

Introduced by Senator Negrete McLeodFebruary 23, 2007

An act to add Title 2.3 (commencing with Section 3550) to Part 3 of the Penal Code, relating to correctional facilities, by providing 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.

LEGISLATIVE COUNSEL'S DIGEST

SB 818, as introduced, Negrete McLeod. Correctional facilities: Rehabilitation and Re-entry Facilities Bond Act of 2008.

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 (1) authorizes the debt for a single object or work specified in the act, (2) has been passed by a $\frac{2}{3}$ vote of all the members elected to each house of the Legislature, (3) has been submitted to the people at a statewide general or primary election, and (4) has received a majority of all the votes cast for and against it at that election.

This bill would enact the Rehabilitation and Re-entry Facilities Bond Act of 2008 which, if adopted, would authorize, for purposes of financing a specified rehabilitation and re-entry correctional facilities program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$2,000,000,000.

The bill would provide for submission of the bond act to the voters at the next statewide election in accordance with specified law.

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. Title 2.3 (commencing with Section 3550) is
2 added to Part 3 of the Penal Code, to read:

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TITLE 2.3. REHABILITATION AND RE-ENTRY
FACILITIES BOND ACT OF 2008

CHAPTER 1. GENERAL PROVISIONS

9 3550. This title shall be known and may be cited as the
10 Rehabilitation and Re-entry Facilities Bond Act of 2008.

11 3551. The Legislature finds and declares all of the following:

12 (a) There is a great need to provide opportunities for inmates
13 of the state prison system to participate in rehabilitation programs.

14 (b) Rehabilitation facilities should include, but not be limited
15 to, substance abuse treatment space and academic and vocational
16 classrooms.

17 (c) Facilities are needed to assist inmates in re-entry into the
18 community and to provide facilities where rehabilitation will be
19 available to inmates incarcerated for no more than six months for
20 revocation of parole.

21 3552. As used in this title, the following terms have the
22 following meanings:

23 (a) "Committee" means the 2008 Rehabilitation and Re-entry
24 Facility Committee created pursuant to Section 3558.

25 (b) "Fund" means the fund created pursuant to Section 3553.

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CHAPTER 2. PROGRAM PROVISIONS

29 3553. The proceeds of bonds issued and sold pursuant to this
30 title shall be deposited in the 2008 Rehabilitation and Re-entry
31 Facilities Fund, which is hereby created.

32 3554. Moneys in the fund, up to a limit of one billion dollars
33 (\$1,000,000,000) may be available to construct facilities designed
34 to provide opportunities for inmates of the state prison system to
35 participate in rehabilitation programs. The facilities may include,
36 but not be limited to, substance abuse treatment space, and
37 academic and vocational classrooms. No more than 5 percent of
38 the limit may be spent on directly related administrative space.

1 3555. Moneys in the fund, up to a limit of one billion dollars
2 (\$1,000,000,000) may be available to construct facilities designed
3 to assist inmates in reentering the community, or to incarcerate
4 them for periods not exceeding six months as a result of parole
5 revocation. Any inmate housed in the facilities as a result of a
6 parole revocation shall be provided with rehabilitative services.
7 All facilities constructed pursuant to this section shall be located
8 in or near communities where there are a sufficient number of
9 parolees to justify the capacity of the facility.

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11 CHAPTER 3. FISCAL PROVISIONS
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13 3556. Bonds in the total amount of two billion dollars
14 (\$2,000,000,000), or so much thereof as is necessary, not including
15 the amount of any refunding bonds, or so much thereof as is
16 necessary, may be issued and sold to provide a fund to be used for
17 carrying out the purposes expressed in this chapter and to reimburse
18 the General Obligation Bond Expense Revolving Fund pursuant
19 to Section 16724.5 of the Government Code. The bonds, when
20 sold, shall be and constitute a valid and binding obligation of the
21 State of California, and the full faith and credit of the State of
22 California is hereby pledged for the punctual payment of both
23 principal of, and interest on, the bonds as the principal and interest
24 become due and payable.

25 3557. The bonds authorized by this chapter shall be prepared,
26 executed, issued, sold, paid, and redeemed as provided in the State
27 General Obligation Bond Law (Chapter 4 (commencing with
28 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
29 Code), and all of the provisions of that law, excepting the
30 provisions of Section 16727 of the Government Code in regard to
31 the use of funds for rehabilitation services and programs pursuant
32 to Sections 3554 and 3555, apply to the bonds and to this chapter
33 and are hereby incorporated in this chapter as though set forth in
34 full in this chapter.

35 3558. (a) Solely for the purpose of authorizing the issuance
36 and sale pursuant to the State General Obligation Bond Law of
37 the bonds authorized by this chapter, the 2008 Rehabilitation and
38 Re-entry Facilities Fund Finance Committee is hereby created.
39 For purposes of this chapter, the Rehabilitation and Re-entry
40 Facilities Fund Finance Committee is “the committee” as that term

1 is used in the State General Obligation Bond Law. The committee
2 consists of the Treasurer, Controller, and Director of Finance, or
3 their designated representatives. The Treasurer shall serve as
4 chairperson of the committee. A majority of the committee may
5 act for the committee.

6 (b) For purposes of the State General Obligation Bond Law, the
7 Department of Corrections and Rehabilitation is designated the
8 “board.”

9 3559. The committee shall determine whether or not it is
10 necessary or desirable to issue bonds authorized pursuant to this
11 chapter in order to carry out the actions specified in Sections 3554
12 and 3555 and, if so, the amount of bonds to be issued and sold.
13 Successive issues of bonds may be authorized and sold to carry
14 out those actions progressively, and it is not necessary that all of
15 the bonds authorized to be issued be sold at any one time.

16 3560. There shall be collected each year and in the same
17 manner and at the same time as other state revenue is collected,
18 in addition to the ordinary revenues of the state, a sum in an amount
19 required to pay the principal of, and interest on, the bonds each
20 year. It is the duty of all officers charged by law with any duty in
21 regard to the collection of the revenue to do and perform each and
22 every act that is necessary to collect that additional sum.

23 3561. Notwithstanding Section 13340 of the Government Code,
24 there is hereby appropriated from the General Fund in the State
25 Treasury, for the purposes of this chapter, an amount that will
26 equal the total of the following:

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

30 (b) The sum necessary to carry out Sections 3554 and 3555,
31 appropriated without regard to fiscal years.

32 3562. For the purposes of carrying out this chapter, the Director
33 of Finance may authorize the withdrawal from the General Fund
34 of an amount not to exceed the amount of the unsold bonds that
35 have been authorized by the committee to be sold for the purpose
36 of carrying out this chapter. Any amounts withdrawn shall be
37 deposited in the fund. Any money made available under this section
38 shall be returned to the General Fund from proceeds received from
39 the sale of bonds for the purpose of carrying out this chapter.

1 3563. All money deposited in the fund that is derived from
2 premium and accrued interest on bonds sold shall be reserved in
3 the fund and shall be available for transfer to the General Fund as
4 a credit to expenditures for bond interest.

5 3564. Pursuant to Chapter 4 (commencing with Section 16720)
6 of Part 3 of Division 4 of Title 2 of the Government Code, the cost
7 of bond issuance shall be paid out of the bond proceeds. These
8 costs shall be shared proportionally by each program funded
9 through this bond act.

10 3565. The Secretary of the Department of Corrections and
11 Rehabilitation may request the Pooled Money Investment Board
12 to make a loan from the Pooled Money Investment Account,
13 including other authorized forms of interim financing that include,
14 but are not limited to, commercial paper, in accordance with
15 Section 16312 of the Government Code, for purposes of carrying
16 out this chapter. The amount of the request shall not exceed the
17 amount of the unsold bonds that the committee, by resolution, has
18 authorized to be sold for the purpose of carrying out this chapter.
19 The secretary shall execute any documents required by the Pooled
20 Money Investment Board to obtain and repay the loan. Any
21 amounts loaned shall be deposited in the fund to be allocated by
22 the board in accordance with this chapter.

23 3566. The bonds may be refunded in accordance with Article
24 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
25 Division 4 of Title 2 of the Government Code, which is a part of
26 the State General Obligation Bond Law. Approval by the voters
27 of the state for the issuance of the bonds described in this chapter
28 includes the approval of the issuance of any bonds issued to refund
29 any bonds originally issued under this chapter or any previously
30 issued refunding bonds.

31 3567. Notwithstanding any other provision of this chapter, or
32 of the State General Obligation Bond Law, if the Treasurer sells
33 bonds pursuant to this chapter that include a bond counsel opinion
34 to the effect that the interest on the bonds is excluded from gross
35 income for federal tax purposes, subject to designated conditions,
36 the Treasurer may maintain separate accounts for the investment
37 of bond proceeds and for the investment of earnings on those
38 proceeds. The Treasurer may use or direct the use of those proceeds
39 or earnings to pay any rebate, penalty, or other payment required
40 under federal law or take any other action with respect to the

1 investment and use of those bond proceeds required or desirable
2 under federal law to maintain the tax exempt status of those bonds
3 and to obtain any other advantage under federal law on behalf of
4 the funds of this state.

5 3568. The Legislature hereby finds and declares that, inasmuch
6 as the proceeds from the sale of bonds authorized by this chapter
7 are not “proceeds of taxes” as that term is used in Article XIII B
8 of the California Constitution, the disbursement of these proceeds
9 is not subject to the limitations imposed by that article.

10 SEC. 2. Section 1 of this act shall take effect upon the approval
11 by the voters of the Rehabilitation and Re-entry Facilities Bond
12 Act of 2008, as set forth in Section 1 of this act.

13 SEC. 3. Section 1 of this act shall be submitted to the voters
14 at the next statewide election in accordance with provisions of the
15 Government Code and the Elections Code governing the
16 submission of a statewide measure to the voters.

17 SEC. 4. (a) Notwithstanding any other provision of law, all
18 ballots of the election shall have printed thereon and in a square
19 thereof, the words: “Rehabilitation and Re-entry Facilities Bond
20 Act of 2008,” and in the same square under those words, the
21 following in 8-point type: “This act provides for a bond issue of
22 two billion dollars (\$2,000,000,000) to provide funds for a
23 rehabilitation and re-entry correctional facilities program.”
24 Opposite the square, there shall be left spaces in which the voters
25 may place a cross in the manner required by law to indicate whether
26 they vote for or against the act.

27 (b) Where the voting in the election is done by means of voting
28 machines used pursuant to law in a manner that carries out the
29 intent of this section, the use of the voting machines and the
30 expression of the voters’ choice by means thereof are in compliance
31 with this section.