



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: May 21, 2019
Placement: Administrative
Estimated Tme: NA
Continued Item: NA
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Legislative Program Committee
Director(s):
Contact Info: Dennis Bozanich, Deputy County Executive Officer, 568-3400

SUBJECT: Proposed Advocacy on SB 528 California Infrastructure and Economic Development Bank Review Task Force

County Counsel Concurrence

As to form: NA

Auditor-Controller Concurrence

As to form: NA

Recommended Actions:

That the Board of Supervisors:

- A. Take an advocacy position of supporting state Senate Bill 528 (Hueso) – California Infrastructure and Economic Development Bank and authorize the Chair to sign a letter stating the Board’s support position to the author, members of legislature including, but not limited to, the state legislative delegation, and appropriate committee chairs; and
- B. Determine pursuant to CEQA Guideline 15378(b)(5) that the above action is not a project subject to CEQA review because it is an administrative activity that will not result in direct or indirect physical changes in the environment.

Summary Text:

As directed by the Legislative Program Committee, this item is on the agenda for the Board of Supervisors to consider taking a support position on Senate Bill (SB) 528 (Hueso) – California Infrastructure and Economic Development Bank. On May 6, 2019, the Legislative Program Committee directed staff to bring SB 528 to the Board of Supervisors on the Administrative Agenda to request the Board’s support for this legislation.

Background:

The Bergeson-Peace Infrastructure and Economic Development Bank Act (1994) established the California Infrastructure and Economic Development Bank (I-Bank) in the Governor’s Office of Business and Economic Development under the direction of an executive director appointed by the Governor,

subject to confirmation by the Senate, and governed by a board of directors composed of specified persons. Existing law, among other things, authorized the I-Bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities. The 1994 act prohibited the bank from being chartered as a depository institution.

SB 528 would establish a task force, composed of specified members, including the Director of the Governor's Office of Business and Economic Development, to study the workability, potential costs, and estimated timeframe to transition the I-Bank into a depository institution to accept deposits from state and local governments and to lend money to local governments for their infrastructure needs.

SB 528 would require the task force to submit a report to the Legislature no later than January 1, 2021, composed of specified elements, including a list and description of each task that must be performed to transition the I-Bank into a state-chartered depository institution, the identities of which entity or entities will be responsible for performing each task, an estimated timeline to complete each task, and an indication of which tasks, if any, are predicated on the completion of other tasks.

If following the task force's review, the I-Bank is re-established as a depository institution, it is possible that the cost of government debt financing could be less than the rates charged by commercial banks. State banking regulators have stated that the I-bank would be required to obtain deposit insurance from the Federal Depository Insurance Corporation (FDIC.)

The County's Legislative Program Committee identified that a public bank that took deposits from other government entities is in keeping with the 2019 Legislative Platform principle of fiscal stability as it could result in reduced debt service costs for the county and provides an alternative to commercial banks. The Legislative Committee also wanted to make their support contingent on requiring that any form of public bank would require FDIC deposit insurance, as well as, be voluntary and participants would have to choose to opt-in to use its services.

The Legislative Program Committee will begin working on the 2020 Legislative Platform in July. The Committee will consider amending the principles or planks to the platform to include government administration and financing policy positions.

Attachments:

Attachment A: Senate Bill 528 (Hueso) – California Infrastructure and Economic Development Bank

Attachment B: Support Letter for SB 528

Authored by:

Dennis Bozanich, Deputy County Executive Officer, County Executive Office