



Public Education Facilities Bond Act of 1996.

Official Title and Summary Prepared by the Attorney General

PUBLIC EDUCATION FACILITIES BOND ACT OF 1996.

- This act provides for a bond issue of three billion dollars (\$3,000,000,000) to provide funds for school facility improvement programs.
- Earmarks \$2.025 billion for primary and secondary schools, and \$975 million for higher education.
- Appropriates money from General Fund to pay off bonds.

Proposition 203: Text of Proposed Law

This law proposed by Assembly Bill 1168 (Statutes of 1996, Chapter 1) 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. Part 66 (commencing with Section 100000) is added to the Education Code, to read:

PART 66. PUBLIC EDUCATION BONDS

CHAPTER 1. PUBLIC EDUCATION FACILITIES BOND ACT OF 1996

Article 1. General Provisions

100000. *This chapter shall be known and may be cited as the Public Education Facilities Bond Act of 1996.*

Article 2. School Facilities Program Provisions

100010. (a) *Two billion twenty-five million dollars (\$2,025,000,000) of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State School Building Lease-Purchase Fund.*

100015. *All moneys deposited in the State School Building Lease-Purchase Fund shall be available to provide aid to school districts of the state in accordance with the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700) of Part 10), and of all acts amendatory thereof and supplementary thereto, to provide aid to school districts, county superintendents of schools, and county boards of education of the state in accordance with Sections 100020, 100025, 100030, and 100035, to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.*

100020. *Of the proceeds from the sale of bonds pursuant to this chapter, not more than nine hundred million dollars (\$900,000,000) may be used for one or more of the following purposes:*

(a) *The acquisition of portable classrooms for use in accordance with Chapter 25 (commencing with Section 17785) of Part 10.*

(b) *The reconstruction or modernization of facilities pursuant to Chapter 22 (commencing with Section 17700) of Part 10. In addition to the current program requirements, the State Allocation Board may allocate funding pursuant to this subdivision for the reconstruction or modernization of any existing structure, including the wiring and cabling in that structure, to enable that structure to accommodate computers and other high technology equipment.*

(c) *The purchase and installation of air-conditioning equipment and insulation materials, and related costs, pursuant to Section 42250.1, for schools operated on a year-round multitrack schedule in a manner that increases school capacity and reduces or eliminates the school district's need for the construction of additional classroom space.*

(d) *Project funding for applicant districts under Chapter 22 (commencing with Section 17700) of Part 10 that have incurred or will incur enrollment increases due to the locating or expansion of state or federal prisons.*

(e) *The acquisition of relocatable child care and development facilities for the purpose of providing extended day care services pursuant to Article 22*

(commencing with Section 8460) of Chapter 2 of Part 6.

(f) *Project funding, without regard to funding priorities, for applicant county boards of education under Chapter 22 (commencing with Section 17700) of Part 10 that are eligible for that funding for classrooms for severely handicapped pupils.*

(g) *Project funding for applicant districts under Chapter 22 (commencing with Section 17700) of Part 10 that are eligible for that funding, but that lack funding priority due to the size of pupil enrollment in the district.*

(h) *Project funding for high priority roof replacement projects.*

(i) *Construction projects or the purchase of furniture or equipment designed to increase school security.*

(j) *The identification, assessment, or abatement in school facilities of hazardous asbestos pursuant to either Chapter 22 (commencing with Section 17700) of Part 10 or Section 39619.6 and of lead.*

(k) *The reconstruction or modernization of facilities pursuant to Chapter 22 (commencing with Section 17700) of Part 10. Notwithstanding Section 17721.3, the State Allocation Board may allocate funding pursuant to this subdivision for the reconstruction or modernization of an existing structure in an amount that exceeds 25 percent of the replacement cost of that structure in order to finance structural improvements needed to avert future earthquake damage.*

100025. *Of the proceeds from the sale of bonds pursuant to this chapter, not more than one hundred million dollars (\$100,000,000) may be used for seismic retrofit projects of existing public school facilities.*

100030. *Of the proceeds from the sale of bonds pursuant to this chapter, not more than forty million dollars (\$40,000,000) may be used for projects for school districts that agree to contribute 60 percent or more of the cost of those projects.*

100035. *Of the proceeds from the sale of bonds pursuant to this chapter, not more than twenty-five million dollars (\$25,000,000) may be used for projects that include joint use of facilities pursuant to Section 17750 or 17751.*

Article 3. Higher Education Facilities Program

100110. *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, comprising nine campuses, the California State University, comprising 22 campuses, including the California Maritime Academy, a specialized institution, the California Community Colleges, consisting of 71 districts and 107 campuses, the Hastings College of the Law, 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 this article is to assist in meeting the capital outlay financing needs of California's public higher education system.

100115. Nine hundred seventy-five million dollars (\$975,000,000) of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the 1996 Higher Education Capital Outlay Bond Fund, which is hereby created.

100120. The Higher Education Facilities Finance Committee created pursuant to Section 67353 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 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.

100121. The Board of Governors of the California Community Colleges shall consider the historic significance of community college district buildings that are 50 years of age or older if those buildings are to be renovated, reconstructed, or demolished in connection with the construction of buildings utilizing the funds provided by this chapter.

Article 4. Fiscal Provisions

100125. (a) Bonds in the total amount of three billion dollars (\$3,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 100175, 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, when sold, shall 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 Higher Education Facilities Finance Committee created pursuant to Section 67353 at any different times necessary to service expenditures required by the apportionments.

100130. The State School Building Finance Committee, created by Section 15909 and composed of the Governor, Controller, Treasurer, Director of Finance, and the Superintendent of Public Instruction, or their designated representatives, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum, is continued in existence for the

purpose of this chapter. The Treasurer shall be designated to chair the committee. Two Members of the Senate appointed by the Senate Committee on Rules, and two Members of the Assembly appointed by the Speaker of the Assembly, shall meet with and provide advice to the committee to the extent that the advisory participation is not incompatible with their respective positions as Members of the Legislature. For the purposes of this chapter, the Members of the Legislature shall constitute an interim investigating committee on the subject of this chapter and, as that committee, shall have the powers and duties imposed upon those committees by the Joint Rules of the Senate and the Assembly. The Director of Finance shall provide the assistance to the committee as it may require. The Attorney General of the state shall be the legal adviser of the committee.

100135. (a) 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.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board" for purposes of administering the State School Building Lease-Purchase Fund.

(c) For purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 1996 Higher Education Capital Outlay Bond Fund is designated as the "board" for projects funded by those appropriations.

100140. (a) Upon request of the State Allocation Board from time to time, supported by a statement of the apportionments made and to be made for the purposes described in Sections 100015, 100020, 100025, 100030, and 100035, the State School Building Finance Committee created pursuant to Section 15909 shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to fund the apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to fund those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

(b) The Higher Education Facilities Finance Committee created pursuant to Section 67353 shall authorize the issuance of bonds under this chapter only to the extent necessary to fund the apportionments for the purposes described in Section 100120 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 100120 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.

100145. 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.

100150. 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 that is necessary to carry out the provisions of Section 100165, appropriated without regard to fiscal years.

100155. 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 purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The board shall execute those 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.

100160. Notwithstanding any other provision of this chapter, or of 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), if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes subject to designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds that is required or desirable under federal law in order 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.

100165. (a) For the purposes of carrying out this chapter, the Director of Finance may 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 State School Building Finance Committee or the Higher Education Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the State School Building Lease-Purchase Fund and the 1996 Higher Education Capital Outlay Bond Fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this chapter.

(b) 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 100120 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 2002-03 fiscal year, in the judgment of the particular university or college, seismic hazards in buildings identified as high priority by the university or college.

100170. All money deposited in the State School Building Lease-Purchase Fund, the Education Technology Fund, and the 1996 Higher Education Capital Outlay Bond 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.

100175. The bonds may be refunded 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, which is a part of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds described in this chapter shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds.

100180. 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.

Article 5. Miscellaneous

100185. (a) Any remaining funds resulting or derived from the sale of bonds pursuant to Chapter 9 (commencing with Section 16400), Chapter 10 (commencing with Section 16500), Chapter 11 (commencing with Section 16600), Chapter 12 (commencing with Section 16700), Chapter 13 (commencing with Section 16800), Chapter 15 (commencing with Section 17000), Chapter 16 (commencing with Section 17100), Chapter 17 (commencing with Section 17200), Chapter 18 (commencing with Section 17300), Chapter 19 (commencing with Section 17400), and Chapter 20 (commencing with Section 17500), of Part 10, shall be transferred to the State School Building Lease-Purchase Fund and may be apportioned by the State Allocation Board for the purposes of the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700) of Part 10).

(b) Any unsold bonds, authorized for issuance under Chapter 9 (commencing with Section 16400), Chapter 10 (commencing with Section 16500), Chapter 11 (commencing with Section 16600), Chapter 12 (commencing with Section 16700), Chapter 13 (commencing with Section 16800), Chapter 15 (commencing with Section 17000), Chapter 16 (commencing with Section 17100), Chapter 17 (commencing with Section 17200), Chapter 18 (commencing with Section 17300), Chapter 19 (commencing with Section 17400), and Chapter 20 (commencing with Section 17500), of Part 10 may be sold by the Treasurer, upon authorization by the State School Building Finance Committee for the purposes of the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700) of Part 10).