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**STATE SCHOOL BUILDING AID AND EARTHQUAKE
RECONSTRUCTION AND REPLACEMENT BOND LAW**

TEXT OF PROPOSITION 1

This law proposed by Assembly Bill 3236 (Statutes of 1974, Chapter 475) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not expressly amend any existing law; therefore, the provisions thereof are printed in *italic type* to indicate that they are new.)

PROPOSED LAW

SECTION 1. Chapter 16 (commencing with Section 19961) is added to Division 14 of the Education Code, to read:

CHAPTER 16. STATE SCHOOL BUILDING AID AND EARTHQUAKE RECONSTRUCTION AND REPLACEMENT BOND LAW OF 1974

19961. This act may be cited as the State School Building Aid and Earthquake Reconstruction and Replacement Bond Law of 1974.

19961.1. 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) 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. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.

19961.2. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 19510.

(b) "Board" means the State Allocation Board.

(c) "Fund" means the State School Building Aid Fund.

19961.3. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Aid Law of 1952, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Aid Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of one hundred fifty million dollars (\$150,000,000) in the manner provided herein, but not in excess thereof.

19961.4. 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 principal and interest thereof.

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 said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

19961.5. All money deposited in the fund under Section 19611 of this code and pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 19961.4. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.

19961.6. 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) Such 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, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 19961.7, which sum is appropriated without regard to fiscal years.

19961.7. For the purposes 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 to be allocated by the board in accordance with this chapter. Any moneys 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.

19961.8. Upon request of the board, supported by a statement of the apportionments made and to be made under Sections 19551 to 19689, inclusive, and Article 9 (commencing with Section 19700.51) of Chapter 10, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. Fifty million dollars (\$50,000,000) shall be available for apportionment on December 5, 1974, and five million dollars (\$5,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of one hundred fifty million dollars (\$150,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

19961.9. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, such computation to be made on a 360-day-year basis.

19961.10. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

19961.11. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 19961.4 to pay principal and interest on bonds.

19961.12. With respect to the proceeds of bonds authorized by this chapter, all the provisions of Sections 19551 to 19689, inclusive, shall apply except:

(a) Any reference in Sections 19551 to 19689, inclusive, to "Section 16.5, Article XVI of the Constitution of this state" shall be deemed a reference to this chapter.

(b) Any reference in Sections 19551 to 19689, inclusive, to "Section 19704" shall be deemed a reference to Section 19961.4.

19961.13. Out of the first money realized from the sale of bonds under this act, there shall be repaid any moneys advanced or loaned to the State School Building Aid Fund under any act of the Legislature, together with interest provided for in that act.

19961.14. Notwithstanding any provisions in this chapter to the contrary, of the moneys made available by this chapter, not to exceed the sum of fifty million dollars (\$50,000,000) or such amount thereof that the board may determine necessary therefor, shall be available under the provisions of Article 9 (commencing with Section 19700.51) of Chapter 10 for the purpose of rehabilitating, reconstructing, or replacing school facilities which are unsafe by virtue of not being in compliance with Article 5 (commencing with Section 15501) of Chapter 2 of Division 11 or for the purpose of repairing actual damage to school facilities caused by an earthquake after March 1, 1974, and for which there are no other state or federal funds available for such restoration. These funds shall be made available to eligible school districts when the fiscal and other requirements prescribed by Article 9 (commencing with Section 19700.51) of Chapter 10 are complied with.