

Levine Legislation Provides Potentially \$330 Billion in Infrastructure Funding

Thursday, September 1, 2016

<https://a10.asmdc.org/press-release/levine-legislation-provides-potentially-330-billion-infrastructure-funding>

AB 2348 (Levine) Sent to Governor Brown to Facilitate CalPERS CA Infrastructure Investment

In the last days of the 2015-16 Legislative Session with a bipartisan 28-11 vote, the Senate approved AB 2348 by Assemblymember Marc Levine (D-Marin County), sending the bill directly to Governor Brown.

This bill provides up to \$330 billion in funding for California's roads, highways, ports, schools, housing, water system and other public projects. AB 2348 creates an opportunity for the California Public Employees' Retirement System (CalPERS) to work with the Department of Finance to identify guaranteed investments to fund California infrastructure projects.

"A fresh approach and new ideas are necessary to solve California's infrastructure challenges. There is no need to raise taxes to tap billions in funding," said Assemblymember Levine. "CalPERS is the largest public pension fund in the nation with a tremendous capacity to invest in California's infrastructure, but only .003% of CalPERS's total investments are in California infrastructure. This bill can increase that number dramatically."

California Forward estimates that the state will need to spend \$835 billion over the next decade to meet California's water, transportation, and K-12 infrastructure needs alone. The economic benefit from investment in infrastructure is tremendous. In 2014 the Center on Globalization, Governance & Competitiveness at Duke University reported that more than 82,000 jobs are created for every \$1 billion invested in California infrastructure.

AB 2348 allows the Department of Finance to identify specific projects that need investment and to guarantee a rate of return to CalPERS. This bill creates no mandate on Department of Finance or CalPERS and instead provides a new tool as the State strives to increase investments in California infrastructure and the pension fund seeks to maximize its return on investments.

"AB 2348 will give the state an additional avenue to invest in critical infrastructure, such as in our state's publicly-owned but privately-operated seaports, which will help to grow the economy, create jobs, and in turn increase state and local tax revenues, while at the same time protecting the returns of state retirement systems," said Mike Jacob, of the Pacific Merchant Shipping Association, an Oakland-based maritime trade group. "We look forward to the state utilizing new and creative forms of financing and underwriting, like that proposed in AB 2348, to direct investment into California's public seaports and help to partner with our private marine terminal operators as we look to invest the billions of dollars necessary to create the clean port infrastructure of the 21st century."

Only 1/3 of 1/10 of 1 percent of CalPERS holdings are in California infrastructure. This summer CalPERS announced an investment of more than \$330 million in an Indiana toll road. That single investment in Indiana is more than three times the amount CalPERS invests annually in California infrastructure.

“CalPERS earned only 0.6% return on their investment last year, far short of their 7.5% goal,” said Assemblymember Levine. “Recognizing that there are better returns to be made, there is a global movement advancing the natural partnership between public pension funds and infrastructure funding. This bill helps move California in that direction.”

“AB 2348 will encourage greater voluntary investment in California infrastructure from CalPERS,” said Cesar Diaz, Legislative Director of State Building and Construction Trades Council of California, AFL-CIO. “Additional investment in these projects means more California jobs and economic growth as well.

AB 2348 is supported by State Building and Construction Trades Council, the Coalition for Adequate School Housing, the Port Authorities Association, the California Trade Coalition and the Pacific Merchant Shipping Association.

The Governor has until September 30th to act on this legislation.

###

Assemblymember Marc Levine represents the 10th Assembly District which includes Marin and Sonoma Counties.