

AMENDED IN SENATE MAY 24, 2007

**SENATE BILL**

**No. 156**

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**Introduced by Senator Simitian**

(Principal ~~coauthor: Assembly Member Wolk~~ *coauthors: Assembly Members Laird and Wolk*)

**(Coauthors: Senators Alquist, Kehoe, Kuehl, Migden, Oropeza, Padilla, Romero, Scott, Wiggins, and Yee)**

*(Coauthors: Assembly Members Beall, DeSaulnier, Eng, Horton, Krekorian, Mendoza, and Portantino)*

January 30, 2007

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An act to add Chapter 12.5 (commencing with Section 20020) to Part 11 of Division 1 of Title 1 of the Education Code, relating to financing a public library construction and renovation program by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 156, as amended, Simitian. California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2008.

Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General *Obligation* Bond Law, in the amount of \$75,000,000 in the 1988 act and in the amount of \$350,000,000 in the 2000 act, for the purpose of financing library construction and renovation.

This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2008, for submission to the voters at the 2008 statewide ~~primary~~ *general* election. The bill, if approved by the voters, would authorize the issuance, pursuant to the State General *Obligation* Bond Law, of bonds in the amount not to exceed a total of \$4,000,000,000 for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian.

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. Chapter 12.5 (commencing with Section 20020)  
2 is added to Part 11 of Division 1 of Title 1 of the Education Code,  
3 to read:

4  
5 CHAPTER 12.5. CALIFORNIA READING AND LITERACY  
6 IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND  
7 RENOVATION BOND ACT OF 2008

8  
9 Article 1. General Provisions

10  
11 20020. This chapter shall be known and may be cited as the  
12 California Reading and Literacy Improvement and Public Library  
13 Construction and Renovation Bond Act of 2008.

14 20021. The Legislature finds and declares the following:

15 (a) Reading and literacy skills are fundamental to success in  
16 our economy and our society.

17 (b) Public libraries are a vital part of the educational system.  
18 They provide resources and services for all residents of California,  
19 including preschoolers, out-of-school adults, senior citizens, and  
20 those attending schools at all levels.

21 (c) In many cases, libraries serve as a community's only public  
22 point of access to resources for learning and by extension,  
23 self-sufficiency.

24 (d) The construction and renovation of public library facilities  
25 is necessary to expand access to reading and literacy programs in  
26 California's public education system and to expand access to public  
27 library services for all residents of California.

1 (e) The need for library facilities continues to grow. A recent  
2 needs assessment compiled by the State Library found that there  
3 is a need for over four billion dollars (\$4,000,000,000) in public  
4 library funding.

5 (f) In March 2000, California voters approved a bond measure  
6 of three hundred fifty million dollars (\$350,000,000) for library  
7 construction and renovation.

8 (g) Due to the overwhelming response by applicants, the  
9 California Public Library Construction and Renovation Board was  
10 forced to deny approximately 75 percent of all applications due to  
11 lack of additional bond funding.

12 20022. As used in this chapter, the following terms have the  
13 following meanings:

14 (a) “Committee” means the California Library Construction and  
15 Renovation Finance Committee established pursuant to Section  
16 19972 and continued in existence pursuant to Section 20040 for  
17 the purposes of this chapter.

18 (b) “Fund” means the California Public Library Construction  
19 and Renovation Fund of 2008 established pursuant to Section  
20 20024.

21 (c) “Board” means the California Public Library Construction  
22 and Renovation Board of 2008 established pursuant to Section  
23 20023.

24 20023. (a) The California Public Library Construction and  
25 Renovation Board of 2008 is hereby established.

26 (b) The board is comprised of the State Librarian, the Treasurer,  
27 the Director of Finance, an Assembly Member appointed by the  
28 Speaker of the Assembly, a Senator appointed by the Senate  
29 Committee on Rules, and two members appointed by the Governor.

30 (c) Legislative members of the board shall meet with, and  
31 participate in, the work of the board to the extent that their  
32 participation is not incompatible with their duties as Members of  
33 the Legislature. For the purpose of this chapter, Members of the  
34 Legislature who are members of the board constitute a joint  
35 legislative committee on the subject matter of this chapter.

## 36 37 Article 2. Program Provisions

38  
39 20024. The proceeds of bonds issued and sold pursuant to this  
40 chapter shall be deposited in the California Public Library

1 Construction and Renovation Fund of 2008, which is hereby  
2 established.

3 20025. All moneys deposited in the fund, except as provided  
4 in Section 20049.5, are continuously appropriated to the State  
5 Librarian, notwithstanding Section 13340 of the Government Code,  
6 and are available for grants to any city, county, city and county,  
7 or library district that is authorized at the time of the project  
8 application to own and maintain a public library facility for the  
9 purposes set forth in Section 20026.

10 20026. The grant funds authorized pursuant to Section 20025  
11 and the matching funds provided pursuant to Section 20033 shall  
12 be used by the recipient for any of the following purposes:

13 (a) Acquisition or construction of new facilities or additions to  
14 existing public library facilities.

15 (b) Acquisition of land necessary for the purposes of subdivision  
16 (a).

17 (c) Remodeling or rehabilitation of existing public library  
18 facilities or of other facilities for the purpose of their conversion  
19 to public library facilities. All remodeling and rehabilitation  
20 projects funded with grants authorized pursuant to this chapter  
21 shall include any necessary upgrading of electrical and  
22 telecommunications systems to accommodate Internet and similar  
23 computer technology.

24 (d) Procurement or installation, or both, of furnishings and  
25 equipment required to make a facility fully operable, if the  
26 procurement or installation is part of a construction or remodeling  
27 project funded pursuant to this ~~section~~ chapter.

28 (e) Payment of fees charged by architects, engineers, and other  
29 professionals, whose services are required to plan or execute a  
30 project authorized pursuant to this chapter.

31 (f) Service charges where the services in question are required  
32 by the applicant jurisdiction to be provided by a public works or  
33 similar department, or by other departments providing professional  
34 services where the costs are directly billed to the project pursuant  
35 to this chapter.

36 20028. Any grant funds authorized pursuant to Section 20025,  
37 or matching funds provided pursuant to Section 20033, may not  
38 be used by a recipient for any of the following purposes:

39 (a) Books and other library materials.

(b) Administrative costs of the project, including, but not limited to, the costs of any of the following:

(1) Preparation of the grant application.

(2) Procurement of matching funds.

(3) Conduct of an election for obtaining voter approval of the project.

(c) Except as set forth in this chapter, including, but not limited to, Section 20048, interest or other carrying charges for financing the project, including, but not limited to, costs of loans or lease-purchase agreements in excess of the direct costs of any of the authorized purposes specified in Section 20026.

(d) Any ongoing operating expenses for the facility, its personnel, supplies or any other library operations.

20029. All construction contracts for projects funded in part through grants awarded pursuant to this chapter shall be awarded through competitive bidding pursuant to Part 3 (commencing with Section 20100) of Division 2 of the Public Contract Code.

20030. This chapter shall be administered by the State Librarian. The board shall adopt rules, regulations, and policies for the implementation of this chapter.

20031. A city, county, city and county, or library district may apply to the State Librarian for a grant pursuant to this chapter as follows:

(a) Each application shall be for a project for a purpose authorized by Section 20026.

(b) An application may not be submitted for a project for which construction bids already have been advertised.

(c) The applicant shall request not less than five hundred thousand dollars (\$500,000) per project.

~~20032. (a) Except~~

20032. *In making the awards, the board shall consider applications for construction or rehabilitation of public library facilities submitted pursuant to Section 20031 and the funding shall be allocated in the following manner:*

(a) *First priority shall be given to applications designated "Outstanding" and deemed eligible by the State Librarian, that were submitted but not funded in the third application cycle of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. The total grant*

1 amount awarded by the board for these eligible applications shall  
2 not exceed one hundred fifty million dollars (\$150,000,000).

3 (b) Until regulations are adopted pursuant to Section 20030,  
4 regulations adopted pursuant to the California Reading and  
5 Literacy Improvement and Public Library Construction and  
6 Renovation Bond Act of 2000 (Chapter 12 (commencing with  
7 Section 19985)) govern the administration of this chapter, except  
8 that a maximum of thirty million dollars (\$30,000,000) instead of  
9 twenty million (\$20,000,000) may be granted through allocations  
10 from the fund for the applications from the third cycle of the  
11 California Reading and Literacy Improvement and Public Library  
12 Construction and Renovation Bond Act of 2000.

13 (c) First priority applicants, as defined in (a), shall be allowed  
14 the opportunity to adjust their original application for cost inflators  
15 since the application was initially filed with the State Librarian,  
16 but adjustments shall not affect a change in the scope, scale, or  
17 quality of the project, nor shall the application exceed the thirty  
18 million dollar (\$30,000,000) allocation cap established in Section  
19 20033 for the fund.

20 (d) Funds not awarded for the third application cycle pursuant  
21 to the California Reading and Literacy Improvement and Public  
22 Library Construction and Renovation Bond Act of 2000, shall be  
23 awarded on a competitive basis pursuant to this chapter.

24 (e) Except as set forth in paragraph (2), an amount of at least 5  
25 percent of the total bond amount shall be made available for  
26 joint-use projects that meet all of the following requirements:

27 (1) The joint-use project is with one or more public education  
28 institutions. For the purpose of this section, “public education  
29 institution” means any of the following:

30 (A) A school district maintaining any combination of educational  
31 settings from kindergarten to grade 12, inclusive.

32 (B) A county office of education.

33 (C) A community college district.

34 (D) A campus of the California State University.

35 (E) A campus of the University of California.

36 (2) The public education institution or institutions participating  
37 as a joint-use partner or partners provide at least 50 percent of the  
38 35 percent local matching funds required pursuant to subdivision  
39 (a) of Section 20033.

1 (3) Consideration may be given to a proposed joint-use project  
2 to be located in a low-income area.

3 (4) Consideration may be given to a proposed joint-use project  
4 to be located in an area in which public schools have low scores  
5 on the Academic Performance Index.

6 ~~(b)~~

7 (f) If, by June \_\_\_\_, 2012, the total dollar amount of all approved  
8 applications for joint-use projects pursuant to this section exceeds  
9 the total dollar amount made available for joint-use projects  
10 pursuant to subdivision~~(a)~~ (e), joint-use projects may also be  
11 funded from any other funds available to the board under this  
12 chapter.

13 ~~(e)~~

14 (g) If, by June \_\_\_\_, 2012, the total dollar amount of all  
15 approved applications for joint-use projects pursuant to this section  
16 is less than the total dollar amount made available for joint-use  
17 projects pursuant to subdivision~~(a)~~ (e), any remaining funds under  
18 subdivision~~(a)~~ (e) shall be made available for any other grants  
19 under this chapter awarded on a competitive basis in the same  
20 manner as set forth in subdivision~~(a)~~ (e).

21 20033. (a) Each grant recipient shall provide matching funds  
22 from any available source in an amount equal to 35 percent of the  
23 costs of the project. The remaining 65 percent of the costs of the  
24 project, up to a maximum of thirty million dollars (\$30,000,000)  
25 per project, shall be provided through allocations from the fund.

26 (b) Qualifying matching funds shall be cash expenditures in the  
27 categories specified in Section 20026~~which~~ *that* are made not  
28 earlier than five years prior to the submission of the application  
29 to the State Librarian. Except as otherwise provided in subdivision  
30 (c), in-kind expenditures do not qualify as matching funds.

31 (c) Land donated or otherwise acquired for use as a site for the  
32 facility, including, but not limited to, land purchased more than  
33 five years prior to the submission of the application to the State  
34 Librarian, may count towards the required 35 percent local fund  
35 contribution at its appraised value as of the date of the application.  
36 This subdivision does not apply to land acquired with funds  
37 authorized pursuant to Part 68 (commencing with Section 100400),  
38 Part 68.1 (commencing with Section 100600), or Part 68.2  
39 (commencing with Section 100800).

(d) Expenditures for payment of architect fees for plans and drawings for library renovation and new construction, including, but not limited to, plans and drawings purchased more than five years prior to the submission of the application to the State Librarian, may count towards the required 35 percent local funds contribution.

20034. (a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the geographic area of the applicant.

(b) An applicant wishing to construct a project having costs that exceed normal public construction costs in the area may apply for a grant in an amount not to exceed 65 percent of the normal costs up to a maximum of thirty million dollars (\$30,000,000) per project if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

20035. (a) After an application is approved by the board and included in the request of the State Librarian to the committee, the amount of the funding to be provided to the applicant may not be increased. Any actual changes in project costs are the responsibility of the applicant. If the amount of funding that is provided is greater than the cost of the project, the applicant shall return that amount of funding that exceeds the cost of the project to the fund. If an applicant is awarded funding by the board, but decides not to proceed with the project, the applicant shall return all of the funding to the fund.

(b) *If the State Librarian determines that a grant recipient has not complied with the terms of its grant award or its grant award agreement with the State Library, the board may withdraw a grant award and thereafter award the funds previously granted to the recipient to other eligible applicants. The State Librarian shall notify the affected grant recipient at least 90 days prior to a board meeting at which the withdrawal of a grant award will be considered.*

20036. (a) In reviewing applications, as part of establishing the priorities set forth in Section 20032, the board shall consider all of the following factors:

(1) The needs of urban, suburban, and rural areas.

(2) The age and condition of existing library facilities within an area.



1 (3) The degree to which existing library facilities are inadequate  
2 in meeting the needs of the residents in the library service area.

3 (4) The degree to which the proposed project responds to the  
4 needs of the residents in the library service area.

5 (5) The degree to which the library integrates appropriate  
6 electronic technologies into the proposed project.

7 (6) The financial commitment of the local agency submitting  
8 the application to open, operate, and maintain the proposed library  
9 project upon its completion.

10 (b) If, after an application has been submitted, material changes  
11 occur that would alter the evaluation of an application, the State  
12 Librarian may accept an additional written statement from the  
13 applicant for consideration by the board.

14 20037. (a) A facility, or any part ~~thereof~~ *of a facility*, acquired,  
15 constructed, remodeled, or rehabilitated with grants received  
16 pursuant to this chapter shall be dedicated to public library direct  
17 service use for a period of at least 20 years following completion  
18 of the project.

19 (b) Any financial interest that the state may have in the land or  
20 facility, or both, resulting from the funding of a project under this  
21 chapter, as described in subdivision (a), may be transferred by the  
22 State Librarian through an exchange for a replacement site and  
23 facility acquired or constructed for the purpose of providing public  
24 library direct service.

25 (c) If the facility, or any part thereof, acquired, constructed,  
26 remodeled, or rehabilitated with grants received pursuant to this  
27 chapter ceases to be used for public library direct service prior to  
28 the expiration of the period specified in subdivision (a), the board  
29 shall be entitled to recover from the grant recipient, or the successor  
30 of the recipient, an amount that bears the same ratio to the value  
31 of the facility, or appropriate part thereof, at the time it ceased to  
32 be used for public library direct service, as the amount of the  
33 original grant bore to the original cost of the facility, or appropriate  
34 part thereof. For purposes of this subdivision, the value of the  
35 facility, or appropriate part ~~thereof~~ *of the facility*, shall be  
36 determined by the mutual agreement of the board and the grant  
37 recipient or successor, or through an action brought for that purpose  
38 in the superior court.

39 (d) Notwithstanding subdivision (f) of Section 16724 of the  
40 Government Code, any money recovered pursuant to subdivision

(c) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.

### Article 3. Fiscal Provisions

20038. Bonds in the total amount not to exceed four billion dollars (\$4,000,000,000), exclusive of refunding bonds issued in accordance with Section 20046, or so much thereof as is necessary, may be issued and sold for deposit in the fund to be used in accordance with, and for carrying out the purposes expressed in, this chapter, including all acts amendatory ~~thereof of this chapter~~ and supplementary ~~thereto to this chapter~~, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on bonds as the principal and interest become due and payable.

20039. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except Section 16727 of the Government Code to the extent that it may be inconsistent with this chapter.

20040. (a) For purposes of this chapter, the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 is continued in existence and is the “committee” as that term is used in the State General Obligation Bond Law for the purpose of this chapter.

(b) For purposes of the State General Obligation Bond Law, the California Public Library Construction and Renovation Board of 2008 established pursuant to Section 20023 is designated the board.

20041. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in this chapter, including all acts amendatory thereof and supplementary thereto,

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 20042. There shall be collected each year and in the same  
6 manner and at the same time as other state revenue is collected,  
7 in 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 20043. 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 chapter, 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 chapter, as the  
18 principal and interest become due and payable.

19 (b) The sum necessary to carry out Section 20044, appropriated  
20 without regard to fiscal years.

21 20044. For the purposes of carrying out this chapter, the  
22 Director of Finance may authorize the withdrawal from the General  
23 Fund of an amount or amounts not to exceed the amount of the  
24 unsold bonds that have been authorized to be sold for the purpose  
25 of carrying out this chapter. Any amounts withdrawn shall be  
26 deposited in the fund. Any money made available under this section  
27 shall be returned to the General Fund, with interest at the rate  
28 earned by the money in the Pooled Money Investment Account  
29 during the time the money was withdrawn from the General Fund  
30 pursuant to this section, from money received from the sale of  
31 bonds for the purpose of carrying out this chapter.

32 20045. The board may request the Pooled Money Investment  
33 Board to make a loan from the Pooled Money Investment Account  
34 or any other approved form of interim financing, in accordance  
35 with Section 16312 of the Government Code, for the purposes of  
36 carrying out this chapter. The amount of the request may not exceed  
37 the amount of the unsold bonds that the committee has, by  
38 resolution, authorized to be sold for the purpose of carrying out  
39 this chapter. The board shall execute any documents required by  
40 the Pooled Money Investment Board to obtain and repay the loan.

1 Any amounts loaned shall be deposited in the fund to be allocated  
2 by the board in accordance with this chapter.

3 20046. Any bonds issued and sold pursuant to this chapter may  
4 be refunded by the issuance of refunding bonds in accordance with  
5 Article 6 (commencing with Section 16780) of Chapter 4 of Part  
6 3 of Division 2 of Title 2 of the Government Code. Approval by  
7 the electors of the state for the issuance of bonds under this chapter  
8 shall include the approval of the issuance of any bonds issued to  
9 refund any bonds originally issued or any previously issued  
10 refunding bonds.

11 20047. Notwithstanding any other provision of this chapter,  
12 or of the State General Obligation Bond Law, if the Treasurer sells  
13 bonds pursuant to this chapter that include a bond counsel opinion  
14 to the effect that the interest on the bonds is excluded from gross  
15 income for federal tax purposes, subject to designated conditions,  
16 the Treasurer may maintain separate accounts for the investment  
17 of bond proceeds and for the investment earnings on those  
18 proceeds. The Treasurer may use or direct the use of those proceeds  
19 or earnings to pay any rebate, penalty, or other payment required  
20 under federal law or take any other action with respect to the  
21 investment and use of those bond proceeds required or desirable  
22 under federal law to maintain the tax-exempt status of those bonds  
23 and to obtain any other advantage under federal law on behalf of  
24 the funds of this state.

25 20048. All money deposited in the fund that is derived from  
26 premium and accrued interest on bonds sold pursuant to this chapter  
27 shall be reserved in the fund and shall be available for transfer to  
28 the General Fund as a credit to expenditures for bond interest.

29 20049. The Legislature hereby finds and declares that,  
30 inasmuch as the proceeds from the sale of bonds authorized by  
31 this chapter are not “proceeds of taxes” as that term is used in  
32 Article XIII B of the California Constitution, the disbursement of  
33 these proceeds is not subject to the limitations imposed by that  
34 article.

35 20049.5. Amounts deposited in the fund pursuant to this chapter  
36 may be appropriated in the annual Budget Act to the State Librarian  
37 for the actual amount of office, personnel, and other customary  
38 and usual expenses incurred in the direct administration of grant  
39 projects pursuant to this chapter, including, but not limited to,

1 expenses incurred by the State Librarian in providing technical  
2 assistance to an applicant for a grant under this chapter.

3 SEC. 2. (a) Section 1 of this act shall take effect upon the  
4 adoption by the voters of the California Reading and Literacy  
5 Improvement and Public Library Construction and Renovation  
6 Bond Act of 2008, as set forth in Section 1 of this act.

7 (b) Section 1 of this act shall be submitted to the voters at the  
8 2008 statewide—~~primary~~ *general* election in accordance with  
9 provisions of the Elections Code and the Government Code  
10 governing submission of statewide measures to voters.

11 SEC. 3. (a) Notwithstanding any other law, all ballots of the  
12 election shall have printed thereon and in a square thereof, the  
13 words: “California Reading and Literacy Improvement and Public  
14 Library Construction and Renovation Bond Act of 2008” and in  
15 the same square under those words, the following in 8-point type:  
16 “This act provides for a bond issue in an amount not to exceed a  
17 total of four billion dollars (\$4,000,000,000) to provide funds for  
18 the construction and renovation of public library facilities in order  
19 to expand access to reading and literacy programs in California’s  
20 public education system and to expand access to public library  
21 services for all residents of California.” Opposite the square, there  
22 shall be left spaces in which the voters may place a cross in the  
23 manner required by law to indicate whether they vote for or against  
24 the act.

25 (b) If the voting in the election is done by means of voting  
26 machines used pursuant to law in the manner that carries out the  
27 intent of this section, the use of the voting machines and the  
28 expression of the voters’ choice by means thereof are in compliance  
29 with this section.