

## Assembly Bill No. 264

### CHAPTER 891

An act to add Section 17462.7 to, and to add and repeal Section 17462.5 of, the Education Code, relating to public schools.

[Approved by Governor October 12, 2003. Filed  
with Secretary of State October 12, 2003.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 264, Mullin. Surplus school property: use of proceeds.

(1) Existing law requires that the funds from the sale of surplus school real property be used for capital outlay or for costs of maintenance of prescribed school district property. Existing law permits a school district to deposit proceeds from a lease of school district property with an option to purchase in its general fund for use for any general fund purpose if approved by the State Allocation Board if certain conditions are met.

This bill would, notwithstanding contrary provisions of law, authorize a school district to deposit up to 25% of the proceeds of the sale of surplus school real property into the school district general fund for use for any one-time expenditure of the school district, except for salaries and benefits, if prescribed conditions are met, and would preclude that transfer from disqualifying the school district for prescribed state facilities funding. The bill would define "sale," for this purpose, to include a lease of surplus property with an option to purchase and would require the State Allocation Board to review, and authorize the State Allocation Board to disapprove, the determination of the governing board of a school district that property is surplus property when any of the proceeds from the sale of that property are used for purposes other than capital outlay or maintenance costs.

This bill would repeal those provisions on January 1, 2005.

(2) Existing law authorizes a school district to apply for hardship state funding for the construction of school facilities under specified circumstances.

This bill would require the board to reduce an apportionment of hardship assistance awarded to a school district by an amount equal to the amount of any proceeds from the sale of surplus property used for a one-time expenditure by the district for 5 years following that expenditure.



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

SECTION 1. Section 17462.5 is added to the Education Code, to read:

17462.5. (a) Notwithstanding any other provision of law to the contrary, including, but not limited to, Section 17462, a school district may deposit an amount not to exceed 25 percent of the proceeds of the sale of surplus school real property, excluding any interest earned thereon, into the school district general fund and may use those proceeds for any one-time expenditure of the school district, except for salaries and benefits, if all of the following criteria are met:

- (1) The school district has an enrollment of fewer than 11,000 pupils.
- (2) The school district has experienced declining enrollment for each school year from 1999–2000 to 2002–03, inclusive.
- (3) The proceeds are from the sale of school district real property that occurred between July 1, 1997, and June 30, 2000, inclusive.

(b) Deposit of proceeds in the school district general fund pursuant to this section does not disqualify the school district from eligibility for state funding under the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10)) or under Section 17584.

(c) For the purposes of this section “sale” includes, but is not limited to, a lease of surplus property with an option to purchase.

(d) For purposes of this section, the State Allocation Board shall review and may disapprove the determination of the governing board of a school district that property is surplus property if any of the proceeds from the sale of that property are used for purposes other than capital outlay or maintenance costs.

(e) This section shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2005, deletes or extends that date.

SEC. 2. Section 17462.7 is added to the Education Code, to read:

17462.7. The board shall reduce an apportionment of hardship assistance awarded to a school district pursuant to Article 8 (commencing with Section 17075.10) by an amount equal to the amount of any proceeds from the sale of surplus property used for a one-time expenditure of the school district pursuant to Section 17462.5 for five years following the expenditure.

