

## Official Title and Summary

**1990 SCHOOL FACILITIES BOND ACT.** This act provides for a bond issue of eight hundred million dollars (\$800,000,000), to provide capital outlay for construction or improvement of public schools.

## Text of Proposed Law

This law proposed by Senate Bill 173 (Statutes of 1990, Ch. 24) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

## PROPOSED LAW

SECTION 1. Chapter 21.4 (commencing with Section 17660) is added to Part 10 of the Education Code, to read:

## CHAPTER 21.4. 1990 SCHOOL FACILITIES BOND ACT

## Article 1. General Provisions

17660. This chapter shall be known and may be cited as the 1990 School Facilities Bond Act.

17660.10. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the State School Building Finance Committee created pursuant to Section 15909.

(b) "Fund" means the State School Building Lease-Purchase Fund.

## Article 2. Program Provisions

17660.15. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the fund.

17660.20. (a) All moneys deposited in the fund shall be available to provide aid to school districts of the state in accordance with the Leroy Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700)), the purposes authorized under Section 17660.30, and all acts amendatory thereof and supplementary thereto, to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Only those statutes, regulations, guidelines, and other laws in effect on or before March 11, 1990, shall apply to the allocation of moneys made available under this chapter for the purposes of Chapter 22 (commencing with Section 17700).

17660.30. (a) Of the proceeds from the sale of bonds pursuant to this chapter, not more than two hundred sixty million dollars (\$260,000,000) may be used for one or more of the following purposes:

(1) Project funding for applicant districts under Chapter 22 (commencing with Section 17700) that are eligible for that funding, but that lack funding priority due to the size of pupil enrollment in the district.

(2) The identification, assessment, or abatement of hazardous asbestos in school facilities, pursuant to either Chapter 22 (commencing with Section 17700) or Section 39619.6.

(3) The acquisition of portable classrooms for use in accordance with Chapter 25 (commencing with Section 17785).

(4) The reconstruction or modernization of facilities within the meaning of Chapter 22 (commencing with Section 17700).

(5) The funding of child care facilities pursuant to Section 8477.

(b) Of the proceeds from the sale of bonds pursuant to this chapter, forty million dollars (\$40,000,000) shall be used for the purchase and installation of air-conditioning equipment and insulation materials, and related costs, pursuant to Section 42250.1 for schools operated on a year-round multitrack schedule in a manner that increases school capacity and reduces or eliminates the district's need for the construction of additional classroom space.

(c) Notwithstanding subdivision (b), in the event the board determines that the amount made available under that subdivision exceeds the amount necessary to fund the qualified recipients of the apportionment authorized under that subdivision, as indicated by those applications for that funding received by the board on or before June 30, 1991, the board may expend any portion of that excess for any one or

more of the purposes described in subdivision (a).

## Article 3. Fiscal Provisions

17660.40. Bonds in the total amount of eight hundred million dollars (\$800,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide funds to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

17660.45. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board."

17660.50. Upon request of the board from time to time, supported by a statement of the apportionments made and to be made for the purposes described in Section 17660.20, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to provide funds for the apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to provide funds for those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

17660.53. The board may request the Pooled Money Investment Board for a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, and may execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. The loan shall be deposited in the fund for the purpose of carrying out the provisions of this chapter. The amount of the loan shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purposes of this chapter.

17660.55. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

17660.60. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 17660.70, appropriated without regard to fiscal years.

17660.65. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond

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proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

17660.70. For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, together with interest at the rate ~~prevailing~~ on moneys in the Pooled Money Investment Account, from money

received from the sale of bonds for the purpose of carrying out this chapter.

17660.75. All money deposited in the fund that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

17660.80. The bonds may be refunded in accordance with Article 6 (commencing with Section 16797) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. The approval by the electors of the state of the issuance and sale of bonds under this chapter includes approval of any bonds issued to refund either those bonds or any previously issued refunding bonds.

17660.85. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

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