

AMENDED IN SENATE MARCH 22, 2012

AMENDED IN SENATE JULY 11, 2011

AMENDED IN SENATE JUNE 12, 2011

AMENDED IN SENATE MARCH 24, 2011

AMENDED IN SENATE MARCH 17, 2011

AMENDED IN SENATE MARCH 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 103

Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Allen, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)

January 10, 2011

~~An act to add Section 16330 to the Government Code, relating to state finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.~~*An act relating to the Budget Act of 2011.*

LEGISLATIVE COUNSEL'S DIGEST

AB 103, as amended, Committee on Budget. ~~State funds: State Agency Investment Fund.~~*Budget Act of 2011.*

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.

~~(1) Existing law provides for the investment of certain state moneys by the Treasurer through the Pooled Money Investment Account, according to specified criteria.~~

This bill would create the State Agency Investment Fund in the State Treasury, for the receipt of deposits by state agencies of up to \$500,000,000 each, from moneys not required by law to be deposited in the Pooled Money Investment Account, for a total of \$10,000,000,000 in the fund at any one time. It would authorize the Director of Finance, in consultation with the Treasurer, to set certain terms and conditions for the deposits, and require the Treasurer to invest the moneys held in the fund through the Pooled Money Investment Account, according to specified criteria. It would continuously appropriate moneys in the fund to the Controller for the payment of interest expenditures and the return of deposits to depositors.

(2) The Administrative Procedure Act governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law, subject to specified criteria.

This bill would exempt activities conducted by the Director of Finance, in consultation with the Treasurer, in implementing and administering the investment program provided for in the bill from the provisions of the act.

(3) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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

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

1 SECTION 1. *It is the intent of the Legislature to enact statutory*
 2 *changes relating to the Budget Act of 2011.*

3 SECTION 1. Section 16330 is added to the Government Code,
 4 to read:

5 16330. (a) (1) The State Agency Investment Fund is hereby
 6 created within the State Treasury, for the receipt of deposits from
 7 state agencies with moneys not currently required by law to be
 8 deposited in the Pooled Money Investment Account.

9 (2) For purposes of this section, a “state agency” includes any
 10 state office, officer, department, division, bureau, board,
 11 commission, organization, or agency, including, but not limited
 12 to, the University of California, the California State University,
 13 the California Community Colleges, and the Judicial Council.

1 ~~(b) Each agency that deposits moneys in the fund shall deposit~~
2 ~~no less than a total of five hundred million dollars (\$500,000,000).~~
3 ~~The total amount of moneys that may be deposited in the fund~~
4 ~~from all eligible sources shall not exceed, at any point in time, a~~
5 ~~total of ten billion dollars (\$10,000,000,000), or a lesser amount~~
6 ~~as determined by the Director of Finance, in consultation with the~~
7 ~~Treasurer.~~

8 ~~(c) The terms and conditions of deposits made into the fund~~
9 ~~shall be set by the Director of Finance, in consultation with the~~
10 ~~Treasurer. Those terms shall include, but not be limited to, the size~~
11 ~~of deposit from a particular state agency, the length of time those~~
12 ~~moneys shall be held in deposit in the fund, the availability of~~
13 ~~funds for withdrawal by the state agency depositing the funds, and~~
14 ~~the annual rate of interest paid on deposits, as described in~~
15 ~~subdivision (c).~~

16 ~~(d) Moneys held in the fund shall be invested by the Treasurer~~
17 ~~in investments authorized by Sections 16430 and 16480 through~~
18 ~~the Pooled Money Investment Account, and notwithstanding any~~
19 ~~other law, shall be deemed borrowable by the General Fund for~~
20 ~~cashflow purposes pursuant to Sections 16310 and 16381.~~
21 ~~Repayment of any of those borrowings shall be considered a~~
22 ~~priority payment, equivalent to any other loan repayment made~~
23 ~~from the General Fund to another state fund.~~

24 ~~(e) Notwithstanding any other law, the rate of interest to be paid~~
25 ~~to the depositors shall be the base apportionment rate based on~~
26 ~~their pro rata share of the earnings of the Pooled Money Investment~~
27 ~~Account on a quarterly basis at the end of each quarter plus an~~
28 ~~enhanced amount. The pro rata share shall be determined by a~~
29 ~~dollar day participation. The base apportionment rate applied to~~
30 ~~the dollar day participation in the fund shall be the quarter-to-date~~
31 ~~average yield of the Pooled Money Investment Account for the~~
32 ~~current quarter. The enhancement amount paid to depositors in the~~
33 ~~fund shall be determined by the Director of Finance, in consultation~~
34 ~~with the Treasurer, and shall be added to the base rate earned by~~
35 ~~the Pooled Money Investment Account at the time the~~
36 ~~apportionment is made. The total interest cost described in this~~
37 ~~subdivision shall not exceed that provided for in paragraph (1) of~~
38 ~~subdivision (d) of Section 16731.~~

39 ~~(f) Notwithstanding Section 13340, moneys in the fund are~~
40 ~~hereby continuously appropriated to the Controller for payment~~

1 of interest expenditures to depositors calculated in accordance with
2 subdivision (e), and return of deposits to depositors according to
3 terms and conditions set by the Director of Finance, in consultation
4 with the Treasurer.

5 ~~(g) The Department of Finance shall determine the budget items~~
6 ~~to be used for the recording and reporting of interest expenditures~~
7 ~~pursuant to this section.~~

8 ~~(h) Deposits in the fund shall be tracked separately for each~~
9 ~~participant in the state's accounting system, and shall be deemed~~
10 ~~to be assets of each participant. These assets shall be reflected as~~
11 ~~such on the participants' financial statements.~~

12 ~~(i) Actions by the Director of Finance, in consultation with the~~
13 ~~Treasurer, in implementing and administering the investment~~
14 ~~program provided for in this section shall be exempt from the~~
15 ~~provisions of the Administrative Procedure Act (Chapter 3.5~~
16 ~~(commencing with Section 11340) of Part 1 of Division 3).~~

17 ~~SEC. 2. This act is a bill providing for appropriations related~~
18 ~~to the Budget Bill within the meaning of subdivision (e) of Section~~
19 ~~12 of Article IV of the California Constitution, has been identified~~
20 ~~as related to the budget in the Budget Bill, and shall take effect~~
21 ~~immediately.~~