

**ASSEMBLY BILL**

**No. 1474**

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**Introduced by Assembly Member Chávez**

February 27, 2015

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An act to add Part 53 (commencing with Section 88700) to Division 7 of Title 3 of the Education Code, relating to financing community college career technical education facilities and equipment, 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.

LEGISLATIVE COUNSEL'S DIGEST

AB 1474, as introduced, Chávez. Community colleges: Community College Career Technical Education Bond Act.

Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, as one of the segments of public postsecondary education in this state. Existing law establishes community college districts throughout the state, and authorizes them to operate campuses and provide instruction to students.

This bill would enact the Community College Career Technical Education Bond Act, which, if adopted by the voters at the November 8, 2016, statewide general election, would authorize the issuance of bonds in amount of \$500,000,000 pursuant to the State General Obligation Bond Law to finance a community college career technical education bond program.

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. Part 53 (commencing with Section 87700) is  
2 added to Division 7 of Title 3 of the Education Code, to read:

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4 PART 53. COMMUNITY COLLEGE CAREER TECHNICAL  
5 EDUCATION BOND ACT

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Article 1. Title

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9 87700. This part shall be known, and may be cited, as the  
10 Community College Career Technical Education Bond Act.

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Article 2. Definitions

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14 87701. As used in this part, the following terms have the  
15 following meanings:

16 (a) "Committee" means the Community College Career  
17 Technical Education Bond Act Finance Committee created  
18 pursuant to Section 87721.

19 (b) "Fund" means the Community College Career Technical  
20 Education Bond Fund created pursuant to Section 87705.

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22 Article 3. Community College Career Technical Education  
23 Bond Fund

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25 87705. The proceeds of bonds issued and sold pursuant to this  
26 part shall be deposited in the Community College Career Technical  
27 Education Bond Fund, which is hereby created in the State  
28 Treasury.

29 87706. The Chancellor of the California Community Colleges  
30 may issue grants from the fund for the limited purpose of buying  
31 and maintaining career technical education facilities and equipment  
32 to regions in the state that do both of the following:

33 (a) Establish a need for career technical education equipment  
34 and facilities in order to meet a local employment need.

35 (b) Within the region, establish community colleges that  
36 specialize in various types of career technical education, including,  
37 but not limited to, health-related industries, automotive and

1 transportation industries, information technology industries,  
2 entertainment and culinary arts, and performing art technology.

3 87707. Nothing in this article shall prevent a community college  
4 from charging tuition and fees commensurate with the costs of  
5 providing career technical education. Moneys from the fund shall  
6 supplement and not supplant moneys received from charging tuition  
7 and fees.

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Article 4. Fiscal Provisions

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11 87720. (a) Bonds in the total amount of five hundred million  
12 dollars (\$500,000,000), or so much thereof as is necessary, not  
13 including the amount of any refunding bonds issued in accordance  
14 with Section 87726 may be issued and sold to provide a fund to  
15 be used for carrying out the purposes expressed in this part and to  
16 reimburse the General Obligation Bond Expense Revolving Fund  
17 pursuant to Section 16724.5 of the Government Code. The bonds,  
18 when sold, shall be and constitute a valid and binding obligation  
19 of the State of California, and the full faith and credit of the State  
20 of California is hereby pledged for the punctual payment of both  
21 principal of, and interest on, the bonds as the principal and interest  
22 become due and payable.

23 (b) The Treasurer shall sell the bonds authorized by the  
24 committee pursuant to this section. The bonds shall be sold upon  
25 the terms and conditions specified in a resolution to be adopted  
26 by the committee pursuant to Section 16731 of the Government  
27 Code.

28 87720.5. The bonds authorized by this part shall be prepared,  
29 executed, issued, sold, paid, and redeemed as provided in the State  
30 General Obligation Bond Law (Chapter 4 (commencing with  
31 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
32 Code), and all of the provisions of that law apply to the bonds and  
33 to this part and are hereby incorporated in this part as though set  
34 forth in full in this part, except subdivisions (a) and (b) of Section  
35 16727 of the Government Code.

36 87721. (a) Solely for the purpose of authorizing the issuance  
37 and sale pursuant to the State General Obligation Bond Law  
38 (Chapter 4 (commencing with Section 16720) of Part 3 of Division  
39 4 of Title 2 of the Government Code) of the bonds authorized by  
40 this part, the Community College Career Technical Education

1 Bond Act Finance Committee is hereby created. For purposes of  
2 this part, the Community College Career Technical Education  
3 Bond Act Finance Committee is “the committee” as that term is  
4 used in the State General Obligation Bond Law.

5 (b) The committee consists of the Governor, the Controller, the  
6 Treasurer, the Director of Finance, and the Chancellor of the  
7 California Community Colleges. Notwithstanding any other  
8 provision of law, any member may designate a representative to  
9 act as that member in his or her place for all purposes, as though  
10 the member were personally present.

11 (c) The Chancellor of the California Community Colleges shall  
12 serve as chairperson of the committee.

13 (d) A majority of the committee may act for the committee.

14 87721.5. The committee shall determine whether or not it is  
15 necessary or desirable to issue bonds authorized pursuant to this  
16 part in order to carry out the actions specified in this part and, if  
17 so, the amount of bonds to be issued and sold. Successive issues  
18 of bonds may be authorized and sold to carry out those actions  
19 progressively, and it is not necessary that all of the bonds  
20 authorized to be issued be sold at any one time.

21 87722. For purposes of the State General Obligation Bond  
22 Law, “board,” as defined in Section 16722 of the Government  
23 Code, means the Chancellor of the California Community Colleges.

24 87722.5. There shall be collected each year and in the same  
25 manner and at the same time as other state revenue is collected,  
26 in addition to the ordinary revenues of the state, a sum in an amount  
27 required to pay the principal of, and interest on, the bonds each  
28 year. It is the duty of all officers charged by law with any duty in  
29 regard to the collection of the revenue to do and perform each and  
30 every act that is necessary to collect that additional sum.

31 87723. Notwithstanding Section 13340 of the Government  
32 Code, there is hereby appropriated from the General Fund in the  
33 State Treasury, for the purposes of this part, an amount that will  
34 equal the total of the following:

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

38 (b) The sum that is necessary to carry out the provisions of  
39 Section 87724.5, appropriated without regard to fiscal years.

1 87723.5. The board may request the Pooled Money Investment  
2 Board to make a loan from the Pooled Money Investment Account  
3 in accordance with Section 16312 of the Government Code for the  
4 purpose of carrying out this part less any amount withdrawn  
5 pursuant to Section 87724.5. The amount of the request shall not  
6 exceed the amount of the unsold bonds that the committee has, by  
7 resolution, authorized to be sold for the purpose of carrying out  
8 this part. The board shall execute those documents required by the  
9 Pooled Money Investment Board to obtain and repay the loan. Any  
10 amounts loaned shall be deposited in the fund to be allocated in  
11 accordance with this part.

12 87724. Notwithstanding any other provision of this part, or of  
13 the State General Obligation Bond Law, if the Treasurer sells bonds  
14 that include a bond counsel opinion to the effect that the interest  
15 on the bonds is excluded from gross income for federal tax  
16 purposes under designated conditions or is otherwise entitled to  
17 any federal tax advantage, the Treasurer may maintain separate  
18 accounts for the bond proceeds invested and for the investment  
19 earnings on those proceeds, and may use or direct the use of those  
20 proceeds or earnings to pay any rebate, penalty, or other payment  
21 required under federal law or take any other action with respect  
22 to the investment and use of those bond proceeds, as may be  
23 required or desirable under federal law in order to maintain the  
24 tax-exempt status of those bonds and to obtain any other advantage  
25 under federal law on behalf of the funds of this state.

26 87724.5. For the purposes of carrying out this part, the Director  
27 of Finance may authorize the withdrawal from the General Fund  
28 of an amount or amounts not to exceed the amount of the unsold  
29 bonds that have been authorized by the committee to be sold for  
30 the purpose of carrying out this part less any amount borrowed  
31 pursuant to Section 87723.5. Any amounts withdrawn shall be  
32 deposited in the fund. Any money made available under this section  
33 shall be returned to the General Fund, with interest at the rate  
34 earned by the money in the Pooled Money Investment Account,  
35 from proceeds received from the sale of bonds for the purpose of  
36 carrying out this part.

37 87725. All money deposited in the fund that is derived from  
38 premium and accrued interest on bonds sold pursuant to this part  
39 shall be reserved in the fund and shall be available for transfer to  
40 the General Fund as a credit to expenditures for bond interest,

1 except that amounts derived from premium may be reserved and  
2 used to pay the cost of bond issuance prior to any transfer to the  
3 General Fund.

4 87725.5. Pursuant to Chapter 4 (commencing with Section  
5 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
6 the cost of bond issuance shall be paid out of the bond proceeds,  
7 including premium, if any. To the extent the cost of bond issuance  
8 is not paid from premiums received from the sale of bonds, these  
9 costs shall be shared proportionately by each program funded  
10 through this part by the applicable bond sale.

11 87726. The bonds issued and sold pursuant to this part may be  
12 refunded in accordance with Article 6 (commencing with Section  
13 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the  
14 Government Code, which is a part of the State General Obligation  
15 Bond Law. Approval by the voters of the state for the issuance of  
16 the bonds under this part shall include approval of the issuance of  
17 any bonds issued to refund any bonds originally issued under this  
18 part or any previously issued refunding bonds.

19 87726.5. The proceeds from the sale of bonds authorized by  
20 this part are not “proceeds of taxes” as that term is used in Article  
21 XIII B and Section 8 of Article XVI of the California Constitution,  
22 and the disbursement of these proceeds is not subject to the  
23 limitations imposed by Article XIII B of the California  
24 Constitution.

25 SEC. 2. Section 1 of this act shall take effect upon the approval  
26 by the voters of the Community College Career Technical  
27 Education Bond Act, as set forth in that section, which shall be  
28 submitted to the voters at the November 8, 2016, statewide general  
29 election.