

Senate Bill No. 1572

CHAPTER 122

An act to add Article 5x (commencing with Section 998.400) to Chapter 6 of Division 4 of the Military and Veterans Code, relating to the financing of a program to provide farm and home aid for veterans in accordance with the Veterans' Farm and Home Purchase Act of 1974, and acts amendatory thereof and supplemental thereto, 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.

[Approved by Governor July 15, 2008. Filed with
Secretary of State July 15, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1572, Wyland. Veterans' Bond Act of 2008.

This bill would enact the Veterans' Bond Act of 2008 which, if approved, would authorize, for purposes of financing a specified program for farm, home, and mobilehome purchase assistance for veterans, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$900,000,000.

The bill would provide for submission of the act to the voters at the November 4, 2008, statewide general election in accordance with specified law.

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

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

SECTION 1. Article 5x (commencing with Section 998.400) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5x. Veterans' Bond Act of 2008

998.400. This article may be cited as the Veterans' Bond Act of 2008.

998.401. (a) 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), except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" refer both to this article and that law.

(b) For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the board.

998.402. As used herein, the following words have the following meanings:

(a) “Board” means the Department of Veterans Affairs.

(b) “Bond” means veterans’ bond, a state general obligation bond, issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(c) “Bond act” means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

(d) “Committee” means the Veterans’ Finance Committee of 1943, established by Section 991.

(e) “Fund” means the Veterans’ Farm and Home Building Fund of 1943, established by Section 988.

998.403. For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the Veterans’ Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than nine hundred million dollars (\$900,000,000), exclusive of refunding bonds, in the manner provided herein.

998.404. (a) All bonds authorized by this article, when duly sold and delivered as provided herein, constitute valid and legally binding general obligations 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 thereof.

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

(c) On the dates on which funds are to be remitted pursuant to Section 16676 of the Government Code for the payment of debt service on the bonds in each fiscal year, there shall be transferred to the General Fund to pay the debt service all of the money in the fund, not in excess of the amount of debt service then due and payable. If the money transferred on the remittance dates is less than debt service then due and payable, the balance remaining unpaid shall be transferred to the General Fund out of the fund as soon as it shall become available, together with interest thereon from the remittance date until paid, at the same rate of interest as borne by the bonds, compounded semiannually. Notwithstanding any other provision of law to the contrary, this subdivision shall apply to all veterans farm and home purchase bond acts pursuant to this chapter. This subdivision does not grant any lien on the fund or the moneys therein to the holders of any bonds issued under this article. For the purposes of this subdivision, “debt service” means

the principal (whether due at maturity, by redemption, or acceleration), premium, if any, or interest payable on any date with respect to any series of bonds. This subdivision shall not apply, however, in the case of any debt service that is payable from the proceeds of any refunding bonds.

998.405. There is hereby appropriated from the General Fund, for purposes of this article, a sum of money that will equal both of the following:

(a) That sum annually necessary to pay the principal of, and the interest on, the bonds issued and sold as provided herein, as that principal and interest become due and payable.

(b) That sum necessary to carry out Section 998.406, appropriated without regard to fiscal years.

998.406. For the purposes of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of a sum of money not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold pursuant to this article. Any sums withdrawn shall be deposited in the fund. All moneys made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this article.

998.407. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this article. The amount of the request shall not exceed the amount of unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this article. The board shall execute whatever documents are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this article.

998.408. Upon request of the board, supported by a statement of its plans and projects approved by the Governor, the committee shall determine whether to issue any bonds authorized under this article in order to carry out the board's plans and projects, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out these plans and projects progressively, and it is not necessary that all of the bonds be issued or sold at any one time.

998.409. As long as any bonds authorized under this article are outstanding, the Secretary of Veterans Affairs shall, at the close of each fiscal year, require a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, to be made by an independent public accountant of recognized standing. The results of each survey and projection shall be reported in writing by the public accountant to the Secretary of Veterans Affairs, the California Veterans Board, the appropriate policy committees dealing with veterans affairs in the Senate and the Assembly, and the committee.

The Division of Farm and Home Purchases shall reimburse the public accountant for these services out of any money which the division may have available on deposit with the Treasurer.

998.410. The committee may authorize the Treasurer to sell all or any part of the bonds authorized by this article at the time or times established by the Treasurer.

Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

998.411. Out of the first money realized from the sale of bonds as provided herein, there shall be redeposited in the General Obligation Bond Expense Revolving Fund, established by Section 16724.5 of the Government Code, the amount of all expenditures made for the purposes specified in that section, and this money may be used for the same purpose and repaid in the same manner whenever additional bond sales are made.

998.412. Any bonds issued and sold pursuant to this article may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. The approval of the voters for the issuance of bonds under this article includes approval for the issuance of bonds issued to refund bonds originally issued or any previously issued refunding bonds.

998.413. Notwithstanding any provision of the bond act, if the Treasurer sells bonds under this article for which bond counsel has issued an opinion to the effect that the interest on the bonds is excludable from gross income for purposes of federal income tax, subject to any conditions which may be designated, the Treasurer may establish separate accounts for the investment of bond proceeds and for the earnings on those proceeds, and may use those proceeds or earnings to pay any rebate, penalty, or other payment required by federal law or take any other action with respect to the investment and use of bond proceeds required or permitted under federal law necessary to maintain the tax-exempt status of the bonds or to obtain any other advantage under federal law on behalf of the funds of this state.

998.414. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by Article XIII B.

SEC. 2. Section 1 of this act shall take effect upon the approval by the people of the Veterans' Bond Act of 2008, submitted to the voters pursuant to Section 3 of this act.

SEC. 3. (a) Notwithstanding Sections 9040, 9043, 9044, 9061, 9094, and 13115 of the Elections Code or any other provision of law, a ballot measure that sets forth the Veterans' Bond Act of 2008, as set forth in Section 1 of this act, shall be submitted to the voters at the November 4, 2008, general election.

(b) The Secretary of State shall ensure the placement of the Veterans' Bond Act of 2008 ballot measure as set forth in Section 1 of this act on the November 4, 2008, general election ballot, in substantial compliance with any statutory time requirements applicable to the submission of statewide measures to the voters at a statewide election.

(c) Notwithstanding Section 13115 of the Elections Code, Section 1 of this act and any other measure placed on the ballot by the Legislature for the November 4, 2008, general election after the 131-day deadline set forth in Section 9040 of the Elections Code shall be placed on the ballot, following all other ballot measures, in the order in which they qualified as determined by chapter number.

(d) Notwithstanding Section 9051 of the Elections Code, the Attorney General shall prepare and return to the Secretary of State a ballot title for the bond act contained in Section 1 of this act as expeditiously as possible, but not later than two days after the effective date of this act.

(e) The Secretary of State shall include, in the ballot pamphlet mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of that code regarding the bond act contained in Section 1 of this act.

If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding the bond act to be mailed with the ballot pamphlet. If the supplemental ballot pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall, notwithstanding Section 9094 of that code, be mailed at least 14 days before the election.

SEC. 4. (a) Notwithstanding any other provision of law, all ballots at the election shall have printed thereon, in a square, the words: "Veterans' Bond Act of 2008" and in the same square, under the words, the following in 8-point type: "This act provides for a bond issue of nine hundred million dollars (\$900,000,000) to provide farm and home aid for California veterans." Opposite the square, there shall be left spaces in which the voters may place a mark in the manner required by law to indicate whether they vote for or against the act.

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

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

SEC. 5. Notwithstanding Section 9054 of the Elections Code or any other provision of law, the translations of the ballot title and the condensed statement of the ballot title required pursuant to Section 9054 may be made

available for public examination at a later date than the start of the public examination period for the ballot pamphlet, provided that the translations of the ballot title and the condensed statement of the ballot title must remain available for public examination for 20 days.

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

In order that the Veterans' Bond Act of 2008 may be included on the November 4, 2008, statewide general election ballot in furtherance of an orderly program of providing farm and home purchase benefits to California veterans, it is necessary that this act take effect immediately.