



Contra
Costa
County

To: Board of Supervisors
From: LEGISLATION COMMITTEE
Date: August 2, 2016

Subject: Amending adopted 2016 Federal Platform - Support for Private Activity Bonds for Government Buildings

RECOMMENDATION(S):

ADOPT an amendment to the County's adopted 2016 Federal Platform to include support for legislation that would create a new category of private activity bonds in the federal tax code for governments to join with private parties to help finance government buildings, as recommended by the Legislation Committee.

FISCAL IMPACT:

No immediate fiscal impact in adopting the amendment to the Federal Platform.

BACKGROUND:

At its July 11, 2016 meeting, the Legislation Committee considered the recommendation from the County Administrator's staff to amend the County's adopted 2016 Federal Platform to include support for legislation that would create a new category of private activity bonds for governments to join with private parties to help finance government buildings. An amendment to the Federal Platform would allow the County to support legislation such as H.R.5361 which was introduced in House on May 26, 2016 and would amend the Internal Revenue Code of 1986 to provide for the tax-exempt financing of certain government-owned buildings.

☒ APPROVE

☐ OTHER

☐ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/02/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 2, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: L. DeLaney,
925-335-1097

cc:

The Public Buildings Renewal Act (H.R. 5361), introduced by Rep. Mike Kelly, R-Pa., would create a new category of private activity bonds for governments to join with private parties to help finance schools, medical facilities, police stations and other social infrastructure. The recently introduced bill, which has nine co-sponsors, would amend the federal tax code to provide another layer of tax-exempt financing that would encourage the use of public-private partnerships. Section 142 of the federal tax code includes 15 categories of "qualified" PABs, one of which is qualified public educational facilities. Kelly's legislation would add a 16th category for qualified government buildings.

H.R. 5361 defines qualified government buildings as an elementary or secondary school; public university buildings used for educational purposes; public libraries; courts; hospitals, health care facilities, laboratories and research buildings; public safety buildings including police and fire stations, medical facilities and jails; and government offices.

The bonds would be exempt from state volume cap restrictions generally applied to PABS, and instead would be subject to a new, national cap of \$5 billion. State and local governments would be required to submit a funding application to the Treasury Department that includes the amount requested; the governmental unit that will own the project; and a project description and timeline. Governments would also be required to provide anticipated

funding sources and uses of funds for the project. Entities would be required to issue bonds in the amount allocated by Treasury within two years after the allocation date. If they fail to do so, the unused portion of the allocation would be revoked. The bill would exclude any retail food or beverage facilities or buildings used for recreation and entertainment, including private golf courses, country clubs, convention centers and sports arenas.

BACKGROUND: (CONT'D)

Proposed policy amendment for the Contra Costa County's 2016 Federal Platform:

Private Activity Bonds for Government Buildings – The County will support legislation that would create a new category of private activity bonds for governments to join with private parties to help finance government buildings. The tax-exempt bonding mechanism would allow state and local governments to issue private activity bonds to finance the construction and upkeep of certain publicly owned buildings. The County will support amending the federal tax code to provide another layer of tax-exempt financing that would encourage the use of public-private partnerships.

Attachment A includes a redlined version of the the amended Federal Platform (Policy Positions excerpt).

Attachment B includes the text of H.R. 5361.

CONSEQUENCE OF NEGATIVE ACTION:

Contra Costa County would not have a position on the issue.

ATTACHMENTS

Attachment A: Adopted Federal Platform, redlined revision

Attachment B: H.R. 5361 bill text