

## 0959 California Debt Limit Allocation Committee

The California Debt Limit Allocation Committee's mission is to allocate tax-exempt private activity bond authority for the State of California. Private activity bonds may only be used by the private sector for projects and programs that provide a public benefit. The major public benefit in California is the creation of affordable housing.

The federal government limits the amount of tax-exempt private activity bond authority that can be issued in a state on an annual basis. The limit of bond authority in 2009 is calculated by multiplying the state population by \$90. California has the largest population, and thus has the largest debt (or tax-exempt bond) limit, which totaled over \$3.3 billion in 2009.

The Committee's allocation of tax-exempt bond authority results in the issuance of bonds by cities, counties, joint powers authorities, and state agencies. The bonds are purchased and used by the private sector and are not an obligation of the state or of the federal government.

The Committee administers six programs that are funded through the allocation and issuance of tax-exempt private activity bonds. Those programs are: (1) the Qualified Residential Rental Project Program, (2) the Single-Family Housing Program, (3) the Extra Credit Home Purchase Program, (4) the Industrial Development Bond Project Program, (5) the Exempt Facility Program, and (6) the Student Loan Program.

The Committee is comprised of the State Treasurer as Chairperson, the Governor, or upon his designation, the Director of Finance, and the State Controller. The Committee is funded on a fee-supported basis.

### 3-YR EXPENDITURES AND PERSONNEL YEARS (Summary of Program Requirements)

	Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
10 California Debt Limit Allocation Committee	8.9	9.0	9.0	\$1,069	\$1,175	\$1,285
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>
<b>FUNDING</b>				<b>2008-09*</b>	<b>2009-10*</b>	<b>2010-11*</b>
0169 California Debt Limit Allocation Committee Fund				\$1,069	\$1,175	\$1,285
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>

### LEGAL CITATIONS AND AUTHORITY

#### DEPARTMENT AUTHORITY

Government Code Section 8869.80 et seq.

### DETAILED BUDGET ADJUSTMENTS

	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
<b>Workload Budget Adjustments</b>						
<b>Other Workload Budget Adjustments</b>						
• Employee Compensation Adjustments	\$-	-\$95	-	\$-	\$-	-
• Retirement Rate Adjustment	-	2	-	-	2	-
• Miscellaneous Adjustments	-	-	-	-	15	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$93</b>	<b>-</b>	<b>\$-</b>	<b>\$17</b>	<b>-</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$93</b>	<b>-</b>	<b>\$-</b>	<b>\$17</b>	<b>-</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>-\$93</b>	<b>-</b>	<b>\$-</b>	<b>\$17</b>	<b>-</b>

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

#### 10 - CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

##### Qualified Residential Rental Project Program:

State and local governmental agencies and joint powers authorities can issue tax-exempt housing revenue bonds. These bonds assist developers of multifamily rental housing units to acquire land and construct new units or purchase and rehabilitate existing units. The tax-exempt bonds lower the interest rate on a mortgage to be paid by the developers. The developers in turn produce affordable and market rate rental housing for low and very low-income households by reducing rental rates to these individuals and families. Projects that receive an award of bond authority have the right to apply for non-competitive four-percent tax credits.

\* Dollars in thousands, except in Salary Range.

## 0959 California Debt Limit Allocation Committee - Continued

### Single-Family Housing Program:

State and local governmental agencies and joint powers authorities can issue tax-exempt mortgage revenue bonds (MRBs) or mortgage credit certificates (MCCs) to assist first-time homebuyers with purchasing homes. These agencies and authorities may issue MRBs, the proceeds of which back below-market interest rate mortgages. As an alternative to issuing MRBs, state and local governmental agencies and joint powers authorities may issue MCCs. Homebuyers use the MCCs to reduce their federal tax liability by applying the credit to their net tax due. Homebuyers may purchase single-family homes, either freestanding detached, condominiums or townhouses. Program participants must meet program income limits and must purchase a home that falls within the program's purchase price limitations.

### Extra Credit Home Purchase Program:

State and local governmental agencies and joint powers authorities can issue MRBs or MCCs to assist teachers, principals and other eligible school staff with purchasing homes. These agencies and authorities may issue MRBs, the proceeds of which back below-market interest rate mortgages. As an alternative to issuing MRBs, state and local governmental agencies and joint powers authorities may issue MCCs. Homebuyers use the MCC to reduce their federal tax liability by applying the credit to their net tax due.

### Industrial Development Bond Project Program:

Small-Issue Industrial Development Bonds (IDBs) are tax-exempt private activity bonds that are issued through state and local governmental agencies to assist manufacturing facilities finance capital expenditures. IDBs offer interest rate savings to small and midsize manufacturers in contrast to conventional loans. When used by manufacturers, IDBs serve to retain and create new jobs within their communities.

### Exempt Facility Program:

Exempt Facility Bonds are tax-exempt private activity bonds that are issued by state and local governmental agencies to finance solid waste disposal and waste recycling facilities. The tax-exempt bonds provide facility owners with low-cost financing in the form of below-market interest rate loans. The interest rate savings enable the project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities they serve meet their mandated requirements to protect and enhance the environment.

### Student Loan Program:

Student Loan Bonds are tax-exempt private activity bonds issued by authorized agencies for the purpose of either financing direct loans to college students and their parents or purchasing bundles of already-originated loans on the secondary market. When used for direct lending programs, tax-exempt bond allocation allows lenders to pass on interest rate savings to financially needy students via below-market interest rate loans. Financially needy students are borrowers for whom the cost to attend college exceeds their ability to pay, as determined by their school's financial aid office.

### DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE</b>			
<b>State Operations:</b>				
0169	California Debt Limit Allocation Committee Fund	\$1,069	\$1,175	\$1,285
<b>Totals, State Operations</b>		<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>
<b>TOTALS, EXPENDITURES</b>				
State Operations		1,069	1,175	1,285
<b>Totals, Expenditures</b>		<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>

### EXPENDITURES BY CATEGORY (Summary By Object)

	<b>1 State Operations</b>			<b>Expenditures</b>		
	<u>Positions/Personnel Years</u>			<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
	2008-09	2009-10	2010-11			
<b>PERSONAL SERVICES</b>						
Authorized Positions (Equals Sch. 7A)	8.9	9.0	9.0	\$538	\$559	\$574
<b>Net Totals, Salaries and Wages</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>\$538</b>	<b>\$559</b>	<b>\$574</b>
Staff Benefits	-	-	-	195	192	197
<b>Totals, Personal Services</b>	<b>8.9</b>	<b>9.0</b>	<b>9.0</b>	<b>\$733</b>	<b>\$751</b>	<b>\$771</b>
<b>OPERATING EXPENSES AND EQUIPMENT</b>						
				\$336	\$424	\$514
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

\* Dollars in thousands, except in Salary Range.

## 0959 California Debt Limit Allocation Committee - Continued

1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
<b>0169 California Debt Limit Allocation Committee Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,238	\$1,268	\$1,285
Allocation for employee compensation	2	-	-
Adjustment per Section 3.60	-	2	-
Reduction per Section 3.90	-12	-95	-
011 Budget Act appropriation (Loan to the General Fund)	(2,000)	-	-
<b>Totals Available</b>	<b>\$1,228</b>	<b>\$1,175</b>	<b>\$1,285</b>
Unexpended balance, estimated savings	-159	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$1,069</b>	<b>\$1,175</b>	<b>\$1,285</b>
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<b>FUND CONDITION STATEMENTS</b>			
	<b>2008-09*</b>	<b>2009-10*</b>	<b>2010-11*</b>
<b>0169 California Debt Limit Allocation Committee Fund <sup>s</sup></b>			
BEGINNING BALANCE			
	\$6,094	\$3,777	\$3,355
Prior year adjustments	-1	-	-
Adjusted Beginning Balance	\$6,093	\$3,777	\$3,355
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	652	652	652
150300 Income From Surplus Money Investments	102	102	102
150500 Interest Income From Interfund Loans	-	-	141
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 0959-011-0169, Budget Act of 2008	-	-	2,000
TO0001 To General Fund loan per Item 0959-011-0169, Budget Act of 2008	-2,000	-	-
Total Revenues, Transfers, and Other Adjustments	-\$1,246	\$754	\$2,895
Total Resources	\$4,847	\$4,531	\$6,250
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	1	1	2
0959 California Debt Limit Allocation Committee (State Operations)	1,069	1,175	1,285
8880 Financial Information System for California (State Operations)	-	-	1
Total Expenditures and Expenditure Adjustments	\$1,070	\$1,176	\$1,288
FUND BALANCE	\$3,777	\$3,355	\$4,962
Reserve for economic uncertainties	3,777	3,355	4,962

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