

0965 California Industrial Development Financing Advisory Commission

The California Industrial Development Financing Advisory Commission (CIDFAC) creates employment opportunities and supports local economic development. CIDFAC meets this goal by approving local entities' issuance of Industrial Development Bonds (IDBs). The IDBs provide manufacturers and knowledge-based industries with a low-cost financing option to build, expand, or equip their facilities in California. CIDFAC independently reviews IDB applications to ensure compliance with federal and state laws and regulations and approves the sale of IDBs by local authorities. Additionally, CIDFAC provides technical assistance to local issuers of IDBs, including cities, counties, industrial development authorities, redevelopment agencies, and joint powers authorities.

The State Treasurer serves as chairperson of the CIDFAC. The other members are the Director of the Department of Finance, the State Controller, the Secretary of the Business, Transportation and Housing Agency, and the Commissioner of the Department of Corporations.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
10 California Industrial Development Financing Advisory Commission	1.0	1.0	1.0	\$197	\$352	\$333
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	1.0	1.0	1.0	\$197	\$352	\$333
FUNDING				2009-10*	2010-11*	2011-12*
0215 Industrial Development Fund				\$122	\$277	\$258
0995 Reimbursements				75	75	75
TOTALS, EXPENDITURES, ALL FUNDS				\$197	\$352	\$333

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code Sections 91500 to 91574, Insurance Code Section 1192.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	-\$11	-	\$-	-\$4	-
• Retirement Rate Adjustment	-	3	-	-	3	-
• Workforce Cap Adjustment	-	-7	-	-	-7	-
• Miscellaneous Baseline Adjustments	-	-	-	-	-26	-
Totals, Other Workload Budget Adjustments	\$-	-\$15	-	\$-	-\$34	-
Totals, Workload Budget Adjustments	\$-	-\$15	-	\$-	-\$34	-
Totals, Budget Adjustments	\$-	-\$15	-	\$-	-\$34	-

PROGRAM DESCRIPTIONS

10 - CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION

The core program area is the Industrial Development Bond (IDB) Program, under which CIDFAC, as required by state law, serves as the mandatory approval agency for local IDB issuers. Once potential borrowers (manufacturers, processing companies and knowledge-based businesses) apply through their local government agency for low cost tax-exempt financing, CIDFAC carefully reviews the public benefits generated by the proposed project, particularly those benefits associated with job creation, and determines whether these benefits will significantly outweigh any detrimental public effects. Eligible capital expenditures include the acquisition of land, building construction, building renovation, and the purchase of machinery and equipment. Bond proceeds also can be used to cover the cost of architects, engineers, attorneys, permits, and the cost of bond issuance. In addition, bond proceeds can also be used to produce intangible products such as patents, copyrights, formulas, processes, designs, trademarks, and know-how. The local issuer can be a city, county, economic development authority, redevelopment agency, or a joint power authority.

Federal law authorizes the issuance of IDBs in local Empowerment Zone Bonds (EZ Bonds). CIDFAC's EZ Bond Program

* Dollars in thousands, except in Salary Range.

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augments the benefits of the IDB program to further support economic development in California's most distressed communities. The EZ Bond Program expands the eligibility of borrowers to manufacturers, retailers, and any service that operates in an Empowerment Zone. The EZ Bond program removes the maximum dollar restriction (applicable to IDBs) on the size of the issuance. There are five federally designated Empowerment Zones in California: Los Angeles, Santa Ana, San Diego, Fresno and an unincorporated section of Riverside County. These communities received this federal designation based on their high unemployment and high poverty rates.

The American Recovery and Reinvestment Act of 2009 (ARRA) created a new type of bond, the Recovery Zone Facility Bond (RZFB). RZFBs can be issued by counties and certain cities with populations that exceed 100,000. Projects financed with this type of bond must be located in an area formally designated as a "recovery zone" by the eligible city or county. To be designated as a "recovery zone," an area must suffer from significant poverty, unemployment, high home foreclosure rates or general economic dislocation. RZFBs issued by local industrial development authorities, or by eligible cities or counties that issue bonds under the California Industrial Development Act, are subject to a streamlined review and approval by CIDFAC. The RZFB program is scheduled to expire on December 31, 2010; however, legislation is currently pending before Congress to extend the program through 2011.

DETAILED EXPENDITURES BY PROGRAM

		2009-10*	2010-11*	2011-12*
PROGRAM REQUIREMENTS				
10	CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION			
State Operations:				
0215	Industrial Development Fund	\$122	\$277	\$258
0995	Reimbursements	75	75	75
Totals, State Operations		\$197	\$352	\$333
TOTALS, EXPENDITURES				
State Operations		197	352	333
Totals, Expenditures		\$197	\$352	\$333

EXPENDITURES BY CATEGORY

	1 State Operations			Expenditures		
	Positions/Personnel Years			2009-10*	2010-11*	2011-12*
	2009-10	2010-11	2011-12			
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	1.0	1.0	1.0	\$120	\$120	\$120
Total Adjustments	-	-	-	-	-9	-
Estimated Salary Savings	-	-	-	-	-6	-6
Net Totals, Salaries and Wages	1.0	1.0	1.0	\$120	\$105	\$114
Staff Benefits	-	-	-	32	32	30
Totals, Personal Services	1.0	1.0	1.0	\$152	\$137	\$144
OPERATING EXPENSES AND EQUIPMENT				\$45	\$215	\$189
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$197	\$352	\$333

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS		2009-10*	2010-11*	2011-12*
0215 Industrial Development Fund				
APPROPRIATIONS				
001	Budget Act appropriation	\$282	\$292	\$258
	Adjustment per Section 3.60	-	3	-
	Reduction per Section 3.90	-21	-7	-
	Reduction per Control Section 3.91	-	-11	-
Totals Available		\$261	\$277	\$258
Unexpended balance, estimated savings		-139	-	-

* Dollars in thousands, except in Salary Range.

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1 STATE OPERATIONS	<u>2009-10*</u>	<u>2010-11*</u>	<u>2011-12*</u>
TOTALS, EXPENDITURES	\$122	\$277	\$258
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$75</u>	<u>\$75</u>	<u>\$75</u>
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$197	\$352	\$333

FUND CONDITION STATEMENTS

	<u>2009-10*</u>	<u>2010-11*</u>	<u>2011-12*</u>
0215 Industrial Development Fund ^s			
BEGINNING BALANCE	\$116	\$24	\$6
Prior year adjustments	<u>1</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$117	\$24	\$6
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	28	258	268
150300 Income From Surplus Money Investments	<u>1</u>	<u>1</u>	<u>1</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$29</u>	<u>\$259</u>	<u>\$269</u>
Total Resources	\$146	\$283	\$275
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0965 California Industrial Development Financing Advisory Commission (State Operations)	122	277	258
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>-</u>	<u>1</u>
Total Expenditures and Expenditure Adjustments	<u>\$122</u>	<u>\$277</u>	<u>\$259</u>
FUND BALANCE	\$24	\$6	\$16
Reserve for economic uncertainties	24	6	16

CHANGES IN AUTHORIZED POSITIONS

	<u>Positions/Personnel Years</u>			<u>Expenditures</u>		
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2009-10*</u>	<u>2010-11*</u>	<u>2011-12*</u>
Totals, Authorized Positions	1.0	1.0	1.0	\$120	\$120	\$120
Furlough Adjustments	-	-	-	-	-6	-
PLP Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-3</u>	<u>-</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$-</u>	<u>\$-9</u>	<u>\$-</u>
TOTALS, SALARIES AND WAGES	1.0	1.0	1.0	\$120	\$111	\$120

* Dollars in thousands, except in Salary Range.