TITLE 4. BUSINESS REGULATIONS

NOTICE OF PROPOSED RULEMAKING

Pursuant to Section 44520 of the Health and Safety Code, the regulations being amended herewith by the Capital Programs and Climate Financing Authority ("CPCFA" or the "Authority") are, by legislative mandate, necessary to carry out its powers and duties.

Proposed Regulatory Action

The Authority proposes to amend Sections 8130 through 8137 of Title 4, Division 11, Article 12 of the California Code of Regulations (the "Amended Regulations") concerning the administration of the Capital Programs and Climate Financing Authority's bond program. These Amended Regulations are necessary to implement, interpret and make specific Article 12 of the California Pollution Control Financing Authority Act (the "Act").

Authority and Reference

Authority: Section 44526(a) and (b), Health and Safety Code. Section 44526(a) and (b) of the Act authorizes the Authority to determine the location and character of any project to be financed via issuance of bonds, notes, bond anticipation notes, and other obligations of the authority for any of its corporate purposes, and to fund or refund the same.

Reference: Section 44526 of the Health and Safety Code. These regulations implement, interpret and make specific sections of the Act by amending Sections 8130 through 8137 of Title 4, Division 11, Article 12 of the California Code of Regulations.

Informative Digest/Policy Statement Overview

Existing law establishes the Authority to adopt all necessary rules and regulations to carry out its powers and duties under this division pursuant to Section 44520 of the Health and Safety Code.

The proposed amendments to the regulations will clarify and revise eligibility requirements for projects financed using Rate Reduction Bonds to include electrical utility projects in addition to currently eligible water and wastewater furnishing projects, in accordance with Assembly Bill (AB) 758, which was passed in 2021.

The Authority has performed a search of existing regulations and has determined that the proposed regulations are not inconsistent or incompatible with existing state regulations.

The Proposed Amendments and Objectives for Each Section are as follows:

§ 8130. Applicability

Section 8130. Removes redundant text.

Necessity. The proposed amendments are necessary to remove text that already appears in Section 6588.7(b)(9) of the Government Code.

§ 8131. Definitions

Section 8131(b). Changes the name of the Authority from the “California Pollution Control Financing Authority” to the “Capital Programs and Climate Financing Authority”.

Necessity. The proposed amendment is necessary to align the regulations with AB 786.

Section 8131(e) and (l). Adds electric utilities to the categories of utilities eligible for review regarding rate reduction bond issuance. Adds electric revenue bonds to the definition of “Rate Reduction Bonds”. Makes non-substantive clarifying and corrective changes to regulation text.

Necessity. The proposed amendments are necessary to align the regulations with AB 758.

Section 8131(h). Clarifies that credit requirements that must be met by Local Agency Applicants must be evidenced by reports that meet certain criteria specified in Section 8134, subdivision (b)(3).

Necessity. Eliminates ambiguity about what may be considered acceptable evidence of adequate credit rating.

Section 8131 (throughout). Makes clarifying and corrective changes to regulation text.

Necessity. The proposed amendments are necessary to ensure clear meaning through consistent citation formatting and referring to the Authority by its correct (recently changed) name.

§ 8132. Applications for Review.

Section 8132. Makes a non-substantive corrective change to regulation text.

Necessity. The proposed amendment is a grammatical correction intended to improve readability.

§ 8133. Applications for Review.

Section 8133. Makes both substantive and non-substantive clarifying and corrective changes to regulation text.

Necessity. The proposed amendments are grammatical corrections, except addition of "any or" to the sentence, "The Authority may charge additional fees in an amount equal to the amount of any additional expenses incurred by the Authority in retaining an independent financial advisor to review the application under circumstances involving the verification of any or all requirements in Section 8134." The addition of "any or" clarifies that the Authority may retain an independent financial advisor and recover its expenses for verifying requirements in the case where only some and not all of the requirements are verified.

§ 8134. Application Content

Section 8134(a)(3). Adds electric utilities to those eligible for review regarding rate reduction bond issuance.

Necessity. The proposed amendments are necessary to align the regulations with AB 758.

Section 8134(b)(2)(A) and (B). Adds electric utilities to those eligible for review regarding rate reduction bond issuance.

Necessity. The proposed amendments are necessary to align the regulations with AB 758.

Section 8134(c)(1). Removes a reference to previous sections of Section 8134 that no longer exist and replaces it with a reference to currently existing regulation text. Adds requirements that an electrical service must meet to be considered a Publicly Owned Utility for the purpose of determination of eligibility for Rate Reduction Bond issuance.

Necessity. The proposed amendments are necessary to align the regulations with AB 758 and provide guidelines to differentiate a Publicly Owned Utility from other types of electric services or companies.

Section 8134(c)(1)(A). Adds electrical service to the list of acceptable purposes for which items can be financed or refinanced using Rate Reduction Bonds.

Necessity. The proposed amendment is necessary to align the regulations with AB 758.

Section 8134(c)(1)(B)1., 2., and 3. Adds electrical service and “any other utility purpose designated a ‘utility project’ by a Publicly Owned Utility” to the list of acceptable purposes for which items financed or refinanced using Rate Reduction Bonds must be used.

Necessity. The proposed amendment is necessary to align the regulations with AB 758.

Section 8134 (throughout). Corrects section numbering system.

Necessity. The proposed amendments are necessary to align the regulations with the standard numbering system used by the California Code of Regulations.

§ 8135. Authority Action

Section 8135(a) and (b). Makes corrective changes to regulation text.

Necessity. The proposed amendments are grammatical corrections intended to improve readability.

Section 8135(d). Makes corrective changes to regulation text and adds clarifying language regarding application fees paid by an Issuer Applicant.

Necessity. The proposed amendments are grammatical corrections, except one amendment that is necessary to clarify that any fees already paid for an application that is subsequently withdrawn will not be applicable to any eventual resubmittal of that application.

§ 8136. Application Approval

Section 8136(a)(3). Makes a clarifying and corrective change to regulation text.

Necessity. The proposed amendment is a grammatical correction intended to improve readability.

§ 8137. Reports

Section 8137(a)(1) and (6). Makes clarifying and corrective changes to regulation text.

Necessity. The proposed amendments are grammatical corrections intended to improve readability.

Section 8137(b). Removes redundant text and makes clarifying and corrective changes to regulation text.

Necessity. The proposed amendments remove text that repeats a reporting requirement already stated in Section 6588.7(b)(8)(A) of the Government Code, make grammatical corrections, and more specifically define the required report.

Section 8137(c). Changes a reference to Section 8137(a)(5) to Section 8137(a)(6).

Necessity. The proposed amendment is a correction to the text, which erroneously excluded the information specified in Section 8137(a)(6) from that which the Executive Director of the Authority is authorized to seek from an Issuer Applicant.

Anticipated Benefits from This Regulatory Action

The Authority anticipates that these amendments will eliminate any potential confusion caused by unclear and/or obsolete language as well as inconsistencies between the legal statutes governing Rate Reduction Bonds and corresponding regulations, making it easier for potential borrowers to understand the financing tools available to them and all relevant requirements.

The proposed amendments to the current regulations will not have a significant effect on the creation or elimination of jobs in California, significantly affect the creation of new businesses or elimination of existing businesses within California, or significantly affect the expansion of businesses currently doing business within California.

After conducting a review for any regulations related to this area, the Executive Director has concluded that these are the only regulations concerning Rate Reduction Bonds. Therefore, the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

Disclosure Regarding the Proposed Action

The Executive Director of the Authority has made the following determinations regarding the effect of the Amended Regulations:

Mandate on local agencies or school districts: None.

Cost or savings to any state agency: None.

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

Other non–discretionary cost or savings imposed on local agencies: None.

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

Significant effect on housing costs: None.

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

Small Business: The Amended Regulations will not have an adverse impact on small business in California as they do not impose additional restrictions or cost on small business. Small businesses choosing to refund bonds through CPCFA may be positively impacted by reduced administrative fees.

Significant, statewide, adverse economic impact directly affecting businesses including the ability of California businesses to compete with businesses in other states: The Authority has made an initial determination that the Amended Regulations will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Results of the Economic Impact Analysis

Assessment regarding effect on jobs/businesses: The Amended Regulations will not have a significant effect on the creation or elimination of jobs in California, significantly affect the creation of new businesses or elimination of existing businesses within California, or significantly affect the expansion of businesses currently doing business in California.

Benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment: The proposed amendments to sections 8130 through 8137 will open more financing opportunities and flexibility to businesses involved in public electrical service. These types of projects will benefit the environment and the public health and safety.

Consideration of Alternatives

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

The Authority invites interested parties to present statements with respect to alternatives to the Amended Regulations during the written comment period.

Agency Contact Person

Written comments, inquiries and any questions regarding the substance of the Amended Regulations shall be submitted or directed to:

Morgan Matz, Analyst II
California Pollution Control Financing Authority
915 Capitol Mall, 3rd Floor
Sacramento, CA 95814
Telephone: (916) 654-6061
Fax: (916) 657-4821

Email: morgan.matz@treasurer.ca.gov

Solomita Malko, Supervisor I
California Pollution Control Financing Authority
915 Capitol Mall, 3rd Floor
Sacramento, CA 95814
Telephone: (916) 653-2749
Fax: (916) 657–4821
Email: solomita.malko@treasurer.ca.gov

Written Comment Period

Any interested person, or his or her authorized representative, may submit written comments relevant to the Amended Regulations to the Authority. The written comment period on the Amended Regulations ends **on October 5, 2026**. All comments must be submitted in writing to the Agency Contact Person identified in the Notice by that time in order for them to be considered by the Authority.

In the event that substantial changes are made to the proposed regulations during the written comment period, the Authority will also accept additional written comments limited to any changed or modified regulations for fifteen (15) calendar days after the date on which such regulations, as changed or modified are made available to the public pursuant to Title 1, Chapter 1, Section 44 of the California Code of Regulations. Such additional written comments should be addressed to the Agency contact person identified in this Notice.

Availability of Initial Statement of Reasons
And Text of Proposed Regulations

The Authority has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the Authority's office at 915 Capitol Mall, 3rd Floor, Sacramento, California 95814, during normal business working hours. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this notice, the Initial Statement of Reasons and the proposed text of the Adopted Regulations. Copies of these items and all the information upon which the proposed rulemaking is based are available upon request from the Agency Contact Person designated in this Notice or at the Authority's website located at http://www.treasurer.ca.gov/cpcfa/index.asp.

Public Hearing

CPCFA does not intend to conduct a Public Hearing on the matter of these regulations, unless requested. Any interested person may submit a written request for a public hearing no later than 15 days prior to the close of the written comment period.

Availability of Changed or Modified Text

After the written comment period ends and following a public hearing, if any is requested pursuant to Section 11346.8 of the Government Code, the Authority may adopt the proposed Regulations substantially as described in this Notice, without further notice. If the Authority makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with changes clearly indicated) available to the public for at least fifteen (15) calendar days before the Authority adopts the proposed Regulations, as modified. Inquiries about and requests for copies of any changed or modified regulations should be addressed to the Agency Contact Person identified in this Notice. The Authority will accept written comments on the modified regulations for fifteen (15) calendar days after the date on which they are made available.

Availability of Final Statement of Reasons

Upon completion, a copy of the Final Statement of Reasons may be requested from the Agency Contact Person designated in this Notice or found at the Authority's website at

http://www.treasurer.ca.gov/cpcfa/index.asp.