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## New Prison Construction Bond Act of 1988

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Official Title and Summary Prepared by the Attorney General

NEW PRISON CONSTRUCTION BOND ACT OF 1988. This act provides for a bond issue of eight hundred seventeen million dollars (\$817,000,000) to provide urgently needed funds to relieve overcrowding in the state's prisons, county jails, and Youth Authority facilities through new construction.

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## Text of Proposed Law

This law proposed by Senate Bill 468 (Statutes of 1988, Ch. 43), as amended by SB 406 (Statutes of 1988, Ch. 386), is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

SEC. 2. Chapter 15 (commencing with Section 7400) is added to Title 7 of Part 3 of the Penal Code, to read:

#### CHAPTER 15. NEW PRISON CONSTRUCTION BOND ACT OF 1988

7400. This chapter shall be known and may be cited as the New Prison Construction Bond Act of 1988.

7401. 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 that series.

7402. There is in the State Treasury the 1988 Prison Construction Fund, which fund is hereby created. The proceeds of the sale of bonds authorized by this act shall be deposited in the fund, and may be transferred upon request of the Department of Corrections and upon approval of the Director of Finance, to the New Prison Construction Fund established by Section 7102, the 1984 Prison Construction Fund established by Section 7202, or the 1986 Prison Construction Fund established by Section 7302, or any combination thereof. If the moneys are so transferred, "fund" means the New Prison Construction Fund, 1984 Prison Construction Fund, or 1986 Prison Construction Fund, or any combination thereof, as is appropriate. At least 30 days prior to requesting a transfer as authorized by this section, the Department of Corrections shall notify the chairpersons of the fiscal committees in each house of the Legislature, and the Chairperson and the Vice Chairperson of the Joint Legislative Budget Committee.

7403. The 1988 Prison Construction Committee is hereby created. The committee shall consist of the Controller, the 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.

7404. The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate principal amount of eight hundred seventeen million dollars (\$817,000,000), exclusive of refunding bonds, 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 7406.

7405. 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.

7406. (a) Except as provided in subdivision (b), the moneys in the fund shall be used for the acquisition, construction, renovation, remodeling, and deferred maintenance of state youth and adult correctional facilities.

(b) Of the moneys in the fund, forty million dollars (\$40,000,000) is hereby appropriated to the Board of Corrections to fund those projects entitled to be funded under subdivision (c) of Section 3 of Chapter 44

of the Statutes of 1984, as amended, to the extent that those projects have not received full funding and for any costs associated with the sale of bonds and any administrative costs incurred by the Board of Corrections in the administration of the County Jail Capital Expenditure Bond Acts of 1981 and 1984 and the County Correctional Facility Capital Expenditure Bond Act of 1986.

(c) Notwithstanding subdivision (b) of Section 11 of Chapter 1519 of the Statutes of 1986 or any other provision of law to the contrary, and subject to the annual Budget Act appropriations by the Legislature, administrative costs shall not exceed 1½ percent of the amount allocated for any costs incurred by the Board of Corrections in the administration of the County Jail Capital Expenditure Bond Acts of 1981 and 1984 and the County Correctional Facility Capital Expenditure Bond Act of 1986.

7407. (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 punctual payment of both the principal thereof 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 of 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 premiums or 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 the principal of and interest on the bonds which has been paid from the General Fund.

7408. Notwithstanding Section 13340 of the Government Code, 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 this chapter.

(b) That sum as is necessary to carry out the provisions of Section 7409, which sum is appropriated without regard to fiscal years.

7409. For the purpose 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 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 Account.

7410. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee

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*has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.*

*7411. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any*

*previously issued refunding bonds.*

*7412. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 7406 but shall not be available for transfer to the General Fund to pay the principal of and interest on bonds. The money in the fund may be expended only as herein provided.*

*7413. Money in the fund may only be expended pursuant to appropriations by the Legislature.*

*7414. 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 subject to the limitations imposed by that article.*

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