 metric tons of pollution annually, and create thousands of affordable housing units in the Victorville and Apple Valley region.

Speaking of affordable housing, CDLAC and the California Tax Credit Allocation Committee (CTCAC) moved decisively to speed up the construction of thousands of units all across the state. To see if any projects were awarded tax credits in your area, see the posted list [here](#). Meanwhile, know that my staff and I are working tirelessly and collaboratively with stakeholders to find workable solutions to ensure housing rebounds quickly as we emerge from the pandemic.

In Peace & Friendship,

Fiona Ma, California State Treasurer

"This is not a train engine. It's an economic engine for the whole state of California and the nation."

— Palmdale Mayor Steve Hofbauer,
speaking of the Virgin Trains USA project

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This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.



CENSUS 2020 REMINDER

The 2020 Census is here!

Go to treasurer.ca.gov/covid19-census.pdf to learn how easy it is to self-respond. Then visit treasurer.ca.gov for COVID-19 updates and Treasurer Ma's list of helpful resources to individuals and businesses.



Ask Fiona

If you have a question, please email me at askfiona@treasurer.ca.gov

Dear Fiona,

What functions of the State Treasury remain in operation during the COVID-19 pandemic and how is your office able to continue to operate while still adhering to safety guidelines?

Sincerely,
Jackie

Dear Jackie,

During this pandemic all functions of the State Treasury remain in operation. As the state's banker and a constitutional officer my office is and continues to be an essential function of California state government. Every day we take in all of the State's revenues, manage a short-term investment portfolio of more than \$97 billion (for the state, local governments and special districts) and sell and manage bond debt. Divisions I oversee maintain the continuity of critical government services for the public.

The 16 boards, commissions and authorities (BCAs) that I chair continue to serve the public, hospitals and businesses. The BCAs spur housing and economic development. And now the BCAs are working to further protect the health of our community in response to COVID-19. We have modified the standard meeting procedures of the BCAs to align with Governor Gavin Newsom's stay-at-home order and the guidance of the California Department of Public Health.

Participants and interested parties are able to join the meetings via teleconference calls. The call-in details are always posted

with upcoming meeting agendas on my website at www.treasurer.ca.gov. Further, social distancing measures are in place for essential staff who attend meetings in person. Public participation and comment periods have not been impacted by these modifications.

My office is also still providing critical information seminars to the public. Instead of hosting in-person seminars we have switched to online webinars. We are also utilizing our website to provide resources to individuals and businesses that have been impacted by the COVID-19 pandemic. And we are following telecommuting guidelines so our employees and the public remain safe.

I encourage everyone to follow safety precautions and do their part to slow the spread of the coronavirus. We must all work together to combat this public health crisis.

Please feel free to reach out to my office if you need any assistance during this difficult time. We're open and ready to help.

Stay safe!
Fiona



A Tax Tip: Beware of Tax Preparer Fraud

An extended tax season due to the pandemic means many people may still be in the process of seeking the assistance of a professional to prepare their returns. The IRS warns taxpayers to choose carefully. Most tax professionals provide excellent service. However, there are some deceitful tax preparers out there who make a living through refund fraud, identity theft, and other harmful scams.

Tax preparer fraud can only leave innocent taxpayers with a mountain of debt, it can put them under scrutiny by the Internal Revenue Service (IRS) and the Franchise Tax Board (FTB).

To protect yourself, be sure to verify the validity of a tax preparer's credentials. You can check a tax preparer's qualifications by using the [IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#).

This directory provides a listing of preparers in your area who currently hold professional credentials recognized by the IRS or who hold an Annual Filing Season Program Record of Completion. You can also verify a tax preparer's license with the [California Tax Education Council](#), [California Board of Accountancy](#), and [State Bar of California](#).

The IRS and FTB urge taxpayers to avoid a tax preparer who:

- Does not provide you with a copy of your tax return
- Does not exercise due diligence in tax return preparation
- Charges fees on a percentage of your refund or boasts bigger refunds than their competition
- Asks you to sign a blank tax return, or sign a tax return in pencil
- Does not provide a Preparer Tax Identification Number (PTIN) on your tax return
- Refuses to sign your tax return or complete the required tax preparer information
- Is not properly registered or licensed

If you have been the victim of a fraudulent tax preparer or suspect tax fraud, be sure to file a report with the IRS and FTB. To file a report with the IRS, use [Form 14157](#), *Return Preparer Complaint*. If you suspect a tax preparer filed or changed your return without your consent, you should file [Form 14157-A](#), *Return Preparer Fraud or Misconduct Affidavit*. To file a report with the FTB, submit an online [Fraud Referral Report](#).



Santa Cruz Regional COVID-19 Relief Small Business Webinar

SPONSORED BY:

California State Treasurer Fiona Ma, CPA
Santa Cruz County Chamber of Commerce

May 4th, 2020

10:30-11:30am

Speakers Include:

- CalSavers Retirement Savings Program
- California Capital Access Program ("CalCAP") for Small Businesses
- California Infrastructure & Economic Development Bank ("IBank")
- Santa Cruz Small Business Development Center ("SBDC")

Details & RSVP:

<https://bit.ly/scwebinar2020>

Free & Open to the Public

Contact: noah.starr@treasurer.ca.gov or 415-876-8934



California Infrastructure and
Economic Development Bank





ABCs of the BCAs

Financing and Investing in California Families, Businesses and Infrastructure ... Through 26 Boards, Commissions and Authorities (BCAs) Treasurer Ma is a Member of or Chairs

FEATURED

California Debt Limit Allocation Committee (CDLAC)

ALL ABOARD!

The California Debt Limit Allocation Committee (CDLAC) Approves Bonds for Virgin Trains USA High-Speed Electric Rail Project

The [California Debt Limit Allocation Committee](#) (CDLAC) on April 15th approved \$600 million of tax-exempt private activity bonds for XpressWest / Virgin Trains USA to help finance a ground-breaking high-speed electric passenger train that will, upon the projected completion of the project in late 2023, connect San Bernardino County and the High Desert to Las Vegas.

CDLAC was created to set California's annual debt ceiling and administer its tax-exempt bond program. Most of the debt ceiling is allocated to finance affordable housing developments for low-income Californians. The Virgin Trains USA economic plan includes a projected 3,490 units of housing. Bonds also are sold to finance solid waste disposal and waste recycling facilities, industrial developments, and other programs and projects.

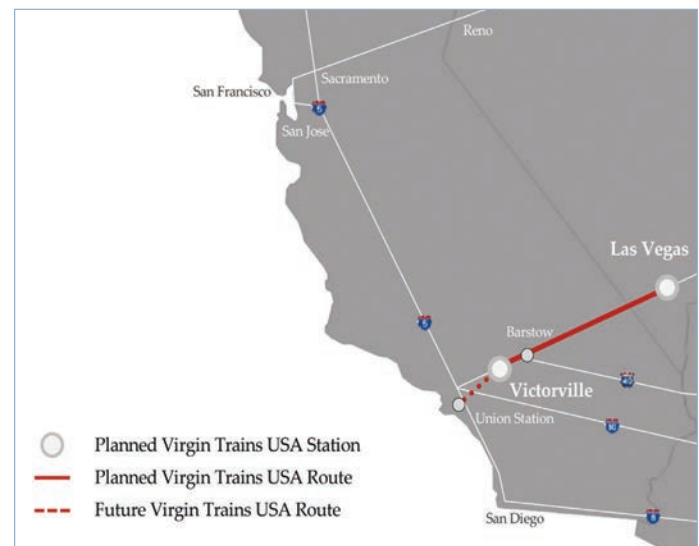
Tax-exempt bonds issued on behalf of private businesses, including the bonds sold in support of Virgin's Las Vegas-Southern California train project, are known as [qualified private activity bonds](#). The lower borrowing costs associated with such bonds help make funding for certain private-sector projects feasible.

Unlike municipal bonds, the payment of principal and interest on private activity bonds is the responsibility of the private business receiving the proceeds – not the state or local community. Thus, private activity bonds are a low-risk way for government to finance projects that provide

public benefits and contribute to the economic vitality of California.

Before approving the bond issue, the CDLAC board chaired by State Treasurer Fiona Ma reviewed how the project stands to benefit the public and nourish the state's economic vitality.

The Virgin Trains USA Plan for California



The Virgin Trains USA system planned for California goes beyond a track, train sets, and terminals. The high-speed rail system also promises new jobs, additional tax revenue, fresh development opportunities and environmental benefits.

Virgin estimates filling 600 post-construction jobs and generating 20,000 jobs during the construction phase. The project also is expected to bring in \$360 million in federal, state and local taxes while giving a \$2.66 billion economic boost to California's economy. In addition, the company also

has assured the state there will be opportunities for women and people of color, as well as for individuals in distressed communities to take part in the project and share in the prosperity the train system generates.

Virgin officials say the long-term goal is for approximately 50 train departures per day and estimate that using electric trains will equate to the removal of 2.8 million cars and 100,000 metric tons of carbon emissions annually. This is an important consideration for California, which aims to slash climate changing greenhouse gas emissions another 40 percent by 2030.

The project promises to have a particularly positive impact on the Victor Valley region of San Bernardino County, which was hit hard by the Great Recession and was slower than other areas of the state to recover. According to research conducted by the UC Riverside Center for Economic Forecasting and Development, while robust growth returned average wages over the past five years have been rising more slowly than the rest of the state – 13.6 percent compared to 19.9 percent statewide. The jobs-to-new housing ratio for the county, a 5-to-1 ratio from 2012 through 2017, meanwhile indicates the extent of the regional housing shortfall the project will help address.

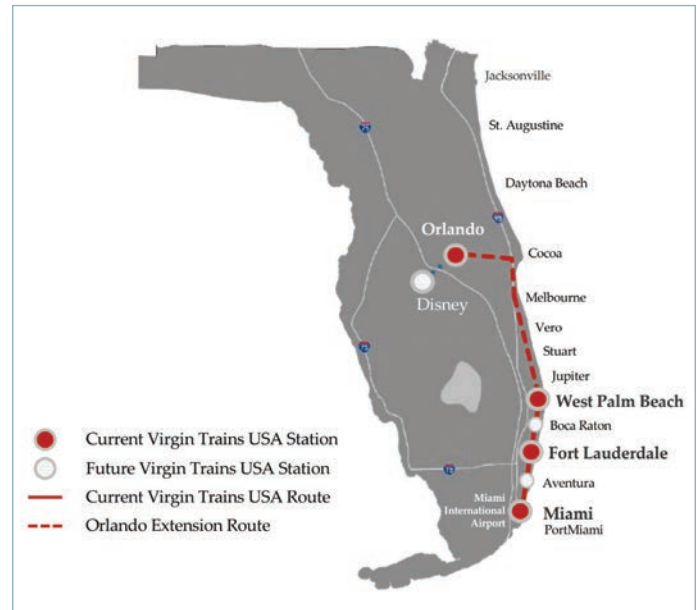
The Virgin Trains plan addresses this need. Plans call for 1,250 multi-family units in Victorville, 600 in Apple Valley, and an additional 1,690 “transit oriented” housing units elsewhere. Meanwhile, the new jobs created will benefit the local economy and include 100 high-skilled vehicle maintenance facility jobs that pay an average annual salary of \$70,000.

The project’s public benefits and economic infusion have garnered widespread attention throughout the region and beyond.

“This is a great infrastructure project,” said Robbie Hunter, president of the State Building and Construction Trades Council. “We believe it’s good for the state and good for the environment.”

Apple Valley Town Council member Art Bishop sized up the project’s impact saying, “This is the largest project the high desert has ever seen and may ever see.”

The Virgins USA Train System Already Operating in Florida



When Virgin Trains spokespersons talk about their plans for California, they often illustrate their vision by pointing to what they have already accomplished in Florida, where they established high-speed rail service between Miami and West Palm Beach in 2018.

Work is currently underway to create stops in Aventura and Boca Raton, even as the system is extended northward to Orlando.

Construction on the Miami-West Palm Beach phase began in late 2014 and was completed in late 2017. The company reports 90 percent “on-time performance” and total ridership of 597,000 passengers in its first year of operation. It also reports a high level of customer satisfaction.

State Treasurer Fiona Ma found that to be true when she went to Florida to get a firsthand experience of the train. She found the ride from West Palm Beach to Miami quick (about 60 minutes), stress free and pleasant.

“Think Virgin planes – and now there are Virgin trains,” she said. A frequent rider “of all sorts of trains – Amtrak, Surfliner, BART, and MUNI,” the Treasurer said she was impressed by how Virgin has “transformed the ho-hum passenger rail experience into one that’s now cool and hip.” The cars are clean and bright with free WiFi, lots of outlets, assigned seating, and a terminal waiting room similar to an airline club lounge in an airport passenger terminal.”

She also was struck by the collection of local businesses and food establishments at the main Miami station, as well as by the building activity involving transit-oriented developments and rental housing units within a short walk of the Florida train stations.

Virgin officials say the Virgin Trains USA Miami Central station has helped spur significant new construction in the area and attracted such tenants as Viacom, Cisneros, and Earnst & Young. At the same time, of course, it is serving a critical transportation need in the rapidly developing area.

The station in West Palm Beach has also triggered a sharp increase in nearby development. Already constructed or planned are thousands of residential units, including workforce developments, a million-square-foot of new office space, and 150,000-square-foot of retail space.

When the California and Florida systems are complete and ridership is "stabilized," Virgin, which calls itself "America's only private high-speed passenger rail system," expects to carry 22 million passengers annually.



The Florida train system was known as Brightline until it partnered with Virgin in late 2018 and rebranded itself Virgin Trains USA. Above, a Brightline train arrives at Virgin's Miami Central station.

Note: Each month we will be sharing information on one of our BCAs and explain how the programs behind the acronym are enhancing the lives of Californians all across the state -- and how you, your family, or your business can share in, and contribute to, California's prosperity.

Quick facts about the planned Virgin Trains USA high-speed electric train that will run between Southern California and Las Vegas

TICKET COST: Less than what it would cost to fly or drive.

TRAVEL TIME: 90 minutes
(Victorville in San Bernardino County to Las Vegas)

DISTANCE: 170 miles
(135 miles in California)

CONSTRUCTION: 2021-2022

TOTAL COST: About \$5 billion

OPERATIONS PROJECTED TO BEGIN: 2023

FUTURE PLANS: Plan is to extend the line west from Victorville to Palmdale, which would allow connections with other transportation links to Los Angeles via Metrolink and California High Speed Rail systems.

... AND STILL MORE ACTION ON AFFORDABLE HOUSING

The CDLAC board, made up of the Treasurer, the State Controller, and the Governor, voted unanimously to accelerate the amount of bonds awarded for the development of affordable housing in the “new construction” category from \$443 million to \$800 million in the current funding round with the aim of closing more shovel-ready deals now versus waiting for future allocation rounds. The total amount approved in the current round was \$1.5 billion in tax exempt private activity bonds. (California’s total 2020 calendar year allocation for tax-exempt private activity bonds is \$4,148,783,415.)

In a similar fashion, the [California Tax Credit Allocation Committee](#) (CTCAC) board, which includes Treasurer Ma, the State Controller, the Director of Finance, the executive director of the California Housing Finance Agency (CalHFA), and the acting director of the California Department of Housing and Community Development (HCD) voted unanimously to accelerate its award of state tax credits by

\$44 million and awarded \$110 million in annual federal tax credits and \$253 million in state tax credits to help finance 5,954 low-income units.

The projects approved by CDLAC and CTCAC are located in every corner of the state. You can view a list of them [here](#). They will provide comfortable, safe homes for thousands of working families, seniors, veterans and those with special needs.

“We were in an affordable housing crisis before the COVID-19 pandemic, and COVID-19’s effect on the economy will further exacerbate the problem,” said CTCAC and CDLAC Executive Director Judith Blackwell. “Thus, now is the time to push out shovel-ready projects with guaranteed financing.”



Treasurer Ma, Deputy Treasurer Jovan Agee, and staff pose during a September 10, 2019 meeting with some of the locally elected officials representing High Desert communities that share an economic interest in the Virgin Trains USA project, including Victorville Mayor Gloria Garcia, Victorville Councilmember Art Bishop, Apple Valley City Manager Doug Robertson, Victorville City Manager Keith Metzler, Victorville Deputy City Manager Sophie Smith, San Bernardino County First District’s Constituent Services Supervisor Susan Drake, Brightline Senior Vice President of Corporate Affairs Ben Porritt, and San Bernardino County Director of Government and Legislative Affairs Josh Candelaria.

What They're Saying About Virgin Trains USA ...

"...construction on a brand new passenger rail line between California and Nevada will help alleviate congestion along a heavily used corridor, reduce greenhouse gas emissions, and send a positive signal to investors that the state welcomes participation in the development of transportation infrastructure."

— Eric Garcetti, Mayor of Los Angeles

"Looking west beyond Victorville, I view Virgin Trains' ... project as a critical first phase in an eventual Vegas-to-Los Angeles high speed rail service that has the potential to ultimately unlock blended and integrated service scenarios throughout the region."

— Kathryn Barger, Fifth District, Board of Supervisors County of Los Angeles

"I wholeheartedly believe that Virgin Trains USA's plan to build a much needed intercity passenger rail connection between Southern California and Nevada would be crucial to our region."

— Jay Obernolte, Assemblyman, 33rd District

"Government alone cannot fund the infrastructure needed to meet the growing demand placed on California's transportation system by residents, visitors and businesses. Private infrastructure investment should be encouraged."

— Kiana L. Valentine, Executive Director, Transportation California

"The bonds requested are backed by private investors, with no risk to California taxpayers; yet the benefit to the public is substantial."

— Senator Scott Wilk, 21st Senate District

"The City of Victorville supports the Virgin Trains project because we believe the influx of private investment will serve as a catalyst for overall economic growth in the area, which is also well-positioned for significant affordable housing growth... We serve as one of the most affordable housing options for those who work in the Orange County and Los Angeles County metropolitan areas. Victorville and the Victor Valley are definite equations in solving the state's affordability crisis."

— Sophie Smith, Deputy City Manager, City of Victorville

"The privately funded intercity rail system planned by Virgin Trains USA will improve mobility in California, remove cars from congested highways, reduce harmful carbon emissions, create thousands of jobs, spur transit-oriented development, and connect residents of the Victor Valley region to housing and employment opportunities."

— Peter Tateishi, CEO, Associated General Contractors of California, Inc.

"...Virgin Trains USA will finally bring to fruition a project that will significantly improve mobility in Southern California, connect people in the Victor Valley to jobs, take cars off one of the state's most congested interstate highways, and help meet the state's carbon reduction/climate change goals."

— Karen J. Hedlund, former Deputy Administrator of the Federal Railroad Administration and an advisor to the High Desert

"This privately funded project will serve to meet the increasing demand on transportation by Southern California residents. Our region in particular will benefit from decreased congestion and increased transportation options along this important transit corridor."

— San Bernardino County Board of Supervisors Chairman Curt Hagman

MORE BCA NEWS

ScholarShare 529 – 529 College Savings Day \$50 Match Promotion

As National 529 College Savings Day approaches on May 29th, Treasurer Ma and ScholarShare 529 are excited to offer families the opportunity to kick-start their college savings by participating in a special limited time promotion. ScholarShare 529 will offer a \$50 match to families opening a new account from May 26-31, 2020. To be eligible, families open a new ScholarShare 529 account with \$50 or more and set up a monthly recurring contribution of \$25 or more for a minimum of six consecutive months – and ScholarShare will add \$50 to the account.

Families can register for free online webinars at 11 a.m. on May 13, or 11 a.m. on May 27, by visiting www.ScholarShare529.com/529Day where there is more information about ScholarShare 529 and this special promotion.

ScholarShare 529, California's 529 college savings plan, is a tax-advantaged way to save, offering families a diverse set of low cost investment options and tax-deferred growth and withdrawals free from state and federal taxes when funds are used for qualified higher education expenses. Those expenses include such things as tuition and fees, computer equipment, books, and certain room and board costs.

Additional information about ScholarShare 529 and the upcoming \$50 529 Day match promotion, including complete terms and conditions, can be found at www.ScholarShare529.com/529Day.

Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) Within the State Treasurer's Office

May

4 California School Finance Authority (CSFA)*

1 PM | 915 Capitol Mall, Suite 110, Sacramento, CA

Public participation call-in number: (877) 810-9415 | Participant code: 6535126

The [agenda](#) includes authorization of bonds up to \$45 million for San Diego County's Grossmont Union High School District and approval of Charter School Revolving Loan Program recommendations.

Note: As we work to further protect the health of our community in response to COVID-19, the BCAs will be modifying standard committee meeting procedures to implement the Governor's Executive Order and follow the guidance of the California Department of Public Health. Participants, interested parties, and non-essential staff are requested to join the meeting via teleconference. Further, social distancing measures will be put in place at the meeting location, which will substantially limit the space available for in-person attendees. Public participation and comment periods will not be impacted.*

Teleconference information can be found under the meeting notices above. We appreciate your flexibility and understanding as we work to implement these public health measures while continuing to carry out the business of the BCAs.

For a full roster of additional meetings, public presentations, deadlines for grants, and more, for ALL boards, commissions and authorities (BCAs) please go to the Treasurer's website: <https://www.treasurer.ca.gov/>



Top Billing

A Monthly Update on Key Legislation for Treasurer Ma

Cannabis Taxes

Assembly Bill 1948, Rob Bonta (D-Alameda)

<http://asmdc.org/members/a18/>

Would create a short-term tax reduction for licensed cannabis businesses and consumers by temporarily lowering California's cannabis excise tax from 15 percent to 11 percent, and suspending the cultivation tax altogether, for the next three years.

CEFA Act Modernization

Assembly Bill 2484, Evan Low (D-Campbell)

<http://asmdc.org/members/a28/>

Would modernize the California Educational Facilities Financing Authority Act (Act) as it pertains to the use of its conduit bond financing authority to finance projects for nonprofit entities for the benefit of a public or private university or college.

Deposit Requirement Reduction

Senate Bill 877, Senate Committee on Banking and Financial Institutions

<https://sbnk.senate.ca.gov/>

Would codify California statute to lower the collateral requirements, from 110 percent of the amount deposited to 100 percent of the amount deposited – the required value of a Federal Home Loan Bank (FHLB) letter of credit that a credit union or a savings and loan association may use as security, matching the collateral requirements banks currently have – for a deposit of state funds made by the State Treasurer.

Development Tax Credit Program

Assembly Bill 2922, Adam Gray (D-Merced)

<http://asmdc.org/members/a21/>

Would provide additional Low-income Housing Tax Credits for private investment in housing, job creation, community facilities and neighborhood revitalization through community development corporations and other community-based organizations.

JUMP Act

Senate Bill 1210, Steven Bradford (D-Gardena)

<http://sd35.senate.ca.gov/>

Would incentivize private investment in small businesses in distressed areas, including all 879 designated opportunity zones.

Housing Loan Fund

Assembly Bill 2834, Mike Gipson (D-Carson)

<http://asmdc.org/members/a64/>

Would provide effective funding through a revolving loan fund to stimulate housing, giving homeless, reentry, and transition aged youth service providers the ability to secure property to provide comprehensive services for target populations and needed housing for transition age youth/former foster system youth.



The Ma Squad



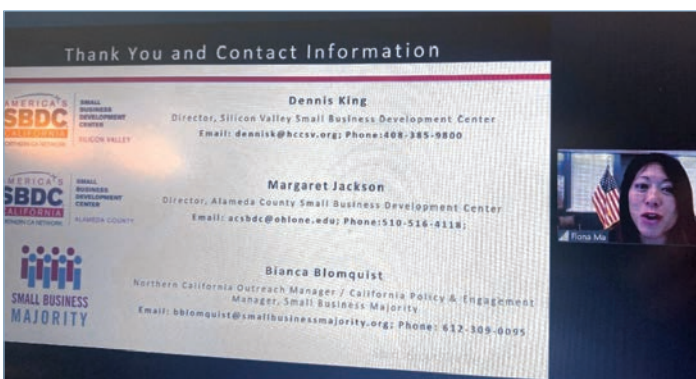
Treasurer Ma (middle row, far left) participates with City of Walnut Mayor Andrew Rodriguez (first row, second from left) in a webinar focused on introducing local small business owners to resources available to help get them through the pandemic.



Centralized Treasury and Securities Management Division (CTSMD) Director Mark Hariri and Treasurer Fiona Ma practice social distancing while congratulating Anne Peery, a treasury program manager for CTSMD, as she celebrated 25 years of state service.



Cathy Zhang (left), host of the nonprofit BayVoice, is joined by Treasurer Ma and former U.S. Small Business Administration Deputy Director Tong Qin for a video chat in Mandarin about small business help available through state and federal sources during the COVID-19 crisis.



Treasurer Ma participating in California Assemblymember Kansen Chu's small business virtual townhall during which she detailed for 300 participants the state resources available to them during the COVID-19 crisis.



For the sake of a healthier and safer community, Avanti Ramraj and Treasurer Ma hand off donated masks in Sacramento to C.O.R.E Medical Clinic Inc. Business Services Director Marshall Stenson. Avanti is the daughter of the donor.