

**ASSEMBLY BILL**

**No. 2235**

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**Introduced by Assembly Members Buchanan and Hagman**

February 21, 2014

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An act to amend Sections 17070.40 and 17074.26 of, to add Sections 17071.15, 17072.40, and 17073.16 to, to add Part 70 (commencing with Section 101100) to Division 14 of Title 3 of, and to repeal Sections 17070.99, 17071.33, 17071.35, and 17071.40 of, the Education Code, relating to education facilities, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2235, as introduced, Buchanan. Education facilities: Kindergarten-University Public Education Facilities Bond Act of 2014.

(1) Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

This bill would delete a provision requiring the State Allocation Board to conduct an evaluation of the cost of new construction and modernization of small high schools in conjunction with a specified pilot program.

The bill would require each school district that elects to participate in a new construction program funded by the proceeds of any bond

approved by the voters after November 1, 2014, to reestablish eligibility, as specified.

The bill would require the Office of Public School Construction to recommend regulations to the board to provide school districts with flexibility in designing instruction facilities.

(2) Existing law, the California Constitution, prohibits the Legislature from creating a debt or liability that singly or in the aggregate with any previous debts or liabilities exceeds the sum of \$300,000, except by an act that (a) authorizes the debt for a single object or work specified in the act, (b) has been passed by a  $\frac{2}{3}$  vote of all the members elected to each house of the Legislature, (c) has been submitted to the people at a statewide general or primary election, and (d) has received a majority of all the votes cast for and against it at that election.

This bill would enact the Kindergarten-University Public Education Facilities Bond Act of 2014 to authorize an unspecified amount of state general obligation bonds to provide aid to school districts, county superintendents of schools, county boards of education, charter schools, the California Community Colleges, the University of California, the Hastings College of the Law, and the California State University to construct and modernize education facilities. The proceeds of these bonds would be deposited in the continuously appropriated 2014 State School Facilities Fund, which this bill would establish.

The bond act would become operative only if approved by the voters at the November 4, 2014, statewide general election, and would provide for its submission to the voters at that election.

(3) This bill would specify that it would become operative only if the Kindergarten-University Public Education Facilities Bond Act of 2014 is approved by the voters at the November 4, 2014, statewide general election.

(4) The bill would make conforming changes in related provisions of existing law.

(5) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17070.40 of the Education Code is  
 2 amended to read:

1 17070.40. (a) (1) A fund is hereby established in the State  
2 Treasury to be known as the 1998 State School Facilities Fund.  
3 All money in the fund, including any money deposited in that fund  
4 from any source whatsoever, and notwithstanding Section 13340  
5 of the Government Code, is hereby continuously appropriated  
6 without regard to fiscal years for expenditure pursuant to this  
7 chapter.

8 (2) The board may apportion funds to school districts for the  
9 purposes of this chapter from funds transferred to the 1998 State  
10 School Facilities Fund from any source.

11 (3) The board may make apportionments in amounts not  
12 exceeding those funds on deposit in the 1998 State School Facilities  
13 Fund, and any amount of bonds authorized by the committee, but  
14 not yet sold by the Treasurer.

15 (4) The board may make disbursements pursuant to any  
16 apportionment made from any funds in the 1998 State School  
17 Facilities Fund, irrespective of whether there exists at the time of  
18 the disbursement an amount in the 1998 State School Facilities  
19 Fund sufficient to permit payment in full of all apportionments  
20 previously made. However, no disbursement shall be made from  
21 any funds required by law to be transferred to the General Fund.

22 (b) (1) A fund is hereby established in the State Treasury to be  
23 known as the 2002 State School Facilities Fund. All money in the  
24 fund, including any money deposited in that fund from any source  
25 whatsoever, and notwithstanding Section 13340 of the Government  
26 Code, is hereby continuously appropriated without regard to fiscal  
27 years for expenditure pursuant to this chapter.

28 (2) The board may apportion funds to school districts for the  
29 purposes of this chapter from funds transferred to the 2002 State  
30 School Facilities Fund from any source.

31 (3) The board may make apportionments in amounts not  
32 exceeding those funds on deposit in the 2002 State School Facilities  
33 Fund, and any amount of bonds authorized by the committee, but  
34 not yet sold by the Treasurer.

35 (4) The board may make disbursements pursuant to any  
36 apportionment made from any funds in the 2002 State School  
37 Facilities Fund, irrespective of whether there exists at the time of  
38 the disbursement an amount in the 2002 State School Facilities  
39 Fund sufficient to permit payment in full of all apportionments

1 previously made. However, no disbursement shall be made from  
2 any funds required by law to be transferred to the General Fund.

3 (c) (1) A fund is hereby established in the State Treasury to be  
4 known as the 2004 State School Facilities Fund. All money in the  
5 fund, including any money deposited in that fund from any source  
6 whatsoever, and notwithstanding Section 13340 of the Government  
7 Code, is hereby continuously appropriated without regard to fiscal  
8 years for expenditure pursuant to this chapter.

9 (2) The board may apportion funds to school districts for the  
10 purposes of this chapter from funds transferred to the 2004 State  
11 School Facilities Fund from any source.

12 (3) The board may make apportionments in amounts not  
13 exceeding those funds on deposit in the 2004 State School Facilities  
14 Fund, and any amount of bonds authorized by the committee, but  
15 not yet sold by the Treasurer.

16 (4) The board may make disbursements pursuant to any  
17 apportionment made from any funds in the 2004 State School  
18 Facilities Fund, irrespective of whether there exists at the time of  
19 the disbursement an amount in the 2004 State School Facilities  
20 Fund sufficient to permit payment in full of all apportionments  
21 previously made. However, no disbursement shall be made from  
22 any funds required by law to be transferred to the General Fund.

23 (d) (1) A fund is hereby established in the State Treasury, to  
24 be known as the 2006 State School Facilities Fund. All money in  
25 the fund, including any money deposited in that fund from any  
26 source whatsoever, and notwithstanding Section 13340 of the  
27 Government Code, is hereby continuously appropriated without  
28 regard to fiscal years for expenditure pursuant to this chapter.

29 (2) The board may apportion funds to school districts for the  
30 purposes of this chapter from funds transferred to the 2006 State  
31 School Facilities Fund from any source.

32 (3) The board may make apportionments in amounts not  
33 exceeding those funds on deposit in the 2006 State School Facilities  
34 Fund, and any amount of bonds authorized by the committee, but  
35 not yet sold by the Treasurer.

36 (4) The board may make disbursements pursuant to any  
37 apportionment made from any funds in the 2006 State School  
38 Facilities Fund, irrespective of whether there exists at the time of  
39 the disbursement an amount in the 2006 State School Facilities  
40 Fund sufficient to permit payment in full of all apportionments

1 previously made. However, no disbursement shall be made from  
2 any funds required by law to be transferred to the General Fund.

3 (e) (1) *A fund is hereby established in the State Treasury, to be*  
4 *known as the 2014 State School Facilities Fund. All money in the*  
5 *fund, including any money deposited in that fund from any source*  
6 *whatsoever, and notwithstanding Section 13340 of the Government*  
7 *Code, is hereby continuously appropriated without regard to fiscal*  
8 *years for expenditure pursuant to this chapter.*

9 (2) *The board may apportion funds to school districts for the*  
10 *purposes of this chapter from funds transferred to the 2014 State*  
11 *School Facilities Fund from any source.*

12 (3) *The board may make apportionments in amounts not*  
13 *exceeding those funds on deposit in the 2014 State School Facilities*  
14 *Fund, and any amount of bonds authorized by the committee, but*  
15 *not yet sold by the Treasurer.*

16 (4) *The board may make disbursements pursuant to any*  
17 *apportionment made from any funds in the 2014 State School*  
18 *Facilities Fund, irrespective of whether there exists at the time of*  
19 *the disbursement an amount in the 2014 State School Facilities*  
20 *Fund sufficient to permit payment in full of all apportionments*  
21 *previously made. However, no disbursement shall be made from*  
22 *any funds required by law to be transferred to the General Fund.*

23 SEC. 2. Section 17070.99 of the Education Code is repealed.

24 ~~17070.99.—(a) The board shall conduct an evaluation on the~~  
25 ~~cost of new construction and modernization of small high schools~~  
26 ~~in conjunction with the pilot program established pursuant to~~  
27 ~~subdivision (c) of Section 17072.10, as it read on January 1, 2005.~~

28 ~~(b) The State Department of Education shall conduct an~~  
29 ~~evaluation that focuses on pupil outcomes, including, but not~~  
30 ~~limited to, academic achievement and college attendance rates, at~~  
31 ~~the small high schools constructed pursuant to subdivision (c) of~~  
32 ~~Section 17072.10, as it read on January 1, 2005, and on the reasons~~  
33 ~~school districts do not currently opt to build small high schools.~~

34 ~~(c) The evaluations required pursuant to subdivisions (a) and~~  
35 ~~(b) shall be completed no later than two years after the opening of~~  
36 ~~the last small high school constructed pursuant to subdivision (c)~~  
37 ~~of Section 17072.10, as it read on January 1, 2005.~~

38 ~~(d) The evaluations conducted pursuant to subdivisions (a) and~~  
39 ~~(b) shall be used to inform the direction of future school facilities~~  
40 ~~construction and related bond measures.~~

1 SEC. 3. Section 17071.15 is added to the Education Code, to  
2 read:

3 17071.15. Notwithstanding Section 17071.10, the board may  
4 require each school district that elects to participate in the new  
5 construction program funded by the proceeds of any bond approved  
6 by voters after November 1, 2014, to reestablish eligibility pursuant  
7 to regulations adopted by the board.

8 SEC. 4. Section 17071.33 of the Education Code is repealed.

9 ~~17071.33. (a) For the purposes of determining existing school  
10 building capacity, the calculation shall be adjusted as required for  
11 first priority status pursuant to Section 17017.7 as that calculation  
12 would have been made under the policies of the board in effect  
13 immediately preceding September 1, 1998.~~

14 ~~(b) Notwithstanding subdivision (a), with respect to a high  
15 school district, the existing school building capacity shall be  
16 calculated without regard to multitrack year-round school  
17 considerations.~~

18 SEC. 5. Section 17071.35 of the Education Code is repealed.

19 ~~17071.35. Notwithstanding any other provisions of law, the  
20 maximum school building capacity for each applicant district shall  
21 be increased by the number of pupils reported by the  
22 Superintendent of Public Instruction for that grade level pursuant  
23 to Section 42268. This adjustment shall be calculated on the basis,  
24 at the district's option, of either the district as a whole or the  
25 appropriate attendance area.~~

26 SEC. 6. Section 17071.40 of the Education Code is repealed.

27 ~~17071.40. Each school on a year-round, multitrack calendar  
28 that has a density of 200 or more pupils enrolled per acre, that is  
29 located in a school district with 40 percent of its pupils attending  
30 multitrack, year-round schools shall be exempted from the increase  
31 in school building capacity required by Section 17071.35. Nothing  
32 in this section shall be construed as exempting the school from the  
33 requirements of Section 17071.33.~~

34 SEC. 7. Section 17072.40 is added to the Education Code, to  
35 read:

36 17072.40. The Office of Public School Construction, in  
37 consultation with the department, shall recommend to the board  
38 regulations that will provide school districts with flexibility in  
39 designing instructional facilities.

1 SEC. 8. Section 17073.16 is added to the Education Code, to  
2 read:

3 17073.16. The board may require each school district that elects  
4 to participate in the modernization program funded by the proceeds  
5 of any bond approved by voters after November 1, 2014, to  
6 reestablish baseline eligibility for each schoolsite pursuant to  
7 regulations adopted by the board.

8 SEC. 9. Section 17074.26 of the Education Code is amended  
9 to read:

10 17074.26. The board shall adopt regulations to adjust the  
11 per-pupil amounts set forth in Section ~~17074.14~~ 17074.10 for  
12 modernization projects for school buildings that are 50 years old  
13 or older based upon the higher costs associated with modernizing  
14 older buildings.

15 SEC. 10. Part 70 (commencing with Section 101100) is added  
16 to Division 14 of Title 3 of the Education Code, to read:

17  
18 PART 70. KINDERGARTEN-UNIVERSITY PUBLIC  
19 EDUCATION FACILITIES BOND ACT OF 2014

20  
21 CHAPTER 1. GENERAL  
22

23 101100. This part shall be known and may be cited as the  
24 Kindergarten-University Public Education Facilities Bond Act of  
25 2014.

26 101101. The incorporation of, or reference to, any provision  
27 of California statutory law in this part includes all acts amendatory  
28 thereof and supplementary thereto.

29 101102. (a) Bonds in the total amount of \_\_\_\_ dollars (\$\_\_\_\_),  
30 not including the amount of any refunding bonds issued in  
31 accordance with Sections 101130, 101139, and 101159, or so much  
32 thereof as is necessary, may be issued and sold to provide a fund  
33 to be used for carrying out the purposes expressed in this part and  
34 to reimburse the General Obligation Bond Expense Revolving  
35 Fund pursuant to Section 16724.5 of the Government Code. The  
36 bonds, when sold, shall be and constitute a valid and binding  
37 obligation of the State of California, and the full faith and credit  
38 of the State of California is hereby pledged for the punctual  
39 payment of the principal of, and interest on, the bonds as the  
40 principal and interest become due and payable.

1 (b) Pursuant to this section, the Treasurer shall sell the bonds  
 2 authorized by the State School Building Finance Committee  
 3 established by Section 15909 or the Higher Education Facilities  
 4 Finance Committee established pursuant to Section 67353, as the  
 5 case may be, at any different times necessary to service  
 6 expenditures required by the apportionments.

7  
 8  
 9

CHAPTER 2. KINDERGARTEN THROUGH 12TH GRADE

10 Article 1. Kindergarten Through Grade 12 School Facilities  
 11 Program Provisions  
 12

13 101110. The proceeds of bonds issued and sold pursuant to  
 14 Article 2 (commencing with Section 101120) shall be deposited  
 15 in the 2014 State School Facilities Fund established in the State  
 16 Treasury under subdivision (e) of Section 17070.40 and shall be  
 17 allocated by the State Allocation Board pursuant to this chapter.

18 101111. All moneys deposited in the 2014 State School  
 19 Facilities Fund for the purposes of this chapter shall be available  
 20 to provide aid to school districts, county superintendents of schools,  
 21 and county boards of education of the state in accordance with the  
 22 Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5  
 23 (commencing with Section 17070.10) of Part 10 of Division 1 of  
 24 Title 1), as set forth in Section 101112, to provide funds to repay  
 25 any money advanced or loaned to the 2014 State School Facilities  
 26 Fund under any act of the Legislature, together with interest  
 27 provided for in that act, and to reimburse the General Obligation  
 28 Bond Expense Revolving Fund pursuant to Section 16724.5 of the  
 29 Government Code.

30 101112. (a) The proceeds from the sale of bonds, issued and  
 31 sold for the purposes of this chapter, shall be allocated in  
 32 accordance with the following schedule:

33 (1) The amount of \_\_\_\_ dollars (\$\_\_\_\_) for new construction  
 34 of school facilities of applicant school districts under Chapter 12.5  
 35 (commencing with Section 17070.10) of Part 10 of Division 1 of  
 36 Title 1.

37 (2) The amount of \_\_\_\_ dollars (\$\_\_\_\_) shall be available for  
 38 providing school facilities to charter schools pursuant to Article  
 39 12 (commencing with Section 17078.52) of Chapter 12.5 of Part  
 40 10 of Division 1 of Title 1.



1 (3) The amount of \_\_\_\_ dollars (\$\_\_\_\_) for the modernization  
2 of school facilities pursuant to Chapter 12.5 (commencing with  
3 Section 17070.10) of Part 10 of Division 1 of Title 1.

4 (b) School districts may use funds allocated pursuant to  
5 paragraph (3) of subdivision (a) only for one or more of the  
6 following purposes in accordance with Chapter 12.5 (commencing  
7 with Section 17070.10) of Part 10 of Division 1 of Title 1:

8 (1) The purchase and installation of air-conditioning equipment  
9 and insulation materials, and related costs.

10 (2) Construction projects or the purchase of furniture or  
11 equipment designed to increase school security or playground  
12 safety.

13 (3) The identification, assessment, or abatement in school  
14 facilities of hazardous asbestos.

15 (4) Project funding for high-priority roof replacement projects.

16 (5) Any other modernization of facilities pursuant to Chapter  
17 12.5 (commencing with Section 17070.10) of Part 10 of Division  
18 1 of Title 1.

19 (c) Funds allocated pursuant to paragraph (1) of subdivision (a)  
20 may also be utilized to provide new construction grants for eligible  
21 applicant county boards of education under Chapter 12.5  
22 (commencing with Section 17070.10) of Part 10 of Division 1 of  
23 Title 1 for funding classrooms for severely handicapped pupils,  
24 or for funding classrooms for county community school pupils.  
25

26 Article 2. Kindergarten Through Grade 12 School Facilities  
27 Fiscal Provisions  
28

29 101120. (a) Of the total amount of bonds authorized to be  
30 issued and sold pursuant to Chapter 1 (commencing with Section  
31 101000), bonds in the amount of \_\_\_\_ dollars (\$\_\_\_\_) not including  
32 the amount of any refunding bonds issued in accordance with  
33 Section 101130, or so much thereof as is necessary, may be issued  
34 and sold to provide a fund to be used for carrying out the purposes  
35 expressed in this chapter and to reimburse the General Obligation  
36 Bond Expense Revolving Fund pursuant to Section 16724.5 of the  
37 Government Code. The bonds, when sold, shall be and constitute  
38 a valid and binding obligation of the State of California, and the  
39 full faith and credit of the State of California is hereby pledged

1 for the punctual payment of the principal of, and interest on, the  
2 bonds as the principal and interest become due and payable.

3 (b) Pursuant to this section, the Treasurer shall sell the bonds  
4 authorized by the State School Building Finance Committee  
5 established pursuant to Section 15909 at any different times  
6 necessary to service expenditures required by the apportionments.

7 101121. The State School Building Finance Committee,  
8 established by Section 15909 and composed of the Governor, the  
9 Controller, the Treasurer, the Director of Finance, and the  
10 Superintendent, or their designated representatives, all of whom  
11 shall serve thereon without compensation, and a majority of whom  
12 shall constitute a quorum, is continued in existence for the purpose  
13 of this chapter. The Treasurer shall serve as chairperson of the  
14 committee. Two Members of the Senate appointed by the Senate  
15 Committee on Rules, and two Members of the Assembly appointed  
16 by the Speaker of the Assembly, shall meet with and provide advice  
17 to the committee to the extent that the advisory participation is not  
18 incompatible with their respective positions as Members of the  
19 Legislature. For the purposes of this chapter, the Members of the  
20 Legislature shall constitute an interim investigating committee on  
21 the subject of this chapter and, as that committee, shall have the  
22 powers granted to, and duties imposed upon, those committees by  
23 the Joint Rules of the Senate and the Assembly. The Director of  
24 Finance shall provide assistance to the committee as it may require.  
25 The Attorney General of the state is the legal adviser of the  
26 committee.

27 101122. (a) The bonds authorized by this chapter shall be  
28 prepared, executed, issued, sold, paid, and redeemed as provided  
29 in the State General Obligation Bond Law (Chapter 4 (commencing  
30 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
31 Government Code), and all of the provisions of that law, except  
32 Section 16727 of the Government Code to the extent that it  
33 conflicts with this part, apply to the bonds and to this chapter and  
34 are hereby incorporated into this chapter as though set forth in full  
35 within this chapter.

36 (b) For purposes of the State General Obligation Bond Law, the  
37 State Allocation Board is designated the “board” for purposes of  
38 administering the 2014 State School Facilities Fund.

39 101123. (a) Upon request of the State Allocation Board, the  
40 State School Building Finance Committee shall determine whether

1 or not it is necessary or desirable to issue bonds authorized pursuant  
2 to this chapter in order to fund the apportionments and, if so, the  
3 amount of bonds to be issued and sold. Successive issues of bonds  
4 may be authorized and sold to fund those apportionments  
5 progressively, and it is not necessary that all of the bonds  
6 authorized to be issued be sold at any one time.

7 (b) A request of the State Allocation Board pursuant to  
8 subdivision (a) shall be supported by a statement of the  
9 apportionments made and to be made for the purposes described  
10 in Sections 101111 and 101112.

11 101124. There shall be collected each year and in the same  
12 manner and at the same time as other state revenue is collected,  
13 in addition to the ordinary revenues of the state, a sum in an amount  
14 required to pay the principal of, and interest on, the bonds each  
15 year. It is the duty of all officers charged by law with any duty in  
16 regard to the collection of the revenue to do and perform each and  
17 every act that is necessary to collect that additional sum.

18 101125. Notwithstanding Section 13340 of the Government  
19 Code, there is hereby appropriated from the General Fund in the  
20 State Treasury, for the purposes of this chapter, an amount that  
21 will equal the total of the following:

22 (a) The sum annually necessary to pay the principal of, and  
23 interest on, bonds issued and sold pursuant to this chapter, as the  
24 principal and interest become due and payable.

25 (b) The sum necessary to carry out Section 101128, appropriated  
26 without regard to fiscal years.

27 101126. The State Allocation Board may request the Pooled  
28 Money Investment Board to make a loan from the Pooled Money  
29 Investment Account or any other approved form of interim  
30 financing, in accordance with Section 16312 of the Government  
31 Code, for the purpose of carrying out this chapter. The amount of  
32 the request shall not exceed the amount of the unsold bonds that  
33 the committee, by resolution, has authorized to be sold for the  
34 purpose of carrying out this chapter. The board shall execute any  
35 documents required by the Pooled Money Investment Board to  
36 obtain and repay the loan. Any amounts loaned shall be deposited  
37 in the fund to be allocated by the board in accordance with this  
38 chapter.

39 101127. Notwithstanding any other provision of this chapter,  
40 or of the State General Obligation Bond Law, if the Treasurer sells

1 bonds pursuant to this chapter that include a bond counsel opinion  
2 to the effect that the interest on the bonds is excluded from gross  
3 income for federal tax purposes, subject to designated conditions,  
4 the Treasurer may maintain separate accounts for the investment  
5 of bond proceeds and for the investment earnings on those  
6 proceeds. The Treasurer may use or direct the use of those proceeds  
7 or earnings to pay any rebate, penalty, or other payment required  
8 under federal law or take any other action with respect to the  
9 investment and use of those bond proceeds required or desirable  
10 under federal law to maintain the tax-exempt status of those bonds  
11 and to obtain any other advantage under federal law on behalf of  
12 the funds of this state.

13 101128. For the purposes of carrying out this chapter, the  
14 Director of Finance may authorize the withdrawal from the General  
15 Fund of an amount not to exceed the amount of the unsold bonds  
16 that have been authorized by the State School Building Finance  
17 Committee to be sold for the purpose of carrying out this chapter.  
18 Any amounts withdrawn shall be deposited in the 2014 State  
19 School Facilities Fund consistent with this chapter. Any money  
20 made available under this section shall be returned to the General  
21 Fund, plus an amount equal to the interest that the money would  
22 have earned in the Pooled Money Investment Account, from  
23 proceeds received from the sale of bonds for the purpose of  
24 carrying out this chapter.

25 101129. All money deposited in the 2014 State School Facilities  
26 Fund that is derived from premium and accrued interest on bonds  
27 sold shall be reserved in the fund and shall be available for transfer  
28 to the General Fund as a credit to expenditures for bond interest.

29 101130. The bonds may be refunded in accordance with Article  
30 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
31 Division 4 of Title 2 of the Government Code, which is a part of  
32 the State General Obligation Bond Law. Approval by the voters  
33 of the state for the issuance of the bonds described in this chapter  
34 includes the approval of the issuance of any bonds issued to refund  
35 any bonds originally issued under this chapter or any previously  
36 issued refunding bonds.

37 101131. The Legislature hereby finds and declares that,  
38 inasmuch as the proceeds from the sale of bonds authorized by  
39 this chapter are not “proceeds of taxes” as that term is used in  
40 Article XIII B of the California Constitution, the disbursement of

1 these proceeds is not subject to the limitations imposed by that  
2 article.

3

4 CHAPTER 3. CALIFORNIA COMMUNITY COLLEGE FACILITIES

5

6

Article 1. General

7

8 101132. (a) The 2014 California Community College Capital  
9 Outlay Bond Fund is hereby established in the State Treasury for  
10 deposit of funds from the proceeds of bonds issued and sold for  
11 the purposes of this chapter.

12 (b) The Higher Education Facilities Finance Committee  
13 established pursuant to Section 67353 is hereby authorized to create  
14 a debt or debts, liability or liabilities, of the State of California  
15 pursuant to this chapter for the purpose of providing funds to aid  
16 the California Community Colleges.

17

18 Article 2. California Community College Program Provisions

19

20 101133. (a) From the proceeds of bonds issued and sold  
21 pursuant to Article 3 (commencing with Section 101134), the sum  
22 of \_\_\_\_ dollars (\$\_\_\_\_) shall be deposited in the 2014 California  
23 Community College Capital Outlay Bond Fund for the purposes  
24 of this article. When appropriated, these funds shall be available  
25 for expenditure for the purposes of this article.

26 (b) The purposes of this article include assisting in meeting the  
27 capital outlay financing needs of the California Community  
28 Colleges.

29 (c) Proceeds from the sale of bonds issued and sold for the  
30 purposes of this article may be used to fund construction on  
31 existing campuses, including the construction of buildings and the  
32 acquisition of related fixtures, construction of facilities that may  
33 be used by more than one segment of public higher education  
34 (intersegmental), the renovation and reconstruction of facilities,  
35 site acquisition, the equipping of new, renovated, or reconstructed  
36 facilities, which equipment shall have an average useful life of 10  
37 years; and to provide funds for the payment of preconstruction  
38 costs, including, but not limited to, preliminary plans and working  
39 drawings for facilities of the California Community Colleges.

1 Article 3. California Community College Fiscal Provisions

2  
3 101134. (a) Of the total amount of bonds authorized to be  
4 issued and sold pursuant to Chapter 1 (commencing with Section  
5 101100), bonds in the total amount of \_\_\_\_ dollars (\$\_\_\_\_), not  
6 including the amount of any refunding bonds issued in accordance  
7 with Section 101139, or so much thereof as is necessary, may be  
8 issued and sold to provide a fund to be used for carrying out the  
9 purposes expressed in this chapter and to reimburse the General  
10 Obligation Bond Expense Revolving Fund pursuant to Section  
11 16724.5 of the Government Code. The bonds, when sold, shall be  
12 and constitute a valid and binding obligation of the State of  
13 California, and the full faith and credit of the State of California  
14 is hereby pledged for the punctual payment of the principal of, and  
15 interest on, the bonds as the principal and interest become due and  
16 payable.

17 (b) It is the intent of the Legislature that the California  
18 Community Colleges annually consider, as part of their annual  
19 capital outlay planning process, the inclusion of facilities that may  
20 be used by more than one segment of public higher education  
21 (intersegmental), and, that on or before May 15 of each year, those  
22 entities report their findings to the budget committees of each  
23 house of the Legislature.

24 (c) Pursuant to this section, the Treasurer shall sell the bonds  
25 authorized by the Higher Education Facilities Finance Committee  
26 established pursuant to Section 67353 at any different times  
27 necessary to service expenditures required by the apportionments.

28 101134.5. (a) The bonds authorized by this chapter shall be  
29 prepared, executed, issued, sold, paid, and redeemed as provided  
30 in the State General Obligation Bond Law (Chapter 4 (commencing  
31 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
32 Government Code), and all of the provisions of that law, except  
33 Section 16727 of the Government Code to the extent that it  
34 conflicts with this part, apply to the bonds and to this chapter and  
35 are hereby incorporated into this chapter as though set forth in full  
36 within this chapter.

37 (b) For the purposes of the State General Obligation Bond Law,  
38 each state agency administering an appropriation of the 2014  
39 Community College Capital Outlay Bond Fund is designated as  
40 the “board” for projects funded pursuant to this chapter.

1 (c) The proceeds of the bonds issued and sold pursuant to this  
2 chapter shall be available for the purpose of funding aid to the  
3 California Community Colleges for the construction on existing  
4 or new campuses, and their respective off-campus centers and joint  
5 use and intersegmental facilities, as set forth in this chapter.

6 101135. The Higher Education Facilities Finance Committee  
7 established pursuant to Section 67353 shall authorize the issuance  
8 of bonds under this chapter only to the extent necessary to fund  
9 the apportionments for the purposes described in this chapter that  
10 are expressly authorized by the Legislature in the annual Budget  
11 Act. Pursuant to that legislative direction, the committee shall  
12 determine whether or not it is necessary or desirable to issue bonds  
13 authorized pursuant to this chapter in order to carry out the  
14 purposes described in this chapter and, if so, the amount of bonds  
15 to be issued and sold. Successive issues of bonds may be authorized  
16 and sold to carry out those actions progressively, and it is not  
17 necessary that all of the bonds authorized to be issued be sold at  
18 any one time.

19 101135.5. There shall be collected each year and in the same  
20 manner and at the same time as other state revenue is collected,  
21 in addition to the ordinary revenues of the state, a sum in an amount  
22 required to pay the principal of, and interest on, the bonds each  
23 year. It is the duty of all officers charged by law with any duty in  
24 regard to the collection of the revenue to do and perform each and  
25 every act which is necessary to collect that additional sum.

26 101136. Notwithstanding Section 13340 of the Government  
27 Code, there is hereby appropriated from the General Fund in the  
28 State Treasury, for the purposes of this chapter, an amount that  
29 will equal the total of the following:

30 (a) The sum annually necessary to pay the principal of, and  
31 interest on, bonds issued and sold pursuant to this chapter, as the  
32 principal and interest become due and payable.

33 (b) The sum necessary to carry out Section 101137.5,  
34 appropriated without regard to fiscal years.

35 101136.5. The board, as defined in subdivision (b) of Section  
36 101134.5, may request the Pooled Money Investment Board to  
37 make a loan from the Pooled Money Investment Account or any  
38 other approved form of interim financing, in accordance with  
39 Section 16312 of the Government Code, for the purpose of carrying  
40 out this chapter. The amount of the request shall not exceed the

1 amount of the unsold bonds that the committee, by resolution, has  
 2 authorized to be sold for the purpose of carrying out this chapter.  
 3 The board, as defined in subdivision (b) of Section 101134.5, shall  
 4 execute any documents required by the Pooled Money Investment  
 5 Board to obtain and repay the loan. Any amounts loaned shall be  
 6 deposited in the fund to be allocated by the board in accordance  
 7 with this chapter.

8 101137. Notwithstanding any other provision of this chapter,  
 9 or of the State General Obligation Bond Law, if the Treasurer sells  
 10 bonds pursuant to this chapter that include a bond counsel opinion  
 11 to the effect that the interest on the bonds is excluded from gross  
 12 income for federal tax purposes, subject to designated conditions,  
 13 the Treasurer may maintain separate accounts for the investment  
 14 of bond proceeds and for the investment earnings on those  
 15 proceeds. The Treasurer may use or direct the use of those proceeds  
 16 or earnings to pay any rebate, penalty, or other payment required  
 17 under federal law or take any other action with respect to the  
 18 investment and use of those bond proceeds required or desirable  
 19 under federal law to maintain the tax-exempt status of those bonds  
 20 and to obtain any other advantage under federal law on behalf of  
 21 the funds of this state.

22 101137.5. (a) For the purposes of carrying out this chapter,  
 23 the Director of Finance may authorize the withdrawal from the  
 24 General Fund of an amount not to exceed the amount of the unsold  
 25 bonds that have been authorized by the Higher Education Facilities  
 26 Finance Committee to be sold for the purpose of carrying out this  
 27 chapter. Any amounts withdrawn shall be deposited in the 2014  
 28 California Community College Capital Outlay Bond Fund  
 29 consistent with this chapter. Any money made available under this  
 30 section shall be returned to the General Fund, plus an amount equal  
 31 to the interest that the money would have earned in the Pooled  
 32 Money Investment Account, from proceeds received from the sale  
 33 of bonds for the purpose of carrying out this chapter.

34 (b) Any request forwarded to the Legislature and the Department  
 35 of Finance for funds from this bond issue for expenditure for the  
 36 purposes described in this chapter by the California Community  
 37 Colleges shall be accompanied by the five-year capital outlay plan  
 38 that reflects the needs and priorities of the community college  
 39 system and is prioritized on a statewide basis. Requests shall  
 40 include a schedule that prioritizes the seismic retrofitting needed



1 to significantly reduce, in the judgment of the particular college,  
2 seismic hazards in buildings identified as high priority by the  
3 college.

4 101138. All money deposited in the 2014 California  
5 Community College Capital Outlay Bond Fund that is derived  
6 from premium and accrued interest on bonds sold shall be reserved  
7 in the fund and shall be available for transfer to the General Fund  
8 as a credit to expenditures for bond interest.

9 101139. The bonds may be refunded in accordance with Article  
10 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
11 Division 4 of Title 2 of the Government Code, which is a part of  
12 the State General Obligation Bond Law. Approval by the voters  
13 of the state for the issuance of the bonds described in this chapter  
14 includes the approval of the issuance of any bonds issued to refund  
15 any bonds originally issued under this chapter or any previously  
16 issued refunding bonds.

17 101139.5. The Legislature hereby finds and declares that,  
18 inasmuch as the proceeds from the sale of bonds authorized by  
19 this chapter are not “proceeds of taxes” as that term is used in  
20 Article XIII B of the California Constitution, the disbursement of  
21 these proceeds is not subject to the limitations imposed by that  
22 article.

23  
24 CHAPTER 4. UNIVERSITY FACILITIES

25  
26 Article 1. General

27  
28 101140. (a) The system of public universities in this state  
29 includes the University of California, the Hastings College of the  
30 Law, and the California State University, and their respective  
31 off-campus centers.

32 (b) The 2014 University Capital Outlay Bond Fund is hereby  
33 established in the State Treasury for deposit of funds from the  
34 proceeds of bonds issued and sold for the purposes of this chapter.

35 (c) The Higher Education Facilities Finance Committee  
36 established pursuant to Section 67353 is hereby authorized to create  
37 a debt or debts, liability or liabilities, of the State of California  
38 pursuant to this chapter for the purpose of providing funds to aid  
39 the University of California, the Hastings College of the Law, and  
40 the California State University.

1 Article 2. Program Provisions Applicable to the University of  
2 California and the Hastings College of the Law

3  
4 101141. (a) From the proceeds of bonds issued and sold  
5 pursuant to Article 4 (commencing with Section 101150), the sum  
6 of \_\_\_\_ dollars (\$\_\_\_\_) shall be deposited in the 2014 University  
7 Capital Outlay Bond Fund for the purposes of this article. When  
8 appropriated, these funds shall be available for expenditure for the  
9 purposes of this article.

10 (b) The purposes of this article include assisting in meeting the  
11 capital outlay financing needs of the University of California and  
12 the Hastings College of the Law.

13 (c) Proceeds from the sale of bonds issued and sold for the  
14 purposes of this article may be used to fund construction on  
15 existing campuses, including the construction of buildings and the  
16 acquisition of related fixtures, construction of facilities that may  
17 be used by more than one segment of public higher education  
18 (intersegmental), the renovation and reconstruction of facilities,  
19 site acquisition, the equipping of new, renovated, or reconstructed  
20 facilities, which equipment shall have an average useful life of 10  
21 years; and to provide funds for the payment of preconstruction  
22 costs, including, but not limited to, preliminary plans and working  
23 drawings for facilities of the University of California and the  
24 Hastings College of the Law.

25  
26 Article 3. Program Provisions Applicable to the California State  
27 University

28  
29 101142. (a) From the proceeds of bonds issued and sold  
30 pursuant to Article 4 (commencing with Section 101150), the sum  
31 of \_\_\_\_ dollars (\$\_\_\_\_) shall be deposited in the 2014 University  
32 Capital Outlay Bond Fund for the purposes of this article. When  
33 appropriated, these funds shall be available for expenditure for the  
34 purposes of this article.

35 (b) The purposes of this article include assisting in meeting the  
36 capital outlay financing needs of the California State University.

37 (c) Proceeds from the sale of bonds issued and sold for the  
38 purposes of this article may be used to fund construction on  
39 existing campuses, including the construction of buildings and the  
40 acquisition of related fixtures, construction of facilities that may

1 be used by more than one segment of public higher education  
2 (intersegmental), the renovation and reconstruction of facilities,  
3 site acquisition, the equipping of new, renovated, or reconstructed  
4 facilities, which equipment shall have an average useful life of 10  
5 years; and to provide funds for the payment of preconstruction  
6 costs, including, but not limited to, preliminary plans and working  
7 drawings for facilities of the California State University.

8  
9 Article 4. University Fiscal Provisions

10  
11 101150. (a) Of the total amount of bonds authorized to be  
12 issued and sold pursuant to Chapter 1 (commencing with Section  
13 101100), bonds in the amount of \_\_\_\_ dollars (\$\_\_\_\_), not  
14 including the amount of any refunding bonds issued in accordance  
15 with Section 101159, or so much thereof as is necessary, may be  
16 issued and sold to provide a fund to be used for carrying out the  
17 purposes expressed in this chapter and to reimburse the General  
18 Obligation Bond Expense Revolving Fund pursuant to Section  
19 16724.5 of the Government Code. The bonds, when sold, shall be  
20 and constitute a valid and binding obligation of the State of  
21 California, and the full faith and credit of the State of California  
22 is hereby pledged for the punctual payment of the principal of, and  
23 interest on, the bonds as the principal and interest become due and  
24 payable.

25 (b) It is the intent of the Legislature that the University of  
26 California and the California State University annually consider,  
27 as part of their annual capital outlay planning process, the inclusion  
28 of facilities that may be used by more than one segment of public  
29 higher education (intersegmental), and, that on or before May 15  
30 of each year, those entities report their findings to the budget  
31 committees of each house of the Legislature.

32 (c) Pursuant to this section, the Treasurer shall sell the bonds  
33 authorized by the Higher Education Facilities Finance Committee  
34 established pursuant to Section 67353 at any different times  
35 necessary to service expenditures required by the apportionments.

36 101151. (a) The bonds authorized by this chapter shall be  
37 prepared, executed, issued, sold, paid, and redeemed as provided  
38 in the State General Obligation Bond Law (Chapter 4 (commencing  
39 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
40 Government Code), and all of the provisions of that law, except

1 Section 16727 of the Government Code to the extent that it  
2 conflicts with this part, apply to the bonds and to this chapter and  
3 are hereby incorporated into this chapter as though set forth in full  
4 within this chapter.

5 (b) For the purposes of the State General Obligation Bond Law,  
6 each state agency administering an appropriation of the 2014  
7 University Capital Outlay Bond Fund is designated as the “board”  
8 for projects funded pursuant to this chapter.

9 (c) The proceeds of the bonds issued and sold pursuant to this  
10 chapter shall be available for the purpose of funding aid to the  
11 University of California, the Hastings College of the Law, and the  
12 California State University, for the construction on existing or new  
13 campuses, and their respective off-campus centers and joint use  
14 and intersegmental facilities, as set forth in this chapter.

15 101152. The Higher Education Facilities Finance Committee  
16 established pursuant to Section 67353 shall authorize the issuance  
17 of bonds under this chapter only to the extent necessary to fund  
18 the apportionments for the purposes described in this chapter that  
19 are expressly authorized by the Legislature in the annual Budget  
20 Act. Pursuant to that legislative direction, the committee shall  
21 determine whether or not it is necessary or desirable to issue bonds  
22 authorized pursuant to this chapter in order to carry out the  
23 purposes described in this chapter and, if so, the amount of bonds  
24 to be issued and sold. Successive issues of bonds may be authorized  
25 and sold to carry out those actions progressively, and it is not  
26 necessary that all of the bonds authorized to be issued be sold at  
27 any one time.

28 101153. There shall be collected each year and in the same  
29 manner and at the same time as other state revenue is collected,  
30 in addition to the ordinary revenues of the state, a sum in an amount  
31 required to pay the principal of, and interest on, the bonds each  
32 year. It is the duty of all officers charged by law with any duty in  
33 regard to the collection of the revenue to do and perform each and  
34 every act which is necessary to collect that additional sum.

35 101154. Notwithstanding Section 13340 of the Government  
36 Code, there is hereby appropriated from the General Fund in the  
37 State Treasury, for the purposes of this chapter, an amount that  
38 will equal the total of the following:

1 (a) The sum annually necessary to pay the principal of, and  
2 interest on, bonds issued and sold pursuant to this chapter, as the  
3 principal and interest become due and payable.

4 (b) The sum necessary to carry out Section 101157, appropriated  
5 without regard to fiscal years.

6 101155. The board, as defined in subdivision (b) of Section  
7 101151, may request the Pooled Money Investment Board to make  
8 a loan from the Pooled Money Investment Account or any other  
9 approved form of interim financing, in accordance with Section  
10 16312 of the Government Code, for the purpose of carrying out  
11 this chapter. The amount of the request shall not exceed the amount  
12 of the unsold bonds that the committee, by resolution, has  
13 authorized to be sold for the purpose of carrying out this chapter.  
14 The board, as defined in subdivision (b) of Section 101151, shall  
15 execute any documents required by the Pooled Money Investment  
16 Board to obtain and repay the loan. Any amounts loaned shall be  
17 deposited in the fund to be allocated by the board in accordance  
18 with this chapter.

19 101156. Notwithstanding any other provision of this chapter,  
20 or of the State General Obligation Bond Law, if the Treasurer sells  
21 bonds pursuant to this chapter that include a bond counsel opinion  
22 to the effect that the interest on the bonds is excluded from gross  
23 income for federal tax purposes, subject to designated conditions,  
24 the Treasurer may maintain separate accounts for the investment  
25 of bond proceeds and for the investment earnings on those  
26 proceeds. The Treasurer may use or direct the use of those proceeds  
27 or earnings to pay any rebate, penalty, or other payment required  
28 under federal law or take any other action with respect to the  
29 investment and use of those bond proceeds required or desirable  
30 under federal law to maintain the tax-exempt status of those bonds  
31 and to obtain any other advantage under federal law on behalf of  
32 the funds of this state.

33 101157. (a) For the purposes of carrying out this chapter, the  
34 Director of Finance may authorize the withdrawal from the General  
35 Fund of an amount not to exceed the amount of the unsold bonds  
36 that have been authorized by the Higher Education Facilities  
37 Finance Committee to be sold for the purpose of carrying out this  
38 chapter. Any amounts withdrawn shall be deposited in the 2014  
39 University Capital Outlay Bond Fund consistent with this chapter.  
40 Any money made available under this section shall be returned to

1 the General Fund, plus an amount equal to the interest that the  
2 money would have earned in the Pooled Money Investment  
3 Account, from proceeds received from the sale of bonds for the  
4 purpose of carrying out this chapter.

5 (b) Any request forwarded to the Legislature and the Department  
6 of Finance for funds from this bond issue for expenditure for the  
7 purposes described in this chapter by the University of California,  
8 the Hastings College of the Law, or the California State University  
9 shall be accompanied by the five-year capital outlay plan. Requests  
10 forwarded by a university or college shall include a schedule that  
11 prioritizes the seismic retrofitting needed to significantly reduce,  
12 in the judgment of the particular university or college, seismic  
13 hazards in buildings identified as high priority by the university  
14 or college.

15 101158. All money deposited in the 2014 University Capital  
16 Outlay Bond Fund that is derived from premium and accrued  
17 interest on bonds sold shall be reserved in the fund and shall be  
18 available for transfer to the General Fund as a credit to expenditures  
19 for bond interest.

20 101159. The bonds may be refunded in accordance with Article  
21 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
22 Division 4 of Title 2 of the Government Code, which is a part of  
23 the State General Obligation Bond Law. Approval by the voters  
24 of the state for the issuance of the bonds described in this chapter  
25 includes the approval of the issuance of any bonds issued to refund  
26 any bonds originally issued under this chapter or any previously  
27 issued refunding bonds.

28 101160. The Legislature hereby finds and declares that,  
29 inasmuch as the proceeds from the sale of bonds authorized by  
30 this chapter are not “proceeds of taxes” as that term is used in  
31 Article XIII B of the California Constitution, the disbursement of  
32 these proceeds is not subject to the limitations imposed by that  
33 article.

34 SEC. 11. The Secretary of State shall submit Section 10 of this  
35 act to the voters at the November 4, 2014, statewide general  
36 election.

37 SEC. 12. The provisions of this act are severable. If any  
38 provision of this act or its application is held invalid, that invalidity  
39 shall not affect other provisions or applications that can be given  
40 effect without the invalid provision or application.

1 SEC. 13. Sections 1 to 10, inclusive, of this act shall become  
 2 operative only if the voters approve the Kindergarten-University  
 3 Public Education Facilities Bond Act of 2014, as set forth in  
 4 Section 10 of this act.

5 SEC. 14. This act is an urgency statute necessary for the  
 6 immediate preservation of the public peace, health, or safety within  
 7 the meaning of Article IV of the Constitution and shall go into  
 8 immediate effect. The facts constituting the necessity are:

9 In order to ensure, at the earliest possible time, that the electorate  
 10 is provided with the opportunity to vote on the financing of  
 11 necessary educational facilities at the November 4, 2014, statewide  
 12 general election, including related statutory changes, it is necessary  
 13 that this act take effect immediately.

14  
 15 \_\_\_\_\_  
 16 **CORRECTIONS:**  
 17 **Heading—Authors—Line 1.**  
 18 \_\_\_\_\_