

ASSEMBLY BILL

No. 2376

Introduced by Assembly Member Cogdill

February 21, 2002

An act to add Division 29 (commencing with Section 80500) to the Water Code, relating to financing a water storage program, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2376, as introduced, Cogdill. Water Sustainability and Reliability Bond Act of 2002.

Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact the Water Sustainability and Reliability Bond Act of 2002 which, if adopted, would authorize, for purposes of financing a water storage program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of _____.

The bill would require the Secretary of State to submit the bond act to the voters at the November 5, 2002, statewide general election.

The bill would declare that it is to take effect immediately as an urgency statute.

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

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

1 SECTION 1. Division 29 (commencing with Section 80500)
2 is added to the Water Code, to read:

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DIVISION 29. WATER SUSTAINABILITY AND
RELIABILITY BOND ACT OF 2002

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CHAPTER 1. SHORT TITLE

9 80500. This division shall be known and may be cited as the
10 Water Sustainability and Reliability Bond Act of 2002.

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CHAPTER 2. FINDINGS AND DECLARATIONS

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80501. In placing this measure before the voters, the
Legislature hereby finds and declares all of the following:

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(a) An adequate water supply will protect the economy of the
state and wildlife and aquatic species from the effects of multiple
dry years or a sustained drought.

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(b) Existing law requires that an adequate water supply be
determined before certain residential housing can be constructed
and the failure to increase the state’s water supply will have
additional detrimental effects on housing supplies, thereby
decreasing affordability.

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(c) California leads the nation in agricultural production, but
without an adequate water supply for urban and municipal uses,
water will continue to be diverted from agricultural uses, thereby
eroding the economic base of much of the state.

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(d) California is required to reduce the diversion of Colorado
River Water by approximately 800,000 acre-feet over the next 15
years, further exacerbating potential water shortages and creating
additional demands for in-state sources.

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(e) A failure to respond to water supply needs could lead to
water shortages of up to 4 million acre-feet in a normal year and
over 8 million acre-feet in a dry year by the year 2020.

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(f) It is the intent of the Legislature to establish a funding source
for the construction of feasible storage reservoirs that will assist in
meeting the diverse water needs of the State of California.



1 CHAPTER 3. WATER SUSTAINABILITY AND RELIABILITY FUND OF
2 2002
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4 80502. Proceeds of bonds issued and sold pursuant to this
5 division shall be deposited in the Water Sustainability and
6 Reliability Bond Fund of 2002, which is hereby established in the
7 State Treasury. For purposes of this division “fund” means the
8 fund established by this section.
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10 CHAPTER 4. SURFACE STORAGE CONSTRUCTION PROGRAM
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12 80503. For the purposes of this chapter, “account” means the
13 Surface Storage Construction Account.

14 80504. (a) The Surface Storage Construction Account is
15 hereby established in the fund. The sum of ____ is hereby
16 transferred from the fund to the account for the purposes of this
17 chapter.

18 (b) The money in the account, upon appropriation by the
19 Legislature to the department, may be expended by the department
20 for the purposes of constructing surface storage facilities that have
21 been approved by the CALFED Bay-Delta Program pursuant to
22 the Integrated Storage Investigation Program.
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24 CHAPTER 5. LOCAL AGENCY STORAGE PROGRAM
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26 80510. For the purposes of this chapter, “account” means the
27 Local Agency Storage Account.

28 80511. (a) The Local Agency Storage Account is hereby
29 established in the fund. The sum of ____ is hereby transferred from
30 the fund to the account for the purposes of this chapter.

31 (b) The money in the account, upon appropriation by the
32 Legislature to the department, may be expended by the department
33 to provide grants to local agencies for the construction of new
34 storage facilities or expanded storage capacity.

35 80512. For the purposes of receiving funding under this
36 chapter, the project proponent shall demonstrate that the project,
37 by itself or in conjunction with other projects, will contribute
38 significantly to the sustainability or reliability of local or regional
39 water supply needs.

1 80513. For the purposes of this chapter, an eligible project
2 includes a project approved by the CALFED Bay-Delta Program
3 pursuant to the Integrated Storage Investigation Program.

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5 CHAPTER 6. FISCAL PROVISIONS
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7 80520. Bonds in the total amount of _____ not including the
8 amount of any refunding bonds issued in accordance with Section
9 80529, or so much thereof as is necessary, may be issued and sold
10 to provide a fund to be used for carrying out the purposes expressed
11 in this division and to be used to reimburse the General Obligation
12 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
13 Government Code. The bonds, when sold, shall be and constitute
14 a valid and binding obligation of the State of California, and the
15 full faith and credit of the State of California is hereby pledged for
16 the punctual payment of the principal of, and interest on, the bonds
17 as the principal and interest become due and payable.

18 80521. (a) The bonds authorized by this division shall be
19 prepared, executed, issued, sold, paid, and redeemed as provided
20 in the State General Obligation Bond Law (Chapter 4
21 (commencing with Section 16720) of Part 3 of Division 4 of Title
22 2 of the Government Code), except Section 16727, and all of the
23 provisions of that law apply to the bonds and to this division and
24 are hereby incorporated in this division as though set forth in full
25 in this division.

26 (b) For purposes of the State General Obligation Bond Law, the
27 department is designated the “board.”

28 80522. Solely for the purpose of authorizing the issuance and
29 sale, pursuant to the State General Obligation Bond Law, of the
30 bonds authorized by this division, the Water Sustainability and
31 Reliability Finance Committee is hereby established. For purposes
32 of this division, the Water Sustainability and Reliability Finance
33 Committee is the “committee” as that term is used in the State
34 General Obligation Bond Law. The committee consists of the
35 Treasurer, the Controller, and the Director of Finance, or their
36 designated representatives. A majority of the committee may act
37 for the committee.

38 80523. The committee shall determine whether or not it is
39 necessary or desirable to issue bonds authorized pursuant to this
40 division in order to carry out the actions specified in this division



1 and, if so, the amount of bonds to be issued and sold. Successive
2 issues of bonds may be authorized and sold to carry out those
3 actions progressively, and it is not necessary that all of the bonds
4 authorized to be issued be sold at any one time.

5 80524. There shall be collected each year and in the same
6 manner and at the same time as other state revenue is collected, in
7 addition to the ordinary revenues of the state, a sum in an amount
8 required to pay the principal of, and interest on, the bonds each
9 year. It is the duty of all officers charged by law with any duty in
10 regard to the collection of the revenue to do and perform each and
11 every act that is necessary to collect that additional sum.

12 80525. Notwithstanding Section 13340 of the Government
13 Code, there is hereby appropriated from the General Fund in the
14 State Treasury, for the purposes of this division, an amount that
15 will equal the total of the following:

16 (a) The sum annually necessary to pay the principal of, and
17 interest on, bonds issued and sold pursuant to this division, as the
18 principal and interest become due and payable.

19 (b) The sum necessary to carry out Section 80526, appropriated
20 without regard to fiscal years.

21 80526. For the purposes of carrying out this division, the
22 Director of Finance may authorize the withdrawal from the
23 General Fund of an amount not to exceed the amount of the unsold
24 bonds that have been authorized by the committee to be sold for
25 the purpose of carrying out this division. Any amount withdrawn
26 shall be deposited in the fund. Any money made available under
27 this section shall be returned to the General Fund, plus an amount
28 equal to the interest that the money would have earned in the
29 Pooled Money Investment Account, from proceeds received from
30 the sale of bonds for the purpose of carrying out this division.

31 80527. All money deposited in the fund that is derived from
32 premium and accrued interest on bonds sold shall be reserved in
33 the fund and shall be available for transfer to the General Fund as
34 a credit to expenditures for bond interest.

35 80528. The department may request the Pooled Money
36 Investment Board to make a loan from the Pooled Money
37 Investment Account, in accordance with Section 16312 of the
38 Government Code, for the purpose of carrying out this division.
39 The amount of the request shall not exceed the amount of the
40 unsold bonds that the committee, by resolution, has authorized to



1 be sold for the purpose of carrying out this division. The
2 department shall execute any documents required by the Pooled
3 Money Investment Board to obtain and repay the loan. Any
4 amounts loaned shall be deposited in the fund to be allocated by
5 the department in accordance with this division.

6 80529. The bonds may be refunded in accordance with
7 Article 6 (commencing with Section 16780) of Chapter 4 of Part
8 3 of Division 4 of Title 2 of the Government Code, which is a part
9 of the State General Obligation Bond Law. Approval by the voters
10 of the state for the issuance of the bonds described in this division
11 includes the approval of the issuance of any other bonds issued to
12 refund any bonds originally issued under this division or any
13 previously issued refunding bonds.

14 80530. Notwithstanding any provision of this division or the
15 State General Obligation Bond Law, if the Treasurer sells bonds
16 pursuant to this division that include a bond counsel opinion to the
17 effect that the interest on the bonds is excluded from gross income
18 for federal tax purposes, subject to designated conditions, the
19 Treasurer may maintain separate accounts for the investment of
20 bond proceeds and for the investment earnings on those proceeds.
21 The Treasurer may use or direct the use of those proceeds or
22 earnings to pay any rebate, penalty, or other payment required
23 under federal law or to take any other action with respect to the
24 investment and use of those bond proceeds required or desirable
25 under federal law to maintain the tax-exempt status of those bonds
26 and to obtain any other advantage under federal law on behalf of
27 the funds of that state.

28 80531. The Legislature hereby finds and declares that,
29 inasmuch as the proceeds from the sale of bonds authorized by this
30 division are not “proceeds of taxes” as that term is used in Article
31 XIII B of the California Constitution, the disbursement of these
32 proceeds is not subject to the limitations imposed by that article.

33 SEC. 2. This act shall become effective upon the approval by
34 the voters of the Water Sustainability and Reliability Bond Act of
35 2002, as set forth in Section 1 of the act adding this section.

36 SEC. 3. Section 1 of this act shall be submitted to the voters
37 at the November 5, 2002, statewide general election in accordance
38 with provisions of the Government Code and the Elections Code
39 governing the submission of statewide measures to the voters.



1 SEC. 4. (a) Notwithstanding any other provision of law, all
2 ballots at the election shall have printed thereon and in a square
3 thereof, the words: “Water Sustainability and Reliability Bond
4 Act of 2002” and in the same square under those words, the
5 following in 8-point type: “This act provides for a bond issue of
6 _____ to provide funds for a water storage program.” Opposite the
7 square, there shall be left spaces in which the voters may place a
8 cross in the manner required by law to indicate whether they vote
9 for or against the act.

10 (b) Notwithstanding Sections 13247 and 13281 of the
11 Elections Code, the language in subdivision (a) shall be the only
12 language included in the ballot label for the condensed statement
13 of the ballot title, and the Attorney General shall not supplement,
14 subtract from, or revise that language, except that the Attorney
15 General may include the financial impact summary prepared
16 pursuant to Section 9087 of the Elections Code and Section 88003
17 of the Government Code. The ballot label is the condensed
18 statement of the ballot title and the financial impact summary.

19 (c) Where voting in the election is done by means of voting
20 machines used pursuant to law in a manner that carries out the
21 intent of this section, the use of the voting machines and the
22 expression of the voters’ choice by means thereof are in
23 compliance with this section.

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

28 In order to remedy critical water supply problems, thereby
29 protecting public health and safety, it is necessary that this act take
30 effect immediately.

