

**Introduced by Senator La Malfa
(Principal coauthor: Senator Dutton)**

(Principal coauthors: Assembly Members Grove, Harkey, and Nielsen)
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Wagner)

January 30, 2012

An act to add Sections 2704.045 and 2704.096 to the Streets and Highways Code, relating to transportation bonds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 985, as introduced, La Malfa. Transportation bonds.

Article XVI of the California Constitution requires a general obligation bond act to specify the single object or work to be funded by the bonds, and further requires a bond act to be approved by a $\frac{2}{3}$ vote of each house of the Legislature and by a majority of the voters. Article XVI authorizes the Legislature, at any time after the approval of a general obligation bond act by the voters, to reduce the amount of the indebtedness authorized by the act to an amount not less than the amount contracted at the time of the reduction or to repeal the act if no debt has been contracted. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, statewide general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related rail purposes. Existing law creates the

High-Speed Rail Authority with specified powers and duties related to the development and implementation of a high-speed train system.

This bill would provide that no further bonds shall be sold for high-speed rail and related rail purposes pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century. The bill would amend the bond act to authorize redirection of the net proceeds received from outstanding bonds issued and sold prior to the effective date of this act, upon appropriation by the Legislature, from those high-speed rail purposes to retiring the debt incurred from the issuance and sale of those outstanding bonds.

This bill would provide that, pursuant to Article XVI of the California Constitution, these provisions shall become effective only upon approval by the voters at the next statewide general election.

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

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. Section 2704.045 is added to the Streets and
- 2 Highways Code, to read:
- 3 2704.045. Notwithstanding Section 2704.04, it is the intent of
- 4 the Legislature and the people of California that no further bonds
- 5 shall be issued and sold for purposes of Sections 2704.06 and
- 6 2704.095.
- 7 SEC. 2. Section 2704.096 is added to the Streets and Highways
- 8 Code, to read:
- 9 2704.096. (a) Notwithstanding any other provision of this
- 10 chapter, no further bonds shall be issued and sold for purposes of
- 11 Sections 2704.06 and 2704.095 on and after the effective date of
- 12 the act adding this section.
- 13 (b) Notwithstanding any other provision of this chapter, the net
- 14 proceeds received from outstanding bonds issued and sold pursuant
- 15 to Sections 2704.06 and 2704.095 prior to the effective date of the
- 16 act adding this section may, upon appropriation by the Legislature,
- 17 be redirected from those high-speed rail purposes for use in retiring
- 18 the debt incurred from the issuance and sale of those outstanding
- 19 bonds.

1 SEC. 3. Sections 1 and 2 of this act would modify the single
2 object or work of a general obligation bond act previously
3 submitted to the voters by the Legislature pursuant to Section 1 of
4 Article XVI of the California Constitution, and subsequently
5 approved by the voters as Proposition 1A at the November 4, 2008,
6 statewide general election. Accordingly, Sections 1 and 2 of this
7 act shall become effective only upon approval by the voters. The
8 Secretary of State shall submit Sections 1 and 2 of this act to the
9 voters on the ballot of the next statewide general election.

10 SEC. 4. This act is an urgency statute necessary for the
11 immediate preservation of the public peace, health, or safety within
12 the meaning of Article IV of the Constitution and shall go into
13 immediate effect. The facts constituting the necessity are:

14 In order to make necessary amendments to the Safe, Reliable
15 High-Speed Passenger Train Bond Act for the 21st Century as
16 quickly as possible to prevent any further funding of a high-speed
17 passenger train system that differs in both cost and substance from
18 the project approved by voters in 2008, it is necessary that this act
19 take effect immediately.