

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 2011 is calculated by multiplying the state population by \$95. California has the largest population, and thus has the largest debt (or tax-exempt bond) limit, which totaled over \$3.5 billion in 2011.

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 also responsible for the reallocation of Qualified Energy Conservation Bond (QECB) authority originally provided to qualified localities, but later waived back to the State. This bond program, made available through the American Recovery and Reinvestment Act of 2009, provides tax incentives and lower borrowing costs for local governments and private entities to promote job creation and economic recovery in areas particularly affected by employment decline and to facilitate renewable energy conservation programs and projects throughout the State.

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

	Personnel Years			Expenditures		
	2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
10 California Debt Limit Allocation Committee	8.3	9.0	9.0	\$1,069	\$1,266	\$1,402
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	8.3	9.0	9.0	\$1,069	\$1,266	\$1,402
FUNDING				2010-11*	2011-12*	2012-13*
0169 California Debt Limit Allocation Committee Fund				\$1,069	\$1,266	\$1,402
TOTALS, EXPENDITURES, ALL FUNDS				\$1,069	\$1,266	\$1,402

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code Section 8869.80 et seq.

DETAILED BUDGET ADJUSTMENTS

	2011-12*			2012-13*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	-\$9	-	\$-	\$3	-
• Retirement Rate Adjustment	-	6	-	-	6	-
• Pro Rata Baseline Adjustments	-	-	-	-	124	-
• Operational Efficiency Plan	-	-7	-	-	-7	-
Totals, Other Workload Budget Adjustments	\$-	-\$10	-	\$-	\$126	-
Totals, Workload Budget Adjustments	\$-	-\$10	-	\$-	\$126	-
Totals, Budget Adjustments	\$-	-\$10	-	\$-	\$126	-

PROGRAM DESCRIPTIONS

10 - CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Qualified Residential Rental Project Program:

* Dollars in thousands, except in Salary Range.

0959 California Debt Limit Allocation Committee - Continued

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.

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.

Qualified Energy Conservation Bond Program:

Qualified Energy Conservation Bonds (QECBs) may be issued as either tax-exempt private activity bonds or governmental purpose taxable bonds. When issued as a governmental purpose taxable bond, QECBs provide the issuer with either a direct or tax credit interest subsidy. QECBs may be issued to finance a broad array of qualified conservation purposes such as capital expenditures, research facilities and research grant programs, mass commuting facilities, public education campaigns, and demonstration projects. There is no sunset date for this program.

DETAILED EXPENDITURES BY PROGRAM

		<u>2010-11*</u>	<u>2011-12*</u>	<u>2012-13*</u>
PROGRAM REQUIREMENTS				
10	CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE			
State Operations:				
0169	California Debt Limit Allocation Committee Fund	\$1,069	\$1,266	\$1,402
Totals, State Operations		\$1,069	\$1,266	\$1,276
TOTALS, EXPENDITURES				
State Operations		1,069	1,266	1,402
Totals, Expenditures		\$1,069	\$1,266	\$1,402

EXPENDITURES BY CATEGORY

	1 State Operations	<u>Positions/Personnel Years</u>			<u>Expenditures</u>		
		2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
PERSONAL SERVICES							

* Dollars in thousands, except in Salary Range.

0959 California Debt Limit Allocation Committee - Continued

1 State Operations	Positions/Personnel Years			Expenditures		
	2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
Authorized Positions (Equals Sch. 7A)	8.3	9.0	9.0	\$509	\$557	\$577
Net Totals, Salaries and Wages	8.3	9.0	9.0	\$509	\$557	\$577
Staff Benefits	-	-	-	210	215	220
Totals, Personal Services	8.3	9.0	9.0	\$719	\$772	\$797
OPERATING EXPENSES AND EQUIPMENT				\$350	\$494	\$605
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$1,069	\$1,266	\$1,402

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2010-11*	2011-12*	2012-13*
0169 California Debt Limit Allocation Committee Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,285	\$1,276	\$1,402
Allocation for employee compensation	5	2	-
Adjustment per Section 3.60	17	6	-
Adjustment per Section 3.90	-32	-11	-
Adjustment per Section 3.91	-52	-	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-	-7	-
Totals Available	\$1,223	\$1,266	\$1,402
Unexpended balance, estimated savings	-154	-	-
TOTALS, EXPENDITURES	\$1,069	\$1,266	\$1,402
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$1,069	\$1,266	\$1,402

FUND CONDITION STATEMENTS

	2010-11*	2011-12*	2012-13*
0169 California Debt Limit Allocation Committee Fund[§]			
BEGINNING BALANCE	\$3,356	\$3,511	\$3,481
Prior year adjustments	-5	-	-
Adjusted Beginning Balance	\$3,351	\$3,511	\$3,481
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	1,215	1,225	1,225
150300 Income From Surplus Money Investments	17	15	15
Total Revenues, Transfers, and Other Adjustments	\$1,232	\$1,240	\$1,240
Total Resources	\$4,583	\$4,751	\$4,721
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	2	-	1
0959 California Debt Limit Allocation Committee (State Operations)	1,069	1,266	1,402
8880 Financial Information System for California (State Operations)	1	4	1
Total Expenditures and Expenditure Adjustments	\$1,072	\$1,270	\$1,404
FUND BALANCE	\$3,511	\$3,481	\$3,317
Reserve for economic uncertainties	3,511	3,481	3,317

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