

SB 1128, Padilla. Energy: alternative energy financing.

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and requires the authority to establish programs to provide financial assistance to participating parties for projects related to alternative energy sources and advanced transportation projects. Existing law authorizes the authority to issue revenue bonds or other securities of up to \$1 billion in total outstanding debt as a financing mechanism for providing financial assistance to those projects.

This bill would revise and recast those provisions to, among other things, require the authority to establish programs providing financial assistance to projects for renewable energy generation facilities, combined heat and power systems, facilities designed for the production of renewable fuels, distributed generation and energy storage technologies eligible under the self-generation incentive program as determined by the Public Utilities Commission, and energy efficiency devices and technologies. The bill would eliminate the \$1 billion limitation on the amount of outstanding indebtedness the authority may incur to provide the financial assistance.

Existing law authorizes the authority, until January 1, 2021, to provide financial assistance in the form of a sales and use tax exclusion for a project to promote California-based manufacturing, California-based jobs, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption. Existing law requires the authority, once the sales and use tax exemptions for projects exceed \$100,000,000 for a given year, to provide the Legislature with a 20-day notice prior to granting additional sales and use tax exemptions. The sales and use tax exemption applies to the transfer of title of tangible personal property constituting a project to the authority by a participating party, or a lease or transfer of title of tangible personal property constituting a project by the authority to a participating party.

This bill would additionally authorize the authority, until July 1, 2016, to grant the above financial assistance to projects that promote the utilization of advanced manufacturing, as defined. The bill would require the authority, until July 1, 2016, to study the efficacy and cost benefit of the sales and use tax exemption for advanced manufacturing projects. The bill would require the authority, before January 1, 2017, to submit to the Legislature a report on the study. The bill would require the authority, before January 1, 2015, to submit to the Legislature an interim report on the efficacy of granting the sales and use tax exemption for projects, and recommendations on changes that would increase the efficacy in creating jobs and whether the exemption should be expanded or narrowed. The bill would require the Governor's Office of Business and Economic Development to consult with the Legislative Analyst's Office, among others, to review and identify efficient and cost-effective methods for the state to create jobs in advanced manufacturing. The bill would require the Governor's Office of Business and Economic Development to report its findings to the Legislature by January 1, 2017. The bill would require the authority, until January 1, 2021, to work with the University of California or the California State University to perform a peer review of the net benefits test, as described, used to evaluate applicants applying for the sales and use tax exemption, as specified. The bill would instead prohibit the authority from granting, on an annual basis, a sales and use tax exemption for a project exceeding \$100,000,000. The bill would, instead, apply the sales and use tax exemption to the lease or transfer of title of tangible property constituting a project to any participating party.