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SB-1207 Energy: conservation: financial assistance. (2015-2016)

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Senate Bill No. 1207

CHAPTER 675

An act to amend Sections 25417.5 and 25421 of the Public Resources Code, relating to energy, and making an appropriation therefor.

[Approved by Governor September 26, 2016. Filed with Secretary of State September 26, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1207, Hueso. Energy: conservation: financial assistance.

Existing law requires the State Energy Resources Conservation and Development Commission to administer the State Energy Conservation Assistance Account, a continuously appropriated account in the General Fund, to provide grants and loans, until January 1, 2018, to schools, hospitals, public care institutions, and local governments to maximize energy use savings. For this purpose, existing law authorizes the commission, among other things, to borrow moneys from specified entities, including the California Infrastructure and Economic Development Bank, as specified, and pledge specified loans or the principal and interest payments on those loans to provide collateral in connection with those borrowed moneys. Existing law also authorizes the commission to enter into pledge agreements setting forth the terms and conditions pursuant to which the commission is making those pledges.

This bill would extend the operation of all of those provisions to January 1, 2028, and would thereby make an appropriation by extending the time during which the funds deposited in a continuously appropriated account are made available for expenditure. The bill would authorize the commission to pledge collateral to secure the repayment of bonds or other borrowings by the California Infrastructure and Economic Development Bank. The bill would also expressly authorize the commission to enter into pledge agreements pursuant to which the commission is pledging collateral to secure the repayment of bonds or other borrowings by the California Infrastructure and Economic Development Bank.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 25417.5 of the Public Resources Code is amended to read:

25417.5. (a) In furtherance of the purposes of the commission as set forth in this chapter, the commission has the power and authority to do all of the following:

- (1) Borrow money, for the purpose of obtaining funds to make loans pursuant to this chapter, from the California Economic Development Financing Authority, the California Infrastructure and Economic Development Bank, and the California Consumer Power and Conservation Financing Authority from the proceeds of revenue bonds issued by any of those agencies.

(2) Pledge collateral to secure the repayment of moneys borrowed pursuant to paragraph (1) or of bonds or other borrowings by the California Infrastructure and Economic Development Bank. The commission may pledge, as collateral for these purposes, the loans made pursuant to this chapter or former Chapter 5.4 (commencing with Section 25440) or the principal and interest payments on loans made pursuant to this chapter or former Chapter 5.4 (commencing with Section 25440). These pledges shall be subject to Chapter 5.5 (commencing with Section 5450) of Division 6 of Title 1 of the Government Code.

(3) Sell loans made pursuant to this chapter or former Chapter 5.4 (commencing with Section 25440), at prices determined in the sole discretion of the commission, to the California Economic Development Financing Authority, the California Infrastructure and Economic Development Bank, and the California Consumer Power and Conservation Financing Authority to raise funds to enable the commission to make loans to eligible institutions.

(4) Enter into loan agreements or other contracts necessary or appropriate in connection with the pledge or sale of loans pursuant to paragraph (2) or (3), or the borrowing of money as provided in paragraph (1), containing any provisions that may be required by the California Economic Development Financing Authority, the California Infrastructure and Economic Development Bank, or the California Consumer Power and Conservation Financing Authority as conditions of issuing bonds to fund loans to, or the purchase of loans from, the commission.

(b) In connection with the pledging of loans, or of the principal and interest payment on loans, pursuant to paragraph (2) of subdivision (a), the commission may enter into pledge agreements setting forth the terms and conditions pursuant to which the commission is pledging loans or the principal and interest payment on loans, including the pledging of loans or the principal and interest payment on loans as collateral to secure the repayment of bonds or other borrowings by the California Infrastructure and Economic Development Bank, and may also agree to have the loans held by bond trustees or by independent collateral or escrow agents and to direct that payments received on those loans be paid to those trustee, collateral, or escrow agents.

(c) The commission may employ financial consultants, legal advisers, accountants, and other service providers, as may be necessary in its judgment, in connection with activities pursuant to this chapter.

(d) Notwithstanding any other provision of law, this chapter provides a complete, separate, additional, and alternative method for implementing the measures authorized by this chapter, including the authority of the eligible institutions or local jurisdictions to have borrowed and to borrow in the future pursuant to loans made pursuant to this chapter or former Chapter 5.4 (commencing with Section 25440), and is supplemental and additional to powers conferred by other laws.

SEC. 2. Section 25421 of the Public Resources Code is amended to read:

25421. (a) Except as provided in subdivision (b), this chapter shall remain in effect only until January 1, 2028, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2028, deletes or extends that date.

(b) Except as specified in subdivisions (c) and (d), all loans outstanding as of January 1, 2028, shall continue to be repaid on a semiannual basis, as specified in Section 25415, until paid in full. All unexpended funds in the State Energy Conservation Assistance Account on January 1, 2028, and after that date, shall revert to the General Fund.

(c) To the extent required under applicable bond obligations, unexpended funds from the proceeds of bonds sold pursuant to Section 25417.5 that remain in the State Energy Conservation Assistance Account on January 1, 2028, shall remain in the account. These funds shall be expended pursuant to the applicable requirements for bond proceeds. Once all applicable bond obligations have been satisfied, unexpended funds shall revert to the General Fund.

(d) Unexpended funds from the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5) remaining in the State Energy Conservation Assistance Account on January 1, 2028, shall revert to the Federal Trust Fund.