

AMENDED IN ASSEMBLY MAY 19, 2015

AMENDED IN SENATE APRIL 15, 2015

SENATE BILL

No. 222

Introduced by Senator Block

February 12, 2015

An act to *amend Section 15251 of the Education Code, and to add Article 5.5 (commencing with Section 53515) to Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, relating to local government.*

LEGISLATIVE COUNSEL'S DIGEST

SB 222, as amended, Block. Local agencies: *school bonds*: general obligation bonds: statutory lien.

(1) Except as otherwise provided by law, existing law provides that the governing board of a school district or community college district may, when in its judgment it is advisable, and shall, upon a petition of the majority of the qualified electors residing in the school district or community college district, order an election and submit to the electors of the district the question whether the bonds of the district shall be issued and sold for the purpose of raising money for certain school facilities purposes, including the purchasing of school lots and the building or purchasing of school buildings.

If the bond measure is approved by the electors, existing law requires the board of supervisors of the county whose county superintendent of schools has jurisdiction over the school district or community college district to annually, at the time of making the levy of taxes for county purposes, levy a tax for that year upon the property in the district for the interest and redemption of all outstanding bonds of the school district or community college district. Existing law requires that all

taxes levied, when collected, to be paid into the county treasury, as provided, to be used for the payment of the principal and interest of the bonds and for no other purpose.

This bill would require bonds issued and sold pursuant to these provisions to be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, as provided.

Existing

(2) *Existing law authorizes local agencies to issue general obligation bonds, as provided.*

This bill would require general obligation bonds issued and sold by or on behalf of a local agency to be secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds, as provided.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 15251 of the Education Code is amended
2 to read:
3 15251. ~~All taxes levied, when collected~~ (a) *When collected,*
4 *all taxes levied* shall be paid into the county treasury of the county
5 whose superintendent of schools has jurisdiction over the school
6 district ~~in~~ on behalf of which the tax was levied, to the credit of
7 the interest and sinking fund of the school district, or community
8 college district as designated by the California Community
9 Colleges Budget and Accounting Manual, and shall be used for
10 the payment of the principal and interest of the bonds and for no
11 other purpose.
12 (b) *Bonds issued and sold pursuant to this chapter shall be*
13 *secured by a statutory lien on all revenues received pursuant to*
14 *the levy and collection of the tax. The lien shall automatically*
15 *attach without further action or authorization by the governing*
16 *board of the school district or community college district. The lien*
17 *shall be valid and binding from the time the bonds are executed*
18 *and delivered. The revenues received pursuant to the levy and*
19 *collection of the tax shall be immediately subject to the lien, and*
20 *the lien shall automatically attach to the revenues and be effective,*
21 *binding, and enforceable against the school district or community*
22 *college district, its successors, transferees, and creditors, and all*

1 *others asserting rights therein, irrespective of whether those parties*
2 *have notice of the lien and without the need for any physical*
3 *delivery, recordation, filing, or further act.*

4 ~~SECTION 1.~~

5 SEC. 2. Article 5.5 (commencing with Section 53515) is added
6 to Chapter 3 of Part 1 of Division 2 of Title 5 of the Government
7 Code, to read:

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Article 5.5. Lien for General Obligation Bonds

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11 53515. (a) General obligation bonds issued and sold by or on
12 behalf of a local agency shall be secured by a statutory lien on all
13 revenues received pursuant to the levy and collection of the tax.
14 The lien shall automatically arise without the need for any action
15 or authorization by the local agency or its governing body. The
16 lien shall be valid and binding from the time the bonds are executed
17 and delivered. The revenues received pursuant to the levy and
18 collection of the tax shall be immediately subject to the lien, and
19 the lien shall immediately attach to the revenues and be effective,
20 binding, and enforceable against the local agency, its successors,
21 transferees, and creditors, and all others asserting rights therein,
22 irrespective of whether those parties have notice of the lien and
23 without the need for any physical delivery, recordation, filing, or
24 further act.

25 (b) This section is not intended to supplement or limit a local
26 agency’s power to issue general obligation bonds conferred by
27 any other law.

28 (c) For purposes of this section, both of the following shall
29 apply:

30 (1) “Local agency” means any city, county, city and county,
31 school district, community college district, authority, or special
32 district.

33 (2) “~~General—Obligation~~ *obligation* bonds” means bonds,
34 warrants, notes, or other evidence of indebtedness of a local agency
35 payable, both principal and interest, from the proceeds of ad
36 valorem taxes ~~which~~ *that* may be levied pursuant to paragraphs
37 (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the
38 California Constitution.

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