

153

**Higher Education Facilities Bond Act
of June 1992**

Official Title and Summary Prepared by the Attorney General

HIGHER EDUCATION FACILITIES BOND ACT OF JUNE 1992

- This act authorizes a bond issue of nine hundred million dollars (\$900,000,000) to fund the construction or improvement of California's public college and university facilities.
 - Authorized projects for the 138 public campuses shall include, but are not necessarily limited to, earthquake and other health safety improvements, modernization of laboratories to keep up with scientific advances, and construction of classrooms and libraries.
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Proposition 153: Text of Proposed Law

This law proposed by Senate Bill 119 (Statutes of 1992, Chapter 13) 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 14.6 (commencing with Section 67358) is added to Part 40 of the Education Code, to read:

CHAPTER 14.6. HIGHER EDUCATION FACILITIES BOND ACT OF JUNE 1992

Article 1. General Provisions

67358. This chapter shall be known and may be cited as the Higher Education Facilities Bond Act of June 1992.

67358.1. 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 containing nine campuses, the California State University containing 20 campuses, the California Community Colleges consisting of 71 districts containing 107 campuses, the Hastings College of the Law, the California Maritime Academy, and their respective off-campus centers. 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 1992 is to assist in meeting the capital outlay financing needs of California's public higher education system.

67358.2. 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 1992 Higher Education Capital Outlay Bond Fund created pursuant to Section 67358.3.

Article 2. Higher Education Facilities Bond Act Program

67358.3. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the 1992 Higher Education Capital Outlay Bond Fund, which is hereby created.

67358.4. 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, 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 equipping of new, renovated, or reconstructed facilities; funding for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings; renovation and reconstruction of facilities; and 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, including the acquisition of sites upon which these facilities are to be constructed.

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 state more clearly what was intended by the Legislature in those sections as well.

Article 3. Fiscal Provisions

67358.5. (a) Bonds in the total amount of nine hundred million dollars (\$900,000,000), not including the amount of any refunding bonds issued in accordance with Section 67359.3. 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 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.

67358.6. 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 shall 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, each state agency administering an appropriation of the bond fund is designated as the "board" for projects funded by those appropriations.

67358.7. 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 67358.4 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.

67358.8. 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 that is necessary to collect that additional sum.

67358.9. 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 necessary to carry out the provisions of Section 67359, appropriated without regard to fiscal years.

67359. (a) 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 that 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 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.

(b) No funds shall be expended pursuant to this chapter for the acquisition and development of new campuses that would increase the number of campuses designated in Section 67358.1.

(c) Any request forwarded to the Legislature and the Department of Finance for funds from this bond issue for expenditure for the purposes described in Section 67358.4 by the University of California, the California State University, or the California Community Colleges shall be accompanied by the five-year capital outlay plan of the particular university or college and shall include a schedule that prioritizes the seismic retrofitting needed to significantly reduce, by the 2000-01 fiscal year, in the judgment of the particular university or college,

seismic hazards in buildings identified as high priority by the university or college.

67359.1. 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.

67359.2. 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.

67359.3. 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.

67359.4. 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 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 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.

67359.5. 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.