

## Official Title and Summary Prepared by the Attorney General

HIGHER EDUCATION FACILITIES BOND ACT OF 1988. This act provides for a bond issue of six hundred million dollars (\$600,000,000) to provide funds for the construction or improvement of facilities of California's public higher education institutions, including the University of California's nine campuses, the California State University's 19 campuses, the 70 districts of the California community colleges, and the California Maritime Academy. The use of funds authorized under this act includes, but is not necessarily limited to, the construction or improvement of classrooms, laboratories, and libraries, and the implementation of earthquake and other health or safety improvements.

## Text of Proposed Law

This law proposed by Senate Bill 703 (Statutes of 1988, Ch. 44) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

### PROPOSED LAW

SECTION 1. Chapter 14.3 (commencing with Section 67330) is added to Part 40 of the Education Code, to read:

#### CHAPTER 14.3. HIGHER EDUCATION FACILITIES BOND ACT OF 1988

##### Article 1. General Provisions

67330. *This chapter shall be known and may be cited as the Higher Education Facilities Bond Act of 1988.*

67331. *The Legislature finds and declares all of the following:*

(a) *California's economic and social prosperity relies on a higher education system that keeps pace with California's growth. In the coming decades, the state's economic prosperity will depend on increasing the productivity of the work force and on the ability to compete successfully in the world marketplace.*

(b) *The system of public higher education in this state includes the University of California, the California State University, the California community colleges, and the California Maritime Academy. Each of these institutions plays a vital role in maintaining California's dominance in higher education in the United States.*

(c) *Over the last several years, studies have been completed by the University of California, the California State University, and the California community colleges to assess their long-term and short-term capital needs, which studies demonstrate that these needs total, in the aggregate, several billion dollars.*

(d) *The purpose of the Higher Education Facilities Bond Act of 1988 is to assist in meeting the capital outlay financing needs of California's public higher education system.*

67332. *As used in this chapter, the following terms have the following meanings:*

(a) *"Committee" means the Higher Education Facilities Finance Committee created pursuant to Section 67353.*

(b) *"Fund" means the 1988 Higher Education Capital Outlay Bond Fund created pursuant to Section 67333.*

##### Article 2. Higher Education Facilities Bond Act Program

67333. *The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the 1988 Higher Education Capital Outlay Bond Fund, which is hereby created.*

67334. (a) *The committee shall be and is hereby authorized to create a debt or debts, liability or liabilities, of the State of California pursuant to this chapter for the purpose of funding aid to the University of California, the California State University, the California community colleges, and the California Maritime Academy for the construction, including the construction of buildings and the acquisition of related fixtures, renovation, and reconstruction of facilities, for the acquisition of sites upon which these facilities are to be constructed, for the equipping of new, renovated, or reconstructed facilities, and to provide funds for payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings.*

(b) *Moneys made available under Section 67340 or 67342 may be used to provide short-term loans to community colleges for the purchase of instructional equipment. Those loans shall be repaid from the first moneys available in the Capital Outlay Fund for Public Higher Education beginning in the 1989-90 fiscal year, or from proceeds of the bonds.*

##### Article 3. Fiscal Provisions

67335. (a) *Bonds in the total amount of six hundred million dollars (\$600,000,000), not including the amount of any refunding bonds issued in accordance with Section 67343, or so much thereof as is necessary, may be issued and sold to provide a fund 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.*

(b) *Pursuant to this section, the Treasurer shall sell the bonds authorized by the committee at such different times as necessary to service expenditures required by the apportionments.*

67336. *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. For purposes of the State General Obligation Bond Law, the State Public Works Board is designated the "board."*

67337. *The committee shall authorize the issuance of bonds under this chapter only to the extent necessary to fund the apportionments that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 67334 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.*

67338. *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.*

67339. *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 67340, appropriated without regard to fiscal years.*

67340. *For the purposes of carrying out this chapter, the Director of Finance may, by executive order, 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 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 paid on moneys in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this chapter.*

67341. *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.*

67342. *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.*

67343. *Any bonds issued and sold pursuant to this chapter may be refunded by the issuance and sale or exchange of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. The approval by the electors of this state of the issuance and sale of bonds under this chapter includes approval of the issuance and sale or exchange of any bonds issued to refund either those bonds or any previously issued refunding bonds.*