

## Assembly Bill No. 794

### CHAPTER 715

An act to amend Section 15150 of the Education Code, relating to school bonds.

[Approved by Governor September 28, 2012. Filed with  
Secretary of State September 28, 2012.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 794, Wieckowski. Local education facility bonds: anticipation notes.

Existing law authorizes the governing board of a school district or community college district to order an election and submit to the electors of the district the question of whether the bonds of the district shall be issued and sold for the purpose of raising money for various facilities purposes, for refunding bonds, or for the purchase of schoolbuses. Existing law limits the total amount of bonds that a school district or community college district may issue to 1.25% of the taxable property of the school district or community college district.

Existing law also authorizes the governing board of a school district or community college district to issue bond anticipation notes. Existing law requires a bond anticipation note to be payable not more than 5 years from the date of the original issuance of the note. Existing law requires the interest on the notes to be payable from the proceeds of the sale of bonds or from the tax levied to pay principal of and interest on the bonds.

This bill, instead of requiring the interest on the notes to be paid from the tax levied to pay the principal of and interest on the bonds, would authorize the interest on the notes to be paid from a property tax levied for that purpose if authorized by a resolution of the governing board of the school district or community college district and if the principal amount of the notes does not exceed the remaining principal amount of authorized but unissued bonds. The bill would provide that this tax is authorized by law. The bill also would allow the premium received on the sale of the bonds to be used to pay the interest on the notes. The bill also would provide that the notes may be issued only if the tax rate levied to pay interest on the notes would not cause the school district or community college district to exceed the limitations set forth in specified existing law.

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

SECTION 1. Section 15150 of the Education Code is amended to read:

15150. (a) When the governing board of a school district or a community college district deems it in the best interests of the district, it may by

resolution, upon terms and conditions that it shall prescribe, issue notes, on a negotiated or competitive-bid basis, maturing within a period not to exceed five years, in anticipation of the sale of bonds authorized pursuant to Section 15100 or Section 15340 at the time the notes are issued. The proceeds from the sale of the notes shall be used only for authorized purposes of the bonds or to repay outstanding notes authorized by this section.

(b) All notes issued and any renewal of notes shall be payable at a fixed time not more than five years from the date of the original issuance of the note. If the sale of the bonds does not occur before the maturity of the notes issued in anticipation of the sale, the fiscal officer of the school district or community college district, in order to meet the notes then maturing, shall issue renewal notes for this purpose. The renewal of a note may not be issued after the sale of bonds in anticipation of which the original note was issued and the maturity date of the renewed note shall not be later than five years from the date of the original issuance of the note.

(c) Every note and any renewal of a note shall be payable from the proceeds of the sale of bonds or of any renewal of notes or from other funds of the school district or community college district lawfully available for the purpose of repaying the notes, including state grants. The total amount of the notes or renewals of notes issued and outstanding may not at any time exceed the total amount of the unsold bonds.

(d) (1) Interest on the notes may be payable from proceeds of the sale of bonds in anticipation of which the notes are issued, including any premium received on the sale of those bonds.

(2) Interest on the notes may be paid from a property tax levied for that purpose under the following conditions:

(A) A resolution of the governing board of the school district or community college district authorizes the levying of the tax. The tax for payment of the interest on the notes is a tax authorized by law for payment of the bonds in anticipation of which the notes are issued.

(B) The principal amount of the notes does not exceed the remaining principal amount of authorized but unissued bonds.

(3) The notes may be issued only if the tax rate levied to pay interest on the notes would not cause the school district or community college district to exceed any of the limitations set forth in Section 15268 or 15270, as applicable.

(e) The original issuance of notes and any renewal of notes may be in the form of commercial paper notes. Each issuance of commercial paper notes to repay outstanding notes shall be deemed to be a renewal of notes subject only to the requirements of this section.