

AMENDED IN SENATE JUNE 23, 2014

AMENDED IN ASSEMBLY MAY 23, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2235**

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**Introduced by Assembly Members Buchanan and Hagman  
(Coauthors: Assembly Members Bocanegra, Bonta, Ian Calderon,  
Chávez, Chesbro, Fong, Gonzalez, Maienschein, Medina,  
Nazarian, Olsen, V. Manuel Pérez, Quirk-Silva, and Skinner)**

February 21, 2014

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An act to amend Sections 17070.40 and 17074.26 of, to add Sections 17071.15, 17072.40, and 17073.16 to, to add Part 70 (commencing with Section 101100) to Division 14 of Title 3 of, and to repeal Sections 17070.99, 17071.33, 17071.35, and 17071.40 of, the Education Code, relating to education facilities, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2235, as amended, Buchanan. Education facilities: Kindergarten-University Public Education Facilities Bond Act of 2014.

(1) Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

This bill would delete a provision requiring the State Allocation Board to conduct an evaluation of the cost of new construction and modernization of small high schools in conjunction with a specified pilot program.

The bill would require each school district that elects to participate in a new construction program funded by the proceeds of any bond approved by the voters after November 1, 2014, to reestablish eligibility, as specified.

The bill would require the Office of Public School Construction to recommend regulations to the board to provide school districts with flexibility in designing instruction facilities.

(2) Existing law, the California Constitution, prohibits the Legislature from creating a debt or liability that singly or in the aggregate with any previous debts or liabilities exceeds the sum of \$300,000, except by an act that (a) authorizes the debt for a single object or work specified in the act, (b) has been passed by a  $\frac{2}{3}$  vote of all the members elected to each house of the Legislature, (c) has been submitted to the people at a statewide general or primary election, and (d) has received a majority of all the votes cast for and against it at that election.

This bill would enact the Kindergarten-University Public Education Facilities Bond Act of 2014 to authorize ~~\$9,000,000,000~~ *an unspecified amount* of state general obligation bonds, as scheduled, to provide aid to school districts, county superintendents of schools, county boards of education, charter schools, the California Community Colleges, the University of California, the Hastings College of the Law, and the California State University to construct and modernize education facilities. The proceeds of these bonds would be deposited in the continuously appropriated 2014 State School Facilities Fund, which this bill would establish, thereby making an appropriation.

The bond act would become operative only if approved by the voters at the November 4, 2014, statewide general election, and would provide for its submission to the voters at that election.

(3) This bill would specify that it would become operative only if the Kindergarten-University Public Education Facilities Bond Act of 2014 is approved by the voters at the November 4, 2014, statewide general election.

(4) The bill would make conforming changes in related provisions of existing law.

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

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

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

1     SECTION 1. Section 17070.40 of the Education Code is  
2     amended to read:  
3     17070.40. (a) (1) A fund is hereby established in the State  
4     Treasury, to be known as the 1998 State School Facilities Fund.  
5     All money in the fund, including any money deposited in that fund  
6     from any source whatsoever, and notwithstanding Section 13340  
7     of the Government Code, is hereby continuously appropriated  
8     without regard to fiscal years for expenditure pursuant to this  
9     chapter.  
10    (2) The board may apportion funds to school districts for the  
11    purposes of this chapter from funds transferred to the 1998 State  
12    School Facilities Fund from any source.  
13    (3) The board may make apportionments in amounts not  
14    exceeding those funds on deposit in the 1998 State School Facilities  
15    Fund, and any amount of bonds authorized by the committee, but  
16    not yet sold by the Treasurer.  
17    (4) The board may make disbursements pursuant to any  
18    apportionment made from any funds in the 1998 State School  
19    Facilities Fund, irrespective of whether there exists at the time of  
20    the disbursement an amount in the 1998 State School Facilities  
21    Fund sufficient to permit payment in full of all apportionments  
22    previously made. However, no disbursement shall be made from  
23    any funds required by law to be transferred to the General Fund.  
24    (b) (1) A fund is hereby established in the State Treasury, to  
25    be known as the 2002 State School Facilities Fund. All money in  
26    the fund, including any money deposited in that fund from any  
27    source whatsoever, and notwithstanding Section 13340 of the  
28    Government Code, is hereby continuously appropriated without  
29    regard to fiscal years for expenditure pursuant to this chapter.  
30    (2) The board may apportion funds to school districts for the  
31    purposes of this chapter from funds transferred to the 2002 State  
32    School Facilities Fund from any source.  
33    (3) The board may make apportionments in amounts not  
34    exceeding those funds on deposit in the 2002 State School Facilities

1 Fund, and any amount of bonds authorized by the committee, but  
2 not yet sold by the Treasurer.

3 (4) The board may make disbursements pursuant to any  
4 apportionment made from any funds in the 2002 State School  
5 Facilities Fund, irrespective of whether there exists at the time of  
6 the disbursement an amount in the 2002 State School Facilities  
7 Fund sufficient to permit payment in full of all apportionments  
8 previously made. However, no disbursement shall be made from  
9 any funds required by law to be transferred to the General Fund.

10 (c) (1) A fund is hereby established in the State Treasury, to  
11 be known as the 2004 State School Facilities Fund. All money in  
12 the fund, including any money deposited in that fund from any  
13 source whatsoever, and notwithstanding Section 13340 of the  
14 Government Code, is hereby continuously appropriated without  
15 regard to fiscal years for expenditure pursuant to this chapter.

16 (2) The board may apportion funds to school districts for the  
17 purposes of this chapter from funds transferred to the 2004 State  
18 School Facilities Fund from any source.

19 (3) The board may make apportionments in amounts not  
20 exceeding those funds on deposit in the 2004 State School Facilities  
21 Fund, and any amount of bonds authorized by the committee, but  
22 not yet sold by the Treasurer.

23 (4) The board may make disbursements pursuant to any  
24 apportionment made from any funds in the 2004 State School  
25 Facilities Fund, irrespective of whether there exists at the time of  
26 the disbursement an amount in the 2004 State School Facilities  
27 Fund sufficient to permit payment in full of all apportionments  
28 previously made. However, no disbursement shall be made from  
29 any funds required by law to be transferred to the General Fund.

30 (d) (1) A fund is hereby established in the State Treasury, to  
31 be known as the 2006 State School Facilities Fund. All money in  
32 the fund, including any money deposited in that fund from any  
33 source whatsoever, and notwithstanding Section 13340 of the  
34 Government Code, is hereby continuously appropriated without  
35 regard to fiscal years for expenditure pursuant to this chapter.

36 (2) The board may apportion funds to school districts for the  
37 purposes of this chapter from funds transferred to the 2006 State  
38 School Facilities Fund from any source.

39 (3) The board may make apportionments in amounts not  
40 exceeding those funds on deposit in the 2006 State School Facilities

1 Fund, and any amount of bonds authorized by the committee, but  
2 not yet sold by the Treasurer.

3 (4) The board may make disbursements pursuant to any  
4 apportionment made from any funds in the 2006 State School  
5 Facilities Fund, irrespective of whether there exists at the time of  
6 the disbursement an amount in the 2006 State School Facilities  
7 Fund sufficient to permit payment in full of all apportionments  
8 previously made. However, no disbursement shall be made from  
9 any funds required by law to be transferred to the General Fund.

10 (e) (1) A fund is hereby established in the State Treasury, to  
11 be known as the 2014 State School Facilities Fund. All money in  
12 the fund, including any money deposited in that fund from any  
13 source whatsoever, and notwithstanding Section 13340 of the  
14 Government Code, is hereby continuously appropriated without  
15 regard to fiscal years for expenditure pursuant to this chapter.

16 (2) The board may apportion funds to school districts for the  
17 purposes of this chapter from funds transferred to the 2014 State  
18 School Facilities Fund from any source.

19 (3) The board may make apportionments in amounts not  
20 exceeding those funds on deposit in the 2014 State School Facilities  
21 Fund, and any amount of bonds authorized by the committee, but  
22 not yet sold by the Treasurer.

23 (4) The board may make disbursements pursuant to any  
24 apportionment made from any funds in the 2014 State School  
25 Facilities Fund, irrespective of whether there exists at the time of  
26 the disbursement an amount in the 2014 State School Facilities  
27 Fund sufficient to permit payment in full of all apportionments  
28 previously made. However, no disbursement shall be made from  
29 any funds required by law to be transferred to the General Fund.

30 SEC. 2. Section 17070.99 of the Education Code is repealed.

31 SEC. 3. Section 17071.15 is added to the Education Code, to  
32 read:

33 17071.15. Notwithstanding Section 17071.10, the board may  
34 require each school district that elects to participate in the new  
35 construction program funded by the proceeds of any bond approved  
36 by voters after November 1, 2014, to reestablish eligibility pursuant  
37 to regulations adopted by the board.

38 SEC. 4. Section 17071.33 of the Education Code is repealed.

39 SEC. 5. Section 17071.35 of the Education Code is repealed.

40 SEC. 6. Section 17071.40 of the Education Code is repealed.

SEC. 7. Section 17072.40 is added to the Education Code, to read:

17072.40. The Office of Public School Construction, in consultation with the State Department of Education, shall recommend to the board regulations that will provide school districts with flexibility in designing instructional facilities.

SEC. 8. Section 17073.16 is added to the Education Code, to read:

17073.16. The board may require each school district that elects to participate in the modernization program funded by the proceeds of any bond approved by voters after November 1, 2014, to reestablish baseline eligibility for each schoolsite pursuant to regulations adopted by the board.

SEC. 9. Section 17074.26 of the Education Code is amended to read:

17074.26. The board shall adopt regulations to adjust the per-pupil amounts set forth in Section 17074.10 for modernization projects for school buildings that are 50 years old or older based upon the higher costs associated with modernizing older buildings.

SEC. 10. Part 70 (commencing with Section 101100) is added to Division 14 of Title 3 of the Education Code, to read:

PART 70. KINDERGARTEN-UNIVERSITY PUBLIC  
EDUCATION FACILITIES BOND ACT OF 2014

CHAPTER 1. GENERAL

101100. This part shall be known and may be cited as the Kindergarten-University Public Education Facilities Bond Act of 2014.

101101. The incorporation of, or reference to, any provision of California statutory law in this part includes all acts amendatory thereof and supplementary thereto.

101102. (a) Bonds in the total amount of ~~nine billion dollars (\$9,000,000,000)~~, \_\_\_\_\_ dollars (\$\_\_\_\_\_), not including the amount of any refunding bonds issued in accordance with Sections 101130, 101139, and 101159, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section

1 16724.5 of the Government Code. The bonds, when sold, shall be  
2 and constitute a valid and binding obligation of the State of  
3 California, and the full faith and credit of the State of California  
4 is hereby pledged for the punctual payment of the principal of, and  
5 interest on, the bonds as the principal and interest become due and  
6 payable.

7 (b) Pursuant to this section, the Treasurer shall sell the bonds  
8 authorized by the State School Building Finance Committee  
9 established by Section 15909 or the Higher Education Facilities  
10 Finance Committee established pursuant to Section 67353, as the  
11 case may be, at any different times necessary to service  
12 expenditures required by the apportionments.

13  
14 CHAPTER 2. KINDERGARTEN THROUGH 12TH GRADE

15  
16 Article 1. Kindergarten Through Grade 12 School Facilities  
17 Program Provisions  
18

19 101110. The proceeds of bonds issued and sold pursuant to  
20 Article 2 (commencing with Section 101120) shall be deposited  
21 in the 2014 State School Facilities Fund established in the State  
22 Treasury under subdivision (e) of Section 17070.40, and shall be  
23 allocated by the State Allocation Board pursuant to this chapter.

24 101111. All moneys deposited in the 2014 State School  
25 Facilities Fund for the purposes of this chapter shall be available  
26 to provide aid to school districts, county superintendents of schools,  
27 and county boards of education of the state in accordance with the  
28 Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5  
29 (commencing with Section 17070.10) of Part 10 of Division 1 of  
30 Title 1), as set forth in Section 101112, to provide funds to repay  
31 any money advanced or loaned to the 2014 State School Facilities  
32 Fund under any act of the Legislature, together with interest  
33 provided for in that act, and to reimburse the General Obligation  
34 Bond Expense Revolving Fund pursuant to Section 16724.5 of the  
35 Government Code.

36 101112. (a) The proceeds from the sale of bonds, issued and  
37 sold for the purposes of this chapter, shall be allocated in  
38 accordance with the following schedule:

39 (1) The amount of ~~two billion two hundred fifty million dollars~~  
40 ~~(\$2,250,000,000)~~ \_\_\_\_\_ dollars (\$\_\_\_\_\_) for new construction of

1 school facilities of applicant school districts under Chapter 12.5  
2 (commencing with Section 17070.10) of Part 10 of Division 1 of  
3 Title 1.

4 (2) The amount of ~~five hundred million dollars (\$500,000,000)~~  
5 ~~\_\_\_\_\_ dollars (\$\_\_\_\_\_)~~ shall be available for providing school  
6 facilities to charter schools pursuant to Article 12 (commencing  
7 with Section 17078.52) of Chapter 12.5 of Part 10 of Division 1  
8 of Title 1.

9 (3) The amount of ~~three billion two hundred fifty million dollars~~  
10 ~~(\$3,250,000,000)~~ ~~\_\_\_\_\_ dollars (\$\_\_\_\_\_)~~ for the modernization of  
11 school facilities pursuant to Chapter 12.5 (commencing with  
12 Section 17070.10) of Part 10 of Division 1 of Title 1.

13 (b) School districts may use funds allocated pursuant to  
14 paragraph (3) of subdivision (a) only for one or more of the  
15 following purposes in accordance with Chapter 12.5 (commencing  
16 with Section 17070.10) of Part 10 of Division 1 of Title 1:

17 (1) The purchase and installation of air-conditioning equipment  
18 and insulation materials, and related costs.

19 (2) Construction projects or the purchase of furniture or  
20 equipment designed to increase school security or playground  
21 safety.

22 (3) The identification, assessment, or abatement in school  
23 facilities of hazardous asbestos.

24 (4) Project funding for high-priority roof replacement projects.

25 (5) Any other modernization of facilities pursuant to Chapter  
26 12.5 (commencing with Section 17070.10) of Part 10 of Division  
27 1 of Title 1.

28 (c) Funds allocated pursuant to paragraph (1) of subdivision (a)  
29 may also be utilized to provide new construction grants for eligible  
30 applicant county boards of education under Chapter 12.5  
31 (commencing with Section 17070.10) of Part 10 of Division 1 of  
32 Title 1 for funding classrooms for severely handicapped pupils,  
33 or for funding classrooms for county community school pupils.

34  
35 Article 2. Kindergarten Through Grade 12 School Facilities  
36 Fiscal Provisions  
37

38 101120. (a) Of the total amount of bonds authorized to be  
39 issued and sold pursuant to Chapter 1 (commencing with Section  
40 101000), bonds in the amount of ~~six billion dollars~~



1 (\$6,000,000,000), \_\_\_\_ dollars (\$ \_\_\_\_), not including the amount  
2 of any refunding bonds issued in accordance with Section 101130,  
3 or so much thereof as is necessary, may be issued and sold to  
4 provide a fund to be used for carrying out the purposes expressed  
5 in this chapter and to reimburse the General Obligation Bond  
6 Expense Revolving Fund pursuant to Section 16724.5 of the  
7 Government Code. The bonds, when sold, shall be and constitute  
8 a valid and binding obligation of the State of California, and the  
9 full faith and credit of the State of California is hereby pledged  
10 for the punctual payment of the principal of, and interest on, the  
11 bonds as the principal and interest become due and payable.

12 (b) Pursuant to this section, the Treasurer shall sell the bonds  
13 authorized by the State School Building Finance Committee  
14 established pursuant to Section 15909 at any different times  
15 necessary to service expenditures required by the apportionments.

16 101121. The State School Building Finance Committee,  
17 established by Section 15909 and composed of the Governor, the  
18 Controller, the Treasurer, the Director of Finance, and the  
19 Superintendent, or their designated representatives, all of whom  
20 shall serve thereon without compensation, and a majority of whom  
21 shall constitute a quorum, is continued in existence for the purpose  
22 of this chapter. The Treasurer shall serve as chairperson of the  
23 committee. Two Members of the Senate appointed by the Senate  
24 Committee on Rules, and two Members of the Assembly appointed  
25 by the Speaker of the Assembly, shall meet with and provide advice  
26 to the committee to the extent that the advisory participation is not  
27 incompatible with their respective positions as Members of the  
28 Legislature. For the purposes of this chapter, the Members of the  
29 Legislature shall constitute an interim investigating committee on  
30 the subject of this chapter and, as that committee, shall have the  
31 powers granted to, and duties imposed upon, those committees by  
32 the Joint Rules of the Senate and the Assembly. The Director of  
33 Finance shall provide assistance to the committee as it may require.  
34 The Attorney General of the state is the legal adviser of the  
35 committee.

36 101122. (a) The bonds authorized by this chapter shall be  
37 prepared, executed, issued, sold, paid, and redeemed as provided  
38 in the State General Obligation Bond Law (Chapter 4 (commencing  
39 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
40 Government Code), and all of the provisions of that law, except

1 Section 16727 of the Government Code to the extent that it  
2 conflicts with this part, apply to the bonds and to this chapter and  
3 are hereby incorporated into this chapter as though set forth in full  
4 within this chapter.

5 (b) For purposes of the State General Obligation Bond Law, the  
6 State Allocation Board is designated the “board” for purposes of  
7 administering the 2014 State School Facilities Fund.

8 101123. (a) Upon request of the State Allocation Board, the  
9 State School Building Finance Committee shall determine whether  
10 or not it is necessary or desirable to issue bonds authorized pursuant  
11 to this chapter in order to fund the apportionments and, if so, the  
12 amount of bonds to be issued and sold. Successive issues of bonds  
13 may be authorized and sold to fund those apportionments  
14 progressively, and it is not necessary that all of the bonds  
15 authorized to be issued be sold at any one time.

16 (b) A request of the State Allocation Board pursuant to  
17 subdivision (a) shall be supported by a statement of the  
18 apportionments made and to be made for the purposes described  
19 in Sections 101111 and 101112.

20 101124. There shall be collected each year and in the same  
21 manner and at the same time as other state revenue is collected,  
22 in addition to the ordinary revenues of the state, a sum in an amount  
23 required to pay the principal of, and interest on, the bonds each  
24 year. It is the duty of all officers charged by law with any duty in  
25 regard to the collection of the revenue to do and perform each and  
26 every act that is necessary to collect that additional sum.

27 101125. Notwithstanding Section 13340 of the Government  
28 Code, there is hereby appropriated from the General Fund in the  
29 State Treasury, for the purposes of this chapter, an amount that  
30 will equal the total of the following:

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

34 (b) The sum necessary to carry out Section 101128, appropriated  
35 without regard to fiscal years.

36 101126. The State Allocation Board may request the Pooled  
37 Money Investment Board to make a loan from the Pooled Money  
38 Investment Account or any other approved form of interim  
39 financing, in accordance with Section 16312 of the Government  
40 Code, for the purpose of carrying out this chapter. The amount of

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

8 101127. Notwithstanding any other provision of this chapter,  
9 or of the State General Obligation Bond Law, if the Treasurer sells  
10 bonds pursuant to this chapter that include a bond counsel opinion  
11 to the effect that the interest on the bonds is excluded from gross  
12 income for federal tax purposes, subject to designated conditions,  
13 the Treasurer may maintain separate accounts for the investment  
14 of bond proceeds and for the investment earnings on those  
15 proceeds. The Treasurer may use or direct the use of those proceeds  
16 or earnings to pay any rebate, penalty, or other payment required  
17 under federal law or take any other action with respect to the  
18 investment and use of those bond proceeds required or desirable  
19 under federal law to maintain the tax-exempt status of those bonds  
20 and to obtain any other advantage under federal law on behalf of  
21 the funds of this state.

22 101128. For the purposes of carrying out this chapter, the  
23 Director of Finance may authorize the withdrawal from the General  
24 Fund of an amount not to exceed the amount of the unsold bonds  
25 that have been authorized by the State School Building Finance  
26 Committee to be sold for the purpose of carrying out this chapter.  
27 Any amounts withdrawn shall be deposited in the 2014 State  
28 School Facilities Fund consistent with this chapter. Any money  
29 made available under this section shall be returned to the General  
30 Fund, plus an amount equal to the interest that the money would  
31 have earned in the Pooled Money Investment Account, from  
32 proceeds received from the sale of bonds for the purpose of  
33 carrying out this chapter.

34 101129. All money deposited in the 2014 State School Facilities  
35 Fund that is derived from premium and accrued interest on bonds  
36 sold shall be reserved in the fund, and shall be available for transfer  
37 to the General Fund as a credit to expenditures for bond interest.

38 101130. The bonds may be refunded in accordance with Article  
39 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
40 Division 4 of Title 2 of the Government Code, which is a part of

1 the State General Obligation Bond Law. Approval by the voters  
2 of the state for the issuance of the bonds described in this chapter  
3 includes the approval of the issuance of any bonds issued to refund  
4 any bonds originally issued under this chapter or any previously  
5 issued refunding bonds.

6 101131. The Legislature hereby finds and declares that,  
7 inasmuch as the proceeds from the sale of bonds authorized by  
8 this chapter are not “proceeds of taxes” as that term is used in  
9 Article XIII B of the California Constitution, the disbursement of  
10 these proceeds is not subject to the limitations imposed by that  
11 article.

12  
13 CHAPTER 3. CALIFORNIA COMMUNITY COLLEGE FACILITIES

14  
15 Article 1. General

16  
17 101132. (a) The 2014 California Community College Capital  
18 Outlay Bond Fund is hereby established in the State Treasury for  
19 deposit of funds from the proceeds of bonds issued and sold for  
20 the purposes of this chapter.

21 (b) The Higher Education Facilities Finance Committee  
22 established pursuant to Section 67353 is hereby authorized to create  
23 a debt or debts, liability or liabilities, of the State of California  
24 pursuant to this chapter for the purpose of providing funds to aid  
25 the California Community Colleges.

26  
27 Article 2. California Community College Program Provisions

28  
29 101133. (a) From the proceeds of bonds issued and sold  
30 pursuant to Article 3 (commencing with Section 101134), the sum  
31 of ~~two billion dollars (\$2,000,000,000)~~ \_\_\_\_ *dollars* (\$\_\_\_\_) shall  
32 be deposited in the 2014 California Community College Capital  
33 Outlay Bond Fund for the purposes of this article. When  
34 appropriated, these funds shall be available for expenditure for the  
35 purposes of this article.

36 (b) The purposes of this article include assisting in meeting the  
37 capital outlay financing needs of the California Community  
38 Colleges.

39 (c) Proceeds from the sale of bonds issued and sold for the  
40 purposes of this article may be used to fund construction on

1 existing campuses, including the construction of buildings and the  
2 acquisition of related fixtures, construction of facilities that may  
3 be used by more than one segment of public higher education  
4 (intersegmental), the renovation and reconstruction of facilities,  
5 site acquisition, the equipping of new, renovated, or reconstructed  
6 facilities, which equipment shall have an average useful life of 10  
7 years; and to provide funds for the payment of preconstruction  
8 costs, including, but not limited to, preliminary plans and working  
9 drawings for facilities of the California Community Colleges.

10  
11 Article 3. California Community College Fiscal Provisions  
12

13 101134. (a) Of the total amount of bonds authorized to be  
14 issued and sold pursuant to Chapter 1 (commencing with Section  
15 101100), bonds in the total amount of ~~two billion dollars~~  
16 ~~(\$2,000,000,000)~~, \_\_\_\_\_ dollars (\$\_\_\_\_\_), not including the amount  
17 of any refunding bonds issued in accordance with Section 101139,  
18 or so much thereof as is necessary, may be issued and sold to  
19 provide a fund to be used for carrying out the purposes expressed  
20 in this chapter and to reimburse the General Obligation Bond  
21 Expense Revolving Fund pursuant to Section 16724.5 of the  
22 Government Code. The bonds, when sold, shall be and constitute  
23 a valid and binding obligation of the State of California, and the  
24 full faith and credit of the State of California is hereby pledged  
25 for the punctual payment of the principal of, and interest on, the  
26 bonds as the principal and interest become due and payable.

27 (b) It is the intent of the Legislature that the California  
28 Community Colleges annually consider, as part of their annual  
29 capital outlay planning process, the inclusion of facilities that may  
30 be used by more than one segment of public higher education  
31 (intersegmental), and, that on or before May 15 of each year, those  
32 entities report their findings to the budget committees of each  
33 house of the Legislature.

34 (c) Pursuant to this section, the Treasurer shall sell the bonds  
35 authorized by the Higher Education Facilities Finance Committee  
36 established pursuant to Section 67353 at any different times  
37 necessary to service expenditures required by the apportionments.

38 101134.5. (a) The bonds authorized by this chapter shall be  
39 prepared, executed, issued, sold, paid, and redeemed as provided  
40 in the State General Obligation Bond Law (Chapter 4 (commencing

1 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
2 Government Code), and all of the provisions of that law, except  
3 Section 16727 of the Government Code to the extent that it  
4 conflicts with this part, apply to the bonds and to this chapter and  
5 are hereby incorporated into this chapter as though set forth in full  
6 within this chapter.

7 (b) For the purposes of the State General Obligation Bond Law,  
8 each state agency administering an appropriation of the 2014  
9 Community College Capital Outlay Bond Fund is designated as  
10 the “board” for projects funded pursuant to this chapter.

11 (c) The proceeds of the bonds issued and sold pursuant to this  
12 chapter shall be available for the purpose of funding aid to the  
13 California Community Colleges for the construction on existing  
14 or new campuses, and their respective off-campus centers and joint  
15 use and intersegmental facilities, as set forth in this chapter.

16 101135. The Higher Education Facilities Finance Committee  
17 established pursuant to Section 67353 shall authorize the issuance  
18 of bonds under this chapter only to the extent necessary to fund  
19 the apportionments for the purposes described in this chapter that  
20 are expressly authorized by the Legislature in the annual Budget  
21 Act. Pursuant to that legislative direction, the committee shall  
22 determine whether or not it is necessary or desirable to issue bonds  
23 authorized pursuant to this chapter in order to carry out the  
24 purposes described in this chapter and, if so, the amount of bonds  
25 to be issued and sold. Successive issues of bonds may be authorized  
26 and sold to carry out those actions progressively, and it is not  
27 necessary that all of the bonds authorized to be issued be sold at  
28 any one time.

29 101135.5. There shall be collected each year and in the same  
30 manner and at the same time as other state revenue is collected,  
31 in addition to the ordinary revenues of the state, a sum in an amount  
32 required to pay the principal of, and interest on, the bonds each  
33 year. It is the duty of all officers charged by law with any duty in  
34 regard to the collection of the revenue to do and perform each and  
35 every act which is necessary to collect that additional sum.

36 101136. Notwithstanding Section 13340 of the Government  
37 Code, there is hereby appropriated from the General Fund in the  
38 State Treasury, for the purposes of this chapter, an amount that  
39 will equal the total of the following:

1 (a) The sum annually necessary to pay the principal of, and  
2 interest on, bonds issued and sold pursuant to this chapter, as the  
3 principal and interest become due and payable.

4 (b) The sum necessary to carry out Section 101137.5,  
5 appropriated without regard to fiscal years.

6 101136.5. The board, as defined in subdivision (b) of Section  
7 101134.5, may request the Pooled Money Investment Board to  
8 make a loan from the Pooled Money Investment Account or any  
9 other approved form of interim financing, in accordance with  
10 Section 16312 of the Government Code, for the purpose of carrying  
11 out this chapter. The amount of the request shall not exceed the  
12 amount of the unsold bonds that the committee, by resolution, has  
13 authorized to be sold for the purpose of carrying out this chapter.  
14 The board, as defined in subdivision (b) of Section 101134.5, shall  
15 execute any documents required by the Pooled Money Investment  
16 Board to obtain and repay the loan. Any amounts loaned shall be  
17 deposited in the fund to be allocated by the board in accordance  
18 with this chapter.

19 101137. Notwithstanding any other provision of this chapter,  
20 or of the State General Obligation Bond Law, if the Treasurer sells  
21 bonds pursuant to this chapter that include a bond counsel opinion  
22 to the effect that the interest on the bonds is excluded from gross  
23 income for federal tax purposes, subject to designated conditions,  
24 the Treasurer may maintain separate accounts for the investment  
25 of bond proceeds and for the investment earnings on those  
26 proceeds. The Treasurer may use or direct the use of those proceeds  
27 or earnings to pay any rebate, penalty, or other payment required  
28 under federal law or take any other action with respect to the  
29 investment and use of those bond proceeds required or desirable  
30 under federal law to maintain the tax-exempt status of those bonds  
31 and to obtain any other advantage under federal law on behalf of  
32 the funds of this state.

33 101137.5. (a) For the purposes of carrying out this chapter,  
34 the Director of Finance may authorize the withdrawal from the  
35 General Fund of an amount not to exceed the amount of the unsold  
36 bonds that have been authorized by the Higher Education Facilities  
37 Finance Committee to be sold for the purpose of carrying out this  
38 chapter. Any amounts withdrawn shall be deposited in the 2014  
39 California Community College Capital Outlay Bond Fund  
40 consistent with this chapter. Any money made available under this

1 section shall be returned to the General Fund, plus an amount equal  
2 to the interest that the money would have earned in the Pooled  
3 Money Investment Account, from proceeds received from the sale  
4 of bonds for the purpose of carrying out this chapter.

5 (b) Any request forwarded to the Legislature and the Department  
6 of Finance for funds from this bond issue for expenditure for the  
7 purposes described in this chapter by the California Community  
8 Colleges shall be accompanied by the five-year capital outlay plan  
9 that reflects the needs and priorities of the community college  
10 system and is prioritized on a statewide basis. Requests shall  
11 include a schedule that prioritizes the seismic retrofitting needed  
12 to significantly reduce, in the judgment of the particular college,  
13 seismic hazards in buildings identified as high priority by the  
14 college.

15 101138. All money deposited in the 2014 California  
16 Community College Capital Outlay Bond Fund that is derived  
17 from premium and accrued interest on bonds sold shall be reserved  
18 in the fund, and shall be available for transfer to the General Fund  
19 as a credit to expenditures for bond interest.

20 101139. The bonds may be refunded in accordance with Article  
21 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
22 Division 4 of Title 2 of the Government Code, which is a part of  
23 the State General Obligation Bond Law. Approval by the voters  
24 of the state for the issuance of the bonds described in this chapter  
25 includes the approval of the issuance of any bonds issued to refund  
26 any bonds originally issued under this chapter or any previously  
27 issued refunding bonds.

28 101139.5. The Legislature hereby finds and declares that,  
29 inasmuch as the proceeds from the sale of bonds authorized by  
30 this chapter are not “proceeds of taxes” as that term is used in  
31 Article XIII B of the California Constitution, the disbursement of  
32 these proceeds is not subject to the limitations imposed by that  
33 article.

#### 34 35 CHAPTER 4. UNIVERSITY FACILITIES

##### 36 37 Article 1. General

38  
39 101140. (a) The system of public universities in this state  
40 includes the University of California, the Hastings College of the



1 Law, and the California State University, and their respective  
2 off-campus centers.

3 (b) The 2014 University Capital Outlay Bond Fund is hereby  
4 established in the State Treasury for deposit of funds from the  
5 proceeds of bonds issued and sold for the purposes of this chapter.

6 (c) The Higher Education Facilities Finance Committee  
7 established pursuant to Section 67353 is hereby authorized to create  
8 a debt or debts, liability or liabilities, of the State of California  
9 pursuant to this chapter for the purpose of providing funds to aid  
10 the University of California, the Hastings College of the Law, and  
11 the California State University.

12  
13 Article 2. Program Provisions Applicable to the University of  
14 California and the Hastings College of the Law  
15

16 101141. (a) From the proceeds of bonds issued and sold  
17 pursuant to Article 4 (commencing with Section 101150), the sum  
18 of ~~five hundred million dollars (\$500,000,000)~~ \_\_\_\_\_ dollars  
19 (\$\_\_\_\_) shall be deposited in the 2014 University Capital Outlay  
20 Bond Fund for the purposes of this article. When appropriated,  
21 these funds shall be available for expenditure for the purposes of  
22 this article.

23 (b) The purposes of this article include assisting in meeting the  
24 capital outlay financing needs of the University of California and  
25 the Hastings College of the Law.

26 (c) Proceeds from the sale of bonds issued and sold for the  
27 purposes of this article may be used to fund construction on  
28 existing campuses, including the construction of buildings and the  
29 acquisition of related fixtures, construction of facilities that may  
30 be used by more than one segment of public higher education  
31 (intersegmental), the renovation and reconstruction of facilities,  
32 site acquisition, the equipping of new, renovated, or reconstructed  
33 facilities, which equipment shall have an average useful life of 10  
34 years; and to provide funds for the payment of preconstruction  
35 costs, including, but not limited to, preliminary plans and working  
36 drawings for facilities of the University of California and the  
37 Hastings College of the Law.

Article 3. Program Provisions Applicable to the California State  
University

101142. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101150), the sum of ~~five hundred million dollars (\$500,000,000)~~ \_\_\_\_\_ dollars (\$\_\_\_\_\_) shall be deposited in the 2014 University Capital Outlay Bond Fund for the purposes of this article. When appropriated, these funds shall be available for expenditure for the purposes of this article.

(b) The purposes of this article include assisting in meeting the capital outlay financing needs of the California State University.

(c) Proceeds from the sale of bonds issued and sold for the purposes of this article may be used to fund construction on existing campuses, including the construction of buildings and the acquisition of related fixtures, construction of facilities that may be used by more than one segment of public higher education (intersegmental), the renovation and reconstruction of facilities, site acquisition, the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California State University.

Article 4. University Fiscal Provisions

101150. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101100), bonds in the amount of ~~one billion dollars (\$1,000,000,000)~~ \_\_\_\_\_ dollars (\$\_\_\_\_\_), not including the amount of any refunding bonds issued in accordance with Section 101159, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

1 (b) It is the intent of the Legislature that the University of  
2 California and the California State University annually consider,  
3 as part of their annual capital outlay planning process, the inclusion  
4 of facilities that may be used by more than one segment of public  
5 higher education (intersegmental), and, that on or before May 15  
6 of each year, those entities report their findings to the budget  
7 committees of each house of the Legislature.

8 (c) Pursuant to this section, the Treasurer shall sell the bonds  
9 authorized by the Higher Education Facilities Finance Committee  
10 established pursuant to Section 67353 at any different times  
11 necessary to service expenditures required by the apportionments.

12 101151. (a) The bonds authorized by this chapter shall be  
13 prepared, executed, issued, sold, paid, and redeemed as provided  
14 in the State General Obligation Bond Law (Chapter 4 (commencing  
15 with Section 16720) of Part 3 of Division 4 of Title 2 of the  
16 Government Code), and all of the provisions of that law, except  
17 Section 16727 of the Government Code to the extent that it  
18 conflicts with this part, apply to the bonds and to this chapter and  
19 are hereby incorporated into this chapter as though set forth in full  
20 within this chapter.

21 (b) For the purposes of the State General Obligation Bond Law,  
22 each state agency administering an appropriation of the 2014  
23 University Capital Outlay Bond Fund is designated as the “board”  
24 for projects funded pursuant to this chapter.

25 (c) The proceeds of the bonds issued and sold pursuant to this  
26 chapter shall be available for the purpose of funding aid to the  
27 University of California, the Hastings College of the Law, and the  
28 California State University, for the construction on existing or new  
29 campuses, and their respective off-campus centers and joint use  
30 and intersegmental facilities, as set forth in this chapter.

31 101152. The Higher Education Facilities Finance Committee  
32 established pursuant to Section 67353 shall authorize the issuance  
33 of bonds under this chapter only to the extent necessary to fund  
34 the apportionments for the purposes described in this chapter that  
35 are expressly authorized by the Legislature in the annual Budget  
36 Act. Pursuant to that legislative direction, the committee shall  
37 determine whether or not it is necessary or desirable to issue bonds  
38 authorized pursuant to this chapter in order to carry out the  
39 purposes described in this chapter and, if so, the amount of bonds  
40 to be issued and sold. Successive issues of bonds may be authorized

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

4 101153. There shall be collected each year and in the same  
5 manner and at the same time as other state revenue is collected,  
6 in addition to the ordinary revenues of the state, a sum in an amount  
7 required to pay the principal of, and interest on, the bonds each  
8 year. It is the duty of all officers charged by law with any duty in  
9 regard to the collection of the revenue to do and perform each and  
10 every act which is necessary to collect that additional sum.

11 101154. Notwithstanding Section 13340 of the Government  
12 Code, there is hereby appropriated from the General Fund in the  
13 State Treasury, for the purposes of this chapter, an amount that  
14 will equal the total of the following:

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

18 (b) The sum necessary to carry out Section 101157, appropriated  
19 without regard to fiscal years.

20 101155. The board, as defined in subdivision (b) of Section  
21 101151, may request the Pooled Money Investment Board to make  
22 a loan from the Pooled Money Investment Account or any other  
23 approved form of interim financing, in accordance with Section  
24 16312 of the Government Code, for the purpose of carrying out  
25 this chapter. The amount of the request shall not exceed the amount  
26 of the unsold bonds that the committee, by resolution, has  
27 authorized to be sold for the purpose of carrying out this chapter.  
28 The board, as defined in subdivision (b) of Section 101151, shall  
29 execute any documents required by the Pooled Money Investment  
30 Board to obtain and repay the loan. Any amounts loaned shall be  
31 deposited in the fund to be allocated by the board in accordance  
32 with this chapter.

33 101156. Notwithstanding any other provision of this chapter,  
34 or of the State General Obligation Bond Law, if the Treasurer sells  
35 bonds pursuant to this chapter that include a bond counsel opinion  
36 to the effect that the interest on the bonds is excluded from gross  
37 income for federal tax purposes, subject to designated conditions,  
38 the Treasurer may maintain separate accounts for the investment  
39 of bond proceeds and for the investment earnings on those  
40 proceeds. The Treasurer may use or direct the use of those proceeds

1 or earnings to pay any rebate, penalty, or other payment required  
2 under federal law or take any other action with respect to the  
3 investment and use of those bond proceeds required or desirable  
4 under federal law to maintain the tax-exempt status of those bonds  
5 and to obtain any other advantage under federal law on behalf of  
6 the funds of this state.

7 101157. (a) For the purposes of carrying out this chapter, the  
8 Director of Finance may authorize the withdrawal from the General  
9 Fund of an amount not to exceed the amount of the unsold bonds  
10 that have been authorized by the Higher Education Facilities  
11 Finance Committee to be sold for the purpose of carrying out this  
12 chapter. Any amounts withdrawn shall be deposited in the 2014  
13 University Capital Outlay Bond Fund consistent with this chapter.  
14 Any money made available under this section shall be returned to  
15 the General Fund, plus an amount equal to the interest that the  
16 money would have earned in the Pooled Money Investment  
17 Account, from proceeds received from the sale of bonds for the  
18 purpose of carrying out this chapter.

19 (b) Any request forwarded to the Legislature and the Department  
20 of Finance for funds from this bond issue for expenditure for the  
21 purposes described in this chapter by the University of California,  
22 the Hastings College of the Law, or the California State University  
23 shall be accompanied by the five-year capital outlay plan. Requests  
24 forwarded by a university or college shall include a schedule that  
25 prioritizes the seismic retrofitting needed to significantly reduce,  
26 in the judgment of the particular university or college, seismic  
27 hazards in buildings identified as high priority by the university  
28 or college.

29 101158. All money deposited in the 2014 University Capital  
30 Outlay Bond Fund that is derived from premium and accrued  
31 interest on bonds sold shall be reserved in the fund, and shall be  
32 available for transfer to the General Fund as a credit to expenditures  
33 for bond interest.

34 101159. The bonds may be refunded in accordance with Article  
35 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
36 Division 4 of Title 2 of the Government Code, which is a part of  
37 the State General Obligation Bond Law. Approval by the voters  
38 of the state for the issuance of the bonds described in this chapter  
39 includes the approval of the issuance of any bonds issued to refund

1 any bonds originally issued under this chapter or any previously  
2 issued refunding bonds.

3 101160. The Legislature hereby finds and declares that,  
4 inasmuch as the proceeds from the sale of bonds authorized by  
5 this chapter are not “proceeds of taxes” as that term is used in  
6 Article XIII B of the California Constitution, the disbursement of  
7 these proceeds is not subject to the limitations imposed by that  
8 article.

9 SEC. 11. The Secretary of State shall submit Section 10 of this  
10 act to the voters at the November 4, 2014, statewide general  
11 election.

12 SEC. 12. The provisions of this act are severable. If any  
13 provision of this act or its application is held invalid, that invalidity  
14 shall not affect other provisions or applications that can be given  
15 effect without the invalid provision or application.

16 SEC. 13. Sections 1 to 10, inclusive, of this act shall become  
17 operative only if the voters approve the Kindergarten-University  
18 Public Education Facilities Bond Act of 2014, as set forth in  
19 Section 10 of this act.

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

24 In order to ensure, at the earliest possible time, that the electorate  
25 is provided with the opportunity to vote on the financing of  
26 necessary educational facilities at the November 4, 2014, statewide  
27 general election, including related statutory changes, it is necessary  
28 that this act take effect immediately.