

Official Title and Summary

HIGHER EDUCATION FACILITIES BOND ACT OF JUNE 1990. This act provides for a bond issue of four hundred fifty million dollars (\$450,000,000) to provide funds for the construction or improvement of facilities of California's public higher education institutions, which include the University of California's nine campuses, the California State University's 20 campuses, the 71 districts of the California Community Colleges, the Hastings College of the Law, the California Maritime Academy, and off-campus facilities of the California State University approved by the Trustees of the California State University on or before July 1, 1990. 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 147 (Statutes of 1989, Ch. 6) 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 14.4 (commencing with Section 67345) is added to Part 40 of the Education Code, to read:

CHAPTER 14.4. HIGHER EDUCATION FACILITIES BOND ACT OF JUNE 1990

Article 1. General Provisions

67345. This chapter shall be known and may be cited as the Higher Education Facilities Bond Act of June 1990.

67345.1. 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. Those studies demonstrate that the long-term and short-term needs total, in the aggregate, several billion dollars.

(d) The purpose of the Higher Education Facilities Bond Act of June 1990 is to assist in meeting the capital outlay financing needs of California's public higher education system.

67345.2. 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 June 1990 Higher Education Capital Outlay Bond Fund created pursuant to Section 67346.

Article 2. Higher Education Facilities Bond Act Program

67346. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the June 1990 Higher Education Capital Outlay Bond Fund, which is hereby created.

67346.5. (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 Hastings College of the Law, and the California Maritime Academy for the construction, including the construction of buildings and the acquisition of related fixtures, the construction or improvement of off-campus facilities of the California State University approved by the Trustees of the California State University on or before July 1, 1990, renovation, and reconstruction of facilities, for the acquisition of sites upon which these facilities are to be constructed, and 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) The addition of the Hastings College of the Law to this section is not intended to mark a change from the funding authorizations made by Section 67354, as contained in the Higher Education Facilities Bond Act of 1986, or Section 67334, as contained in the Higher Education Facilities Bond Act of 1988, but is intended to more clearly state what was intended by the Legislature in those sections as well.

(b) Moneys made available under Section 67347.5 or 67347.7 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 1990-91 fiscal year, or from proceeds of the bonds.

Article 3. Fiscal Provisions

67347. (a) Bonds in the total amount of four hundred fifty million dollars (\$450,000,000), not including the amount of any refunding bonds issued in accordance with Section 67347.8, 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 any different times necessary to service expenditures required by the apportionments.

67347.1. 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, except as specified in Section 67347.7, each state agency administering an appropriation of the bond fund is designated the "board" for the projects funded by those appropriations.

67347.2. 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 67346.5 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.

67347.3. 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.

67347.4. 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 67347.5, appropriated without regard to fiscal years.

67347.5. 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 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

(Continued on page 109)

Proposition 121: Text of Proposed Law

Continued from page 57

tion 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.

67347.6. 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.

67347.7. 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.

For the purposes of requesting Pooled Money Investment Board loans in accordance with this section, "board" means: the President of the University of California, the Dean of the Hastings College of the Law, the Chancellor of the California State University, the President of the California Maritime Academy, and the Chancellor of the California Community Colleges, each acting independently on his or her own behalf.

67347.8. 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.

67347.9. Notwithstanding any provision of this chapter or the State General Obligation Bond Law set forth in 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 the income on which is intended to be excluded from gross income for federal purposes, the Treasurer shall be authorized to maintain separate accounts for the investment of bond proceeds and the investment earnings on these proceeds, and the Treasurer shall be authorized to use or direct the use of these proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law so as 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.