

AMENDED IN ASSEMBLY MAY 23, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2235

Introduced by Assembly Members Buchanan and Hagman
(Coauthors: Assembly Members Bocanegra, Bonta, Ian Calderon,
Chávez, Chesbro, Fong, Gonzalez, Maienschein, Medina, Nazarian,
Olsen, V. Manuel Pérez, Quirk-Silva, and Skinner)

February 21, 2014

An act to amend Sections 17070.40 and 17074.26 of, to add Sections 17071.15, 17072.40, and 17073.16 to, to add Part 70 (commencing with Section 101100) to Division 14 of Title 3 of, and to repeal Sections 17070.99, 17071.33, 17071.35, and 17071.40 of, the Education Code, relating to education facilities, 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, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2235, as amended, Buchanan. Education facilities: Kindergarten-University Public Education Facilities Bond Act of 2014.

(1) Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts; prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

This bill would delete a provision requiring the State Allocation Board to conduct an evaluation of the cost of new construction and

modernization of small high schools in conjunction with a specified pilot program.

The bill would require each school district that elects to participate in a new construction program funded by the proceeds of any bond approved by the voters after November 1, 2014, to reestablish eligibility, as specified.

The bill would require the Office of Public School Construction to recommend regulations to the board to provide school districts with flexibility in designing instruction facilities.

(2) Existing law, the California Constitution, prohibits the Legislature from creating a debt or liability that singly or in the aggregate with any previous debts or liabilities exceeds the sum of \$300,000, except by an act that (a) authorizes the debt for a single object or work specified in the act, (b) has been passed by a $\frac{2}{3}$ vote of all the members elected to each house of the Legislature, (c) has been submitted to the people at a statewide general or primary election, and (d) has received a majority of all the votes cast for and against it at that election.

This bill would enact the Kindergarten-University Public Education Facilities Bond Act of 2014 to authorize ~~an unspecified amount~~ \$9,000,000,000 of state general obligation bonds, *as scheduled*, to provide aid to school districts, county superintendents of schools, county boards of education, charter schools, the California Community Colleges, the University of California, the Hastings College of the Law, and the California State University to construct and modernize education facilities. The proceeds of these bonds would be deposited in the continuously appropriated 2014 State School Facilities Fund, which this bill would establish, *thereby making an appropriation*.

The bond act would become operative only if approved by the voters at the November 4, 2014, statewide general election, and would provide for its submission to the voters at that election.

(3) This bill would specify that it would become operative only if the Kindergarten-University Public Education Facilities Bond Act of 2014 is approved by the voters at the November 4, 2014, statewide general election.

(4) The bill would make conforming changes in related provisions of existing law.

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

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 17070.40 of the Education Code is
2 amended to read:

3 17070.40. (a) (1) A fund is hereby established in the State
4 Treasury to be known as the 1998 State School Facilities Fund.
5 All money in the fund, including any money deposited in that fund
6 from any source whatsoever, and notwithstanding Section 13340
7 of the Government Code, is hereby continuously appropriated
8 without regard to fiscal years for expenditure pursuant to this
9 chapter.

10 (2) The board may apportion funds to school districts for the
11 purposes of this chapter from funds transferred to the 1998 State
12 School Facilities Fund from any source.

13 (3) The board may make apportionments in amounts not
14 exceeding those funds on deposit in the 1998 State School Facilities
15 Fund, and any amount of bonds authorized by the committee, but
16 not yet sold by the Treasurer.

17 (4) The board may make disbursements pursuant to any
18 apportionment made from any funds in the 1998 State School
19 Facilities Fund, irrespective of whether there exists at the time of
20 the disbursement an amount in the 1998 State School Facilities
21 Fund sufficient to permit payment in full of all apportionments
22 previously made. However, no disbursement shall be made from
23 any funds required by law to be transferred to the General Fund.

24 (b) (1) A fund is hereby established in the State Treasury to be
25 known as the 2002 State School Facilities Fund. All money in the
26 fund, including any money deposited in that fund from any source
27 whatsoever, and notwithstanding Section 13340 of the Government
28 Code, is hereby continuously appropriated without regard to fiscal
29 years for expenditure pursuant to this chapter.

30 (2) The board may apportion funds to school districts for the
31 purposes of this chapter from funds transferred to the 2002 State
32 School Facilities Fund from any source.

33 (3) The board may make apportionments in amounts not
34 exceeding those funds on deposit in the 2002 State School Facilities
35 Fund, and any amount of bonds authorized by the committee, but
36 not yet sold by the Treasurer.

37 (4) The board may make disbursements pursuant to any
38 apportionment made from any funds in the 2002 State School

1 Facilities Fund, irrespective of whether there exists at the time of
2 the disbursement an amount in the 2002 State School Facilities
3 Fund sufficient to permit payment in full of all apportionments
4 previously made. However, no disbursement shall be made from
5 any funds required by law to be transferred to the General Fund.

6 (c) (1) A fund is hereby established in the State Treasury to be
7 known as the 2004 State School Facilities Fund. All money in the
8 fund, including any money deposited in that fund from any source
9 whatsoever, and notwithstanding Section 13340 of the Government
10 Code, is hereby continuously appropriated without regard to fiscal
11 years for expenditure pursuant to this chapter.

12 (2) The board may apportion funds to school districts for the
13 purposes of this chapter from funds transferred to the 2004 State
14 School Facilities Fund from any source.

15 (3) The board may make apportionments in amounts not
16 exceeding those funds on deposit in the 2004 State School Facilities
17 Fund, and any amount of bonds authorized by the committee, but
18 not yet sold by the Treasurer.

19 (4) The board may make disbursements pursuant to any
20 apportionment made from any funds in the 2004 State School
21 Facilities Fund, irrespective of whether there exists at the time of
22 the disbursement an amount in the 2004 State School Facilities
23 Fund sufficient to permit payment in full of all apportionments
24 previously made. However, no disbursement shall be made from
25 any funds required by law to be transferred to the General Fund.

26 (d) (1) A fund is hereby established in the State Treasury, to
27 be known as the 2006 State School Facilities Fund. All money in
28 the fund, including any money deposited in that fund from any
29 source whatsoever, and notwithstanding Section 13340 of the
30 Government Code, is hereby continuously appropriated without
31 regard to fiscal years for expenditure pursuant to this chapter.

32 (2) The board may apportion funds to school districts for the
33 purposes of this chapter from funds transferred to the 2006 State
34 School Facilities Fund from any source.

35 (3) The board may make apportionments in amounts not
36 exceeding those funds on deposit in the 2006 State School Facilities
37 Fund, and any amount of bonds authorized by the committee, but
38 not yet sold by the Treasurer.

39 (4) The board may make disbursements pursuant to any
40 apportionment made from any funds in the 2006 State School

1 Facilities Fund, irrespective of whether there exists at the time of
2 the disbursement an amount in the 2006 State School Facilities
3 Fund sufficient to permit payment in full of all apportionments
4 previously made. However, no disbursement shall be made from
5 any funds required by law to be transferred to the General Fund.

6 (e) (1) A fund is hereby established in the State Treasury, to
7 be known as the 2014 State School Facilities Fund. All money in
8 the fund, including any money deposited in that fund from any
9 source whatsoever, and notwithstanding Section 13340 of the
10 Government Code, is hereby continuously appropriated without
11 regard to fiscal years for expenditure pursuant to this chapter.

12 (2) The board may apportion funds to school districts for the
13 purposes of this chapter from funds transferred to the 2014 State
14 School Facilities Fund from any source.

15 (3) The board may make apportionments in amounts not
16 exceeding those funds on deposit in the 2014 State School Facilities
17 Fund, and any amount of bonds authorized by the committee, but
18 not yet sold by the Treasurer.

19 (4) The board may make disbursements pursuant to any
20 apportionment made from any funds in the 2014 State School
21 Facilities Fund, irrespective of whether there exists at the time of
22 the disbursement an amount in the 2014 State School Facilities
23 Fund sufficient to permit payment in full of all apportionments
24 previously made. However, no disbursement shall be made from
25 any funds required by law to be transferred to the General Fund.

26 SEC. 2. Section 17070.99 of the Education Code is repealed.

27 SEC. 3. Section 17071.15 is added to the Education Code, to
28 read:

29 17071.15. Notwithstanding Section 17071.10, the board may
30 require each school district that elects to participate in the new
31 construction program funded by the proceeds of any bond approved
32 by voters after November 1, 2014, to reestablish eligibility pursuant
33 to regulations adopted by the board.

34 SEC. 4. Section 17071.33 of the Education Code is repealed.

35 SEC. 5. Section 17071.35 of the Education Code is repealed.

36 SEC. 6. Section 17071.40 of the Education Code is repealed.

37 SEC. 7. Section 17072.40 is added to the Education Code, to
38 read:

39 17072.40. The Office of Public School Construction, in
40 consultation with the ~~department~~, *State Department of Education*,

1 shall recommend to the board regulations that will provide school
2 districts with flexibility in designing instructional facilities.

3 SEC. 8. Section 17073.16 is added to the Education Code, to
4 read:

5 17073.16. The board may require each school district that elects
6 to participate in the modernization program funded by the proceeds
7 of any bond approved by voters after November 1, 2014, to
8 reestablish baseline eligibility for each schoolsite pursuant to
9 regulations adopted by the board.

10 SEC. 9. Section 17074.26 of the Education Code is amended
11 to read:

12 17074.26. The board shall adopt regulations to adjust the
13 per-pupil amounts set forth in Section 17074.10 for modernization
14 projects for school buildings that are 50 years old or older based
15 upon the higher costs associated with modernizing older buildings.

16 SEC. 10. Part 70 (commencing with Section 101100) is added
17 to Division 14 of Title 3 of the Education Code, to read:

18
19 PART 70. KINDERGARTEN-UNIVERSITY PUBLIC
20 EDUCATION FACILITIES BOND ACT OF 2014

21
22 CHAPTER 1. GENERAL
23

24 101100. This part shall be known and may be cited as the
25 Kindergarten-University Public Education Facilities Bond Act of
26 2014.

27 101101. The incorporation of, or reference to, any provision
28 of California statutory law in this part includes all acts amendatory
29 thereof and supplementary thereto.

30 101102. (a) Bonds in the total amount of ~~_____dollars (\$_____)~~,
31 *nine billion dollars (\$9,000,000,000)*, not including the amount
32 of any refunding bonds issued in accordance with Sections 101130,
33 101139, and 101159, or so much thereof as is necessary, may be
34 issued and sold to provide a fund to be used for carrying out the
35 purposes expressed in this part and to reimburse the General
36 Obligation Bond Expense Revolving Fund pursuant to Section
37 16724.5 of the Government Code. The bonds, when sold, shall be
38 and constitute a valid and binding obligation of the State of
39 California, and the full faith and credit of the State of California
40 is hereby pledged for the punctual payment of the principal of, and

1 interest on, the bonds as the principal and interest become due and
2 payable.

3 (b) Pursuant to this section, the Treasurer shall sell the bonds
4 authorized by the State School Building Finance Committee
5 established by Section 15909 or the Higher Education Facilities
6 Finance Committee established pursuant to Section 67353, as the
7 case may be, at any different times necessary to service
8 expenditures required by the apportionments.

9
10 CHAPTER 2. KINDERGARTEN THROUGH 12TH GRADE

11
12 Article 1. Kindergarten Through Grade 12 School Facilities
13 Program Provisions

14
15 101110. The proceeds of bonds issued and sold pursuant to
16 Article 2 (commencing with Section 101120) shall be deposited
17 in the 2014 State School Facilities Fund established in the State
18 Treasury under subdivision (e) of Section 17070.40, and shall be
19 allocated by the State Allocation Board pursuant to this chapter.

20 101111. All moneys deposited in the 2014 State School
21 Facilities Fund for the purposes of this chapter shall be available
22 to provide aid to school districts, county superintendents of schools,
23 and county boards of education of the state in accordance with the
24 Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5
25 (commencing with Section 17070.10) of Part 10 of Division 1 of
26 Title 1), as set forth in Section 101112, to provide funds to repay
27 any money advanced or loaned to the 2014 State School Facilities
28 Fund under any act of the Legislature, together with interest
29 provided for in that act, and to reimburse the General Obligation
30 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
31 Government Code.

32 101112. (a) The proceeds from the sale of bonds, issued and
33 sold for the purposes of this chapter, shall be allocated in
34 accordance with the following schedule:

35 (1) The amount of ~~_____ dollars (\$_____)~~ *two billion two hundred*
36 *fifty million dollars (\$2,250,000,000)* for new construction of
37 school facilities of applicant school districts under Chapter 12.5
38 (commencing with Section 17070.10) of Part 10 of Division 1 of
39 Title 1.

(2) The amount of ~~_____ dollars (\$_____)~~ *five hundred million dollars (\$500,000,000)* shall be available for providing school facilities to charter schools pursuant to Article 12 (commencing with Section 17078.52) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(3) The amount of ~~_____ dollars (\$_____)~~ *three billion two hundred fifty million dollars (\$3,250,000,000)* for the modernization of school facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1.

(b) School districts may use funds allocated pursuant to paragraph (3) of subdivision (a) only for one or more of the following purposes in accordance with Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1:

(1) The purchase and installation of air-conditioning equipment and insulation materials, and related costs.

(2) Construction projects or the purchase of furniture or equipment designed to increase school security or playground safety.

(3) The identification, assessment, or abatement in school facilities of hazardous asbestos.

(4) Project funding for high-priority roof replacement projects.

(5) Any other modernization of facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1.

(c) Funds allocated pursuant to paragraph (1) of subdivision (a) may also be utilized to provide new construction grants for eligible applicant county boards of education under Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 for funding classrooms for severely handicapped pupils, or for funding classrooms for county community school pupils.

Article 2. Kindergarten Through Grade 12 School Facilities Fiscal Provisions

101120. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101000), bonds in the amount of ~~_____ dollars (\$_____)~~ *six billion dollars (\$6,000,000,000)*, not including the amount of any refunding bonds issued in accordance with Section 101130, or so

1 much thereof as is necessary, may be issued and sold to provide
2 a fund to be used for carrying out the purposes expressed in this
3 chapter and to reimburse the General Obligation Bond Expense
4 Revolving Fund pursuant to Section 16724.5 of the Government
5 Code. The bonds, when sold, shall be and constitute a valid and
6 binding obligation of the State of California, and the full faith and
7 credit of the State of California is hereby pledged for the punctual
8 payment of the principal of, and interest on, the bonds as the
9 principal and interest become due and payable.

10 (b) Pursuant to this section, the Treasurer shall sell the bonds
11 authorized by the State School Building Finance Committee
12 established pursuant to Section 15909 at any different times
13 necessary to service expenditures required by the apportionments.

14 101121. The State School Building Finance Committee,
15 established by Section 15909 and composed of the Governor, the
16 Controller, the Treasurer, the Director of Finance, and the
17 Superintendent, or their designated representatives, all of whom
18 shall serve thereon without compensation, and a majority of whom
19 shall constitute a quorum, is continued in existence for the purpose
20 of this chapter. The Treasurer shall serve as chairperson of the
21 committee. Two Members of the Senate appointed by the Senate
22 Committee on Rules, and two Members of the Assembly appointed
23 by the Speaker of the Assembly, shall meet with and provide advice
24 to the committee to the extent that the advisory participation is not
25 incompatible with their respective positions as Members of the
26 Legislature. For the purposes of this chapter, the Members of the
27 Legislature shall constitute an interim investigating committee on
28 the subject of this chapter and, as that committee, shall have the
29 powers granted to, and duties imposed upon, those committees by
30 the Joint Rules of the Senate and the Assembly. The Director of
31 Finance shall provide assistance to the committee as it may require.
32 The Attorney General of the state is the legal adviser of the
33 committee.

34 101122. (a) The bonds authorized by this chapter shall be
35 prepared, executed, issued, sold, paid, and redeemed as provided
36 in the State General Obligation Bond Law (Chapter 4 (commencing
37 with Section 16720) of Part 3 of Division 4 of Title 2 of the
38 Government Code), and all of the provisions of that law, except
39 Section 16727 of the Government Code to the extent that it
40 conflicts with this part, apply to the bonds and to this chapter and

1 are hereby incorporated into this chapter as though set forth in full
2 within this chapter.

3 (b) For purposes of the State General Obligation Bond Law, the
4 State Allocation Board is designated the “board” for purposes of
5 administering the 2014 State School Facilities Fund.

6 101123. (a) Upon request of the State Allocation Board, the
7 State School Building Finance Committee shall determine whether
8 or not it is necessary or desirable to issue bonds authorized pursuant
9 to this chapter in order to fund the apportionments and, if so, the
10 amount of bonds to be issued and sold. Successive issues of bonds
11 may be authorized and sold to fund those apportionments
12 progressively, and it is not necessary that all of the bonds
13 authorized to be issued be sold at any one time.

14 (b) A request of the State Allocation Board pursuant to
15 subdivision (a) shall be supported by a statement of the
16 apportionments made and to be made for the purposes described
17 in Sections 101111 and 101112.

18 101124. There shall be collected each year and in the same
19 manner and at the same time as other state revenue is collected,
20 in addition to the ordinary revenues of the state, a sum in an amount
21 required to pay the principal of, and interest on, the bonds each
22 year. It is the duty of all officers charged by law with any duty in
23 regard to the collection of the revenue to do and perform each and
24 every act that is necessary to collect that additional sum.

25 101125. Notwithstanding Section 13340 of the Government
26 Code, there is hereby appropriated from the General Fund in the
27 State Treasury, for the purposes of this chapter, an amount that
28 will equal the total of the following:

29 (a) The sum annually necessary to pay the principal of, and
30 interest on, bonds issued and sold pursuant to this chapter, as the
31 principal and interest become due and payable.

32 (b) The sum necessary to carry out Section 101128, appropriated
33 without regard to fiscal years.

34 101126. The State Allocation Board may request the Pooled
35 Money Investment Board to make a loan from the Pooled Money
36 Investment Account or any other approved form of interim
37 financing, in accordance with Section 16312 of the Government
38 Code, for the purpose of carrying out this chapter. The amount of
39 the request shall not exceed the amount of the unsold bonds that
40 the committee, by resolution, has authorized to be sold for the

1 purpose of carrying out this chapter. The board shall execute any
2 documents required by the Pooled Money Investment Board to
3 obtain and repay the loan. Any amounts loaned shall be deposited
4 in the fund to be allocated by the board in accordance with this
5 chapter.

6 101127. Notwithstanding any other provision of this chapter,
7 or of the State General Obligation Bond Law, if the Treasurer sells
8 bonds pursuant to this chapter that include a bond counsel opinion
9 to the effect that the interest on the bonds is excluded from gross
10 income for federal tax purposes, subject to designated conditions,
11 the Treasurer may maintain separate accounts for the investment
12 of bond proceeds and for the investment earnings on those
13 proceeds. The Treasurer may use or direct the use of those proceeds
14 or earnings to pay any rebate, penalty, or other payment required
15 under federal law or take any other action with respect to the
16 investment and use of those bond proceeds required or desirable
17 under federal law to maintain the tax-exempt status of those bonds
18 and to obtain any other advantage under federal law on behalf of
19 the funds of this state.

20 101128. For the purposes of carrying out this chapter, the
21 Director of Finance may authorize the withdrawal from the General
22 Fund of an amount not to exceed the amount of the unsold bonds
23 that have been authorized by the State School Building Finance
24 Committee to be sold for the purpose of carrying out this chapter.
25 Any amounts withdrawn shall be deposited in the 2014 State
26 School Facilities Fund consistent with this chapter. Any money
27 made available under this section shall be returned to the General
28 Fund, plus an amount equal to the interest that the money would
29 have earned in the Pooled Money Investment Account, from
30 proceeds received from the sale of bonds for the purpose of
31 carrying out this chapter.

32 101129. All money deposited in the 2014 State School Facilities
33 Fund that is derived from premium and accrued interest on bonds
34 sold shall be reserved in the fund, and shall be available for transfer
35 to the General Fund as a credit to expenditures for bond interest.

36 101130. The bonds may be refunded in accordance with Article
37 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
38 Division 4 of Title 2 of the Government Code, which is a part of
39 the State General Obligation Bond Law. Approval by the voters
40 of the state for the issuance of the bonds described in this chapter

1 includes the approval of the issuance of any bonds issued to refund
2 any bonds originally issued under this chapter or any previously
3 issued refunding bonds.

4 101131. The Legislature hereby finds and declares that,
5 inasmuch as the proceeds from the sale of bonds authorized by
6 this chapter are not “proceeds of taxes” as that term is used in
7 Article XIII B of the California Constitution, the disbursement of
8 these proceeds is not subject to the limitations imposed by that
9 article.

10
11 CHAPTER 3. CALIFORNIA COMMUNITY COLLEGE FACILITIES
12

13 Article 1. General
14

15 101132. (a) The 2014 California Community College Capital
16 Outlay Bond Fund is hereby established in the State Treasury for
17 deposit of funds from the proceeds of bonds issued and sold for
18 the purposes of this chapter.

19 (b) The Higher Education Facilities Finance Committee
20 established pursuant to Section 67353 is hereby authorized to create
21 a debt or debts, liability or liabilities, of the State of California
22 pursuant to this chapter for the purpose of providing funds to aid
23 the California Community Colleges.
24

25 Article 2. California Community College Program Provisions
26

27 101133. (a) From the proceeds of bonds issued and sold
28 pursuant to Article 3 (commencing with Section 101134), the sum
29 of ~~_____ dollars (\$_____)~~ *two billion dollars (\$2,000,000,000)* shall
30 be deposited in the 2014 California Community College Capital
31 Outlay Bond Fund for the purposes of this article. When
32 appropriated, these funds shall be available for expenditure for the
33 purposes of this article.

34 (b) The purposes of this article include assisting in meeting the
35 capital outlay financing needs of the California Community
36 Colleges.

37 (c) Proceeds from the sale of bonds issued and sold for the
38 purposes of this article may be used to fund construction on
39 existing campuses, including the construction of buildings and the
40 acquisition of related fixtures, construction of facilities that may

be used by more than one segment of public higher education (intersegmental), the renovation and reconstruction of facilities, site acquisition, the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California Community Colleges.

Article 3. California Community College Fiscal Provisions

101134. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101100), bonds in the total amount of ~~_____ dollars (\$_____)~~, *two billion dollars (\$2,000,000,000)*, not including the amount of any refunding bonds issued in accordance with Section 101139, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) It is the intent of the Legislature that the California Community Colleges annually consider, as part of their annual capital outlay planning process, the inclusion of facilities that may be used by more than one segment of public higher education (intersegmental), and, that on or before May 15 of each year, those entities report their findings to the budget committees of each house of the Legislature.

(c) Pursuant to this section, the Treasurer shall sell the bonds authorized by the Higher Education Facilities Finance Committee established pursuant to Section 67353 at any different times necessary to service expenditures required by the apportionments.

101134.5. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law, except

1 Section 16727 of the Government Code to the extent that it
2 conflicts with this part, apply to the bonds and to this chapter and
3 are hereby incorporated into this chapter as though set forth in full
4 within this chapter.

5 (b) For the purposes of the State General Obligation Bond Law,
6 each state agency administering an appropriation of the 2014
7 Community College Capital Outlay Bond Fund is designated as
8 the “board” for projects funded pursuant to this chapter.

9 (c) The proceeds of the bonds issued and sold pursuant to this
10 chapter shall be available for the purpose of funding aid to the
11 California Community Colleges for the construction on existing
12 or new campuses, and their respective off-campus centers and joint
13 use and intersegmental facilities, as set forth in this chapter.

14 101135. The Higher Education Facilities Finance Committee
15 established pursuant to Section 67353 shall authorize the issuance
16 of bonds under this chapter only to the extent necessary to fund
17 the apportionments for the purposes described in this chapter that
18 are expressly authorized by the Legislature in the annual Budget
19 Act. Pursuant to that legislative direction, the committee shall
20 determine whether or not it is necessary or desirable to issue bonds
21 authorized pursuant to this chapter in order to carry out the
22 purposes described in this chapter and, if so, the amount of bonds
23 to be issued and sold. Successive issues of bonds may be authorized
24 and sold to carry out those actions progressively, and it is not
25 necessary that all of the bonds authorized to be issued be sold at
26 any one time.

27 101135.5. There shall be collected each year and in the same
28 manner and at the same time as other state revenue is collected,
29 in addition to the ordinary revenues of the state, a sum in an amount
30 required to pay the principal of, and interest on, the bonds each
31 year. It is the duty of all officers charged by law with any duty in
32 regard to the collection of the revenue to do and perform each and
33 every act which is necessary to collect that additional sum.

34 101136. Notwithstanding Section 13340 of the Government
35 Code, there is hereby appropriated from the General Fund in the
36 State Treasury, for the purposes of this chapter, an amount that
37 will equal the total of the following:

38 (a) The sum annually necessary to pay the principal of, and
39 interest on, bonds issued and sold pursuant to this chapter, as the
40 principal and interest become due and payable.

1 (b) The sum necessary to carry out Section 101137.5,
2 appropriated without regard to fiscal years.

3 101136.5. The board, as defined in subdivision (b) of Section
4 101134.5, may request the Pooled Money Investment Board to
5 make a loan from the Pooled Money Investment Account or any
6 other approved form of interim financing, in accordance with
7 Section 16312 of the Government Code, for the purpose of carrying
8 out this chapter. The amount of the request shall not exceed the
9 amount of the unsold bonds that the committee, by resolution, has
10 authorized to be sold for the purpose of carrying out this chapter.
11 The board, as defined in subdivision (b) of Section 101134.5, shall
12 execute any documents required by the Pooled Money Investment
13 Board to obtain and repay the loan. Any amounts loaned shall be
14 deposited in the fund to be allocated by the board in accordance
15 with this chapter.

16 101137. Notwithstanding any other provision of this chapter,
17 or of the State General Obligation Bond Law, if the Treasurer sells
18 bonds pursuant to this chapter that include a bond counsel opinion
19 to the effect that the interest on the bonds is excluded from gross
20 income for federal tax purposes, subject to designated conditions,
21 the Treasurer may maintain separate accounts for the investment
22 of bond proceeds and for the investment earnings on those
23 proceeds. The Treasurer may use or direct the use of those proceeds
24 or earnings to pay any rebate, penalty, or other payment required
25 under federal law or take any other action with respect to the
26 investment and use of those bond proceeds required or desirable
27 under federal law to maintain the tax-exempt status of those bonds
28 and to obtain any other advantage under federal law on behalf of
29 the funds of this state.

30 101137.5. (a) For the purposes of carrying out this chapter,
31 the Director of Finance may authorize the withdrawal from the
32 General Fund of an amount not to exceed the amount of the unsold
33 bonds that have been authorized by the Higher Education Facilities
34 Finance Committee to be sold for the purpose of carrying out this
35 chapter. Any amounts withdrawn shall be deposited in the 2014
36 California Community College Capital Outlay Bond Fund
37 consistent with this chapter. Any money made available under this
38 section shall be returned to the General Fund, plus an amount equal
39 to the interest that the money would have earned in the Pooled

1 Money Investment Account, from proceeds received from the sale
2 of bonds for the purpose of carrying out this chapter.

3 (b) Any request forwarded to the Legislature and the Department
4 of Finance for funds from this bond issue for expenditure for the
5 purposes described in this chapter by the California Community
6 Colleges shall be accompanied by the five-year capital outlay plan
7 that reflects the needs and priorities of the community college
8 system and is prioritized on a statewide basis. Requests shall
9 include a schedule that prioritizes the seismic retrofitting needed
10 to significantly reduce, in the judgment of the particular college,
11 seismic hazards in buildings identified as high priority by the
12 college.

13 101138. All money deposited in the 2014 California
14 Community College Capital Outlay Bond Fund that is derived
15 from premium and accrued interest on bonds sold shall be reserved
16 in the fund, and shall be available for transfer to the General Fund
17 as a credit to expenditures for bond interest.

18 101139. The bonds may be refunded in accordance with Article
19 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
20 Division 4 of Title 2 of the Government Code, which is a part of
21 the State General Obligation Bond Law. Approval by the voters
22 of the state for the issuance of the bonds described in this chapter
23 includes the approval of the issuance of any bonds issued to refund
24 any bonds originally issued under this chapter or any previously
25 issued refunding bonds.

26 101139.5. The Legislature hereby finds and declares that,
27 inasmuch as the proceeds from the sale of bonds authorized by
28 this chapter are not “proceeds of taxes” as that term is used in
29 Article XIII B of the California Constitution, the disbursement of
30 these proceeds is not subject to the limitations imposed by that
31 article.

32 33 CHAPTER 4. UNIVERSITY FACILITIES

34 35 Article 1. General

36
37 101140. (a) The system of public universities in this state
38 includes the University of California, the Hastings College of the
39 Law, and the California State University, and their respective
40 off-campus centers.

1 (b) The 2014 University Capital Outlay Bond Fund is hereby
2 established in the State Treasury for deposit of funds from the
3 proceeds of bonds issued and sold for the purposes of this chapter.

4 (c) The Higher Education Facilities Finance Committee
5 established pursuant to Section 67353 is hereby authorized to create
6 a debt or debts, liability or liabilities, of the State of California
7 pursuant to this chapter for the purpose of providing funds to aid
8 the University of California, the Hastings College of the Law, and
9 the California State University.

10
11 Article 2. Program Provisions Applicable to the University of
12 California and the Hastings College of the Law
13

14 101141. (a) From the proceeds of bonds issued and sold
15 pursuant to Article 4 (commencing with Section 101150), the sum
16 of ~~_____ dollars (\$_____)~~ *five hundred million dollars*
17 *(\$500,000,000)* shall be deposited in the 2014 University Capital
18 Outlay Bond Fund for the purposes of this article. When
19 appropriated, these funds shall be available for expenditure for the
20 purposes of this article.

21 (b) The purposes of this article include assisting in meeting the
22 capital outlay financing needs of the University of California and
23 the Hastings College of the Law.

24 (c) Proceeds from the sale of bonds issued and sold for the
25 purposes of this article may be used to fund construction on
26 existing campuses, including the construction of buildings and the
27 acquisition of related fixtures, construction of facilities that may
28 be used by more than one segment of public higher education
29 (intersegmental), the renovation and reconstruction of facilities,
30 site acquisition, the equipping of new, renovated, or reconstructed
31 facilities, which equipment shall have an average useful life of 10
32 years; and to provide funds for the payment of preconstruction
33 costs, including, but not limited to, preliminary plans and working
34 drawings for facilities of the University of California and the
35 Hastings College of the Law.

Article 3. Program Provisions Applicable to the California State
University

101142. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101150), the sum of ~~_____ dollars (\$_____)~~ *five hundred million dollars (\$500,000,000)* shall be deposited in the 2014 University Capital Outlay Bond Fund for the purposes of this article. When appropriated, these funds shall be available for expenditure for the purposes of this article.

(b) The purposes of this article include assisting in meeting the capital outlay financing needs of the California State University.

(c) Proceeds from the sale of bonds issued and sold for the purposes of this article may be used to fund construction on existing campuses, including the construction of buildings and the acquisition of related fixtures, construction of facilities that may be used by more than one segment of public higher education (intersegmental), the renovation and reconstruction of facilities, site acquisition, the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California State University.

Article 4. University Fiscal Provisions

101150. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101100), bonds in the amount of ~~_____ dollars (\$_____)~~ *one billion dollars (\$1,000,000,000)*, not including the amount of any refunding bonds issued in accordance with Section 101159, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

1 (b) It is the intent of the Legislature that the University of
2 California and the California State University annually consider,
3 as part of their annual capital outlay planning process, the inclusion
4 of facilities that may be used by more than one segment of public
5 higher education (intersegmental), and, that on or before May 15
6 of each year, those entities report their findings to the budget
7 committees of each house of the Legislature.

8 (c) Pursuant to this section, the Treasurer shall sell the bonds
9 authorized by the Higher Education Facilities Finance Committee
10 established pursuant to Section 67353 at any different times
11 necessary to service expenditures required by the apportionments.

12 101151. (a) The bonds authorized by this chapter shall be
13 prepared, executed, issued, sold, paid, and redeemed as provided
14 in the State General Obligation Bond Law (Chapter 4 (commencing
15 with Section 16720) of Part 3 of Division 4 of Title 2 of the
16 Government Code), and all of the provisions of that law, except
17 Section 16727 of the Government Code to the extent that it
18 conflicts with this part, apply to the bonds and to this chapter and
19 are hereby incorporated into this chapter as though set forth in full
20 within this chapter.

21 (b) For the purposes of the State General Obligation Bond Law,
22 each state agency administering an appropriation of the 2014
23 University Capital Outlay Bond Fund is designated as the “board”
24 for projects funded pursuant to this chapter.

25 (c) The proceeds of the bonds issued and sold pursuant to this
26 chapter shall be available for the purpose of funding aid to the
27 University of California, the Hastings College of the Law, and the
28 California State University, for the construction on existing or new
29 campuses, and their respective off-campus centers and joint use
30 and intersegmental facilities, as set forth in this chapter.

31 101152. The Higher Education Facilities Finance Committee
32 established pursuant to Section 67353 shall authorize the issuance
33 of bonds under this chapter only to the extent necessary to fund
34 the apportionments for the purposes described in this chapter that
35 are expressly authorized by the Legislature in the annual Budget
36 Act. Pursuant to that legislative direction, the committee shall
37 determine whether or not it is necessary or desirable to issue bonds
38 authorized pursuant to this chapter in order to carry out the
39 purposes described in this chapter and, if so, the amount of bonds
40 to be issued and sold. Successive issues of bonds may be authorized

1 and sold to carry out those actions progressively, and it is not
2 necessary that all of the bonds authorized to be issued be sold at
3 any one time.

4 101153. There shall be collected each year and in the same
5 manner and at the same time as other state revenue is collected,
6 in addition to the ordinary revenues of the state, a sum in an amount
7 required to pay the principal of, and interest on, the bonds each
8 year. It is the duty of all officers charged by law with any duty in
9 regard to the collection of the revenue to do and perform each and
10 every act which is necessary to collect that additional sum.

11 101154. Notwithstanding Section 13340 of the Government
12 Code, there is hereby appropriated from the General Fund in the
13 State Treasury, for the purposes of this chapter, an amount that
14 will equal the total of the following:

15 (a) The sum annually necessary to pay the principal of, and
16 interest on, bonds issued and sold pursuant to this chapter, as the
17 principal and interest become due and payable.

18 (b) The sum necessary to carry out Section 101157, appropriated
19 without regard to fiscal years.

20 101155. The board, as defined in subdivision (b) of Section
21 101151, may request the Pooled Money Investment Board to make
22 a loan from the Pooled Money Investment Account or any other
23 approved form of interim financing, in accordance with Section
24 16312 of the Government Code, for the purpose of carrying out
25 this chapter. The amount of the request shall not exceed the amount
26 of the unsold bonds that the committee, by resolution, has
27 authorized to be sold for the purpose of carrying out this chapter.
28 The board, as defined in subdivision (b) of Section 101151, shall
29 execute any documents required by the Pooled Money Investment
30 Board to obtain and repay the loan. Any amounts loaned shall be
31 deposited in the fund to be allocated by the board in accordance
32 with this chapter.

33 101156. Notwithstanding any other provision of this chapter,
34 or of the State General Obligation Bond Law, if the Treasurer sells
35 bonds pursuant to this chapter that include a bond counsel opinion
36 to the effect that the interest on the bonds is excluded from gross
37 income for federal tax purposes, subject to designated conditions,
38 the Treasurer may maintain separate accounts for the investment
39 of bond proceeds and for the investment earnings on those
40 proceeds. The Treasurer may use or direct the use of those proceeds

1 or earnings to pay any rebate, penalty, or other payment required
2 under federal law or take any other action with respect to the
3 investment and use of those bond proceeds required or desirable
4 under federal law to maintain the tax-exempt status of those bonds
5 and to obtain any other advantage under federal law on behalf of
6 the funds of this state.

7 101157. (a) For the purposes of carrying out this chapter, the
8 Director of Finance may authorize the withdrawal from the General
9 Fund of an amount not to exceed the amount of the unsold bonds
10 that have been authorized by the Higher Education Facilities
11 Finance Committee to be sold for the purpose of carrying out this
12 chapter. Any amounts withdrawn shall be deposited in the 2014
13 University Capital Outlay Bond Fund consistent with this chapter.
14 Any money made available under this section shall be returned to
15 the General Fund, plus an amount equal to the interest that the
16 money would have earned in the Pooled Money Investment
17 Account, from proceeds received from the sale of bonds for the
18 purpose of carrying out this chapter.

19 (b) Any request forwarded to the Legislature and the Department
20 of Finance for funds from this bond issue for expenditure for the
21 purposes described in this chapter by the University of California,
22 the Hastings College of the Law, or the California State University
23 shall be accompanied by the five-year capital outlay plan. Requests
24 forwarded by a university or college shall include a schedule that
25 prioritizes the seismic retrofitting needed to significantly reduce,
26 in the judgment of the particular university or college, seismic
27 hazards in buildings identified as high priority by the university
28 or college.

29 101158. All money deposited in the 2014 University Capital
30 Outlay Bond Fund that is derived from premium and accrued
31 interest on bonds sold shall be reserved in the fund, and shall be
32 available for transfer to the General Fund as a credit to expenditures
33 for bond interest.

34 101159. The bonds may be refunded in accordance with Article
35 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
36 Division 4 of Title 2 of the Government Code, which is a part of
37 the State General Obligation Bond Law. Approval by the voters
38 of the state for the issuance of the bonds described in this chapter
39 includes the approval of the issuance of any bonds issued to refund

1 any bonds originally issued under this chapter or any previously
2 issued refunding bonds.

3 101160. The Legislature hereby finds and declares that,
4 inasmuch as the proceeds from the sale of bonds authorized by
5 this chapter are not “proceeds of taxes” as that term is used in
6 Article XIII B of the California Constitution, the disbursement of
7 these proceeds is not subject to the limitations imposed by that
8 article.

9 SEC. 11. The Secretary of State shall submit Section 10 of this
10 act to the voters at the November 4, 2014, statewide general
11 election.

12 SEC. 12. The provisions of this act are severable. If any
13 provision of this act or its application is held invalid, that invalidity
14 shall not affect other provisions or applications that can be given
15 effect without the invalid provision or application.

16 SEC. 13. Sections 1 to 10, inclusive, of this act shall become
17 operative only if the voters approve the Kindergarten-University
18 Public Education Facilities Bond Act of 2014, as set forth in
19 Section 10 of this act.

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

24 In order to ensure, at the earliest possible time, that the electorate
25 is provided with the opportunity to vote on the financing of
26 necessary educational facilities at the November 4, 2014, statewide
27 general election, including related statutory changes, it is necessary
28 that this act take effect immediately.