



Seismic Retrofit Bond Act of 1996.

Official Title and Summary Prepared by the Attorney General

SEISMIC RETROFIT BOND ACT OF 1996.

- This act provides for a bond issue of two billion dollars (\$2,000,000,000) to provide funds for a seismic retrofit program.
- Earmarks \$650 million for seismic retrofitting of toll bridges.
- Appropriates money from the state General Fund to pay off bonds.
- Requires measure to reappear on November 1996 ballot if rejected in March 1996.

Proposition 192: Text of Proposed Law

This law proposed by Senate Bill 146 (Statutes of 1995, Chapter 310) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Government Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 12.48 (commencing with Section 8879) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.48. SEISMIC RETROFIT BOND ACT OF 1996

Article 1. General Provisions

8879. (a) *This chapter shall be known as the Seismic Retrofit Bond Act of 1996.*

(b) *This chapter shall only become operative upon adoption by the voters at the March 26, 1996, direct primary election.*

8879.1. (a) *The Legislature finds and declares that the completion of seismic safety retrofit work is essential to the welfare and economy of the state.*

(b) *It is the intent of the Legislature to ensure that the work be completed as quickly as possible.*

(c) *In order to avoid delays in the completion of the work, it is necessary that certain statutes that would otherwise be applicable be temporarily suspended, as specified in Article 4 (commencing with Section 8879.17).*

(d) *The Department of Transportation shall report at the end of each calendar quarter to the Joint Legislative Budget Committee and the committees in each house of the Legislature that consider transportation issues regarding the department's progress toward completion of seismic safety retrofit projects.*

8879.2. *As used in this chapter, the following terms have the following meanings:*

(a) *"Board" means any department receiving an allocation from the Department of Finance.*

(b) *"Committee" means the Seismic Retrofit Finance Committee created pursuant to Section 8879.7.*

(c) *"Fund" means the Seismic Retrofit Bond Fund of 1996 created pursuant to Section 8879.3.*

(d) *"State Highway Account" means the State Highway Account in the State Transportation Fund.*

Article 2. Seismic Retrofit Bond Fund and Program

8879.3. *The Seismic Retrofit Bond Fund of 1996 is hereby created in the State Treasury. The proceeds of bonds issued and sold pursuant to this chapter for the purposes specified in this chapter are hereby appropriated, without regard to fiscal years, to the Department of Finance for allocation in the following manner:*

(a) (1) *Two billion dollars (\$2,000,000,000) for the seismic retrofit of state-owned highways and bridges, including toll bridges, throughout the state. Funds allocated by the California Transportation Commission for this purpose shall be deposited in the 1996 Seismic Retrofit Account, which is hereby created in the fund, and, upon deposit, are continuously appropriated to the Department of Transportation. Funds may be used to match any available federal funds for transportation purposes or may be used without matching federal funds to reconstruct, replace, or retrofit state-owned highways and bridges, including toll bridges.*

(2) *Funds described in this subdivision shall be spent exclusively for the seismic retrofit of state-owned toll bridges in an amount equal to six hundred fifty million dollars (\$650,000,000).*

(3) *The funds in the 1996 Seismic Retrofit Account are available for borrowing only for cash-flow purposes of the State Highway Account, and the funds borrowed shall be repaid to the account within one year. In addition, the proceeds of the bonds sold shall be used to reimburse the State Highway Account and the Consolidated Toll Bridge Fund for Phase Two retrofit expenditures incurred in the 1994-95 and 1995-96 fiscal years.*

(b) *The California Transportation Commission shall notify, in writing, the Chair of the Joint Legislative Budget Committee and the chairs of the fiscal committees of both houses of the Legislature at the end of each month regarding any allocations of funds pursuant to subdivision (a).*

8879.4. (a) *The Department of Transportation shall only use funds specified in Section 8879.3 for seismic retrofit of state-owned toll bridges and bridges in the second phase of the seismic retrofit process, as determined by the Department of Transportation, and, notwithstanding any other provision of law, shall not use any other state funds, including toll revenues or funds in the State Highway Account, for that purpose.*

(b) *The Director of Finance shall provide written notification to the Chair of the Joint Legislative Budget Committee of the date when the proceeds of the Retrofit Bond Act of 1996 have been fully expended for the purposes specified in subdivision (a).*

(c) *This section shall remain in effect only until the date specified in subdivision (b), and as of that date is repealed.*

Article 3. Fiscal Provisions

8879.5. *Bonds in the total amount of two billion dollars (\$2,000,000,000), inclusive of refunding bonds, or so much thereof as is necessary, are hereby authorized to be issued and sold for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding*

general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal and interest thereof.

8879.6. *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), except Section 16727, and all of the other provisions of that law as amended from time to time apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.*

8879.7. (a) *Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Seismic Retrofit Finance Committee is hereby created. For the purposes of this chapter, the Seismic Retrofit Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, and the Secretary of the Business, Transportation and Housing Agency, or a designated representative of each of those officials. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.*

(b) *The committee may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application.*

(c) *For the purposes of the State General Obligation Bond Law, any department receiving an allocation from the Department of Finance is designated to be the "board."*

8879.8. *Upon request of the board stating that funds are needed for earthquake relief purposes, 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 8879.3, 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 be sold at any one time. Bonds may bear interest subject to federal income tax.*

8879.9. *There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds as provided herein, and all officers required by law to perform any duty in regard to the collections of state revenues shall collect that additional sum.*

8879.10. *Notwithstanding Section 13340, 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 which is necessary to carry out Section 8879.12, appropriated without regard to fiscal years.*

8879.11. *The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount withdrawn pursuant to Section 8879.12. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated by the California Transportation Commission in accordance with this chapter.*

8879.12. *For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any 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 Seismic Retrofit Bond Fund of 1996. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.*

8879.13. *The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued pursuant to the State General Obligation Bond Law.*

8879.14. *Notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this chapter shall not exceed 30 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.*

8879.15. *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.*

8879.16. *Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4, the Treasurer may maintain a separate account*

for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds 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.

8879.17. The Director of Transportation shall report annually to the Governor and the Legislature regarding the funds available for seismic retrofit projects and the expenditure of bond proceeds.
