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**AB-422 Sacramento Regional Transit District: line of credit.** (2015-2016)

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**Assembly Bill No. 422**

**CHAPTER 328**

An act to add Section 102584 to the Public Utilities Code, relating to transit.

[ Approved by Governor September 28, 2015. Filed with Secretary of State September 28, 2015. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 422, McCarty. Sacramento Regional Transit District: line of credit.

Existing law provides for the creation of the Sacramento Regional Transit District, with specified powers and duties relative to the provision of public transit services. Existing law authorizes the district to engage in temporary borrowing, as specified.

This bill would authorize the district to seek and obtain a short-term revolving line of credit for operating purposes in anticipation of receipt of federal operating grants, with the extension of credit to the district evidenced by a note, in addition to and as an alternative to temporary borrowing, as specified. The bill would authorize the district to pledge anticipated federal grants and other available funds as security for repayment of the note and would prescribe other terms.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

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

**SECTION 1.** Section 102584 is added to the Public Utilities Code, to read:

**102584.** In addition to, and as an alternative to, the borrowing authority in Section 102582, the district may seek and obtain a short-term revolving line of credit for operating purposes in anticipation of receipt of federal operating grants, with the extension of credit to the district evidenced by a note, pursuant to a resolution adopted by the board of directors of the district. The district may pledge the anticipated grants and any other funds available to the district, including, but not limited to, fare revenues collected by the district in connection with the operation of its transit system and any other revenues, income, or receipts, as security for repayment of the note, the interest on the note, and the related obligations evidenced by the note. The note shall have a maturity date of not more than 60 months from the date of issuance. The district may pledge anticipated federal operating grants and other available funds over a multiyear period. Notwithstanding the 60-month maturity period for the line of credit, the maximum indebtedness under the note shall not exceed the maximum amount in federal operating grant revenues that the district anticipates receiving in the next fiscal year. Immediately upon receipt thereof, the district shall set aside and apply all amounts received from the pledged federal operating grant revenues to the repayment of any outstanding indebtedness incurred pursuant to this section, and these federal operating grant revenues may not be used for any other purpose until such time as the indebtedness is fully repaid.