

Introduced by Senator SimitianDecember 4, 2006

An act to add Division 26.6 (commencing with Section 79600) to the Water Code, relating to financing a water conveyance and environmental improvement 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

SB 27, as introduced, Simitian. Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2007.

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 Clean Drinking Water, Water Supply Security, and Environmental Improvement Bond Act of 2007 which, if approved by the voters would authorize, for purposes of financing a water conveyance and environmental improvement program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$5,000,000,000. The bill would require the Secretary of State to submit the bond act to the voters at the _____, statewide election.

This 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 26.6 (commencing with Section 79600)
2 is added to the Water Code, to read:

3
4
5
6
7
8
9

DIVISION 26.6. CLEAN DRINKING WATER, WATER
SUPPLY SECURITY, AND ENVIRONMENTAL
IMPROVEMENT BOND ACT OF 2007

CHAPTER 1. GENERAL PROVISIONS

10 79600. This division shall be known and may be cited as the
11 Clean Drinking Water, Water Supply Security, and Environmental
12 Improvement Bond Act of 2007.

13 79601. The Legislature finds and declares all of the following:

14 (a) The Sacramento-San Joaquin Delta provides all or part of
15 the drinking water supply for 23 million Californians and for
16 hundreds of thousands of acres of agricultural land.

17 (b) Many years ago, decisions were made to locate major water
18 supply intakes in the southwestern part of the delta. The large
19 volume of water taken in by these water supply intakes has reversed
20 the flow direction of many delta water channels, thereby disrupting
21 the ability of anadromous fish to find their rearing and spawning
22 areas, and pulling into the pumps fish that live in the
23 freshwater-saltwater zone and are now endangered.

24 (c) The central delta lands are more than 25 feet below sea level,
25 sinking about two inches per year as a result of soil subsidence
26 and protected by increasingly vulnerable levees.

27 (d) Scientists have determined that a significant number of delta
28 levees could collapse in an earthquake or flood, thereby drawing
29 salty San Francisco Bay water into the delta and making delta
30 waters unusable for several years and possibly permanently.

31 (e) The loss of the delta water supply would substantially reduce
32 available water supplies for homes, commercial and industrial
33 uses, and agriculture in the San Francisco Bay Area, the San
34 Joaquin Valley, and southern California.

35 (f) The state's economy and the state's budget would be
36 significantly impaired if there were a levee collapse and water
37 supplies were not protected in advance, with that impairment of

1 the economy very likely being more severe than that caused by
2 Hurricane Katrina.

3 (g) Because of the potential for disruption of the state’s water
4 supplies and to help in restoring salmon and other fish species, it
5 is critical that the existing major water intakes in the delta be
6 relocated.

7 (h) Relocating the intakes will allow for the use of more efficient
8 “bypass” fish screens because only a portion of the river water
9 will be diverted through the fish screens, whereas the existing fish
10 screens divert all of the water.

11 (i) Global warming will result in rising sea levels and stronger
12 winter storms resulting in greater flooding. Combined with
13 expected earthquake activity, there is a substantial risk to state
14 water supplies from the delta due to massive levee collapse.

15 (j) Exposed peat soils in the delta are rapidly oxidizing and are
16 a major source of California global warming gas emissions.

17 79602. (a) It is the intent of the Legislature that the
18 implementation of this division accomplish all of the following:

19 (1) Provide significant improvements to the quality of the
20 drinking water derived from the delta and used as a part of the
21 drinking water supply of 23 million Californians.

22 (2) Ensure that urban and agricultural water supplies derived
23 from the delta are not disrupted because of catastrophic failures
24 of delta levees resulting from earthquakes, floods, land sinking,
25 rising ocean levels, or other forces.

26 (3) Provide a safe, clean, high quality, secure, affordable, and
27 sufficient water supply to meet the needs of California residents,
28 farms, and businesses.

29 (4) Improve and increase aquatic and terrestrial habitats and
30 improve ecological functions in the San Francisco Bay-Delta and
31 Trinity River watersheds to support sustainable populations of
32 plant, fish, and animal species.

33 (5) Improve water quality and reduce pollution within the
34 watersheds of the bay-delta, Klamath River, and Trinity River.

35 (6) Reduce the reliance of water users on the delta on a per
36 capita basis through conservation, reclamation, reuse, and other
37 means.

38 (b) Programs funded by this act shall maximize where feasible
39 scientifically based procedures to reduce global warming gases
40 emitted by exposed delta soils.

1 79604. Unless the context requires otherwise, the definitions
2 set forth in this section govern the construction of this division:

3 (a) “Acquisition” means the acquisition of a fee interest or any
4 other interest, including easements, leases, and development rights.

5 (b) “Agency” means the Water Quality and Environmental
6 Improvement Agency created by Section 79610.

7 (c) “Bay area counties” means those counties that are members
8 of the Association of Bay Area Governments.

9 (d) “Bay-delta” means the San Francisco Bay/Sacramento-San
10 Joaquin Delta Estuary.

11 (e) “Board” means the State Water Resources Control Board.

12 (f) “Board of directors” means the board of directors of the
13 agency.

14 (g) “CALFED” means the consortium of state and federal
15 agencies with management and regulatory responsibilities in the
16 bay-delta estuary.

17 (h) “CALFED Bay-Delta Program” means the undertaking by
18 CALFED to develop and implement, by means of the final
19 programmatic environmental impact statement/environmental
20 impact report, the preferred programs, actions, projects, and related
21 activities that will provide solutions to identified problem areas
22 related to the bay-delta estuary ecosystem, including, but not
23 limited to, the bay-delta and its tributary watersheds.

24 (i) “Delta” means the area of the Sacramento-San Joaquin Delta
25 as defined in Section 12220.

26 (j) “Department” means the Department of Water Resources.

27 (k) “Environmental fund” means the Water Quality and
28 Environmental Improvement Fund created by Section 79607.

29 (l) “Facility” means intake facilities and related facilities
30 necessary to implement the clean water project, as described in
31 Chapter 5 (commencing with Section 79620).

32 (m) “Facility fund” means the Clean Drinking Water, Water
33 Quality Improvement, Environmental Enhancement, and Water
34 Supply Disaster Prevention Fund created by Section 79605.

35 (n) “Nonprofit organization” means any nonprofit corporation
36 formed pursuant to the Nonprofit Public Benefit Corporation Law
37 (Division 2 (commencing with Section 5000) of Title 1 of the
38 Corporations Code) and qualified under Section 501 (c)(3) of the
39 United States Internal Revenue Code.

1 (o) “Public water agency” means any public entity, as defined
2 in Section 514, that provides water service, as defined in Section
3 515.

4
5
6
7
8

CHAPTER 2. CLEAN DRINKING WATER, WATER QUALITY
IMPROVEMENT, ENVIRONMENTAL ENHANCEMENT, AND WATER
SUPPLY DISASTER PREVENTION FUND

9 79605. (a) The proceeds of bonds issued and sold pursuant to
10 this division shall be deposited in the Clean Drinking Water, Water
11 Quality Improvement, Environmental Enhancement, and Water
12 Supply Disaster Prevention Fund, which is hereby created.

13 (b) Notwithstanding Section 13340 of the Government Code,
14 the moneys in the fund are hereby continuously appropriated,
15 without regard to fiscal years, to the agency in accordance with
16 Chapter 5 (commencing with Section 79620).

17 (c) All moneys in the fund shall be expended only for the
18 purposes of, and in accordance with, this division.

19 (d) The agency shall expend moneys in the facility fund to
20 implement the clean water project. If moneys in the facility fund
21 exceed that amount necessary to complete the planning and
22 construction of the clean water project, the remaining funds shall
23 be expended by the agency for projects in accordance with Sections
24 79626 and 79627. If the moneys in the facility fund are less than
25 the amount necessary to complete the clean water project, the
26 agency shall contract with the department for the issuance of
27 revenue bonds in accordance with Part 3 (commencing with Section
28 11100) of Division 6 to complete the clean water project.

29
30
31
32

CHAPTER 3. WATER QUALITY AND ENVIRONMENTAL
IMPROVEMENT FUND

33 79607. (a) All revenue received by the agency from the
34 transmission of water through facilities constructed pursuant to
35 subdivision (a) of Section 79620 shall be deposited in the
36 Environmental Fund, which is hereby created.

37 (b) Notwithstanding Section 13340 of the Government Code,
38 the moneys in the Environmental fund are hereby continuously
39 appropriated, without regard to fiscal years, to the agency for the
40 purposes of Section 79640.

1 (c) All moneys in the Environmental fund shall be expended
2 only for the purposes of, and in accordance with, this division.

3
4 CHAPTER 4. WATER QUALITY AND ENVIRONMENTAL
5 IMPROVEMENT AGENCY
6

7 79610. There is hereby created in state government the Water
8 Quality and Environmental Improvement Agency.

9 79611. The board of directors of the agency shall consist of
10 nine members, appointed as follows:

11 (a) One representative selected by the Counties of Sacramento,
12 San Joaquin, Contra Costa, Yolo, and Solano.

13 (b) One representative from an industry-recognized commercial
14 fishing organization with a majority of its members residing in
15 northern California, appointed by the Governor and confirmed by
16 the Senate.

17 (c) One representative from a recognized sport fishing
18 organization with a majority of its members residing in the
19 bay-delta watershed, appointed by the Governor and confirmed
20 by the Senate.

21 (d) One representative from a recognized environmental and
22 conservation organization with a record of involvement in
23 environmental protection and conservation in the bay-delta
24 watershed, appointed by the Governor and confirmed by the Senate.

25 (e) One representative of bay area counties, appointed by the
26 Association of Bay Area Governments.

27 (f) One fishery biologist appointed by the Governor and
28 confirmed by the Senate.

29 (g) One wildlife biologist appointed by the Governor and
30 confirmed by the Senate.

31 (h) One person who resides in the watershed of the Sacramento
32 River for at least the past 10 years prior to appointment and who
33 is recognized as having substantial experience in water resources
34 in the bay-delta watershed, appointed by the Governor and
35 confirmed by the Senate.

36 (i) The chairperson of the agency who resides within a bay area
37 county and who is recognized as having substantial experience in
38 environmental protection related to water, appointed by the
39 Governor and confirmed by the Senate.

1 79611.5. (a) Except as provided in subdivision (b), the
2 members of the board of directors shall serve four year terms, with
3 terms beginning on January 1, ____.

4 (b) The term for a member of the board of directors described
5 in subdivision (a), (c), (e), (g), or (i) of Section 79611 whose term
6 commences on January 1, ____, shall be two years.

7 (c) A member of the board of directors shall serve until his or
8 her successor is selected and qualified.

9 79612. The board of directors may select a vice chairperson
10 and other officers determined to be necessary.

11 79613. (a) A member of the board of directors shall receive
12 one hundred dollars (\$100) for each meeting of the agency,
13 including committee meetings, attended by that member. This
14 amount shall be revised annually based on the change in the
15 California Consumer Price Index.

16 (b) The members of the board of directors shall be reimbursed
17 for expenses necessarily incurred in the performance of official
18 duties.

19 (c) The chairperson of the board of directors shall serve full
20 time.

21 79614. (a) The board of directors shall appoint an executive
22 director.

23 (b) The agency shall hire employees necessary to carry out the
24 functions of the agency.

25 (c) The number of employees needed and qualifications of those
26 employees shall be determined by the agency, subject to the
27 availability of funds.

28 (d) The salary of each agency employee shall be determined by
29 the State Personnel Board, and shall reflect the duties and
30 responsibilities of the position.

31 79616. All persons employed by the agency are state
32 employees, subject to the duties, responsibilities, limitations, and
33 benefits thereof.

34 79617. The headquarters of the agency shall be located in
35 Sacramento.

36
37 CHAPTER 5. CALIFORNIA CLEAN WATER PROJECT
38

39 79620. (a) Consistent with subdivision (g), the agency shall
40 contract with the department, and as necessary the federal

1 government, to construct a clean water project to relocate the
2 existing delta intake facilities of the State Water Resources
3 Development System and the Central Valley Project to the
4 Sacramento River, in accordance with the requirements of this
5 division.

6 (b) The agency shall carry out the clean water project to
7 accomplish all of the following objectives:

8 (1) Provide significant improvements to drinking water quality.

9 (2) Ensure that urban and agricultural water supplies derived
10 from the delta are not disrupted due to catastrophic failures of delta
11 levees because of earthquakes, floods, land sinking, rising ocean
12 levels, or other forces.

13 (3) Provide a clean, high quality, secure, affordable, and
14 sufficient water supply.

15 (4) Improve and increase aquatic and terrestrial habitats and
16 improve ecological functions in the bay-delta and Trinity River
17 watersheds to support sustainable populations of plant, fish, and
18 animal species.

19 (5) Protect the fish and wildlife resources of the bay-delta.

20 (6) Include fish screens subject to the approval of the
21 Department of Fish and Game.

22 (c) The clean water project shall consist of one or more pipelines
23 and other facilities sufficient to transport the amount of water
24 contracted for conveyance in accordance with this division.

25 (d) The agency shall be the lead agency for the purposes of the
26 California Environmental Quality Act (Division 13 (commencing
27 with Section 21000) of the Public Resource Code) and, on behalf
28 of the state, for the purposes of the National Environmental Policy
29 Act of 1969 (42 U.S.C. Sec. 4321 et seq.).

30 (e) The department shall use its powers of eminent domain and
31 land acquisition on behalf of the agency as necessary to obtain a
32 right-of-way for the implementation of the clean water project.

33 (f) The facilities constructed pursuant to subdivision (a) shall
34 be located downstream of the intake facility jointly operated by
35 the County of Sacramento and East Bay Municipal Utility. If
36 changes are required to be made to the Freeport plant of the
37 Sacramento Regional County Sanitation District because of the
38 operation of the facilities constructed pursuant to subdivision (a),
39 the costs shall be included as costs of the clean water project and
40 shall not be the responsibility of that district.

1 (g) The facilities constructed pursuant to subdivision (a) may
2 be used in conjunction with the existing delta intake facilities
3 described in that subdivision in order to permit operational
4 flexibility and to protect fish and wildlife resources.

5 (h) (1) The agency shall implement the clean water project only
6 after a plan of operation is prepared by the agency and all necessary
7 approvals and authorizations are secured, including any necessary
8 approval or authorization from the federal government.

9 (2) The agency may not construct facilities under this division
10 before entering into contracts for the use of those facilities.

11 (i) The agency may contract with any public agency to transport
12 water through the facilities, subject to the requirements of this
13 division.

14 79621. (a) The facilities constructed pursuant to subdivision
15 (a) of Section 79620 shall not be constructed to convey water for
16 the State Water Resources Development System unless these
17 facilities have the physical capability to do all of the following:

18 (1) Reduce the bromides in the water at the Harvey O. Banks
19 Pumping Plant by at least __ percent.

20 (2) Reduce the trihalomethane formation potential in the water
21 at the Harvey O. Banks Pumping Plant by at least __ percent.

22 (3) Reduce salts in the water at the Harvey O. Banks Pumping
23 Plant by at least __ percent.

24 (4) Reduce the risk of disruption of the conveyance of the water
25 through the delta by at least __ percent.

26 (5) Improve pelagic fish populations pursuant to state and federal
27 endangered species laws pursuant to studies conducted by the
28 United States Fish and Wildlife Service and the Department of
29 Fish and Game.

30 (b) The facilities shall not be constructed to convey water for
31 the Central Valley Project to the Contra Costa Water District unless
32 the facilities have the physical capacity to reduce bromides in the
33 water by at least __ percent, salts by __ percent, trihalomethane
34 formation potential by __ percent, and the risk of disruption of the
35 conveyance of the water through the delta by at least __ percent.

36 (c) The facilities shall not be constructed to convey agricultural
37 water for the Central Valley Project unless the facilities have the
38 physical capability to reduce the salt concentration in the water at
39 the Tracy Pumping Plant by at least __ percent.

1 (d) The facilities shall not be constructed unless the facilities
2 have the capability to substantially reestablish the natural direction
3 of flows of water through the delta.

4 79622. (a) The agency shall not convey water through the
5 clean water project for the State Water Resources Development
6 System if that conveyance would result in more water being
7 exported from the delta by the State Water Resources Development
8 System than the amount of water that would have been exported
9 based on the 2006 level of water development and the water-year
10 type, as determined by the agency.

11 (b) The agency shall not convey water through the clean water
12 project for export by the Central Valley Project if that conveyance
13 would result in more water being exported from the delta by the
14 Central Valley Project than the amount of water that would have
15 been exported based on the 2006 level of water development and
16 the water-year type, as determined by the agency.

17 79624. (a) Before a public water agency may enter into a
18 contract with the agency for water conveyance by means of the
19 clean water project, the public water agency, as applicable, shall
20 submit to the agency a plan approved by the board for reducing
21 the per capita use of municipal and industrial water by the public
22 water agency and any municipal and industrial water contractors
23 of the public water agency by 10 percent by 2015 and 25 percent
24 by 2030 by means of increased water efficiency, improved
25 groundwater management, recycling, and the use of other local
26 water supplies.

27 (b) Before a public water agency may enter into a contract with
28 the agency for water conveyance by means of the clean water
29 project, the public water agency, as applicable, shall submit to the
30 agency a plan approved by the board that ensures that agricultural
31 water delivered by the public water agency is used in an
32 economically efficient manner and that water is not wasted. The
33 plan shall demonstrate financially efficient and technologically
34 feasible methods of water use reduction.

35

36 CHAPTER 6. ENVIRONMENTAL FUND PURPOSES

37

38 79626. (a) Not less than 30 percent of the funds in the
39 Environmental fund shall be expended for both of the following
40 purposes:

1 (1) (A) A grant program to fund capital outlay projects that
2 include projects for water conservation, wastewater reclamation,
3 desalination of brackish groundwater, and other projects that reduce
4 water needs in areas that rely on water that originates in the
5 watershed of the bay-delta.

6 (B) For the purposes of carrying out subparagraph (A), priority
7 shall be given to programs that benefit low-income households for
8 the purpose of reducing water bills.

9 (2) (A) The implementation of a program by the department in
10 the primary zone, as defined in Section 29728 of the Public
11 Resources Code, to reduce or eliminate climate change gasses
12 emitting from delta islands and farms in accordance with Division
13 25.5 (commencing with Section 38500) of the Health and Safety
14 Code.

15 (B) For the purposes of implementing the program described
16 in subparagraph (A), the department shall prepare plans to sequester
17 carbon where feasible by establishing or reconstructing delta
18 wetlands, by agreement, on public or private lands.

19 79627. (a) After allocating funds in accordance with Section
20 79626, any remaining funds in the Environmental fund shall be
21 expended as follows:

22 (1) ___ percent to the State Water Resources Control Board
23 for projects that improve or protect water quality in the bay-delta
24 and Sacramento and San Joaquin watersheds.

25 (2) ___ percent to the Sierra Nevada Conservancy for
26 improvements in water quality, public access to waterways, and
27 water-related recreation, including fishing.

28 (3) ___ percent to the Department of Fish and Game for
29 restoration of the Klamath River and its tributaries in California.

30 (4) ___ percent to the Wildlife Conservation Board for
31 protection of habitat in the Sacramento-San Joaquin River
32 watershed and San Francisco Bay.

33 (5) ___ percent to the Secretary of the Resources Agency for
34 central valley river parkways and river access.

35 (6) ___ percent to the department for levees in the central
36 valley, subject to 50/50 cost-sharing with local agencies.

37 (7) ___ percent to the Department of Parks and Recreation for
38 state and local parks in the Sacramento-San Joaquin watershed.

1 (8) ____ percent to the Department of Fish and Game for
2 projects to improve or restore fish habitat and access to spawning
3 areas in the Sacramento-San Joaquin River watershed.

4 (9) ____ percent to restore habitat in the Sacramento-San
5 Joaquin watershed that has been classified as endangered under
6 the California Endangered Species Act (Chapter 1.5 (commencing
7 with Section 2050) of Division 3 of the Fish and Game Code) or
8 the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531
9 et seq.).

10 (10) ____ percent for the restoration of anadromous fisheries
11 in the San Joaquin River watershed.

12 (b) If funds are no longer needed for a purpose specified in
13 subdivision (a), as determined by the administering agency, the
14 agency shall reallocate the funds on behalf of the other purposes
15 specified in subdivision (a) in proportion to the percentages
16 specified in subdivision (a).

17
18 CHAPTER 7. MISCELLANEOUS PROVISIONS
19

20 79629. The clean water project may be constructed in phases.

21 79630. The agency shall own and operate facilities constructed
22 to implement the clean water project. The agency shall maintain
23 the facilities in good operating condition.

24 79633. The contracts entered into by the agency to convey
25 water through the facilities constructed pursuant to subdivision (a)
26 of Section 79620 shall produce annual revenue adjusted for
27 inflation that is the sum of all of the following:

28 (a) The operating costs of those facilities.

29 (b) An amount equivalent to the average annual principal and
30 interest payments on the general obligation bonds authorized under
31 this division and utilized to construct facilities to implement the
32 clean water project, regardless of whether the bonds are still
33 outstanding.

34 (c) A watershed rehabilitation fee in the amount of ____ (\$____
35) per year.

36 79640. The agency shall expend its revenues from contracts
37 involving the use of the facilities constructed pursuant to
38 subdivision (a) of Section 79620 in the following order of priority:

39 (a) Operation and maintenance of those facilities.

1 (b) Paying the salaries and other ongoing expenses of the
2 agency.

3 (c) Paying for the annual audits required by Section 79648.

4 (d) Paying for the costs of the board pursuant to this division.

5 79642. The agency shall consult with CALFED and the
6 agencies that participate in CALFED to avoid duplication, and
7 increase the effectiveness of expenditures under this division. The
8 agency shall consider the objectives and functions of the CALFED
9 Bay-Delta Program in developing its expenditure plan under this
10 division.

11 79643. The agency shall not, by itself, carry out construction
12 or ecosystem restoration programs financed by this division, but
13 shall award grants and contracts to public agencies and nonprofit
14 organizations, including local conservation corps, to carry out
15 these programs.

16 79644. The agency may receive grants or gifts from public
17 agencies, private entities, or individuals for the purposes of Section
18 79626 or 79627.

19 79645. The agency shall be represented by the Attorney General
20 in any litigation, and shall reimburse the Attorney General for any
21 costs incurred.

22 79646. (a) Subject to subdivision (b), the programs and projects
23 financed by this division are not subject to approval by any other
24 state entity, including, but not limited to, the State Public Works
25 Board or the Department of General Services.

26 (b) The programs and projects financed by this division are
27 subject to regulation by, and the permitting authority of, the
28 Department of Fish and Game, the State Water Resources Control
29 Board, the Department of Toxic Substances Control, and other
30 entities responsible for pollution control.

31 79648. (a) The Auditor General shall audit the agency
32 annually, and shall be reimbursed by the agency for the audit. The
33 Auditor General shall report the findings of the audit to the
34 Legislature and the Governor, and shall make the results of the
35 audit available to the public by posting that information on its
36 Internet Web site.

37 (b) The Legislature may appropriate funds for an independent
38 audit of the agency.

39 79662. If the operation of the clean water project increases the
40 yield of usable water above amounts that would exist in the absence

1 of the project, the agency shall have the right to use that water.
2 Subject to regulatory approvals, the agency may assign any or all
3 of that water for environmental purposes or for resolution of legacy
4 water conflicts.

5 79665. It is the intent of the Legislature that facilities
6 constructed pursuant to subdivision (a) of Section 79620 shall be
7 designed and constructed so as to improve the security and safety
8 of the state's drinking water system.

9 79666. It is the intent of the Legislature that investments of
10 public funds pursuant to this division result in public benefits.

11 79670. Venue for any litigation brought concerning the
12 construction or operation of the clean water project implemented
13 pursuant to this division shall be the Superior Court of Sacramento
14 County.

15

16

CHAPTER 8. FISCAL PROVISIONS

17

18 79685. (a) Bonds in the total amount of five billion dollars
19 (\$5,000,000,000), not including the amount of any refunding bonds
20 issued in accordance with Section 79696, or so much thereof as is
21 necessary, may be issued and sold to provide a fund to be used for
22 carrying out the purposes expressed in this division and to
23 reimburse the General Obligation Bond Expense Revolving Fund
24 pursuant to Section 16724.5 of the Government Code. The bonds,
25 when sold, shall be and constitute valid and binding obligations
26 of the State of California, and the full faith and credit of the State
27 of California is hereby pledged for the punctual payment of both
28 principal of, and interest on, the bonds as the principal and interest
29 become due and payable.

30 (b) The Treasurer shall sell the bonds authorized by the
31 committee pursuant to this section. The bonds shall be sold upon
32 the terms and conditions specified in a resolution to be adopted
33 by the committee pursuant to Section 16731 of the Government
34 Code.

35 79686. The bonds authorized by this division shall be prepared,
36 executed, issued, sold, paid, and redeemed as provided in the State
37 General Obligation Bond Law, and all of the provisions of that
38 law apply to the bonds and to this division and are hereby
39 incorporated in this division as though set forth in full in this
40 division.

1 79687. (a) Solely for the purpose of authorizing the issuance
2 and sale, pursuant to the State General Obligation Bond Law, of
3 the bonds authorized by this division, the Clean Drinking Water,
4 Water Supply Security, and Environmental Improvement Bond
5 Finance Committee is hereby created. For purposes of this division,
6 the Clean Drinking Water, Water Supply Security, and
7 Environmental Improvement Bond Finance Committee is “the
8 committee” as that term is used in the State General Obligation
9 Bond Law. The committee consists of the Controller, the Director
10 of Finance, and the Treasurer, or their designated representatives.
11 The Treasurer shall serve as chairperson of the committee. A
12 majority of the committee may act for the committee.

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

15 79688. The committee shall determine whether or not it is
16 necessary or desirable to issue bonds authorized pursuant to this
17 division to carry out this division and, if so, the amount of bonds
18 to be issued and sold. Successive issues of bonds may be authorized
19 and sold to carry out those actions progressively, and it is not
20 necessary that all of the bonds authorized to be issued be sold at
21 any one time.

22 79689. There shall be collected each year in the same manner
23 and at the same time as other state revenue is collected, in addition
24 to the ordinary revenues of the state, a sum in an amount required
25 to pay the principal of, and interest on, the bonds each year, and
26 it is the duty of all officers charged by law with any duty in regard
27 to the collection of the revenue to do and perform each and every
28 act which is necessary to collect that additional sum.

29 79690. Notwithstanding Section 13340 of the Government
30 Code, there is hereby appropriated from the General Fund in the
31 State Treasury, for the purposes of this division, an amount that
32 will equal the total of the following:

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

36 (b) The sum that is necessary to carry out Section 79693,
37 appropriated without regard to fiscal years.

38 79691. The department may request the Pooled Money
39 Investment Board to make a loan from the Pooled Money
40 Investment Account in accordance with Section 16312 of the

1 Government Code, for the purpose of carrying out this division.
2 The amount of the request shall not exceed the amount of the
3 unsold bonds that the committee has, by resolution, authorized to
4 be sold for the purpose of carrying out this division. The
5 department shall execute those documents required by the Pooled
6 Money Investment Board to obtain and repay the loan. Any
7 amounts loaned shall be deposited in the fund to be allocated by
8 the department in accordance with this division.

9 79692. Notwithstanding any other provision of this division,
10 or of the State General Obligation Bond Law, if the Treasurer sells
11 bonds that include a bond counsel opinion to the effect that the
12 interest on the bonds is excluded from gross income for federal
13 tax purposes under designated conditions, the Treasurer may
14 maintain separate accounts for the bond proceeds invested and for
15 the investment earnings on those proceeds, and may use or direct
16 the use of those proceeds or earnings to pay any rebate, penalty,
17 or other payment required under federal law or take any other
18 action with respect to the investment and use of those bond
19 proceeds, as may be required or desirable under federal law in
20 order to maintain the tax-exempt status of those bonds and to obtain
21 any other advantage under federal law on behalf of the funds of
22 this state.

23 79693. For the purposes of carrying out this division, the
24 Director of Finance may authorize the withdrawal from the General
25 Fund of an amount or amounts not to exceed the amount of the
26 unsold bonds that have been authorized by the committee to be
27 sold for the purpose of carrying out this division. Any amounts
28 withdrawn shall be deposited in the fund. Any money made
29 available under this section shall be returned to the General Fund,
30 with interest at the rate earned by the money in the Pooled Money
31 Investment Account, from proceeds received from the sale of bonds
32 for the purpose of carrying out this division.

33 79694. All money deposited in the fund that is derived from
34 premium and accrued interest on bonds sold pursuant to this
35 division shall be reserved in the fund and shall be available for
36 transfer to the General Fund as a credit to expenditures for bond
37 interest.

38 79695. Pursuant to Chapter 4 (commencing with Section
39 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
40 the cost of bond issuance shall be paid out of the bond proceeds.

1 79696. The bonds issued and sold pursuant to this division
2 may be refunded in accordance with Article 6 (commencing with
3 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
4 the Government Code, which is a part of the State General
5 Obligation Bond Law. Approval by the electors of the state for the
6 issuance of the bonds under this division shall include approval
7 of the issuance of any bonds issued to refund any bonds originally
8 issued under this division or any previously issued refunding bonds.

9 79697. The Legislature hereby finds and declares that,
10 inasmuch as the proceeds from the sale of bonds authorized by
11 this division are not “proceeds of taxes” as that term is used in
12 Article XIII B of the California Constitution, the disbursement of
13 these proceeds is not subject to the limitations imposed by that
14 article.

15 SEC. 2. Section 1 of this act shall become operative only if
16 both of the following occur:

17 (a) SCA ____ of the 2007–08 Regular Session is submitted to
18 and approved by the voters at the ____, statewide election.

19 (b) The voters approve the Clean Drinking Water, Water Supply
20 Security, and Environmental Improvement Bond Act of 2007, as
21 set forth in Section 1 of this act.

22 SEC. 3. (a) Notwithstanding any other provision of law, all
23 ballots of the election shall have printed thereon and in a square
24 thereof, the words: “Clean Drinking Water, Water Supply Security,
25 and Environmental Improvement Bond Act of 2007” and in the
26 same square under those words, the following in 8-point type:

27 “This act provides for a bond issue of five billion dollars
28 (\$5,000,000,000) to provide funds to substantially improve drinking
29 water quality, enhance the environment, and prevent disasters from
30 interrupting California’s major water supply.”

31 (b) Opposite the square, there shall be left spaces in which the
32 voters may mark the ballot in the manner required by law to
33 indicate whether they vote for or against the act.

34 (c) Where voting in the election is done by means of voting
35 machines used pursuant to law in a manner that carries out the
36 intent of this section, the use of the voting machines and the
37 expression of the voters’ choice by means thereof are in compliance
38 with this section.

39 SEC. 4. Notwithstanding Sections 13247 and 13281 of the
40 Elections Code, the language in Section 3 shall be the only

1 language included in the ballot label for the condensed statement
2 of the ballot title, and the Attorney General shall not supplement,
3 subtract from, or revise that language, except that the Attorney
4 General may include the financial impact summary prepared
5 pursuant to Section 9087 of the Elections Code and Section 88003
6 of the Government Code. The ballot label is the condensed
7 statement of the ballot title and the financial impact summary.

8 SEC. 5. Notwithstanding the requirements of any other
9 provision of law, the Secretary of State shall submit Section 1 of
10 this act to the voters at the _____, statewide election.

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

15 In order to enhance the security and reliability of the state's
16 water supplies, as soon as possible, thereby protecting public health
17 and safety and the environment, it is therefore necessary that this
18 act take effect immediately.