

ASSEMBLY BILL

No. 1768

**Introduced by Assembly Member Gallagher
(Principal coauthor: Assembly Member Wilk)
(Coauthors: Assembly Members Travis Allen, Baker, Brough,
Harper, Jones, Obernolte, and Patterson)**

February 3, 2016

An act to add Section 2704.096 to the Streets and Highways Code, relating to bond proceeds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1768, as introduced, Gallagher. Bonds: transportation.

Existing law, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, statewide general election, provides for the issuance of \$9 billion in general obligation bonds for high-speed rail purposes and \$950,000,000 for other related rail purposes. Article XVI of the California Constitution requires measures authorizing general obligation bonds to specify the single object or work to be funded by the bonds and further requires a bond act to be approved by a $\frac{2}{3}$ vote of each house of the Legislature and a majority of the voters.

This bill would provide that no further bonds shall be sold for high-speed rail purposes pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, except as specifically provided with respect to an existing appropriation for high-speed rail purposes for early improvement projects in the Phase 1 blended system. The bill, subject to the above exception, would require redirection of the unspent proceeds received from outstanding bonds issued and sold

for other high-speed rail purposes prior to the effective date of these provisions, upon appropriation, for use in retiring the debt incurred from the issuance and sale of those outstanding bonds. The bill, subject to the above exception, would also require the net proceeds of other bonds subsequently issued and sold under the high-speed rail portion of the bond act to be made available, upon appropriation, to fund projects in the state highway operation and protection program. The bill would make no changes to the authorization under the bond act for issuance of \$950,000,000 for rail purposes other than high-speed rail. These provisions would become effective only upon approval by the voters at the next statewide election.

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

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. Section 2704.096 is added to the Streets and
2 Highways Code, to read:
3 2704.096. (a) (1) Notwithstanding any other provision of this
4 chapter, and except as provided in paragraph (2), no further bonds
5 shall be issued and sold for purposes of Section 2704.06 on and
6 after the effective date of this section.
7 (2) This section shall not apply to bonds issued and sold for
8 purposes of Section 2704.06 with respect to the appropriation in
9 Item 2665-104-6043 of Section 2.00 of the Budget Act of 2012,
10 as added by Section 3 of Chapter 152 of the Statutes of 2012.
11 (b) Notwithstanding any other provision of this chapter, and
12 except as otherwise provided in paragraph (2) of subdivision (a),
13 the unspent proceeds received from outstanding bonds issued and
14 sold pursuant to Section 2704.06 prior to the effective date of this
15 section shall, upon appropriation by the Legislature, be redirected
16 from high-speed rail purposes for use in retiring the debt incurred
17 from the issuance and sale of those outstanding bonds.
18 (c) Notwithstanding any other provision of this chapter, the
19 remaining unissued bonds, as of the effective date of this section,
20 that were previously authorized pursuant to Section 2704.06, except
21 as otherwise provided in paragraph (2) of subdivision (a), are
22 hereby authorized to be issued and sold, with the net proceeds to

1 be made available, upon appropriation by the Legislature, to fund
2 projects in the state highway operation and protection program.

3 SEC. 2. Section 1 of this act would modify the single object
4 or work of a general obligation bond act previously submitted to
5 the voters by the Legislature pursuant to Section 1 of Article XVI
6 of the California Constitution, and subsequently approved by the
7 voters as Proposition 1A at the November 4, 2008, statewide
8 general election. Accordingly, Section 1 of this act shall become
9 effective only upon approval by the voters. The Secretary of State
10 shall submit Section 1 of this act to the voters on the ballot of the
11 next statewide election.

12 SEC. 3. This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to provide for the submission of modifications of a
17 general obligation bond act to the voters as quickly as possible, it
18 is necessary for this act to take effect immediately.