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| Department of Finance <p style="text-align: center;">STATE OF CALIFORNIA MANUAL OF STATE FUNDS</p> | <p style="text-align: right;">Fund: 0922a</p> <p style="text-align: right;">PAGE 1</p> <p style="text-align: right;">Renumbered From:</p> |
| <p><u>Legal Title</u> California Economic Development Grant and Loan Fund</p> | |
| <p><u>Legal Citation/Authority</u> Chapter 1229, Statutes of 1977 Government Code section 15327</p> | |
| <p><u>Fund Classification</u> <u>GAAP Basis</u> Proprietary/Enterprise Funds</p> | <p><u>Fund Classification</u> <u>Legal Basis</u> Nongovernmental/Trust and Agency Funds-- Non-Federal</p> |
| <p><u>Purpose</u> This fund is to be used as a depository of moneys received from state, federal, and local governments. Moneys in the fund are used to provide grants and loans to public and private agencies pursuant to Public Law 89-136, Section 304 of the Public Works and Economic Development Act of 1965, as amended. The primary purpose of this act is to create long-term or permanent jobs in areas of high unemployment.</p> <p>Section 304 provides for an allocation of funds to each state, by the Economic Development Administration (EDA), to be used for economic development projects such as public works, business loans, and technical assistance. The states are required to contribute 25 percent of whatever federal 304 money is allocated to a given project. The primary purpose of this program is to encourage states to join with the federal government in an effort to stimulate economic development through a process of grants and loans. Although the states select the projects, they must be submitted to EDA for final approval.</p> <p>Money may be made available to public and nonprofit agencies through the grant program. The grant program is used to provide funds principally for public works and development facilities needed to attract new industry and create business expansion which will result in immediate substantive economic expansion in the areas. There are two types of grants: (1) basic assistance grants, and (2) supplemental assistance grants. The basic assistance grants are for projects which are eligible for EDA funding where regular EDA funds are not available. For projects financed through these grants, the applicant is required to pay a portion of the total project cost. Supplemental assistance grants are made where the applicant of a regular EDA grant needs financial assistance in meeting the matching share requirements.</p> <p>The loan program provides for direct loans to public agencies or private businesses which are seeking to establish or expand their operations. The loans are generally to be repaid over a long term and include interest determined by the cost of government borrowing at the time the loan is made.</p> <p>The loan requests must be for a minimum of \$100,000 and a maximum of \$350,000, and may be for financing the cost of fixed assets, equipment, or for working capital needs. The loan must be for projects in an area with a current EDA approved Overall Economic Development Plan and it must be demonstrated that funds are not available from other sources.</p> | |

Moneys that have been allocated by the state in excess of the 25 percent state match money pursuant to Public Law 89-136 and subsequently repaid may be reallocated as loans or grants without regard to federal matching share requirements as long as the funds are used in a manner that is consistent with Section 304 of Public Law 89-136.

Administering Agency/Organization Code

California Trade and Commerce Agency/Org 2920

Major Revenue Source

Federal, state and local moneys.
Repayment of loans.

Disposition of Funds (upon abolishment)

Pursuant to Government Code section 16346, absent language that identifies a successor fund, any balance remaining in this fund upon abolishment shall be transferred to the General Fund.

Appropriation Authority

Section 15327 of the Government Code provides that "all money deposited in the California Economic Development Grant and Loan Fund shall remain available, as is continuously appropriated, until expended or obligated without regard to fiscal year for purposes of this chapter.

State Appropriations Limit

Always Excluded – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Trust and Agency Fund (Non-Federal).

Historical Comments

Chapter 229, Statutes of 2003 (AB 1757) repealed Section 15327 related to the California Economic Development Grant and Loan Fund. This fund is abolished effective January 1, 2004.