



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
JUNE 19, 2008**

SUBJECT: STATE LEGISLATION

ACTION: ADOPT STAFF RECOMMENDED POSITIONS

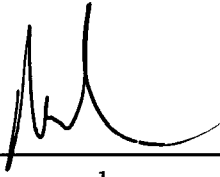
RECOMMENDATION

- A. SB 1646 (PADILLA)** – Would indefinitely extend the \$1 vehicle license fee surcharge for air pollution. **SUPPORT**
- B. AB 1221 (MA)** – Would modify existing law on Transit Village Development Districts to increase the area around a transit station to half mile and require demonstrable public benefits. **SUPPORT**
- C. AB 2466 (LAIRD)** – Would authorize electrical rate rebates for local government entities that generate their own electricity. **SUPPORT**
- D. AB 2705 (JONES)** – Would expand the services that may be financed with Mello-Roos special taxes to include public transit services. **SUPPORT**
- E. AB 3021 (NAVA)** – Would establish the California Transportation Financing Authority to facilitate construction of transportation projects including authority to approve tolling projects. **SUPPORT**

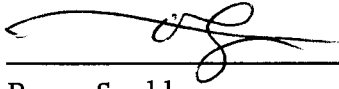
ATTACHMENTS

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ATTACHMENT A-1

BILL: SB 1646

AUTHOR: SENATOR ALEX PADILLA
(D-PACOIMA)

SUBJECT: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT: AIR
POLLUTION FEE

STATUS: ASSEMBLY TRANSPORTATION

ACTION: SUPPORT

RECOMMENDATION

Adopt a "Support" position on SB 1646 (Padilla) that would extend the South Coast Air Quality Management District (SCAQMD) air pollution fee indefinitely.

ISSUE

Currently, the SCAQMD has the authority to impose a \$1 fee on the renewal of registration of any motor vehicle in the district. The revenues generated from the fee are invested in air pollution reduction programs. The fee will sunset on January 1, 2010. Senator Padilla has introduced SB 1646 to extend the fee indefinitely.

PROVISIONS

Existing law, until January 1, 2010, authorizes the SCAQMD to impose a \$1 fee on the renewal of registration of any motor vehicle in the district, and requires the district to utilize the revenues generated by the imposition of that fee to reduce air pollution from motor vehicles through the implementation of a clean-burning fuel program in that district. Existing law requires these fees to be deposited in a clean fuels and transportation control measures account, and requires that no more than 2 ½ % of the funds in the account be used for administrative purposes.

Specifically, SB 1646 would:

- extend the fee on motor vehicle registration renewal sunset from January 1, 2010 to indefinitely; and
- require that no more than 5% of the funds can be used for administrative costs.

IMPACT ANALYSIS

Currently, the SCAQMD has the authority to impose a \$1 fee on the renewal of registration of any motor vehicle in the district. The revenues generated from the fee are invested in air

pollution reduction programs. The fee will sunset on January 1, 2010. Senator Padilla has introduced SB 1646 to extend the fee indefinitely.

The SCAQMD generates approximately \$12 million annually from the imposition of the fee. The SCAQMD is required to use the revenues to reduce air pollution from motor vehicles through its clean-burning fuels program. Staff supports SCAQMD in their efforts to generate additional funding resources for pollution reduction programs given the limited resources made available to local agencies. The district has been identified as having the worst air quality in the country. The fees are critical to the region's efforts to address our air quality challenges. Transportation contributes significantly to the degradation of air quality in the region. Investing in clean-burning fuel programs will help bring clean-burning fuels and technologies to the forefront.

According to Senator Padilla's office, continued funding for the Clean Fuels Program is still needed to develop necessary clean fuels technologies to attain federal clean air standards and protect the health of the nearly 17 million residents within SCAQMD's jurisdiction.

SCAQMD is the sponsor of the bill. Staff recommends a Support position on SB 1646.

SUPPORT

South Coast Air Quality Management District (source)

Air Products and Chemicals, Inc.

American Jewish Committee

BAF Technologies

Burrtec Waste Industries

California Council for Environmental and Economic Balance

California Hydrogen Business Council

California Natural Gas Vehicle Coalition

CALSTART

City of Burbank Office of the city council

City of Riverside Office of the Mayor

Claire

Clean Energy

Coalition for Clean Air

Colton Joint Unified School District

County Sanitation Districts of Los Angeles County

Engine Fuel, and emissions engineering, incorporated

Environmental & Public Works Management

Fleet Management Division, City of Santa Monica

Environmental Defense Fund for Environmental Research & Technology

Fuel Cell Energy

Gladstein, Neandross & Associates

Hemet Unified School District

ISE

Johnson Matthey Inc.

Jurupa Unified School District

Los Angeles Area Chamber of Commerce

Los Angeles Unified School District
Menifee Union School District
Mercedes-Benz
National Natural Gas Vehicles for America
Orange County Sanitation District
PRAXAIR
Pupil Transportation Cooperative
Quantum
Sempra Energy
Southern California Edison
SunLine
TIAX
Timco Standard Tandem
Toyota
University of California, Irvine, Advanced Power and Energy Program
University of California, Riverside College of Engineering Center
Waste Management
West Virginia University, Associate Vice President for Research
Westport Innovations Inc

OPPOSE

The Howard Jarvis Taxpayers Association

ATTACHMENT A-2

BILL NUMBER: SB 1646
BILL TEXT

INTRODUCED

INTRODUCED BY Senators Padilla, Cedillo, Negrete McLeod, and Oropeza
(Coauthors: Assembly Members Davis, Feuer, Fuentes, and Soto)

FEBRUARY 22, 2008

An act to amend Section 40512 of the Health and Safety Code, and to amend Section 9250.11 of the Vehicle Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1646, as introduced, Padilla. South Coast Air Quality Management District: air pollution fee.

Existing law, until January 1, 2010, authorizes the South Coast Air Quality Management District to impose a \$1 fee on the renewal of registration of any motor vehicle in the district, and requires the district to utilize the revenues generated by the imposition of that fee to reduce air pollution from motor vehicles through the implementation of a clean-burning fuel program in that district. Existing law requires these fees to be deposited in a clean fuels and transportation control measures account, and requires that no more than 2 half% of the funds in the account be used for administrative costs.

This bill would extend the authority of the district to impose the fee indefinitely, and would require than no more than 5% of the funds in the account be used for administrative purposes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 40512 of the Health and Safety Code is amended to read:

40512. (a) The south coast district board may impose a fee surcharge based on a formula associated with quantity of emissions and the effect of these emissions on ambient air quality within the south coast district to generate sufficient revenues to pay for any of its costs associated with the development and implementation of Section 40448.5.

(b) The total amount of funds collected from these surcharge fees shall not exceed five hundred thousand dollars (\$500,000) in each of the first two fiscal years of the development or implementation of Section 40448.5. All surcharge fees received by the south coast district pursuant to this section shall be deposited in a clean fuels and transportation control measures account ~~which~~ that shall be established and maintained by the south coast district.

(c) In subsequent fiscal years, the total amount of funds collected from these surcharge fees shall not exceed 25 percent of

the amount of fees received the previous fiscal year from registered motor vehicle owners pursuant to Section 9250.11 of the Vehicle Code. The surcharge fees received by the south coast district pursuant to this section shall be used to pay for the initial costs incurred by the Department of Motor Vehicles to implement the motor vehicle fee program established by Section 9250.11 of the Vehicle Code.

(d) All fees received by the south coast district pursuant to Section 9250.11 of the Vehicle Code shall be deposited in the clean fuels and transportation control measures account and shall be used solely for transportation and vehicular-related program activities within the program established by this section. Not more than ~~2~~ ~~half~~ 5 percent of the funds in the account shall be used for the south coast ~~district~~ ~~district's~~ administrative costs.

SEC. 2. Section 9250.11 of the Vehicle Code is amended to read:

9250.11. (a) In addition to any other fees specified in this code and the Revenue and Taxation Code, a fee of one dollar (\$1) may be imposed by the South Coast Air Quality Management District and shall be paid to the department, upon renewal of registration of any motor vehicle subject to Part 5 (commencing with Section 43000) of Division 26 of the Health and Safety Code and registered in the south coast district, except any vehicle that is expressly exempted under this code from the payment of registration fees.

(b) Prior to imposing fees pursuant to this section, the south coast district board shall approve the imposition of the fees through the adoption of a resolution by both a majority of the district board and a majority of the district board who are elected officials. After deducting all costs incurred pursuant to this section, the department shall distribute the additional fees collected pursuant to subdivision (a) to the south coast district, which shall use the fees to reduce air pollution from motor vehicles through implementation of Sections 40448.5 and 40448.5.1 of the Health and Safety Code.

(c) Any memorandum of understanding reached between the district and a county prior to the imposition of a one dollar (\$1) fee by a county shall remain in effect and govern the allocation of the funds generated in that county by that fee.

(d) The South Coast Air Quality Management District shall adopt accounting procedures to ensure that revenues from motor vehicle registration fees are not commingled with other program revenues.

~~(e) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2010, deletes or extends that date.~~

BILL: AB 1221

AUTHOR: ASSEMBLY MEMBER FIONA MA
(D-SAN FRANCISCO)

SUBJECT: TRANSIT VILLAGE DEVELOPMENTS: INFRASTRUCTURE
FINANCING DISTRICTS

STATUS: SENATE TRANSPORTATION & HOUSING COMMITTEE

ACTION: SUPPORT

RECOMMENDATION

Adopt a “Support” position on AB 1221 (Ma) that would modify existing law on Transit Village Development Districts to increase the area around a transit station to half mile and require demonstrable public benefits.

ISSUE

AB 1221 would promote private development around transit stations. This measure would encourage dense development around transit stations by linking transit village development with property tax increment.

PROVISIONS

Existing law authorizes a city or county to create a transit village plan for a transit village development district. Existing law requires a transit village plan to include all land within not less than quarter mile of the exterior boundary of the parcel on which a transit station is located. Existing law authorizes a legislative body to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval.

AB 1221 would modify existing law on transit village development districts to authorize local officials to divert property tax increment revenue for public investment within transit village developments districts.

Specifically, AB 1221 would:

- increase the area included in a transit village plan to include up to half mile of the exterior boundary of the parcel on which ~~on which~~ a transit station is located; and
- require a transit village plan financed by these bonds issued through an infrastructure financing district to include specified demonstrable public benefits regarding housing.

IMPACT ANALYSIS

AB 1221 has been introduced by Assemblymember Fiona Ma to modify existing law to increase density around transit village development districts. Currently, a city or county can create a transit village development district within a quarter mile radius from a transit station. AB 1221 would increase the radius to half a mile.

AB 1221 would allow a city/county that has adopted a Transit Village Plan (TVP) to finance infrastructure through Tax Increment Financing (TIF). This would allow a city/county to issue bonds with payment from the TIF. In this way, it is similar to regular redevelopment finance.

AB 1221 would benefit us by facilitating the creation of Transit Oriented Districts (TOD) around our transit stations. We could take advantage of this mechanism by restructuring the Call for Projects so that a percentage supports projects inside these TODs or TVPs. Under this framework, we could work with individual cities who ultimately retain local land use authority. This could result, in time, in real Transportation Demand Management, Transportation System Management, pedestrian and other improvements that would reduce auto use and planning standards that accommodate autos. The proposed doubling of the village area actually would support transit improvements, and promote the development of a district plan and standards, and the behavior changes that are necessary to increase mobility and transit use while making the cities more sustainable.

For example, the infrastructure financing provision would make it possible to develop municipal parking structures in a coordinated way that provides for shared and intercept parking and the transport of people to village destinations and transit. This is difficult now because cities lack the funds to implement such a strategy. Another example is the infrastructure finance provision could lead to the development of street standards that improve walking conditions. A third example, would be that, instead of working out mitigations with each separate developer, a TVP could establish the maximum development intensity, and use the financing to create the public infrastructure necessary to support that level of development intensity. Fees collected from developers could then be invested in an endowment that would be used to pay the maintenance costs over the life-cycle of the improvements.

Assemblymember Mike Feuer (D-Los Angeles) has a similar bill AB 1836 that would streamline the process by removing the requirement to obtain a vote of the electorate. The idea is that Infrastructure Financing Districts do not levy a tax by rather shift existing tax revenues for a new purpose.

Staff recommends a Support position for AB 1221.

ATTACHMENT B-2

BILL NUMBER: AB 1221 AMENDED
BILL TEXT

AMENDED IN SENATE MAY 13, 2008
AMENDED IN SENATE APRIL 30, 2008
AMENDED IN SENATE APRIL 14, 2008
AMENDED IN SENATE JUNE 20, 2007
AMENDED IN ASSEMBLY JUNE 1, 2007

INTRODUCED BY Assembly Member Ma
(Coauthors: Assembly Members Eng and Hernandez)

FEBRUARY 23, 2007

An act to amend Sections 53395.1, 65460.1, 65460.2, and 65460.4 ~~of, and to add Sections 53395.7.5 and 65460.2.5 to, and to amend and renumber Section 53395.85 of, the Government Code, relating to transit~~ of, and to add Section 65460.2.5 to, the Government Code, relating to transit facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1221, as amended, Ma. Transit village developments: infrastructure financing.

Existing law authorizes a city or county to create a transit village plan for a transit village development district. Existing law requires a transit village plan to include all land within not less than quarter mile of the exterior boundary of the parcel on which is located a transit station, as defined. Existing law authorizes a legislative body to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval.

This bill would increase the area included in a transit village plan to include up to half mile of the exterior boundary of the parcel on which is located a transit station. ~~This bill would eliminate the requirement of voter approval for the formation of an infrastructure financing district, adoption of an infrastructure financing plan, and an issuance of bonds for the purpose of developing and financing a transit facility, as defined, and would allow a legislative body, as defined, to create the district, adopt the plan, and issue bonds by ordinance and resolution, as specified. This bill would also set forth the time limitations to bring an action challenging the formation of a district, the adoption of a plan, or the issuance of bonds for these purposes.~~ This bill would require a transit village plan financed by ~~these~~ bonds *issued through an infrastructure financing district* to include specified demonstrable public benefits regarding housing, and a provision that at least 20% of all revenues derived from the property tax increment be dedicated to increase,

improve, and preserve housing that is affordable to vulnerable populations. This bill would also make technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53395.1 of the Government Code is amended to read:

53395.1. Unless the context otherwise requires, the following definitions shall govern the construction of this chapter:

(a) "Affected taxing entity" means any governmental taxing agency which levied or had levied on its behalf a property tax on all or a portion of the property located in the proposed district in the fiscal year prior to the designation of the district, but not including any county office of education, school district, or community college district.

(b) "City" means a city, a county, or a city and county.

(c) "Debt" means any binding obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals.

(d) "Designated official" means the city engineer or other appropriate official designated pursuant to Section 53395.13.

(e) (1) "District" means an infrastructure financing district.

(2) An infrastructure financing district is a "district" within the meaning of Section 1 of Article XIII A of the California Constitution.

(f) "Infrastructure financing district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing public facilities.

(g) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless the public agency owns all of the land to be included within the proposed district.

(h) "Legislative body" means the city council or board of supervisors.

(i) "Transit facility" means any publicly owned facility and amenity necessary to implement a transit village plan adopted pursuant to Article 8.5 (commencing with Section 65460) of Chapter 3 of Division 1 of Title 7.

~~SEC. 2. Section 53395.7.5 is added to the Government Code, to read:~~

~~53395.7.5. (a) This section only applies to an infrastructure financing district, an infrastructure financing plan, and an issuance of bonds pursuant to this chapter for the purpose of developing and financing a transit facility.~~

~~(b) Notwithstanding any other section of this chapter, an election is not required to form an infrastructure financing district, adopt~~

~~an infrastructure financing plan, or issue bonds pursuant to this chapter. Any other provision of this chapter applies to the formation of an infrastructure financing district and the adoption of an infrastructure financing plan.~~

~~—(c) (1) An infrastructure financing district is formed when a legislative body adopts an ordinance forming the district.~~

~~—(2) An infrastructure financing plan is adopted when a legislative body adopts an ordinance adopting the infrastructure financing plan.~~

~~—(3) A legislative body may issue bonds pursuant to this chapter by resolution.~~

~~—(d) Notwithstanding the time limits of any other section of this chapter, the following time limits apply to this section:~~

~~—(1) An action or proceeding to attach, review, set aside, void, or annul the creation of an infrastructure financing district shall be commenced within 60 days after the date the legislative body adopts the ordinance forming the district pursuant to paragraph (1) of subdivision (c).~~

~~—(2) An action or proceeding to attach, review, set aside, void, or annul the adoption of an infrastructure financing plan shall be commenced within 60 days after the date the legislative body adopts the ordinance adopting the infrastructure financing plan pursuant to paragraph (2) of subdivision (c).~~

~~—(3) An action to determine the validity of an issuance of bonds shall be commenced within 60 days after the date the legislative body adopts the resolution issuing the bonds pursuant to paragraph (3) of subdivision (c).~~

~~—SEC. 3. Section 53395.85 of the Government Code is amended and renumbered to read:~~

~~—53395.8.5. If a city that is a member of the Orangeline Development Authority establishes an infrastructure financing district pursuant to this chapter for the purpose of providing funding for public transit facilities, that city may provide some or all of this funding to the Orangeline Development Authority for the purposes of furthering public transit facilities within the jurisdiction of the authority, including facilities related to magnetic levitation.~~

~~—SEC. 4. SEC. 2. Section 65460.1 of the Government Code is amended to read:~~

~~65460.1. (a) The Legislature hereby finds and declares all of the following:~~

~~(1) Federal, state, and local governments in California are investing in new and expanded transit systems in areas throughout the state, including Los Angeles County, the San Francisco Bay area, San Diego County, Santa Clara County, and Sacramento County.~~

~~(2) This public investment in transit is unrivaled in the state's history and represents well over ten billion dollars (\$10,000,000,000) in planned investment alone.~~

~~(3) Recent studies of transit ridership in California indicate that persons who live within one-half mile radius of transit stations utilize the transit system in far greater numbers than does the general public living elsewhere.~~

~~(4) The use of transit by persons living near transit stations is particularly important given the decline of transit ridership in California between 1980 and 1990. Transit's share of commute trips dropped in all California metropolitan areas--greater Los Angeles: 5.4 percent to 4.8 percent; San Francisco Bay area: 11.9 percent to~~

10.0 percent; San Diego: 3.7 percent to 3.6 percent; Sacramento: 3.7 percent to 2.5 percent.

(5) Only a few transit stations in California have any concentration of housing proximate to the station.

(6) Interest in clustering housing and commercial development around transit stations, called transit villages, has gained momentum in recent years.

(b) For purposes of this article, the following definitions shall apply:

(1) "County" includes a city and county.

(2) "Bus hub" means an intersection of three or more bus routes, with a minimum route headway of 10 minutes during peak hours.

(3) "District" means a transit village development district as defined in Section 65460.4.

(4) "Peak hours" means the time between 7 a.m. to 10 a.m., inclusive, and 3 p.m. to 7 p.m., inclusive, Monday through Friday.

(5) "Transit station" means a rail or light-rail station, ferry terminal, bus hub, or bus transfer station.

~~SEC. 5.~~ SEC. 3. Section 65460.2 of the Government Code is amended to read:

65460.2. A city or county may prepare a transit village plan for a transit village development district that addresses the following characteristics:

(a) A neighborhood centered around a transit station that is planned and designed so that residents, workers, shoppers, and others find it convenient and attractive to patronize transit.

(b) A mix of housing types, including apartments, within not more than one-half mile of the exterior boundary of the parcel on which the transit station is located.

(c) Other land uses, including a retail district oriented to the transit station and civic uses, including day care centers and libraries.

(d) Pedestrian and bicycle access to the transit station, with attractively designed and landscaped pathways.

(e) A transit system that should encourage and facilitate intermodal service, and access by modes other than single occupant vehicles.

(f) Demonstrable public benefits beyond the increase in transit usage, including any five of the following:

(1) Relief of traffic congestion.

(2) Improved air quality.

(3) Increased transit revenue yields.

(4) Increased stock of affordable housing.

(5) Redevelopment of depressed and marginal inner-city neighborhoods.

(6) Live-travel options for transit-needy groups.

(7) Promotion of infill development and preservation of natural resources.

(8) Promotion of a safe, attractive, pedestrian-friendly environment around transit stations.

(9) Reduction of the need for additional travel by providing for the sale of goods and services at transit stations.

(10) Promotion of job opportunities.

(11) Improved cost-effectiveness through the use of the existing infrastructure.

(12) Increased sales and property tax revenue.

(13) Reduction in energy consumption.

(g) Sites where a density bonus of at least 25 percent may be granted pursuant to specified performance standards.

(h) Other provisions that may be necessary, based on the report prepared pursuant to subdivision (b) of former Section 14045, as enacted by Section 3 of Chapter 1304 of the Statutes of 1990.

~~SEC. 6.~~ SEC. 4. Section 65460.2.5 is added to the Government Code, to read:

65460.2.5. If a city, county, or city and county finances any portion of a transit facility under the provisions of ~~Section 53395.7.5~~ Chapter 2.8 of Part 1 of Division 2 of Title 5, the city, county, or city and county shall include in the transit village plan both of the following:

(a) As one of the five demonstrable public benefits required by subdivision (f) of Section 65460.2, either an increased stock of affordable housing or live-travel options for transit-needy groups.

(b) A provision that at least 20 percent of all revenues derived from the property tax increment under ~~Section 53395.7.5~~

Chapter 2.8 of Part 1 of Division 2 of Title 5 shall be dedicated to increase, improve, and preserve housing that is affordable to vulnerable populations, including, but not limited to, the elderly, disabled, and people with low- and moderate-household incomes.

~~SEC. 7.~~ SEC. 5. Section 65460.4 of the Government Code is amended to read:

65460.4. A transit village development district shall include all land within not more than one-half mile of the exterior boundary of the parcel on which is located a transit station designated by the legislative body of a city, county, or city and county that has jurisdiction over the station area.

BILL: AB 2466

AUTHOR: ASSEMBLY MEMBER JOHN LAIRD
(D-SANTA CRUZ)

SUBJECT: LOCAL GOVERNMENT ENERGY PRODUCERS

STATUS: ASSEMBLY APPROPRIATIONS COMMITTEE

ACTION: SUPPORT

RECOMMENDATION

Adopt a “Support” position on AB 2466 (Laird) which would authorize a local agency to obtain credit on their electric bill for power generated from a renewable energy facility owned by that agency that generates more energy than required to serve the site where the facility is located.

ISSUE

Assemblymember Laird has introduced AB 2466 which allows local agencies to receive credit for excess electricity generated at another location owned by that agency and maximize the renewable energy offset to other facilities.

PROVISIONS

Existing law permits a private energy producer to generate electricity not generated from conventional sources solely for its own use or the use of its tenants, or for any electrical corporation, state agency, city, county, district, or an association thereof, but not the public, without becoming a public utility subject to the general jurisdiction of the Public Utilities Commission (PUC). Existing law requires the PUC to review the charges paid by electrical corporations to private energy producers for electricity not generated from conventional power sources and to review standby and transmission charges made by electrical corporations to private energy producers and, after the review, to adjust those charges to encourage the generation of electricity from other than conventional power sources.

Specifically, AB 2466 would:

- authorize a local public agency to receive credit on their electricity bill for electricity supplied to the electric grid by an eligible renewable generating facility; and
- require the PUC to adopt a rate tariff to the local agencies benefiting account.

IMPACT ANALYSIS

AB 2466 was introduced by Assemblymember Laird to provide local entities more flexibility and maximize their potential energy offset. This bill allows a local agency to identify a different meter/account to which a bill credit from net-metering would be credited. In essence, the utility company is required to transmit the excess renewable energy generated by a public facility to another facility identified by the local agency for consumption. The utility company would not charge the local agency for any of the distribution costs associated with the transaction.

According to the author, the purpose of this bill is to allow local agencies to credit energy produced from renewable resources owned by the local agencies against their electricity usage on more than just the facility where the renewable generator is located. The author believes that current law does not allow a local agency to maximize renewable electricity potential at some locations because current programs that allow the local government to sell their excess power back to the utility are not as economically beneficial to the local government as using the renewable electricity to offset the government's own demand at other locations.

Staff recommends a Support position on AB 2466.

SUPPORT

City of San Jose, (Sponsor)
Sempra Energy

OPPOSE

None registered

ATTACHMENT C-2

BILL NUMBER: AB 2466 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY MAY 23, 2008
AMENDED IN ASSEMBLY APRIL 16, 2008

INTRODUCED BY Assembly Members Laird and Huffman

FEBRUARY 21, 2008

An act to add Chapter 7.5 (commencing with Section 2830) to Part 2 of Division 1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2466, as amended, Laird. Local government energy producers.

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities. Existing law permits a private energy producer to generate electricity not generated from conventional sources, as defined, solely for its own use or the use of its tenants, or to or for any electrical corporation, state agency, city, county, district, or an association thereof, but not the public, without becoming a public utility subject to the general jurisdiction of the commission. Existing law requires the commission to review the charges paid by electrical corporations to private energy producers for electricity not generated from conventional power sources and to review standby and transmission charges made by electrical corporations to private energy producers and, after the review, to adjust those charges to encourage the generation of electricity from other than conventional power sources. Existing law authorizes the City of Davis to receive a bill credit, as defined, to a benefiting account, as defined, for electricity supplied to the electric grid by a photovoltaic facility located within and partially owned by the city and requires the commission to adopt a rate tariff for the benefiting account.

This bill would authorize a local government, as defined, to receive a bill credit, as defined, to a designated benefiting account, as defined, for electricity supplied to the electric grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because the provisions of this bill would require an order or other action of the commission to implement and a violation of that order or action would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 7.5 (commencing with Section 2830) is added to Part 2 of Division 1 of the Public Utilities Code, to read:

CHAPTER 7.5 LOCAL GOVERNMENT ENERGY PRODUCERS

2830. (a) As used in this section, the following terms have the following meanings:

(1) "Benefiting account" means an electricity account, or more than one account, mutually agreed upon by a local government and an electrical corporation.

(2) "Bill credit" means credits calculated based upon the electricity generation component of the rate schedule applicable to a benefiting account, as applied to the quantities of electricity generated by an eligible renewable generating facility.

(3) "Eligible renewable generating facility" means a generation facility that is an eligible renewable energy resource pursuant to the California Renewables Portfolio Standard Program that is owned or operated by a local government.

(4) "Environmental attributes" associated with an eligible renewable generating facility include, but are not limited to, the credits, benefits, emissions reductions, environmental air quality credits, and emissions reduction credits, offsets, and allowances, however entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance attributable to the eligible renewable generating facility.

(5) "Local government" means a city, county, whether general law or chartered, city and county, town, special district, school district, municipal corporation, political subdivision, joint powers authority or agency created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, or other local public agency, if authorized by law to generate electricity, but shall not mean the state or any agency or department of the state.

(b) Subject to the limitation in subdivision (h), a local government may elect to designate a benefiting account, or more than one account, to receive bill credit for the electricity generated by an eligible renewable generating facility, if all of the following conditions are met:

(1) A benefiting account receives service under a time-of-use rate schedule.

(2) The benefiting account is the responsibility of, and serves property that is owned or occupied by, the same local government that owns the eligible renewable generating facility.

(3) The electrical output of the eligible renewable generating facility is metered for time of use to allow allocation of each bill credit to correspond to the time-of-use period of a benefiting account.

(4) All costs associated with the metering requirements of paragraphs (1) and (3) are the responsibility of the local government.

(5) All electricity delivered to the electrical grid by the

eligible renewable generating facility is the property of the electrical corporation that provides for interconnection.

(6) The local government does not sell electricity delivered to the electrical grid to a third party.

(7) The ownership of the environmental attributes shall be the same as the ownership of the environmental attributes associated with electricity that is net metered pursuant to Section 2827.

(c) A benefiting account shall be billed on a monthly basis, as follows:

(1) For all electricity usage, the rate schedule applicable to the benefiting account shall be the rate schedule of the benefiting account, including any cost-responsibility surcharge or other cost recovery mechanism, as determined by the commission, to reimburse the Department of Water Resources for purchases of electricity, pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(2) The rate schedule for the benefiting account shall also provide credit for the generation component of the time-of-use rates for the electricity generated by the eligible renewable generating facility that is delivered to the electrical grid. The generation component credited to the benefiting account may not include the cost-responsibility surcharge or other cost recovery mechanism, as determined by the commission, to reimburse the Department of Water Resources for purchases of electricity, pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(3) If in any billing cycle, the charge pursuant to paragraph (1) for electricity usage exceeds the billing credit pursuant to paragraph (2), the local government shall be charged for the difference.

(4) If in any billing cycle, the billing credit pursuant to paragraph (2) exceeds the charge for electricity usage pursuant to paragraph (1), the difference shall be carried forward as a credit to the next billing cycle.

(5) After the electricity usage charge pursuant to paragraph (1) and the credit pursuant to paragraph (2) are determined for the last billing cycle of a calendar year, any remaining credit resulting from the application of this section shall be reset to zero.

(d) The commission shall ensure that the transfer of a bill credit to a benefit account does not result in a shifting of costs to bundled service subscribers.

(e) Not more frequently than once per year, and upon providing the electrical corporation with a minimum of 60 days' notice, the local government may elect to change a benefiting account. Any credit resulting from the application of this section earned prior to the change in a benefiting account that has not been used as of the date of the change in the benefit account, shall be applied, and may only be applied, to a benefiting account as changed.

(f) A local government shall provide the electrical corporation to which the eligible renewable generating facility will be interconnected with not less than 60 days' notice prior to the eligible renewable generating facility becoming operational. The electrical corporation shall file an advice letter with the commission, that complies with this section, not later than 30 days after receipt of the notice, proposing a rate tariff for a benefiting account. The commission, within 30 days of the date of filing, shall approve the proposed tariff, or specify conforming changes to be made by the electrical corporation to be filed in a new advice letter.

(g) The local government may terminate its election pursuant to subdivision (b), upon providing the electrical corporation with a minimum of 60 days' notice. Should the local government sell its interest in the eligible renewable generating facility, or sell the electricity generated by the eligible renewable generating facility, in a manner other than required by this section, upon the date of either event, and the earliest date if both events occur, no further bill credit pursuant to paragraph (3) of subdivision (b) may be earned. Only credit earned prior to that date shall be made to a benefiting account.

(h) An electrical corporation is not obligated to provide a bill credit to a benefiting account that is not designated by a local government prior to the point in time that the combined statewide cumulative rated generating capacity of all eligible renewable generating facilities within the service territories of the state's three largest electrical corporations reaches _____

100 megawatts. Only those eligible renewable generating facilities that are providing bill credits to benefiting accounts pursuant to this section shall count toward reaching this _____ 100 megawatts limitation.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

BILL: AB 2705

AUTHOR: ASSEMBLY MEMBER DAVE JONES
(D-SACRAMENTO)

SUBJECT: TRANSPORTATION PLANNING

STATUS: SENATE LOCAL GOVERNMENT

ACTION: SUPPORT

RECOMMENDATION

Adopt a “Support” position on AB 2705 (Jones), which would expand the services that may be financed with Mello-Roos special taxes to include public transit services.

ISSUE

Assemblymember Jones has introduced AB 2705 which expands the services that may be financed with Mello-Roos special taxes to include public transit services to give local agency additional funding sources for public transit.

PROVISIONS

Existing law, under the Mello-Roos Community Facilities Act of 1982 (Mello-Roos Act), a local agency is authorized to establish Community Facilities Districts (CFD), issue bonds and levy special taxes to finance various types of facilities and services within the district.

Specifically, AB 2705 would:

- expand the services that may be financed with Mello-Roos special taxes to include public transit services; and
- also authorize the financing of facilities for public transit.

IMPACT ANALYSIS

Assemblymember Dave Jones introduced AB 2705 to allow the use of Mello-Roos Community Facilities Districts to finance public transit facilities and public transit services, including, but not limited to, operational expenses and maintenance of public transit equipment.

Currently, under the Mello-Roos Act, local agencies may impose special taxes to fund public works projects, including parks, recreation centers, schools, libraries, child care facilities, and utility infrastructure. These special taxes can also be used to fund specific public services, including police services, fire protection, recreation programs, library services,

museum operations, park maintenance, flood protection, hazardous waste cleanup, street and road maintenance, lighting of parks, parkways, streets, roads, and open space, plowing and removal of snow, and graffiti management and removal. In many cases, a CFD issues bonds against these special taxes to fund their projects. AB 2705 would modify existing law to include public transit services as an eligible use under the Mello-Roos Act.

According to the author's office, AB 2705 will provide many communities with options to build and sustain responsible housing growth centered around transportation. The author asserts that by simply adding public transportation to the list of services that a CFD can fund the state is providing a source of funding that communities currently lack when planning for public transportation.

Staff recommends a Support position on AB 2705.

SUPPORT

League of California Cities
California State Association of Counties
Sierra Club California
California League of Conservation Voters
California Transit Association
North County Transit District
Alameda-Contra Costa Transit District
Transit Alliance for a Better North County
Sacramento Regional Transit District
Monterey-Salinas Transit

OPPOSE

Associated General Contractors
California Association of Realtors
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Retailers Association
California Taxpayers Association
Consulting Engineers and Land Surveyors of California
Orange County Business Council
Small Business Action Committee

ATTACHMENT D-2

BILL NUMBER: AB 2705 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Jones

FEBRUARY 22, 2008

An act to amend Sections 53313 and 53313.5 of the Government Code,
relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2705, as introduced, Jones. Local government: Mello-Roos
Community Facilities districts: public transit.

(1) The Mello-Roos Community Facilities Act of 1982 authorizes the
establishment of community facilities districts and the issuance of
bonds and the levying of special taxes to finance various types of
facilities and services within the district.

This bill would add public transit services to the types of
services that may be financed under the act.

(2) The Mello-Roos Community Facilities Act of 1982 authorizes a
community facilities district to finance the purchase, construction,
expansion, improvement, or rehabilitation of any real or other
tangible property, as specified, including the financing of
facilities for local park, recreation, parkway, and open-space,
libraries, and child care facilities, among others.

This bill would also authorize the financing of facilities for
public transit.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53313 of the Government Code is amended to
read:

53313. A community facilities district may be established under
this chapter to finance any one or more of the following types of
services within an area:

(a) Police protection services, including, but not limited to,
criminal justice services. However, criminal justice services shall
be limited to providing services for jails, detention facilities, and
juvenile halls.

(b) Fire protection and suppression services, and ambulance and
paramedic services.

(c) Recreation program services, library services, maintenance
services for elementary and secondary schoolsites and structures, and
the operation and maintenance of museums and cultural facilities. A

special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) Maintenance and lighting of parks, parkways, streets, roads, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

(g) *Public transit services, including, but not limited to, operational expenses and maintenance of public transit equipment.*

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services may not supplant services already available within that territory when the district was created.

Bonds may not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services.

SEC. 2. Section 53313.5 of the Government Code is amended to read:

53313.5. A community facilities district may also finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer or may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real or tangible property. The facilities need not be physically located within the district. A district may not lease out facilities that it has financed except pursuant to a lease agreement or annexation agreement entered into prior to January 1, 1988. A district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the district is adopted pursuant to Section 53325.1, except that a district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate the facility. For example, a community facilities district may finance facilities, including, but not limited to, the following:

(a) Local park, recreation, parkway, and open-space facilities.

(b) Elementary and secondary schoolsites and structures provided

that the facilities meet the building area and cost standards established by the State Allocation Board.

(c) Libraries.

(d) Child care facilities, including costs of insuring the facilities against loss, liability insurance in connection with the operation of the facility, and other insurance costs relating to the operation of the facilities, but excluding all other operational costs. However, the proceeds of bonds issued pursuant to this chapter shall not be used to pay these insurance costs.

(e) The district may also finance the construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight. The district may enter into an agreement with a public utility to utilize those facilities to provide a particular service and for the conveyance of those facilities to the public utility. "Public utility" shall include all utilities, whether public and regulated by the Public Utilities Commission, or municipal. If the facilities are conveyed to the public utility, the agreement shall provide that the cost or a portion of the cost of the facilities that are the responsibility of the utility shall be refunded by the public utility to the district or improvement area thereof, to the extent that refunds are applicable pursuant to (1) the Public Utilities Code or rules of the Public Utilities Commission, as to utilities regulated by the commission, or (2) other laws regulating public utilities. Any reimbursement made to the district shall be utilized to reduce or minimize the special tax levied within the district or improvement area, or to construct or acquire additional facilities within the district or improvement area, as specified in the resolution of formation.

(f) The district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for flood and storm protection services, including, but not limited to, storm drainage and treatment systems and sandstorm protection systems.

(g) The district may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district or may pay debt service on that indebtedness. When the amount financed by the district is to pay a tax, fee, charge, or assessment imposed by a public agency other than the one conducting the proceedings, and if the amount provided to the other public agency will not be entirely used to pay off or prepay an assessment lien or special tax obligation pursuant to the property owner's legal right to do so, the written consent of the other public agency is required. In addition, tax revenues of a district may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance authorized district facilities.

(h) Any other governmental facilities that the legislative body creating the community facilities district is authorized by law to contribute revenue to, or construct, own, or operate. However, the district shall not operate or maintain or, except as otherwise provided in subdivisions (e) and (k), have any ownership interest in

any facilities for the transmission or distribution of natural gas, telephone service, or electrical energy.

(i) (1) A district may also pay for the following:

(A) Work deemed necessary to bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations. Only work certified as necessary to comply with seismic safety standards or regulations by local building officials may be financed. No project involving the dismantling of an existing building and its replacement by a new building, nor the construction of a new or substantially new building may be financed pursuant to this subparagraph. Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(B) In addition, within any county or area designated by the President of the United States or by the Governor as a disaster area or for which the Governor has proclaimed the existence of a state of emergency because of earthquake damage, a district may also pay for any work deemed necessary to repair any damage to real property directly or indirectly caused by the occurrence of an earthquake cited in the President's or the Governor's designation or proclamation, or by aftershocks associated with that earthquake, including work to reconstruct, repair, shore up, or replace any building damaged or destroyed by the earthquake, and specifically including, but not limited to, work on any building damaged or destroyed in the Loma Prieta earthquake that occurred on October 17, 1989, or by its aftershocks. Work may be financed pursuant to this subparagraph only on property or buildings identified in a resolution of intention to establish a community facilities district adopted within seven years of the date on which the county or area is designated as a disaster area by the President or by the Governor or on which the Governor proclaims for the area the existence of a state of emergency.

(2) Work on privately owned property, including reconstruction or replacement of privately owned buildings pursuant to subparagraph (B) of paragraph (1), may only be financed by a tax levy if all of the votes cast on the question of levying the tax, vote in favor of levying the tax, or with the prior written consent to the tax of the owners of all property that may be subject to the tax, in that case the prior written consent shall be deemed to constitute a vote in favor of the tax and any associated bond issue. Any district created to finance seismic safety work on privately owned buildings, including repair, reconstruction, or replacement of privately owned buildings pursuant to this subdivision, shall consist only of lots or parcels that the legislative body finds have buildings that were damaged or destroyed by the earthquake cited pursuant to subparagraph (B) of paragraph (1) or by the aftershocks of that earthquake.

(j) A district may also pay for the following:

(1) Work deemed necessary to repair and abate damage caused to privately owned buildings and structures by soil deterioration. "Soil deterioration" means a chemical reaction by soils that causes structural damage or defects in construction materials including concrete, steel, and ductile or cast iron. Only work certified as necessary by local building officials may be financed. No project involving the dismantling of an existing building or structure and its replacement by a new building or structure, nor the construction of a new or substantially new building or structure may be financed

pursuant to this subparagraph.

(2) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

(k) A district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes of removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meaning set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code.

(l) *Public transit.*

BILL: AB 3021

AUTHOR: ASSEMBLY MEMBER PEDRO NAVA
(D-SANTA BARBARA)

SUBJECT: CALIFORNIA TRANSPORTATION FINANCING AUTHORITY

STATUS: ASSEMBLY APPROPRIATIONS COMMITTEE

POSITION: SUPPORT

RECOMMENDATION

Adopt a “Support” position for AB 3021 (Nava) which would establish the California Transportation Financing Authority (CTFA) to facilitate construction of transportation projects including authority to approve tolling projects.

ISSUE

Currently, local agencies must use the process established by AB 1467 to implement tolling project agreements. AB 3021 would provide an additional option for obtaining approval of tolling projects. The CTFA would also provide assistance and resources for local agencies to implement transportation projects.

PROVISIONS

Existing law generally provides for programming and allocation of transportation capital improvement funds pursuant to the state transportation improvement program process administered by the California Transportation Commission (CTC). Existing law authorizes the development of toll road projects under certain conditions. Existing law authorizes the commission and the Department of Transportation (Caltrans) to operate and manage the Transportation Finance Bank to make loans for transportation projects. Existing law creates the California Infrastructure and Economic Development Bank to assist in the financing of various public infrastructure projects. Existing law authorizes the state to issue tax-exempt revenue anticipation notes backed by federal transportation appropriations.

AB 3021 would establish the California Transportation Financing Authority (CTFA) to be chaired by the State Treasurer, to facilitate construction of transportation projects by issuing or approving the issuance of bonds and providing authority to local agencies to implement tolling projects.

Specifically, AB 3021 would:

- create the CTFA to issue bonds to fund transportation projects to be backed by various revenue streams of transportation funds, and toll revenues, in order to increase the

- construction of new capacity or improvements for the state transportation system consistent with the State's air quality goals; and
- allow the authority to approve the imposition and collection of tolls on a proposed project under certain conditions.

IMPACT ANALYSIS

The objective of the CFTA would be to increase the construction of new capacity or improvements for the state transportation system in a manner that is consistent with and will help meet the state's greenhouse gas reduction goals, air quality improvement goals, and natural resource conservation goals through the issuance of bonds, or the approval of the issuance of bonds backed by revenue streams including tolling revenues.

Given dwindling state and federal resources for transportation infrastructure, this measure would provide local agencies another financing option for transportation projects. AB 3021 would provide project sponsors, such as us, access to beneficial rates and financing with fewer requirements, avoiding private financing that can be restrictive and include unreasonable terms agreements. The CFTA could also review and approve a financial agreement with a third party to ensure that the financial plan is sound. Projects sponsors could pledge local transportation funds as security for revenue bonds including fuel taxes, sales taxes, local transportation sales taxes, other eligible state revenues, developer fees and tolls. Projects sponsors may also apply for bond financing of a transportation project that has been approved by the Caltrans and the CTC.

In addition, the CTFA would authorize a project sponsor or Caltrans to impose and collect tolls as a source of bond repayment and to implement congestion management mechanisms. AB 3021 provides a complete, additional, and alternative method of accomplishing the matters authorized, and the project sponsor need not comply with any other law relating to the issuance of bonds, financing of projects and if applicable the imposition and allocations of tolls. By using the process established under AB 3021, project sponsors would not have to go to the legislature to obtain approval of their tolling project. This would also expand the current limit of 4 tolling projects in the State established by AB 1467.

The CTFA would be a seven-member authority comprised of the following members:

- a) the treasurer (chair).
- b) the director of the Department of Finance.
- c) the Controller.
- d) the Caltrans director.
- e) the executive director of the California Transportation Commission (CTC).
- f) a local agency representative appointed by the Senate Rules Committee.
- g) a local agency representative appointed by the Assembly Speaker.

We could benefit from this measure by using the AB 3021 process to obtain approval for tolling projects that have support in the region. We would also not be restricted by the limits established under AB 1467. Although the legislature would not have a formal role to approve the tolling projects, we must have general consensus for the projects from the legislature and the public.

In addition, AB 3021 could provide a more expeditious process by requiring that the CFTA and the CTC engage in a process that is not sequential but rather cooperative so that the approval can be provided at the same time.

Staff recommends a support position on AB 3021. AB 3021 is sponsored by State Treasurer Bill Lockyer

SUPPORT

State Treasurer Bill Lockyer (sponsor)

State Building and Construction Trades Council of California,AFL-CIO

OPPOSE

Environmental Defense

ATTACHMENT E-2

BILL NUMBER: AB 3021 AMENDED
BILL TEXT

AMENDED IN ASSEMBLY MAY 7, 2008
AMENDED IN ASSEMBLY APRIL 8, 2008

INTRODUCED BY Assembly Member Nava

FEBRUARY 22, 2008

An act to add Division 3 (commencing with Section 64100) to Title 6.7 of the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 3021, as amended, Nava. California Transportation Financing Authority.

Existing law generally provides for programming and allocation of transportation capital improvement funds pursuant to the state transportation improvement program process administered by the California Transportation Commission. Existing law authorizes the development of toll road projects under certain conditions. Existing law authorizes the commission and the Department of Transportation to operate and manage the Transportation Finance Bank to make loans for transportation projects. Existing law creates the California Infrastructure and Economic Development Bank to assist in the financing of various public infrastructure projects. Existing law authorizes the state to issue tax-exempt revenue anticipation notes backed by federal transportation appropriations.

This bill would create the California Transportation Financing Authority with specified powers and duties relative to issuance of ~~revenue~~ bonds to fund transportation projects to be backed by various revenue streams of transportation funds, and toll revenues under certain conditions, in order to ~~facilitate~~ increase the construction of ~~additional~~ new capacity ~~on~~ ~~or improvements for the state~~ ~~highway~~ transportation system consistent with specified goals

. The bill would set forth the requirements for a project sponsor to obtain bond funding from the authority, would allow the authority to approve the imposition and collection of tolls on a proposed project under certain conditions, and would enact other related provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Division 3 (commencing with Section 64100) is added to

Title 6.7 of the Government Code, to read:

DIVISION 3. CALIFORNIA TRANSPORTATION FINANCING AUTHORITY

64100. This division shall be known and may be cited as the California Transportation Financing Authority Act.

~~64100.~~ (a)

64101. The California Transportation Financing Authority is hereby created in state government. The authority constitutes a public instrumentality, and the exercise by the authority of the powers conferred by this division shall be deemed and held to be the performance of an essential public function.

~~(b)~~

64102. As used in this division, the following terms shall have the following meanings, unless the context clearly indicates or requires another or different meaning or intent:

~~(1)~~

(a) "Authority" shall mean the California Transportation Financing Authority.

(b) "Bonds" shall mean bonds, notes, debentures, commercial paper, or any other evidence of indebtedness, lease, installment, sale, or certificate of participation thereon, issued by the authority or a project sponsor pursuant to this division.

~~(2)~~

(c) "Commission" shall mean the California Transportation Commission.

(d) "Cost," as applied to a project or portion of a project financed under this division, shall mean and include all or any part of the cost of construction and acquisition of all lands, structures, real or personal property rights, rights-of-way, franchises, easements, and interests acquired or used for a project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during, and for a period not to exceed the later of one year or one year following completion of construction, as determined by the authority, the cost of insurance during construction, the cost of funding or financing noncapital expenses, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations, and improvements, the cost of engineering, service contracts, financial and legal services, plans, specifications, studies, surveys, estimates, administrative expenses, and other expenses of funding or financing, that are necessary or incident to determining the feasibility of constructing any project, or that are incident to the construction, acquisition, or financing of any project.

~~(3)~~

(e) "Department" shall mean the Department of Transportation.

(f) "Project" shall mean and include all or a portion of the planning, design, development, finance, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation, or

maintenance of highway, public street, rail, or related facilities supplemental to or improvements upon existing facilities currently owned and operated by the department or other project sponsor.

—(4)

(g) "Project sponsor" shall mean either the department, a regional transportation planning agency designated pursuant to Section 29532 or 29532.1, a county transportation commission as defined in Section 130050, 130050.1, or 130050.2 of the Public Utilities Code, any other local or regional transportation entity that is designated by statute as a regional transportation agency, a joint exercise of powers authority as defined in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, with the consent of a transportation planning agency or a county transportation commission for the jurisdiction in which the transportation project will be developed, or an agency designated pursuant to Section 66531 to submit the county transportation plan.

(h) "Working capital" means moneys to be used by, or on behalf of, a project sponsor to pay or prepay maintenance or operation expenses or any other costs that would be treated as an expense item, under generally accepted accounting principles, in connection with the ownership or operation of a project, including, but not limited to, reserves for maintenance or operation expenses, interest for not to exceed one year on any loan for working capital made pursuant to this division, and reserves for debt service with respect to, and any costs necessary or incidental to, that financing.

—(e)

641 03. (a) The authority shall consist of seven members, as follows:

- (1) The Treasurer, who shall serve as the chair of the authority.
- (2) The Director of Finance.
- (3) The Controller.
- (4) The Director of Transportation.
- (5) The executive director of the commission.
- (6) A local agency representative appointed by the Senate

Committee on Rules.

(7) A local agency representative appointed by the Speaker of the Assembly.

(b) Members of the authority shall serve without compensation, but the authority may reimburse its members for necessary expenses incurred in the discharge of their duties.

(c) The Director of Finance may designate an employee of the Department of Finance to act for him or her at all meetings of the authority.

(d) The director of the department may designate an employee of the department to act for him or her at all meetings of the authority.

(e) The executive officer of the commission may designate an employee of the commission to act for him or her at all meetings of the authority.

—(d)

(f) The chair of the authority shall appoint an executive director. The offices of the authority shall be located in the Office of the Treasurer. The authority may, by resolution, delegate to one or more of its members or its executive director powers and duties that it may deem proper, including the power to

enter into contracts on behalf of the authority. The executive director may appoint a deputy executive director. In the absence of the executive director, the chairperson may appoint a deputy executive director.

~~—(e) Funding for operation of the authority shall be derived from a fee imposed on the bonds issued by the authority.~~

64104. The provisions of this division shall be administered by the authority, which shall have and is hereby vested with all powers reasonably necessary to carry out the powers and responsibilities expressly granted or imposed under this division.

~~—64101.—~~ 64105. The objective of the authority shall be to increase the construction of new capacity or improvements for the state ~~highway system~~ transportation system in a manner that is consistent with and will help meet the state's greenhouse gas reduction goals, air quality improvement goals, and natural resource conservation goals, through the issuance of, or the approval of the issuance of, ~~—revenue—~~ bonds backed by the revenue streams specified in Section ~~—64102—~~ 64109 .

64106. (a) The Attorney General shall be the legal counsel for the authority, however, with the approval of the Attorney General, the authority may employ legal counsel as in its judgment is necessary or advisable to carry out the duties and functions imposed upon it by this division, including the employment of bond counsel as may be deemed advisable in connection with the issuance and sale of bonds.

(b) The Treasurer shall be the treasurer for the authority.

64107. The authority may do any of the following:

(a) Adopt bylaws for the regulation of its affairs and the conduct of its business.

(b) Adopt an official seal.

(c) Sue and be sued in its own name.

(d) Receive and accept from any agency of the United States, any agency of the state, or any municipality, county, or other political subdivision thereof, or from any individual, association, or corporation gifts, grants, or donations of moneys for achieving any of the purposes of this division.

(e) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this division.

(f) Receive and accept from any source loans, contributions, or grants for, or in aid of, the construction, financing, or refinancing of a project or any portion of a project in money, property, labor, or other things of value.

(g) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any project sponsor in connection with the financing of a project or working capital in accordance with an agreement between the authority and the project sponsor. However, no loan to finance a project shall exceed the total cost of the project, as determined by the project sponsor and approved by the authority.

(h) Make secured or unsecured loans to, or purchase secured or unsecured loans of, any project sponsor in accordance with an agreement between the authority and the project sponsor to refinance indebtedness incurred by that project sponsor in connection with projects undertaken or for projects acquired or for working capital.

(i) Mortgage all or any portion of the interest of the authority in a project and the property on which that project is located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible, and to assign or pledge all or any portion of the interests of the authority in mortgages, deeds of trust, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible, of projects for which the authority has made loans, and the revenues therefrom, including payments or income from any thereof owned or held by the authority, for the benefit of the holders of bonds issued to finance a project or issued to refund or refinance outstanding indebtedness of project sponsors as permitted by this division.

(j) Charge and equitably apportion among project sponsors, the administrative costs and expenses incurred by the authority in the exercise of its powers and duties conferred by this division.

(k) Obtain, or aid in obtaining, from any department or agency of the United States or of the state, any private company, any insurance or guarantee as to, of, or for the payment or repayment of, interest or principal, or both, or any part thereof, on any bond, loan, lease, or obligation, or any instrument evidencing or securing the loan, lease, or obligation, made or entered into pursuant to this division; and notwithstanding any other provisions of this division, to enter into any agreement, contract, or any other instrument whatsoever with respect to that insurance or guarantee, to accept payment in the manner and form as provided therein in the event of default by a project sponsor, and to assign that insurance or guarantee as security for the authority's bonds.

(l) Enter into any and all agreements or contracts, including agreements for liquidity and credit enhancement and interest rate swaps or hedges, execute any and all instruments, and do and perform any and all acts or things necessary, convenient, or desirable for the purposes of the authority or to carry out any power expressly granted by this division.

(m) Invest any moneys held in reserve or sinking funds or any moneys not required for immediate use or disbursement, at the discretion of the authority, in any obligations authorized by the resolution authorizing the issuance of the bonds secured thereof or authorized by law for the investment of trust funds in the custody of the Treasurer.

(n) Employ and fix the compensation of bond counsel, financial consultants, and advisers as may be necessary in its judgment in connection with the issuance and administration of any bonds; contract for engineering, architectural, accounting, or other services as may be necessary in the judgment of the authority for the successful development of any project; and pay the reasonable costs of consulting engineers, architects, accountants, and construction experts employed by any project sponsor if, in the judgment of the authority, those services are necessary to the successful development of any project, and those services are not obtainable from any public agency.

64108. All expenses of the authority incurred in carrying out the provisions of this division shall be payable solely from funds provided pursuant to this division, and no liability shall be incurred by the authority beyond the extent to which moneys shall have been provided under this division. Under no circumstances shall the authority create any debt, liability, or obligation on the part

of the State of California payable from any source whatsoever other than the moneys provided under the provisions of this division.

~~64102.~~ The authority

64109. (a) In connection with any project financed pursuant to this division, the project sponsor may pledge the following revenue sources as security for revenue bonds issued by the authority:

~~(a)~~

(1) Local transportation funds, including, but not limited to, fuel taxes, Article XIX B fuel sales taxes, local transportation sales taxes, other state revenues approved for this purpose by the Legislature or by initiative, and developer fees.

~~(b)~~

(2) Tolls, on facilities where not otherwise prohibited by statute, collected by a project sponsor with the approval of the authority.

(b) Where the authority is issuing bonds to finance a project, the authority shall accept a project sponsor's pledge made pursuant to subdivision (a) and pledge those revenues to the repayment of bonds issued to finance the applicable project.

~~64103.~~ 64110. (a) A project sponsor may apply to the authority for bond financing of a transportation project that has been approved by the department and the commission for construction.

(b) The authority shall also ensure that the following requirements are met for a project to be financed by the authority to the extent these criteria have not already been met through approval of the project by the commission:

(1) The project complies with all relevant statutes applicable to planning, programming, and construction of transportation improvement projects, and is contained in ~~a regional transportation plan~~ the constrained portion of a regional transportation plan prepared pursuant to Section 65080 .

(2) The project sponsor has cooperated with the department to secure its support for the project and to ensure that the project is consistent with the needs and requirements of the state ~~highway~~ transportation system.

(3) The project is technically feasible in that it conforms to federal standards, meets or exceeds environmental requirements, ~~is able to be constructed on right of way available for highway purposes that is in the possession of the department or the project sponsor, and it~~ and has been approved as to all necessary permits that will enable its construction.

(4) The project is financially feasible, as determined pursuant to Section ~~64104~~ 64111 .

(5) Performance measures have been developed for the project to enable the commission to track and report on the project's progress to the Legislature in the commission's annual report prepared pursuant to Section 14535.

(c) The authority shall have no power to plan projects, or to approve projects other than provided in this division. The authority shall have no power to assume any of the planning, programming, or allocation authority of the department or the commission.

~~64104.~~ 64111. (a) Prior to issuing or approving the issuance of bonds for a project, the authority shall

determine that the revenues available for a project will be sufficient to pay debt service on the bonds and to operate and maintain the project over the life of the bonds. The authority may hire outside consultants to assist in making these determinations.

(b) The authority may issue or approve the issuance of bonds ~~that do not possess~~ to achieve any of its purposes under this division and bonds may be issued without investment grade ratings, as long as the bonds are sold only to ~~sophisticated~~ qualified institutional buyers or accredited investors who attest upon purchase that they understand the nature of the risks of their investment. The bonds may be taxable or tax-exempt and may be sold at public or private sale. The Treasurer shall serve as the agent for sale for all authority bond issues, and shall be reimbursed from bond proceeds to cover the Treasurer's costs related to the issuance of these bonds. As used in this subdivision, "accredited investor" shall have the meaning as defined in subdivision (a) of Section 5950, and "qualified institutional buyer" shall have the meaning as defined in subdivision (h) of Section 5950.

(c) The project sponsor may request that it be the issuer of the bonds. The authority may grant the request if it determines that the revenues available for the project will be sufficient to pay debt service on the bonds and to operate and maintain the project over the life of the bonds. A project sponsor for which the authority has granted a request that the project sponsor issue the bonds, in addition to any other powers it may have under any other law, shall have all of the powers of the authority under this division necessary or convenient for the purpose of issuing, securing, and repaying the bonds and financing or refinancing the project. This provision is a complete, additional, and alternative method of accomplishing the matters authorized, and the project sponsor need not comply with any other law relating to the issuance of bonds, financing of projects and, if applicable, the imposition and allocation of tolls.

(d) The authority may arrange additional credit support for the bond issues. However, the authority may not compel project sponsors to make use of that credit enhancement, nor compel them to contribute to it by becoming part of a common credit or by providing funding for a common reserve or other enhancement mechanism.

~~64105. The~~

64112. Notwithstanding any other provision of law, the authority may authorize a project sponsor, or the department, to impose and collect tolls as one source of financing to pay debt service and to operate and maintain a project under the following conditions:

~~(a) The project will provide new and additional transportation capacity on the state highway system.~~

~~(b)~~

(a) The governing body of the project sponsor, by a majority vote of the body, or, for projects sponsored by the department, the commission, has approved the imposition of tolls on users of the project, or a majority of the voters within the jurisdiction of the project sponsor has approved a ballot measure imposing the tolls.

~~(c) Each~~

(b) Each highway project for which tolls are imposed shall have nontolled alternative lanes

available for public use in the same corridor as the proposed toll project.

~~—(d)~~

(c) The approval of the tolls pursuant to subdivision

~~—(b)—~~ (a) shall require that the tolls be set and maintained at a level *expected to be sufficient* to pay debt service, operations, and maintenance of the project over the life of the bonds.

~~—(e)~~

(d) The project's financial pro forma shall incorporate life cycle costs for the project, including revenues to pay for maintenance, operation, and rehabilitation.

~~—(f)~~

(e) Subject to any constraints in the bond documents necessary to make the bonds marketable, excess revenues from operation of the project, including toll revenues, shall be used exclusively in the corridor from which the revenue was generated to fund ~~construction~~ *acquisition, construction, improvement, maintenance, or operation* of high-occupancy vehicle facilities, other transportation purposes, or transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan.

~~—(g)~~

(f) Except for purposes of implementing congestion management mechanisms pursuant to Section ~~64106~~

64113, tolls may not be set to generate more revenue than the cost of paying debt service on the bonds, operating and maintaining the project, and providing transportation improvements to the corridor pursuant to subdivision ~~—(f)—~~ (e)

~~64106.—~~ 64113. A project sponsor of a project imposing tolls may incorporate congestion management mechanisms to ~~increase mobility and regulate usage~~ *regulate usage and increase mobility, accessibility, and environmental benefits*.

~~64107.—~~ 64114. The authority and the commission shall develop an approval process that results in project approval by the commission and financing approval by the authority in a cooperative manner that is not sequential, in order that both approvals may be delivered to a project at approximately the same time. Both agencies shall work with potential project sponsors to ensure that projects are developed and brought forward for approval in a manner consistent with the commission's project requirements and the authority's financing requirements.

64115. (a) *The authority is authorized, from time to time, to issue its negotiable bonds in order to provide funds for achieving any of its purposes under this division.*

(b) *Except as may otherwise be expressly provided by the authority, each of its bonds shall be payable from any revenues or moneys of the authority available therefor and not otherwise pledged, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues or moneys. Notwithstanding that those bonds may be payable from a special fund, they shall be and be deemed to be for all purposes negotiable instruments, subject only to the provisions of those bonds for registration.*

(c) *The authority's bonds may be issued as serial bonds or as term bonds, or the authority, in its discretion, may issue bonds of both*

types. The issuance of all bonds shall be authorized by resolution of the authority and shall bear the date or dates, mature at the time or times not exceeding 40 years from their respective dates, bear interest at the rate or rates, be payable at the time or times, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in lawful money of the United States of America at the place or places, and be subject to the terms of redemption, as the indenture, trust agreement, or other document authorized by the resolution, or resolution itself may provide. The authority's bonds or notes may be sold by the Treasurer at public or private sale, after giving due consideration to the recommendation of the project sponsor, for such price or prices and upon such terms and conditions as the authority shall determine. The Treasurer may sell those bonds at a price below the par value thereof. However, the discount on any bonds so sold shall not exceed 6 percent of the par value thereof, except in the case of any bonds payable in whole or in part from moneys held under one or more outstanding resolutions or indentures. Pending preparation of the definitive bonds, the authority may issue interim receipts or certificates or temporary bonds that shall be exchanged for those definitive bonds.

(d) Any resolution or resolutions authorizing the issuance of any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to pledging all or any part of the revenues of a project or any revenue-producing contract or contracts made by the authority with any individual, partnership, corporation, or association or other body, public or private, to secure the payment of the bonds or of any particular issue of bonds.

(e) Neither the members of the authority nor any person executing the bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(f) The authority shall have power out of any funds available therefor to purchase its bonds. The authority may hold, pledge, cancel, or resell the bonds, subject to and in accordance with agreements with bondholders.

64116. In the discretion of the authority, any bonds issued under this division may be secured by a trust agreement

or indenture by and between the authority and a corporate trustee or trustees, which may be the Treasurer or any trust company or bank having the powers of a trust company within or without the state. The trust agreement, indenture, or the resolution providing for the issuance of those bonds may pledge or assign the revenues to be received from a project sponsor or pursuant to any revenue-producing contract or as pledged by the authority pursuant to Section 64109. The indenture, trust agreement, or resolution providing for the issuance of those bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including, particularly, provisions as have been specifically authorized to be included in any resolution or resolutions of the authority authorizing bonds thereof. The trust agreement or indenture may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action of bondholders. In addition to the foregoing, the indenture, trust agreement, or resolution may contain other provisions as the

authority may deem reasonable and proper for the security of the bondholders.

64117. Bonds issued under this division shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of the political subdivision, other than the authority, but shall be payable solely from the funds herein provided. The bonds shall contain on the face thereof a statement to the effect that neither the State of California nor the authority shall be obligated to pay the principal of, or the interest thereon, except from revenues pledged therefor by the authority, and that neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or the interest on those bonds. The issuance of bonds under the provisions of this division shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation therefor or to make any appropriation for their payment.

64118. Any holder of bonds issued under this division or any of the coupons appertaining thereto, and the trustee or trustees under any indenture or trust agreement, except to the extent the rights herein given may be restricted by any resolution authorizing the issuance of, or any indenture or trust agreement securing, the bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under the resolution or indenture or trust agreement, and may enforce and compel the performance of all duties required by this division or by the resolution, indenture, or trust agreement to be performed by the authority or by any officer, employee, or agent thereof.

64119. All moneys received pursuant to this division, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this division. Until the funds are applied as provided in this division, and notwithstanding any other provision of law, the moneys may be invested in any obligations or securities authorized by resolution of the authority authorizing the issuance of the bonds or indenture or trust agreement securing the bonds. Any officer with whom, or any bank or trust company with which, the moneys are deposited shall act as trustee of the moneys and shall hold and apply the moneys for the purposes hereof, subject to any regulations adopted pursuant to this division, and the resolution authorizing the issuance of the bonds or the indenture or trust agreement securing the bonds.

64120. (a) The authority may provide for the issuance of bonds of the authority for the purpose of refunding any bonds or any series or issue of bonds of the authority then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption, purchase, or maturity of the bonds.

(b) The proceeds of any bonds issued for the purpose of refunding of outstanding bonds may, in the discretion of the authority, be applied to the purchase, redemption prior to maturity, or retirement at maturity of any outstanding bonds on their earliest redemption date or dates, upon their purchase or maturity, or paid to a third person to assume the authority's obligation to make the payments, and may, pending that application, be placed in escrow to be applied to the purchase, retirement at maturity, or redemption on the date or

dates determined by the authority.

(c) Any proceeds placed in escrow may, pending their use, be invested and reinvested in obligations or securities authorized by resolutions of the authority, payable or maturing at the time or times as are appropriate to ensure the prompt payment of the principal, interest, and redemption premium, if any, of the outstanding bonds to be refunded at maturity or redemption of the bonds to be refunded either at their earliest redemption date or dates or any subsequent redemption date or dates or for payment of interest on the refunding bonds on or prior to the final date of redemption or payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of the proceeds and interest, income, and profits, if any, earned or realized on the investments thereof may be returned to the authority for use by the authority.

(d) All of the refunding bonds are subject to this division in the same manner and to the same extent as other bonds issued pursuant to this division.

64121. Bonds issued by the authority under this division are hereby made securities in which all banks, bankers, savings banks, trust companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who now are or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest any funds, including capital belonging to them or within their control; and the bonds, notes or other securities or obligations are hereby made securities that may properly and legally be deposited with and received by any state or municipal officers or agency of the state for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law.

64122. Any bonds issued under this division, their transfer, and the income therefrom shall at all times be free from taxation of every kind by the state and by all political subdivisions in the state.

64123. The State of California does pledge to and agree with the holders of the bonds issued pursuant to this division, and with those parties who may enter into contracts with the authority pursuant to this division, that the state will not limit, alter, or restrict the rights hereby vested in the authority to finance projects and to authorize the imposition and collection of tolls and to fulfill the terms of any agreements made with the holders of bonds authorized by this division, and with the parties who may enter into contracts with the authority pursuant to this division, or in any way impair the rights or remedies of the holders of those bonds or those parties until the bonds, together with interest thereon, are fully paid and discharged and the contracts are fully performed on the part of the authority. The authority as a public body, corporate and politic, shall have the right to include the pledge herein made in its bonds and contracts.

64124. A pledge by or to the authority of revenues, moneys, accounts, accounts receivable, contract rights, and other rights to payment of whatever kind made by or to the authority pursuant to the authority granted in this division shall be valid and binding from the time the pledge is made for the benefit of pledges and successors

thereto. The revenues, moneys, accounts, accounts receivable, contract rights, and other rights to payment of whatever kind pledged by or to the authority or its assignees shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien of the pledge shall be valid and binding against all parties, irrespective of whether the parties have notice of the claim. The indenture, trust agreement, resolution, or another instrument by which the pledge is created need not be recorded.

64125. Each lease entered into by the authority with a project sponsor and each agreement, note, mortgage, or other instrument evidencing the obligations of a project sponsor to the authority shall provide that the rents or principal, interest, and other charges payable by the project sponsor shall be sufficient at all times, (a) to pay the principal of, sinking fund payments, if any, the premium, if any, and the interest on outstanding bonds of the authority issued in respect of such project as the same shall become due and payable, (b) to create and maintain reserves which may, but need not, be required or provided for in the resolution relating to the bonds of the authority, and (c) to pay its share of the administrative costs and expenses of the authority. The authority shall pledge the revenues derived, and to be derived, from a project or from a project sponsor for the purposes specified in (a), (b), and (c) of the preceding sentence and additional bonds may be issued which may rank on a parity with other bonds relating to the project to the extent and on the terms and conditions provided in the bond resolution.

64126. When the principal of and interest on bonds issued by the authority to finance the cost of a project or working capital or to refinance outstanding indebtedness of one or more project sponsors, including any refunding bonds issued to refund and refinance those bonds, have been fully paid and retired or when adequate provision has been made to fully pay and retire those bonds, and all other conditions of the resolution, the lease, the trust indenture and any mortgage or deed of trust, security interest, or any other instrument or instruments authorizing and securing the bonds have been satisfied and the lien of the mortgage, deed of trust, or security interest has been released in accordance with the provisions thereof, the authority shall promptly do all things and execute those releases, release deeds, reassignments, deeds, and conveyances necessary and required to convey or release any rights, title, and interest of the authority in the project so financed, or securities or instruments pledged or transferred to secure the bonds, to the project sponsor or sponsors.

64127. (a) This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized by this code, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds and the financing of projects or the imposition and collection of tolls under this chapter need not comply with any other law applicable to the issuance of bonds, including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) Except as provided in subdivision (a), the financing of a project pursuant to this division shall not exempt a project from any requirement of law that is otherwise applicable to the project, and the project sponsor shall provide documentation, before the authority

approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

64128. To the extent that the provisions of this division are inconsistent with any other provisions of any general statute or special act or parts thereof, the provisions of this division shall be deemed controlling.

64128. To the extent that the provisions of this division are inconsistent with any other provisions of any general statute or special act or parts thereof, the provisions of this division shall be deemed controlling.

64129. Any net earnings of the authority beyond that necessary for retirement of any obligations issued by the authority or to implement the purposes of this division may inure to the benefit only of the state or the authority.

64130. Upon dissolution of the authority, title to all property owned by the authority shall vest in the successor authority created by the Legislature, if any, if the successor authority qualifies under Section 103 of the federal Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder, as an authority entitled to issue obligations on behalf of the State of California the interest on which is exempt from federal income taxation. If no successor authority is so created, title to the property shall vest in the state.

~~64108.~~ 64131. Nothing in this division is intended to limit the authority to develop and finance high-occupancy toll lanes pursuant to Section 149.4, 149.5, or 149.6 of the Streets and Highways Code , or to limit the ability of any agency that has existing authority to issue bonds.

