



NEWS...

From the Desk of California State Treasurer Fiona Ma, CPA



FEBRUARY 2019

Welcome to our new newsletter!

I am proud and honored to serve you as California's 34th State Treasurer. Every day I am fighting hard on your behalf for shared prosperity for all, as is my dedicated team at the State Treasurer's Office. We are focused on sound investing that safeguards public funds, expands jobs, improves education, and helps combat climate change.

The Treasurer's Office provides financing for our schools, roads, housing, levees, public facilities, hospitals, and other crucial infrastructure projects that better the lives of all Californians.

See how we can best serve you and your community by viewing a list of programs administered through my office here: <https://www.treasurer.ca.gov/programs.asp>.

As Treasurer I provide oversight for the state's surplus funds. In 2018, we sold more than \$14.4 billion of bonds. As the state's primary banker, I also process more than \$2 trillion in payments within a typical year and oversee an investment portfolio of more than \$90 billion, approximately \$20 billion of which are local government funds.

Here are the policies I intend to focus on during the first half of 2019.

This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.

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Affordable Housing

Bonds and tax credits are a major funding source for affordable housing. As Treasurer, I am looking for ways to get the biggest “bang for our buck,” which is why I recently held a five city “listening tour” across California. I wanted to hear from people like you about how my office can better do business. This means assessing our regulations for the California Debt Limit Allocation Committee (CDLAC), which allocates bond authority to issuers throughout California, and for the California Tax Credit Allocation Committee (TCAC), which allocates tax credits, to ensure we are incentivizing greater affordable housing production with existing dollars.



With Deputy Treasurer of Housing and Economic Development Jovan Agee, attending the Opportunity Zone Expo in Los Angeles.

Meanwhile, \$100 million in Veterans general obligation bonds pursuant to Proposition 1, the Veterans and Affordable Housing Bond Act of 2018 approved by voters last November, are expected to be issued in March.

This fits with my priorities to build affordable homes, create jobs and boost the economy. We will continue to evaluate how we can provide comprehensive solutions to providing affordable housing for veterans. We are researching, for example, how we can deliver one-stop resource centers for everything from mental health care to information on VA resources to veterans living in affordable housing communities.

Taxation Fairness

A recent court decision authorizes states to begin collecting sales and use tax from online and out-of-state retailers without a physical presence in California. Amazon and other online retail giants are now required to collect the taxes on behalf of their third party sellers to ensure California gets all the tax dollars due. Such tax collection is expected to bring in up to \$1 billion annually in additional state and local tax revenue. I am proud to sponsor Assembly Bill 147 with Assemblywoman Autumn Burke and Senator Mike McGuire. This legislation would establish a workable mechanism to collect taxes from out-of-state online retailers -- taxes that California’s brick-and-mortar retailers are already paying.

Savings and Thrift for Future Generations

ScholarShare 529 is a state-sponsored, tax-advantaged college savings plan that’s helping families and individuals plan for the cost of higher education. It’s available to any California citizen or taxpayer. It is estimated that Californians have invested \$4- to \$26-billion in other similar state programs because California does not offer an income tax incentive, or their financial advisors recommended other plans because of perceived limitations to investing in California’s plan. I am proud to announce my collaboration with Assembly Majority Leader Ian Calderon on AB 211, which would create a state income tax deduction when an individual contributes to one or more ScholarShare 529 accounts up to an annual limit of \$5,000 for single taxpayers and \$10,000 for those who file jointly.

The Will of the People on Cannabis

In November 2016, voters approved Proposition 64 legalizing adult recreational use of cannabis. The intent was to eliminate the illicit market while generating revenue for state and local government through taxes on cannabis and cannabis products. For more than 20 years, California had legal medical cannabis, but lacked a statewide regulatory structure. This created a “gray” market where it was difficult to distinguish between legal and illicit operators. To reduce the illicit market, California must encourage cannabis operators to come into the legal and regulated system. One way to incentivize compliance is by temporarily lowering the state’s tax on cannabis so the legal market’s prices are more comparable to black market

prices. I have joined in support with Assemblymember Rob Bonta and a strong bipartisan coalition of legislators on AB 286, which would do just that. By reducing the state excise tax from 15 percent to 11 percent and by eliminating the cultivation tax altogether through 2022, we create a better climate for start-up cannabis businesses to enter the regulated marketplace.

Economic Development

Since the dissolution of community redevelopment agencies in 2011, local governments have lacked some critical resources necessary to fund many important activities, including affordable housing and infrastructure. Redevelopment projects were a significant source of funding for affordable housing and infrastructure for local governments. In the Treasurer's Office, we want to connect private investors with worthy projects that need investment across the state.

Opportunity Zones are a new tool for community economic development. Established in the Tax Cuts and Jobs Act of 2017, Opportunity Zones provide tax incentives for investment in designated census tracts. California's zones will support new investments in environmental justice, sustainability, climate change, and affordable housing.

Investment in Opportunity Zones will enhance our working relationships with local governments and those in the private sector, attracting private sector investors who can forge public-private partnerships in some of our most distressed communities in California.



California's resources are for the people. I see it as my job to ensure that the world's fifth largest economy is working on behalf of all Californians. If I can be of service, please call me or members of my team at (916) 652-2995 or send me an email at Fiona.Ma@treasurer.ca.gov.

We look forward to hearing from you.

Please follow the State Treasurer's Office on *Twitter* at [@CalTreasurer](https://twitter.com/CalTreasurer), and on *Facebook* at [California State Treasurer's Office](https://www.facebook.com/CaliforniaStateTreasurersOffice) to get the most up to date news about the office.

In Peace and Friendship,

A handwritten signature in black ink, appearing to be 'Fiona Ma', written in a cursive style.

Fiona Ma, CPA
California State Treasurer





Your Input is Sought to Fix the Affordable Housing Gap

The State Treasurer’s Office (STO) is focused on providing more affordable housing in California. Shaped by a sense of urgent necessity and personal priority, we immediately created a forum for the STO and affordable housing stakeholders to connect and engage with a statewide “Affordable Housing Listening Tour.”

Events were held in five cities to facilitate dialogue with stakeholders – from developers to advocates –who have invaluable experience and expertise to share. What we learned during the listening tour will help us as we move forward to identify and implement commonsense reforms to the California Tax Credit Allocation Committee and California Debt Limit Allocation Committee, two programs within the STO that perform critical functions in financing affordable housing developments.

The listening tour provided an opportunity for Treasurer Ma to meet with the women, men, and organizations that work on housing-related public policies every day.

As stakeholders who do the important work of designing, constructing, financing, and advocating for affordable housing, it is important that stakeholders know we are with them in the front trenches and that we can play a central role in facilitating their work.

In the first month of her administration, Treasurer Ma visited Los Angeles, San Diego, Sacramento, San Francisco and Fresno.

If you are interested in hosting or helping the STO organize a future stop in your region, please contact Deputy Jovan Agee at jovan.agee@treasurer.ca.gov.



Pictures from the Affordable Housing Tour.



Thank you Sacramento Redevelopment Housing Authority for hosting Sacramento’s leg of the Affordable Housing Tour!



Nurturing Our Budding Cannabis Industry

Helping cannabis businesses establish secure footholds in the now legal adult-use recreational market is a critical focus for Treasurer Ma. She wants to offer these businesses the same fair chance to succeed any start-up industry would receive. So she has been working with legislators to reduce financial stressors that can inhibit the new industry's growth.

Ultimately, the Treasurer's goal is to spur a viable industry. To reach that goal means taking action to diminish California's illicit market, which continues to compete with the legal market. At the same time, we have to find a way to shore up access to banking services.

Despite the legalization of recreational cannabis with passage of Proposition 64, differences in federal and state regulations have fed fears and uncertainties within the banking industry about handling cash associated with cannabis sales and cultivation. Meanwhile, the costs associated with becoming a licensed operator seem to be discouraging some cannabis enterprises from entering the regulated marketplace.

To date, California has issued approximately 10,000 cannabis licenses throughout the state, including to growers. Of an estimated 68,150 growers, only 1 percent to 3 percent are licensed and the rest are still operating in the black market, according to the California Growers Association.¹

Not surprisingly, the corresponding revenue generated by the industry also came in well below projections. Tax collections were \$101 million below the June 2018 projection for 2017-2018.² The state collects an excise tax of 15 percent and a cultivation tax of \$9.25 per ounce of cannabis flower under current regulations.

To remedy this imbalance, Treasurer Ma has been working with Assemblymember Rob Bonta (D-Alameda) and other



Press conference with Assemblymembers Reginald Jones-Sawyer Sr., Rob Bonta, Tom W. Lackey and Ken Cooley as we announce legislation that would temporarily lower state taxes for the cannabis industry.

strong legislators to sponsor Assembly Bill 286. If passed, AB 286 would temporarily lower the excise tax on cannabis from 15 percent to 11 percent, and suspend the cultivation tax altogether, through 2022. This reduction is designed to make the legal market more competitive with the illicit market and give gray market operators a reason to join the legal market.

Banking for cannabis businesses will remain a challenge so long as federal law prohibits banks from storing money collected from cannabis-related businesses. Many cannabis businesses have been forced to hold on to large sums of unbanked cash as a result. When transporting this money carriers become targets of crime, turning a "cash only" cannabis business into a public safety issue. For this reason, the cannabis industry is often referred to as "The Wild West."

In January, Treasurer Ma once again sponsored Senate Bill 51, authored by Senate Majority Leader Robert Hertzberg (D-Van Nuys) to propose a limited purpose state charter bank license for privately funded banks that service licensed cannabis businesses. This bill, too, will encourage the safe integration of gray market cannabis businesses into the legal market.

¹"An Emerging Crisis: Barriers to Entry in California Cannabis." California Growers Association, February 19, 2018. https://d3n8a8pro7vhmx.cloudfront.net/emeraldgrowers/pages/3249/attachments/original/1519106158/An_Emerging_Crisis.pdf?1519106158

²Kerstein, Seth, "Cannabis Tax Revenue Update." California Legislative Analyst's Office, November 15, 2018. <https://lao.ca.gov/LAOEconTax/Article/Detail/326>

Treasurer Ma is also proud to collaborate on Assembly Bill 37, authored by Assemblymember Reginald Jones-Sawyer, Sr. This practical legislation allows cannabis businesses to take deductions on their state income taxes for ordinary business expenses such as utilities, employee salaries, health insurance premiums, and rent deductions that most other businesses are already able to take.

We need this change because under Section 280E of the Internal Revenue Code, cannabis businesses are prohibited from deducting these expenses from their state taxes due to the federal classification of cannabis as a Schedule I substance.

Cannabis businesses are at a significant business disadvantage when they are forced to pay taxes on their gross income. Plus, other California businesses will often take such deductions and reinvest the money back into the surrounding community. The cannabis industry should be free to do the same. All cannabis businesses should be allowed a state tax credit for federal taxes paid on amounts that would otherwise be federally deductible but for 280E compliance.

Going forward Treasurer Ma also plans to work with legislation that would increase access to the Medical Marijuana Identification Card Program by easing the burden caused by access and cost for those who need it most. She is also looking at ways to provide local tax breaks for cannabis cultivation on agricultural land.

Taken together, these measures will help spur growth and contribute greater transparency to this still emerging sector of our economy. There is no one simple fix; we will keep working on several fronts to provide a more comprehensive solution.

That means, of course, also working with the U.S. Congress to speed along the changes we need. On February 13, Treasurer Ma testified before the House Financial Services Committee, Subcommittee on Consumer Protection & Financial Institutions on the need to improve banking services for cannabis-related businesses. Here is a link to a video of the subcommittee hearing (fast forward to 25:54 for the relevant portion of the hearing): <https://youtu.be/kW7fWM04Uyc?t=1554>.

Stay tuned!

FEATURED EMPLOYEE OF THE MONTH



Heart of the Treasury

Meet the people in the State Treasurer's Office whose public service inspires us and is making a difference.

Meet our February employee of the month, David Palsha! David is a PACE analyst with the California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA).

David has gone 'above and beyond' by assisting his colleagues in processing extensive reports when the unit was short-staffed. He willingly took on a workload outside his general work. His initiative and determination have been great assets to CAEATFA, where he performs complex analyses involving various financing mechanisms, including Property Assessed Clean Energy (PACE) financing structures and the PACE Loss Reserve Program.

He also conducts research and analysis that is focused on program-related issues, including applications, program documents and reporting activities. In addition, David acts as a liaison with program applicants and participants, other government entities, consultants, stakeholders and the public answering inquiries and promoting program activities. Of course, he provides great customer service.

Congratulations David!

Learn more about CAEATFA here: <https://www.treasurer.ca.gov/caeatfa/index.asp>



ABCs of the BCAs

Financing and Investing for California Families, Businesses and Infrastructure ... Through 26 Boards, Commissions and Authorities (BCAs) Treasurer Ma is a Member of, or Chairs.

FEATURED BCA

The California Pollution Control Financing Agency (CPCFA)

<https://www.treasurer.ca.gov/cpcfa/>

Are you interested in retrofitting your home or business to make it earthquake safe? Do you own a business and want to install electric vehicle charging stations?

Meet CPCFA, a financing authority under the aegis of the State Treasurer's Office that works to ensure you have access to the private-sector loans you may need. CPCFA, does this through the [California Capital Access Program \(CalCAP\)](#). CalCAP was established within CPCFA in 1994 to assist small businesses that have difficulty obtaining financing by reducing the risk to lenders, thus encouraging more small business financing.

By participating in CalCAP, lenders have a proven credit enhancement available to them to meet the financing needs of small businesses throughout the state. CPCFA encourages banks and other financial institutions to make loans to small businesses by providing a "loan loss reserve program," which may provide lenders with up to 100 percent coverage if a borrower defaults on a loan.

Lenders set all of the terms and conditions for enrolled loans pursuant to their usual underwriting policies. Loans can be short or long-term, secured or unsecured, have fixed or variable rates, and bear any type of payment schedule.

Today, we want to introduce you to two new CalCAP programs that are discussed in more detail below, our Electric Vehicle Charging Station Financing Program, and the Seismic Safety Loan Program.

Loans for Your Company's E.V. Charging Stations

Treasurer Ma's support of electric vehicle charging stations is long-standing. As a state legislator in 2011 she shepherded into law AB 631, enabling the fair market development of electric vehicle infrastructure throughout California.

The CalCAP Electric Vehicle Charging Station Financing Program ([CalCAP/EVCS](#)) under the aegis of the Treasurer's Office was introduced in 2015. The program aims to expand the number of electric vehicle charging stations found in California by providing small business owners incentives to finance the acquisition and installation of electric vehicle charging station equipment.

A business that installs electric vehicle charging stations not only helps us spread electric vehicle usage, it also can attract new customers. Almost any corporation, partnership, cooperative or other entity with 1,000 or fewer employees is eligible to borrow through the program.

Thanks to a \$2 million pilot program funded by the California Energy Commission, loans enrolled in this program can cover the design, development, purchase, and installation of electric vehicle charging stations. This partnership allows CalCAP to provide up to 100 percent coverage to lenders on certain loan defaults.

Enrolled loans are provided coverage for up to 48 months and are limited to \$500,000 per borrower. Borrowers with good repayment history may be eligible to receive a rebate of 10 percent to 15 percent of the enrolled loan

amount payable from the lenders' loss reserve accounts, depending on whether the EVCS installation is located at a multi-unit dwelling or in a disadvantaged community.

The program benefits electric vehicle users and local governments by providing a financial solution to accelerating the implementation of electric vehicle readiness plans. It helps small businesses acquire capital for electric vehicle infrastructure. And it also helps state and local communities stay in step with local air quality and transportation policy goals.

Green Commuter is the most recent small business to benefit from the CalCAP/EVCS program, securing a private loan for the installation of 57 Level 2 electric vehicle charging stations at six sites in Fresno. All six charging station sites will be open to the public and located in disadvantaged communities. These chargers are integral to the state's goal of providing electric vehicle access for everyone, including the electric vehicle ride-sharing community.

More information about CalCAP/EVCS is available at: <https://www.treasurer.ca.gov/cpcfca/calcap/evcs/summary.asp>.

Loans for Residential and Commercial Earthquake Safety Upgrades

Created through legislation authored by Assemblymember Adrin Nazarian (D-North Hollywood) in 2016, CPCFA's newest program is the [CalCAP Seismic Safety Loan Program](#). It provides loss reserve funding for participating lenders making qualified loans to residential property owners and small business owners who want to make their buildings better able to withstand an earthquake.

CPCFA received \$10 million in state funds to implement the CalCAP Seismic Safety Program to incentivize private lending to building owners who need to make seismic-safety upgrades to existing commercial buildings and homes, including multi-unit housing structures, and mobile homes that are registered with the California Department of Housing and Community Development.

Proceeds from loans enrolled in the CalCAP Seismic Safety Loan Program may only be used for seismic retrofit construction alterations. The maximum enrolled loan amount is \$250,000 and the loan may be enrolled in CalCAP for up to 10 years.

Pacific Enterprise Bank recently financed the first CalCAP Seismic Safety loan, making seismic improvements to a five-unit multifamily building in Santa Monica.

For more information on the Seismic Safety program see the [program summary](#) page on our website. You will also find information about participating lenders on our [participating lender](#) page. Prospective borrowers can also access helpful links to outside [resources for seismic safety retrofits](#) through our page dedicated to "Tools for Building Owners."

Note: Each month we will be sharing information on one of our BCAs and explain how the programs behind the acronym are enhancing the lives of Californians all across the state -- and how you, your family, or your business can share in, and contribute to, California's prosperity.



Special thank you to my executive directors who oversee the boards, authorities and commissions that help Californians finance and share in California's prosperity.

Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office



CalABLE

CalABLE, or California Achieving a Better Life Experience Program, provides Californians and out-of-state residents with disabilities a way to save for disability related expenses in tax-advantaged investments while protecting their eligibility for means-tested public benefits programs.

<https://www.treasurer.ca.gov/able/>

February 27

CalABLE Presentation to Conexiones Educativas Presentations in Spanish (10:00AM) and English (Noon)

Downtown Anaheim Community Center, 250 E. Center Street, Anaheim, CA 92805

(RSVP required. Go to: [treasurer.ca.gov/able/events/](https://www.treasurer.ca.gov/able/events/))

March 11

CalABLE Presentation to NAMI Sacramento

Sacramento County Public Administration Building
3331 Power Inn Road, Conference Room 1B, Sacramento, CA 95826

7:00PM - 8:30PM

March 14

CalABLE Presentation to Parents Helping Parents (Webinar)

12:00PM-1:30PM

<https://www.php.com/event/calable-achieving-a-better-life-experience-webinar/>

March 18

The Arc & UCP California Collaboration 2019 Developmental Disabilities Public Policy Conference

Holiday Inn Sacramento Downtown - Arena, 300 J Street, Sacramento, CA 95814

<http://events.r20.constantcontact.com/register/event?oeidk=a07efzk0gmgfebab422&&llr=5nackzhab>

April 3

Laurel Ruff Transition School Open House & Information Fair

5325 Garfield Ave., Sacramento, CA 95841

4:00-7:00 PM

Contact: lausmith@sanjuan.edu

BCA Events Cont'd

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office



TCAC

TCAC, or the California Tax Credit Allocation Committee administers the federal and state Low-Income Housing Tax Credit Program

https://www.treasurer.ca.gov/serp_new.asp?cx=001779225245372747843%3Acrbyi19opu&cof=FORID%3A11&ie=UTF-8&q=TCAC

March 4 **First Round Competitive Application Deadline**

March 20 **TCAC Committee Meeting**

Non-competitive tax-exempt bond financed projects (4 percent) will be recommended for approval. State Treasurer's Office, 915 Capitol Mall, Room 587, Sacramento, CA 95814

March 19-28 **TCAC Compliance Workshops**

Targeted to owners, directors of compliance, regional property managers and asset managers.

March 19 at 8:30 AM

San Diego, Courtyard Mission Valley/Hotel Circle, 595 Hotel Circle S, San Diego, CA 92108

March 21 at 8:30 AM

Anaheim, Anaheim Marriott Suites, 12015 Harbor Boulevard Garden Grove, CA 92840

March 22 at 8:30 AM

Los Angeles, Marriott Burbank Airport, 2500 N. Hollywood Way, Burbank, CA 91505

March 25 at 8:30 AM

Sacramento, Sacramento Courtyard Cal Expo, 1782 Tribute Road, Sacramento, CA 95815

March 28 at 9 AM

Oakland, Elihu M. Harris State Building, 1515 Clay Street, Oakland, CA 94612

BCA Events Cont'd

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office



CDLAC

CDLAC, or the California Debt Limit Allocation Committee, has programs used to finance affordable housing developments for low-income Californians, as well as to build solid waste disposal and waste recycling facilities.

<https://www.treasurer.ca.gov/cdlac/>

March 20

CDLAC Board Meeting

1:30 PM

Jesse Unruh Building, Room 587
915 Capital Mall, Sacramento, CA 95814



College Access Tax Credit Fund

This program provides a tax credit to taxpayers, insurance companies, and businesses that contribute to Cal Grants, the state's largest source of educational financial aid. For assistance with the application or payment of contributions, please contact California Educational Facilities Authority at 916-654-5711.

<https://www.treasurer.ca.gov/cefa/catc/>

March 1

Begin Application Acceptance Period

[The College Access Tax Credit Fund](#) will begin accepting applications for the taxable year 2019.



ScholarShare 529

ScholarShare 529 enables Californians to save for college by helping them to establish tax-advantaged investment accounts. Through its Scholar Dollars Program it also makes grants to K-8 schools to build and maintain innovative programs that foster a college-going culture and enhance extracurricular activities.

<https://www.treasurer.ca.gov/scholarshare/>

March 1

Statewide Deadline for K-8 Public and Charter Schools to Submit Entries for ScholarShare 529's Scholar Dollars Program to Win \$5,000-\$30,000

For more information about how your school can participate, visit: MyScholarDollars.com

BCA Events Cont'd

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office



CAEATFA / CHEEF

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) provides financing for projects that reduce greenhouse gas emissions by increasing renewable energy sources, energy efficiency, energy conservation, and advanced manufacturing technologies. Programs range from tax incentives for manufacturers to helping our building stock become more green. The California Hub for Energy Efficiency (CHEEF) provides lower cost financing for energy efficiency investments for homeowners, small businesses, and affordable multifamily housing. More information can be found at gogreenfinancing.com.

<https://www.treasurer.ca.gov/caeatfa/>

<https://www.treasurer.ca.gov/caeatfa/cheef/>

February 26

Affordable Multifamily Financing Program Workshop

10 AM

915 Capitol Mall, Room 587, Sacramento

To attend the workshop by webinar:

https://zoom.us/webinar/register/WN_fBiueLQCTASkpG3V4EfO_w

March 6

SDG&E Trade Professional Program

8:30AM

SDG&E Energy Innovation Center, San Diego

March 19

CAEATFA Board Meeting

10:30 AM

801 Capitol Mall, Room 150, Sacramento

Telephone participation: (877) 810-9415 / Code: 6535126

March 27-29

2019 California Association for Local Economic Development Conference

Sheraton Park Hotel at the Anaheim Resort, 1855 South Harbor Blvd., Anaheim

<https://caledmembers.site-ym.com/events/EventDetails.aspx?id=1143533>

BCA Events Cont'd

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office



CEFA

The California Educational Facilities Authority (CEFA) provides private, nonprofit higher education institutions with the assistance needed to reduce the cost of financing the construction of campus facilities through a tax-exempt revenue bond program.

<https://www.treasurer.ca.gov/cefa/>

March 28

CEFA Board Meeting

1:30 PM

915 Capitol Mall, Room 587, Sacramento



CHFFA

The California Health Facilities Financing Authority (CHFFA) provides financial assistance to public and non-profit health care providers through loans, grants and tax-exempt bonds.

<https://www.treasurer.ca.gov/chffa/>

March 28

CHFFA Board Meeting

(Immediately following 1:30 PM CEFA Board Meeting)

915 Capitol Mall, Room 587, Sacramento

April 30

Application deadline for Community Services Infrastructure Grant Program



Ask the Treasurer

Dear Fiona,

Congratulations on your new position! I recently attended your Affordable Housing Listening Tour and heard you mention the CalVet Loan Program. I am a veteran and want to know if I'm eligible for this program. Can you please give me more information regarding eligibility requirements?

David



Dear David,

The CalVet Home Loan Program is a true benefit with features that will save veterans money, simplify the lending process, and help veterans protect their investments. CalVet Home Loan products have below market interest rates with low or no down payment requirements and a lower emphasis on FICO scores than is typical for a conventional loan.

All veterans who served on active duty a minimum of 90 days (not including active duty for training purposes only) during wartime, or peacetime, are eligible. The service must be under honorable conditions.

There are no prior residency rules. A veteran may have entered service from outside California. National Guard or reservists who have been ordered to active duty, including Active Guard/Reserve (AGR) duty are also eligible.

To apply for a loan or to gather more information, please visit the CalVet website at <https://www.calvet.ca.gov/HomeLoans>.

Sincerely,
Fiona



Have a Question for the Treasurer?

Readers:

Send your questions for California State Treasurer Fiona Ma via email to: AskFiona@treasurer.ca.gov

Address letters to:

California State Treasurer Fiona Ma
Post Office Box 942809, Sacramento, CA 94209-0001



Top Billing

A monthly update on key legislation for Treasurer Ma

Financial Institutions for Cannabis

Senate Bill 51, Robert M. Hertzberg (D-Van Nuys)

[Creates a limited-purpose state charter for privately funded banks to service licensed cannabis businesses with the goal of providing alternative banking opportunities for the cash-only cannabis industry.]

Would create the Cannabis Limited Charter Banking and Credit Union Law, to be administered by the Commissioner of Business Oversight and the Department of Business Oversight.

The bill would create the Cannabis Limited Charter Bank and Credit Union Advisory Board and specify its composition, to include the Treasurer, the Controller, and the Chief of the Bureau of Cannabis Control, and commit to it the general responsibility for ensuring that this law functions in a safe and efficient way.

Name Translation on Ballot Materials

Assembly Bill 57, Evan Low (D-Silicon Valley)

[Standardizes the way names are translated into character-based languages on the California ballot.]

Current law requires the translation of ballots and ballot materials into languages other than English when specified circumstances exist. This bill would require that, if a jurisdiction provides a translation of the candidates' alphabet-based names into a character-based language, such as Chinese, Japanese, or Korean, phonetic transliterations of the alphabet-based names of candidates be provided.

The bill would also require that if a candidate's name is to appear on the ballot in more than one jurisdiction in an election then all of those jurisdictions must use the same phonetic transliteration or character-based translation of the name.

Expand the Low-Income Housing Tax Credit

Assembly Bill 10, David Chiu (D-San Francisco)

[Increases California's Low Income Housing Tax Credit (LIHTC) by \$500 million.]

Would, under the law governing the taxation of insurers, the Personal Income Tax Law, and the Corporation Tax Law, for calendar years beginning in 2020, increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by an additional \$500,000,000, as specified, and would allocate to farmworker housing projects \$25,000,000 per year of that amount. The bill, under those laws, would modify the definition of applicable percentage relating to qualified low-income buildings to depend on whether the building is a new or existing building and federally subsidized, or a building that is, among other things, at least 15 years old, serving households of very low income or extremely low income, and will complete substantial rehabilitation, as specified.

Eliminate Sunset Date for Low-Income Housing Tax Credits

Senate Bill 9, Jim Beall (D-San Jose)

[Eliminates the sunset date for reauthorization to certificate and bifurcate state Low-Income Housing Tax Credits.]

Current law, beginning on or after January 1, 2009, and before January 1, 2020, requires, in the case of a project that receives a preliminary reservation of a state low-income housing tax credit that the credit be allocated to the partners of a partnership owning the project in accordance with the partnership agreement, as provided. Existing law, beginning on or after January 1, 2016, and before January 1, 2020, authorizes a taxpayer that is allowed a low-income housing tax credit to elect to sell all or a portion of that credit to one or more unrelated parties for each taxable year in which the credit is allowed, as described. This bill would delete the January 1, 2020 date with respect to both of these provisions, thereby requiring the allocation of credits among partners in accordance with the partnership agreement and authorizing the sale of a credit, as described above, indefinitely.

ScholarShare 529 Tax Deduction on State Income Taxes

Assembly Bill 211, Ian Calderon (D-Whittier)

[Provides a state income tax deduction for those who contribute to a California ScholarShare 529 account, not to exceed \$5,000 for single taxpayers, or \$10,000 for joint filers.]

Would, for taxable years beginning on or after January 1, 2019, allow under the Personal Income Tax Law a deduction against gross income in the amount equal to the monetary contribution made by a qualified taxpayer to the California qualified tuition program established pursuant to the Golden State ScholarShare Trust Act not to exceed either \$5,000 or \$10,000, as provided.

The bill would require the ScholarShare Investment Board to report to the Legislature, on an annual basis, specified data related to this deduction and ScholarShare accounts.

Tax Deductions on Ordinary Business Expenses for Cannabis Businesses

Assembly Bill 37, Reginald Byron Jones-Sawyer Sr. (D-Los Angeles)

[Allows cannabis businesses to receive the same state income tax deductions as regular businesses on ordinary business expenses.]

Would, for each taxable year beginning on and after January 1, 2019, specifically provide in the Personal Income Tax Law for nonconformity to that federal law disallowing a deduction or credit for business expenses of a trade or business whose activities consist of trafficking specified controlled substances, only for commercial cannabis activity, as defined under the Medicinal Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) by a licensee, thus allowing deduction of business expenses paid or incurred during the taxable year in carrying on that commercial cannabis activity under the Personal Income Tax Law.

Extension of the Sales Tax Exclusion Program

Senate Bill 162, Cathleen Galgiani (D-Stockton)

[Extends CAEATFA's Sales and Use Tax Exclusion Program's sunset date until January 1, 2030.]

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority (CAEATA). The act authorizes, until January 1, 2021, the authority to provide financial assistance to a participating party in the form of specified sales and use tax exclusions for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. This bill would extend the authorization to provide financial assistance in the form of a sales and use tax exclusion for qualifying projects until January 1, 2030, and would extend the sales and use tax exclusion until January 1, 2030.

Temporary Tax Reductions on Cannabis Cultivation and Excise Taxes

Assembly Bill 286, Rob Bonta (D-Oakland)

[Temporarily reduces the state's cannabis excise tax from 15 percent to 11 percent and suspends the cultivation tax altogether to help the fledgling industry establish itself and undercut black market sales.]

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, and additionally amended by statute, imposes an excise tax commencing January 1, 2018, on the purchase of cannabis and cannabis products at the rate of 15 percent of the average market price of any retail sale by a cannabis retailer. This bill would reduce that excise tax rate to 11 percent on and after the operative date of this bill until June 1, 2022, at which time the excise tax rate would revert back to 15 percent. This bill would suspend the imposition of the cultivation tax on and after the operative date of this bill until June 1, 2022.

AB 147, which would make Amazon and other internet giants liable for state tax filings by third-party sellers and small businesses, has its first hearing before the Standing Committee on Revenue and Taxation on February 25 at 2:30 PM, Room 126, State Capitol. The proposed law would allow the state to collect up to an additional \$1 billion in annual sales tax.

Online Retailers Sales Tax: Expansion to Marketplace Facilitators

Assembly Bill 147, Autumn Burke (D-Marina del Rey)

[Extends retailers sales tax to online marketplace facilitators and requires them to collect and remit taxes on behalf of third-party sellers.]

This bill would require districts that impose district use taxes in accordance with the Transactions and Use Tax Law to include a provision that provides that a retailer engaged in business in the district includes any retailer that, in the preceding calendar year or the current calendar year, has total cumulative sales of tangible personal property to purchasers in the state in excess of \$500,000, thereby requiring those retailers to collect those district use taxes.



The Vault

Calendar of upcoming public finance activities and bond sales

Week of March 4th

Various Purpose General Obligation Bonds (\$2.3B)

The bonds will provide funding for projects/programs under various bond acts and will refund outstanding bonds.

Week of March 11th

The Regents of the University of California General Revenue Bonds (\$500M, tax-exempt & taxable)

The bonds will provide funding for 14 projects across the UC system and the rollover of taxable notes.

Week of March 18th

Veterans Home Purchase Revenue Bonds (\$80M)

The bonds will provide funding for the California Department of Veteran Affairs' (CalVet) Farm and Home Purchase Program.

Week of March 25th

Taxable Various Purpose General Obligation Bonds (\$800M)

The bonds will provide funding for projects/programs under various bond acts and will refund outstanding commercial paper notes.

Department of Water Resources Central Valley Project Water System Revenue Bonds (\$235M)

The bonds will refund the department's outstanding commercial paper notes relating to the Oroville Dam Spillway Response, Recovery and Restoration Project.

Week of April 1st

State Public Works Board Lease Revenue Bonds (\$25M)

The bonds will provide funding to the Board of State and Community Corrections for the Solano Jail Project, also known as the Rourke Vocational Training Center, in the city of Fairfield.

Veterans General Obligation Bonds

(\$100M)

The bonds will provide funding for the CalVet Farm and Home Purchase Program.

Week of April 8th

Various Purpose General Obligation Bonds (\$2.2B)

The bonds will provide funding for projects/programs under various bond acts and will refund outstanding commercial paper notes and bonds.

Week of April 22nd

IBank Clean Water and Drinking Water State Revolving Fund Green Revenue Bonds (\$100M)

The bonds will provide funding to the State Water Resources Control Board for the Drinking Water State Revolving Fund program, which provides financial assistance to local governments for safe drinking water projects.

More information about the upcoming spring bond sales is at BuyCaliforniaBonds.com. News ... from the desk of California State Treasurer Fiona Ma is prepared by staff of the State Treasurer's Office. This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors always should obtain and read the Official Statement published by the State for each issue of bonds or notes.



The Ma Squad

Travels in February in photos



With Katie Selenski, executive director of CalSavers, which provides private sector workers with access to retirement savings programs through their work places.



Treasurer Ma before a U.S. Congressional subcommittee on the need to change banking rules and ease restrictions on legal cannabis-related businesses. [Photo credit: CUNA, Jamar Jemison]



Honored to be a part of the CalPERS board.



California Supreme Court Chief Justice Tani G. Cantil-Sakauye administers oaths to my Chief of Staff Genevieve Jopanda and Deputy Treasurers Audrey Noda, Jovan Agee, and Tim Schaefer.



Did You Know?

Public tours are conducted on the hour, every hour, between 9 a.m. and 4 p.m., seven days a week, all year long – except Christmas, Thanksgiving and New Year's Day.

Just show up at Room B-27! For more details, call (916) 324-0333.



View from the Capitol looking down Capitol Mall in Sacramento.



View inside the state Capitol looking up into the dome.



Of course, during your tour of the Capitol you may turn a corner and suddenly find yourself immersed in the history of a certain independently elected California Constitutional Officer...