

AMENDED IN SENATE SEPTEMBER 2, 2005

AMENDED IN SENATE JULY 13, 2005

AMENDED IN SENATE JUNE 22, 2005

AMENDED IN ASSEMBLY MAY 27, 2005

AMENDED IN ASSEMBLY MAY 16, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

AMENDED IN ASSEMBLY APRIL 18, 2005

AMENDED IN ASSEMBLY APRIL 6, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 1383

**Introduced by Assembly Member Pavley
(Coauthors: Assembly Members Hancock, Jerome Horton, Leno,
Levine, Mullin, Salinas, and Torrico)**

February 22, 2005

An act to add and repeal Chapter 5.6 (commencing with Section 25460) of Division 15 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1383, as amended, Pavley. Electricity: Solar—~~Energy~~ energy: Low-Income Housing Development Revolving Loan Program.

Existing law establishes various revolving loan programs to provide loans for specified purposes, including recycling market development and renewable energy resources. Existing law requires the State Energy Resources Conservation and Development Commission

(Energy Commission) to expand and accelerate the development of alternative sources of energy, including solar energy. Existing law requires the Energy Commission, until January 1, 2006, and to the extent that funds are appropriated for that purpose in the annual Budget Act, to implement a grant program to accomplish specified goals, including making solar energy systems cost competitive with alternative forms of energy.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to require Pacific Gas and Electric Company, San Diego Gas and Electric, and Southern California Edison to identify a separate electrical rate component to fund programs that enhance system reliability and provide in-state benefits. This rate component is a nonbypassable element of local distribution and collected on the basis of usage. The funds are collected to support cost-effective energy efficiency and conservation activities, public interest research and development not adequately provided by competitive and regulated markets, and renewable energy sources. Existing law requires that 17.5% of the moneys collected under the renewable energy public goods charge be used for a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation application.

Existing law required the PUC, in consultation with the Independent System Operator and the energy commission, to adopt initiatives, on or before March 7, 2001, to reduce demand for electricity and reduce load during peak demand periods, including differential incentives for renewable or superclean distributed generation resources. Pursuant to this requirement, the PUC established a program incentive for demand-responsiveness and self-generation. Existing law requires the PUC, in consultation with the energy commission, to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources in the same form that existed on January 1, 2004.

This bill would establish, until January 1, 2016, the Low-Income Housing Development Revolving Loan Program (program) to help finance solar energy systems, as defined, in eligible low-income housing located in the service areas of an electrical corporation. The bill would create the ~~Low-income~~ Low-Income Housing Development Revolving Loan Program Fund (fund), and would require the moneys

in the fund to be annually appropriated by the Legislature, and used for the purpose of providing loans for program purposes.

The bill would require the Energy Commission to consider and evaluate the level of funding necessary to adequately fund the program to achieve the goal of placing solar energy systems on low-income or affordable housing units for each fiscal year of the program. The bill would provide that a certain amount of moneys from the Emerging Renewable Resources Account and the self-generation incentive program for distributed generation resources would be transferred to the fund.

The bill would require the Energy Commission to establish and collect a fee for each application for an allocation. The bill would require the commission to deposit the fees in the Low-Income Housing Development Application Fee Account, which the bill would create in the fund, and would authorize the Energy Commission to expend the revenues in the account, upon appropriation by the Legislature, to process applications.

The bill would prescribe requirements for repayment of allocations made pursuant to the program and would authorize the Department of Finance to audit the expenditure of an allocation or the computation of specified payments.

The bill would require the commission, by October 31, 2007, and by October 31 annually thereafter, to submit a report to the chairs of the legislative fiscal committees on the portfolio of loans issued pursuant to the program during the previous fiscal year, including the condition of the fund, and on the anticipated demand for the loan funds for the following fiscal year. The bill would also require the commission, by January 1, 2006, and annually thereafter, to submit a report to the chairs of the legislative fiscal committees on the estimated amounts needed to be transferred to the fund from various specified sources, upon appropriation by the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) California has a pressing need to procure a steady supply
2 of affordable and reliable peak electricity for affordable housing
3 units.

4 (b) Solar generated electricity is uniquely suited to
5 California's needs because it produces electricity when
6 California needs it most, during the peak demand hours in
7 summer afternoons when the sun is brightest and air-conditioners
8 are running at capacity.

9 (c) Procuring solar electric generation capacity to meet peak
10 electricity demand increases system reliability and decreases
11 California's dependence on unstable fossil fuel supplies.

12 (d) Solar generated electricity diversifies California's energy
13 portfolio. California currently relies on natural gas for the bulk of
14 its electricity generation needs. Increasing energy demands place
15 increasing pressure on limited natural gas supplies and threaten
16 to raise costs.

17 (e) Roughly 20,000 affordable housing units will be built
18 annually in California in the coming years, challenging energy
19 reliability and affordability for those residents who can least
20 afford inflated energy bills.

21 (f) Investing in low-income housing solar electricity
22 generation installations today will lower the ~~cost~~ costs of solar
23 generated electricity for all Californians in the future.

24 (g) Increasing California's solar electricity generation market
25 will also bring additional manufacturing, installation, and sales
26 jobs to the state at a higher rate than most conventional energy
27 production sources.

28 (h) Establishing a Low-Income Housing Development
29 Revolving Loan Program would be a cost-effective investment
30 by ratepayers in peak electricity generation capacity, because as
31 a result of the program ratepayers will recoup the cost of their
32 investment through lower rates by avoiding purchases of
33 electricity at peak rates, with additional system reliability and
34 pollution reduction benefits.

35 (i) A loan program would further establish, increase, and
36 modify incentives and provide financing mechanisms for energy
37 efficiency and photovoltaic capabilities for subsidized and
38 affordable housing, and establish "zero energy homes" as a goal
39 for low-income and affordable housing residents.

1 (j) Solar energy systems provide substantial energy reliability
2 and pollution reduction benefits. Solar energy systems also
3 diversify our energy supply and thereby reduce our dependence
4 on imported fossil fuels.

5 SEC. 2. Chapter 5.6 (commencing with Section 25460) is
6 added to Division 15 of the Public Resources Code, to read:

7
8 CHAPTER 5.6. LOW-INCOME HOUSING DEVELOPMENT
9 REVOLVING LOAN PROGRAM
10

11 25460. As used in this chapter, the following terms have the
12 following meanings:

13 (a) "Allocation" means a loan of funds by the commission
14 pursuant to this chapter.

15 (b) "Building" means any existing or planned structure for
16 residential uses that includes a heating or cooling system, or
17 both. Additions to an original building shall be considered part of
18 that building rather than a separate building.

19 (c) "Electrical corporation" has the meaning set forth in
20 Section 218 of the Public Utilities Code.

21 ~~(d) "Energy conservation measure" means an installation or~~
22 ~~modification of an installation of a solar energy system in a~~
23 ~~building or a housing unit that is primarily intended to reduce~~
24 ~~energy consumption.~~

25 ~~(e) "Energy conservation project" means an undertaking to~~
26 ~~acquire and to install one or more energy conservation measures~~
27 ~~in a building or a housing unit, and technical assistance in~~
28 ~~connection with that undertaking.~~

29 ~~(f) —~~
30 (d) "Fund" means the Low-Income Housing Development
31 Revolving Loan Program Fund created by Section 25461.

32 ~~(g) —~~
33 (e) "Low-income residential housing" means affordable
34 residential housing units that are defined in Section 50052.5 or
35 50053 of, or are undertaken, constructed, or operated pursuant to
36 Chapter 3.6 (commencing with Section 50199.4) of Part 1 of
37 Division 31 of, the Health and Safety Code.

38 ~~(h) —~~
39 (f) "Program" means the Low-Income Housing Development
40 Revolving Loan Program created by Section 25460.5.

~~(i)~~

(g) “Solar energy system” means a solar energy device that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity that is qualified by the commission for participation in the program.

~~(j) “Technical assistance” means assistance, including, but not limited to:~~

~~(1) Conducting specialized studies identifying and specifying energy savings and related cost savings that are likely to be realized as a result of the acquisition and installation of one or more specified energy conservation measures in the building or facility, or as a result of both.~~

~~(2) Planning of specific remodeling, renovation, repair, replacement, or insulation projects related to the installation of energy conservation measures in the building or housing unit.~~

25460.5. The Low-Income Housing Development Revolving Loan Program is hereby established. The purposes of the program are as follows:

~~(a) To provide a source of funding to help finance energy conservation projects~~

(a) To provide low cost financing for up to 50,000 solar energy systems, not to exceed 75 percent of the total costs of the solar energy systems, in low-income residential housing units located in the service areas of an electrical corporation that are not already covered by the rebate program established pursuant to Section 25401.6: contributing funds to support the Low-Income Housing Development Revolving Loan Program.

(b) To be a cost-effective investment by ratepayers in peak electricity generation capacity that enables ratepayers to recoup the cost of their investment through lower rates as a result of avoiding purchases of electricity at peak rates generated by traditional powerplants and peaker generation units, with additional system reliability and pollution reduction benefits.

25461. (a) The Low-Income Housing Development Revolving Loan Program Fund is hereby created in the State Treasury and, upon annual appropriation by the Legislature, ~~shall be used for the purpose of providing loans for purposes of the program.~~ *shall be used for allocation by the commission. The fund shall be capitalized by transfers from the Emerging Renewable Resources Account established pursuant to*

1 paragraph (3) of subdivision (b) of Section 25751 and from the
2 self-generation incentive program for distributed generation
3 resources originally established pursuant to Chapter 329 of the
4 Statutes of 2000, or from the Million Solar Roofs Initiative Trust
5 Fund established pursuant to Senate Bill 1 of the 2005-06
6 Regular Session, if Senate Bill 1 is enacted. The amounts for the
7 transfer shall be identified in the report required by subdivision
8 (b) of Section 25461.5.

9 (b) On or before October 31, 2007, and on or before October
10 31 annually thereafter, the commission shall submit a report to
11 the chairs of the legislative fiscal committees on the portfolio of
12 loans issued pursuant to this chapter during the previous fiscal
13 year. The report shall include, but not be limited to, all of the
14 following:

15 (1) The total amount of outstanding loans.

16 (2) The total amount of outstanding principal and interest.

17 (3) The total amount of late payments and defaults.

18 (4) The interest rates charged on the loans.

19 (c) On or before October 31, 2007, and on or before October
20 31 annually thereafter, the commission shall submit a report to
21 the chairs of the legislative fiscal committees on the condition of
22 the revolving fund, including an estimate of anticipated demand
23 for loan funds for the next fiscal year. The commission's report
24 shall measure the program's effectiveness by including, but not
25 be limited to, all of the following information:

26 (1) The total annual kilowatts generated by solar energy
27 system.

28 (2) The annual financial savings to low-income households
29 generated by solar energy system.

30 (3) An analysis of how systems funded by the program are
31 being financed, including any other grants, loans, rebates,
32 incentives, tax incentives, or tax subsidies being used by the
33 developer or applicant.

34 (d) On or before October 31, 2007, the commission shall
35 submit a report to the chairs of the legislative fiscal committees
36 on how it intends to implement the sunset provision in
37 subdivision (a) of Section 25466.5.

38 ~~(b)~~

39 (c) The moneys in the fund shall consist of both of the
40 following:

1 (1) Moneys from sources set forth in Section 25461.5 or
2 25461.7, as appropriate.

3 (2) Moneys authorized by or required to be deposited in the
4 fund by the Legislature and moneys received by the commission
5 pursuant to ~~subdivision (d)~~ *subdivision (e)* of Section 25462.5, or
6 Section 25463.5 or 25464.

7 ~~(e)–~~

8 *(d)* The commission shall administer the fund.

9 ~~(d)–~~

10 *(e)* The commission shall consult with the California Tax
11 Credit Allocation Committee (TCAC), the California Housing
12 Finance Agency, and the Department of Housing and
13 Community Development to develop guidelines for the fund.

14 ~~(e)–~~

15 *(f)* The commission may expend the moneys in the fund to
16 make loans to ~~local governing bodies, private businesses, and~~
17 ~~nonprofit entities~~ *nonprofit development corporations* to provide
18 funding for solar energy systems in low-income housing units.

19 ~~(f) The moneys in the fund shall be disbursed by the~~
20 ~~Controller for the purposes of this chapter as authorized by the~~
21 ~~commission.~~

22 ~~(g) The commission may contract and provide grants for~~
23 ~~services to be performed for energy conservation projects~~
24 ~~meeting the requirements of Section 25462. Services may~~
25 ~~include, but are not limited to, feasibility analysis, project design,~~
26 ~~field assistance, technical assistance, operation, and training. The~~
27 ~~amount expended for those services may not exceed 10 percent~~
28 ~~of the balance of the fund as determined by the commission on~~
29 ~~July 1 of each year.~~

30 ~~(h)–~~

31 *(g)* The commission may make ~~grants~~ *loans* for innovative
32 projects and programs. The amount expended for ~~grants~~ *these*
33 *loans* may not exceed 5 percent of the annual appropriation from
34 ~~the account fund.~~

35 25461.5. (a) During each fiscal year, the commission shall
36 consider and evaluate the level of funding that is necessary to
37 adequately fund the program to achieve the goal of placing solar
38 energy systems on low-income or affordable housing units for
39 the following fiscal year.

~~(b) (1) The commission shall transfer 50 percent of the amount identified pursuant to subdivision (a) from the Emerging Renewable Resources Account established pursuant to paragraph (3) of subdivision (b) of Section 25751.~~

~~(2) The amount transferred shall not exceed 10 percent of the overall funds in the account as of July 1 of the fiscal year for which the determination in subdivision (a) is made.~~

~~(c) (1) The Public Utilities Commission shall transfer 50 percent of the amount identified pursuant to subdivision (a) from the self-generation incentive program for distributed generation resources originally established pursuant to Chapter 329 of the Statutes of 2000.~~

~~(2) The amount transferred shall not exceed 10 percent of the overall funds in the self-generation incentive program for distributed generation resources as of July 1 of the fiscal year for which the determination in subdivision (a) is made.~~

~~(d) This section shall not be operative if Senate Bill 1 of the 2005-06 Regular Session is enacted and becomes effective on or before January 1, 2006.~~

~~25461.7: (a) Notwithstanding subdivision (f) of Section 25782, as added to the Public Resources Code by Senate Bill 1 of the 2005-06 Regular Session, the commission shall provide proportional program support, not to exceed 10 percent of the overall funds for the Million Solar Roofs Initiative, for the implementation of this chapter.~~

~~(b) This section shall become operative if Senate Bill 1 of the 2005-06 Regular Session is enacted and becomes effective on or before January 1, 2006.~~

(b) On or before January 10, 2006, and annually thereafter, the commission shall submit a report to the chairs of the legislative fiscal committees including an estimate of the following amounts:

(1) For the fiscal year starting on the following July 1, an amount equal to the lower of the following:

(A) Twenty-five percent of the amount identified pursuant to subdivision (a) from the Emerging Renewable Resources Account established pursuant to paragraph (3) of subdivision (b) of Section 25751.

(B) Five percent of the total amount of the funds in the account.

(2) For the fiscal year starting on the following July 1, an amount equal to the lower of the following:

(A) Twenty-five percent of the amount identified pursuant to subdivision (a) from the self-generation incentive program for distributed generation resources originally established pursuant to Chapter 329 of the Statutes of 2000.

(B) Five percent of the total funds in the self-generation incentive program for distributed generation resources.

(3) For the fiscal year starting on the following July 1, an amount equal to 5 percent of the total for the Million Solar Roofs Initiative Trust Fund established pursuant to Senate Bill 1 of the 2005-06 Regular Session.

(c) Paragraphs (1) and (2) of subdivision (b) shall be inoperative if Senate Bill 1 of the 2005-06 Regular Session is enacted and becomes effective on or before January 1, 2006. Paragraph (3) of subdivision (b) shall become operative if Senate Bill 1 of the 2005-06 Regular Session is enacted and becomes effective on or before January 1, 2006.

25462. (a) To be eligible for participation in the program, a building or housing unit shall satisfy all of the following:

(1) Be low-income *residential* housing.

(2) Be within the service area of an electrical corporation.

(3) Be at least 10 percent more energy efficient than required by the current standards specified in the California Building Standards Code contained in Part 6 (commencing with Section 100) of Title 24 of the California Code of Regulations, or have implemented measures to reduce the energy use of the building or housing unit by 10 percent, as calculated pursuant to compliance models set forth in Part 6 (commencing with Section 100) of Title 24 of the California Code of Regulations.

(b) An eligible building or housing unit that exceeds energy efficiency standards required by Part 6 (commencing with Section 100) of Title 24 of the California Code of Regulations by more than 10 percent shall receive financing at a rate of 0.25 percent lower *than the lowest applicable interest rate available to the commission* for every 5 percent additional improvement in energy efficiency.

25462.5. (a) An applicant may submit an application to the commission for an allocation for the purpose of financing ~~all or a portion~~ up to 75 percent of the costs incurred in implementing an

~~energy conservation project~~ *a solar energy system*. The application shall be in the form and contain the information that the commission shall prescribe.

(b) An application may be for the purpose of financing the applicant's share of the costs for implementing ~~an energy conservation project~~ *a solar energy system* that are to be jointly funded through a state, local, or federal-local program.

(c) *An applicant shall not receive loans from the revolving fund in excess of 75 percent of the total cost of the solar energy system. The commission shall ensure that the amount of the loan from the revolving fund, when combined with all other grants, loans, rebates, tax subsidies, tax incentives or any other source of funding or incentive provided the applicant, does not exceed 75 percent of the total actual cost of the solar energy system.*

~~(e)~~

(d) The commission may approve an application if the applicant has furnished information satisfactory to the commission showing both of the following:

(1) That the building or housing is eligible pursuant to Section 25462.

(2) That the costs of the ~~energy conservation project~~ *solar energy system*, plus interest on state funds loaned, calculated in accordance with Sections 25463 and 25463.5, will be covered by the savings in the cost of energy during the repayment period of the allocation. The savings shall be calculated in a manner prescribed by the commission.

~~(d)~~

(e) (1) The commission shall establish and collect a fee for each application for an allocation authorized by this chapter. The fee shall be set at a level that is sufficient to reimburse the ~~commission for the cost of processing the application. In addition, the agency shall establish a schedule of fees, or points, for allocations that are entered into by the commission, to fund the commission's administration of the program.~~ *commission for the cost of the entire application process.*

(2) *The commission shall deposit the fees received pursuant to this subdivision in the Low-Income Housing Development Application Fee Account, which is hereby created in the fund. The commission may expend the revenues in the Low-Income Housing Development Application Fee Account, upon*

1 *appropriation by the Legislature, to process applications*
2 *pursuant to this chapter.*

3 *(f) For purposes of this Section, the commission shall define*
4 *the term “applicant” by regulation.*

5 25463. Annually at the conclusion of each fiscal year, but not
6 later than October 31, each applicant that has received an
7 allocation pursuant to this chapter shall compute *and report to*
8 *the commission* the cost of the energy saved as a result of
9 implementing the ~~energy conservation project~~ *solar energy*
10 *system* funded by the allocation. The cost shall be calculated in a
11 manner prescribed by the commission.

12 25463.5. (a) An applicant receiving an allocation pursuant to
13 this chapter shall repay the principal amount of the allocation,
14 plus interest, in not more than 30 equal semiannual payments, as
15 determined by the commission. The first semiannual payment
16 shall be made on or before December 22 of the fiscal year
17 following the year in which the ~~energy conservation project~~ *solar*
18 *energy system* is completed. The repayment period may not
19 exceed the life of the equipment, as determined by the
20 commission, or the time period in which the building or housing
21 unit where the ~~energy conservation measures~~ *solar energy system*
22 will be installed maintain its low-income housing status.

23 (b) Notwithstanding any other provision of law, the
24 commission shall, unless it determines that the purposes of this
25 chapter would be better served by establishing an alternative
26 interest rate schedule, periodically set interest rates on the loans
27 based on ~~surveys of existing financial markets~~ *the lowest*
28 *applicable interest rate available to the commission* and at rates
29 not less than 3 percent per annum.

30 (c) The applicant receiving an allocation pursuant to this
31 chapter shall annually budget an amount at least sufficient to
32 make the semiannual payments required in this section. The
33 amount shall not be raised by the levy of additional taxes but
34 shall instead be obtained by a savings in energy costs or other
35 sources.

36 ~~25464. All interest accruing on interest payments from a~~
37 ~~housing project shall be deposited in the fund.~~

38 ~~25464.5. (a) An allocation made pursuant to this chapter~~
39 ~~shall be used for the purposes specified in an approved~~
40 ~~application.~~

1 ~~(b) If the commission determines that an allocation has been~~
2 ~~expended for purposes other than those specified in an approved~~
3 ~~application, it shall immediately request the return of the full~~
4 ~~amount of the allocation. The applicant shall immediately~~
5 ~~comply with that request.~~

6 ~~25465. (a) In furtherance of the purposes of the commission~~
7 ~~as set forth in this chapter, the commission may do all of the~~
8 ~~following:~~

9 ~~(1) Borrow money, for the purpose of obtaining funds to make~~
10 ~~loans pursuant to this chapter, from the California Economic~~
11 ~~Development Financing Authority, the California Infrastructure~~
12 ~~and Economic Development Bank, and the California Consumer~~
13 ~~Power and Conservation Financing Authority from the proceeds~~
14 ~~of revenue bonds issued by any of those agencies.~~

15 ~~(2) Pledge, to provide collateral in connection with the~~
16 ~~borrowing of money pursuant to paragraph (1), loans made~~
17 ~~pursuant to this chapter or Chapter 5.4 (commencing with~~
18 ~~Section 25440), or the principal and interest payments on loans~~
19 ~~made pursuant to this chapter or Chapter 5.4 (commencing with~~
20 ~~Section 25440).~~

21 ~~(3) Sell loans made pursuant to this chapter or Chapter 5.4~~
22 ~~(commencing with Section 25440), at prices determined in the~~
23 ~~sole discretion of the commission, to the California Economic~~
24 ~~Development Financing Authority, the California Infrastructure~~
25 ~~and Economic Development Bank, and the California Consumer~~
26 ~~Power and Conservation Financing Authority to raise funds to~~
27 ~~enable the commission to make loans to eligible institutions.~~

28 ~~(4) Enter into loan agreements or other contracts necessary or~~
29 ~~appropriate in connection with the pledge or sale of loans~~
30 ~~pursuant to paragraph (2) or (3), or the borrowing of money as~~
31 ~~provided in paragraph (1), containing any provisions that may be~~
32 ~~required by the California Economic Development Financing~~
33 ~~Authority, the California Infrastructure and Economic~~
34 ~~Development Bank, or the California Consumer Power and~~
35 ~~Conservation Financing Authority as conditions of issuing bonds~~
36 ~~to fund loans to, or the purchase of loans from, the commission.~~

37 ~~(b) In connection with the pledging of loans, or of the~~
38 ~~principal and interest payment on loans, pursuant to paragraph~~
39 ~~(2) of subdivision (a), the commission may enter into pledge~~
40 ~~agreements setting forth the terms and conditions pursuant to~~

1 ~~which the commission is pledging loans or the principal and~~
2 ~~interest payment on loans, and may also agree to have the loans~~
3 ~~held by bond trustees or by independent collateral or escrow~~
4 ~~agents and to direct that payments received on those loans be~~
5 ~~paid to those trustee, collateral, or escrow agents.~~

6 ~~(e) The commission may employ financial consultants, legal~~
7 ~~advisers, accountants, and other service providers, as may be~~
8 ~~necessary in its judgment, in connection with activities pursuant~~
9 ~~to this chapter.~~

10 ~~(d) Notwithstanding any other provision of law, this chapter~~
11 ~~provides a complete, separate, additional, and alternative method~~
12 ~~for implementing the measures authorized by this chapter,~~
13 ~~including the authority of the applicant to have borrowed and to~~
14 ~~borrow in the future pursuant to loans made pursuant to this~~
15 ~~chapter or Chapter 5.4 (commencing with Section 25440), and is~~
16 ~~supplemental and additional to powers conferred by other laws.~~

17 ~~(e) The commission may establish qualifications and priorities,~~
18 ~~consistent with the objectives of this chapter, for making~~
19 ~~allocations.~~

20 ~~(f) The commission may establish procedures and policies that~~
21 ~~may be necessary for the administration of this chapter.~~

22 25465.5. The commission may expend from the fund an
23 amount to pay for the actual administrative costs incurred by the
24 commission pursuant to this chapter. That amount shall not
25 exceed 5 percent of the total appropriation, to be held in reserve
26 and used to defray costs incurred by the commission for
27 allocations made by the commission pursuant to this chapter.

28 25466. The Department of Finance, at its discretion, may
29 audit the expenditure of any allocation made pursuant to this
30 chapter or the computation of any payment made pursuant to
31 Section 25463.5.

32 25466.5. (a) Except as provided in subdivision (b), this
33 chapter shall remain in effect only until January 1, 2016, and as
34 of that date is repealed, unless a later enacted statute, which is
35 enacted before January 1, 2016, deletes or extends that date.

36 (b) All loans outstanding as of January 1, 2016, shall continue
37 to be repaid *to the commission* on a semiannual basis, as
38 specified in Section 25463.5, until paid in full. All unexpended
39 moneys in the fund on January 1, 2016, and thereafter, except to

1 the extent those funds are encumbered pursuant to this chapter,
2 shall revert to the General Fund.

3

4

5 **CORRECTIONS:**

6 **Text – Pages 2, 7, 8, and 10.**

7

O