

## New Prison Construction Bond Act of 1986

---

### Official Title and Summary Prepared by the Attorney General

NEW PRISON CONSTRUCTION BOND ACT OF 1986. This act provides for the acquisition and construction of state youth and adult correctional facilities pursuant to a bond issue of five hundred million dollars (\$500,000,000).

---

## Text of Proposed Law

This law proposed by Assembly Bill 2545 (Statutes of 1986, Chapter 409) is submitted to the people in accordance with the provisions of Article XVI of the Constitu-

This proposed law adds sections to the Penal 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 (commencing with Section 7300) is added to Title 7 of Part 3 of the Penal Code, to read:

#### CHAPTER 14. NEW PRISON CONSTRUCTION BOND ACT OF 1986

7300. *This chapter shall be known and may be cited as the New Prison Construction Bond Act of 1986.*

7301. *The State General Obligation Bond Law is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter except that, notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of the bonds shall not exceed 20 years from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.*

7302. *There is in the State Treasury the 1986 Prison Construction Fund, which fund is hereby created. The proceeds of the sale of bonds authorized by this act shall be deposited in this fund and may be transferred upon request of the Department of Corrections and upon approval of the Director of Finance, to the 1984 Prison Construction Fund established by Section 7202. If the moneys are so transferred, "fund" means the 1984 Prison Construction Fund.*

7303. *The 1986 Prison Construction Committee is hereby created. The committee shall consist of the Controller, the State Treasurer, and the Director of Finance. That committee shall be the "committee," as that term is used in the State General Obligation Bond Law.*

*The Department of Corrections is the "board" for the purpose of the State General Obligation Bond Law and this chapter.*

7304. *The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate of five hundred million dollars (\$500,000,000), in the manner provided in this chapter. That debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in Section 7306.*

7305. *The committee may determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter, and if so, the amount of bonds then to be issued and sold. The committee may authorize the Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the Treasurer.*

7306. *The moneys in the fund shall be used for the acquisition, construction, renovation, remodeling, and de-*

*ferred maintenance of state youth and adult corrections facilities.*

7307. (a) *All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the perpetual payment of both principal and interest thereon.*

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

(c) *All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.*

(d) *All money deposited in the fund pursuant to any provision of law requiring repayments to the state which are financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund that money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.*

7308. *There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:*

(a) *That sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter.*

(b) *That sum as is necessary to carry out the provisions of Section 7309, which sum is appropriated without regard to fiscal years.*

7309. *For the purpose of carrying out the provisions of 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 the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the committee in accordance with this chapter. Any money made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter. Those withdrawals from the General Fund shall be returned to the General Fund with interest at the rate which would otherwise have been earned by those sums in the Pooled Money Investment Fund.*

7310. *All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 7306 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.*

7311. *Money in the fund may only be expended pursuant to appropriations by the Legislature.*