AMENDED IN SENATE MAY 2, 2012

SENATE BILL No. 1240

Introduced by Senator Cannella
(Principal coauthor: Assembly Member Alejo)

February 23, 2012

An act to amend Section 41329.57 of the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1240, as amended, Cannella. School finance: emergency loans: South Monterey County Joint Union High School District.

Existing law requires the Controller to transfer from Section A of the State School Fund the amount of funds necessary to pay certain warrants so that the effective cost of the lease financing provided to the Oakland Unified School District, the Vallejo *City* Unified School District, and the West Contra Costa Unified School District is equal to the cost of the original General Fund emergency loan made to each school district. Existing law also specifies the original interest rate to be used in determining the cost of the original emergency loan made for these school districts.

This bill would also require the Controller to make that transfer with respect to lease financing provided to the South Monterey County Joint Union High School District. The bill would specify the original interest rate to be used in determining the cost of the original emergency loan for the South Monterey County Joint Union High School District, *but only if the voters of the school district approve a measure to levy a parcel tax, the proceeds of which shall benefit the South Monterey County Joint Union High School District, by January 1, 2015*.

This bill would make legislative findings and declarations as to the necessity of a special statute for the South Monterey County Joint Union High School District.

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

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

SECTION 1. Section 41329.57 of the Education Code is amended to read:

41329.57. (a) (1) Pursuant to a schedule provided to the Controller by the bank, the Controller shall transfer from Section A of the State School Fund the amount of funds necessary to pay the warrants issued pursuant to paragraph (2) so that the effective cost of the lease financing provided pursuant to this article to the Oakland Unified School District, the Vallejo City Unified School District, the West Contra Costa Unified School District, and the South Monterey County Joint Union High School District shall be equal to the cost of the original General Fund emergency loan made to each district.

(A) For purposes of determining the cost of the original emergency loan for the West Contra Costa Unified School District, the original interest rate is *1.532 percent*, the rate established pursuant to Section 41474~~ of 1.532 percent~~.

(B) For purposes of determining the cost of the original emergency loan for the Oakland Unified School District, the original interest rate is 1.778 percent. This rate shall also apply to ~~any~~ disbursements of the loan pursuant to Chapter 14 of the Statutes of 2003 that are subsequent to August 23, 2004.

(C) For purposes of determining the cost of the original emergency loan for the Vallejo City Unified School District, the original interest rate is 1.5 percent. This rate shall also apply to ~~any~~ disbursements of the loan pursuant to Chapter 53 of the Statutes of 2004 that are subsequent to August 23, 2004.

(D) *(i)* For purposes of determining the cost of the original emergency loan for the South Monterey County Joint Union High School District, the original interest rate is 1 percent. This rate shall also apply to repayments of the original emergency loan pursuant to Chapter 20 of the Statutes of 2009 made subsequent to June 30, 2011.

(ii) Clause (i) shall become operative only if a measure to levy a parcel tax, the proceeds of which shall benefit the South Monterey County Joint Union High School District, is approved by the voters of the school district by January 1, 2015.

(2) The executive director or chair of the bank shall periodically provide a schedule to the Controller and each school district of the actual amount of the difference between the cost of the lease financing compared to the cost of the original emergency loan for each school district for ~~each~~ *every* year and the Controller shall issue warrants to each school district pursuant to the schedule. Payments to a school district shall occur only during the term of the loan for that school district and shall be made no sooner than the corresponding payments are made to the bond trustee under the lease financing for that school district.

(3) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the warrants issued pursuant to paragraph (2) are "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 for the fiscal years in which the warrants are issued and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B" as defined in subdivision (e) of Section 41202, for the fiscal years in which the warrants are issued.

(b) It is the intent of the Legislature that the financing cost subsidies funded in this section not be deemed precedent nor in conflict with Section 41329.53, due to the unique fiscal situation of these school districts.

SEC. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances relating to the fiscal emergency in the South Monterey County Joint Union High School District.

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