

Introduced by Senator GalgianiFebruary 21, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a surface water storage program, 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, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1370, as introduced, Galgiani. Reliable Water Supply Bond Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply programs.

This bill would enact the Reliable Water Supply Bond Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$5,100,000,000 pursuant to the State General Obligation Bond Law to finance surface water storage projects.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

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

Vote: 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. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. RELIABLE WATER SUPPLY BOND ACT
8 OF 2014
9

10 CHAPTER 1. SHORT TITLE
11

12 79700. This division shall be known and may be cited as the
13 Reliable Water Supply Bond Act of 2014.
14

15 CHAPTER 2. FINDINGS
16

17 79701. The Legislature finds and declares all of the following:

18 (a) The snowpack’s statewide water content is at about 20
19 percent of average for this time of year, which is a mere 7 percent
20 of the average April 1 measurement when the snowpack normally
21 is at its peak before melting into streams and reservoirs to provide
22 one-third of the water used by California’s cities and farms.

23 (b) 2013 had the lowest rainfall amounts on record in many
24 areas.

25 (c) The Department of Water Resources estimates it will be able
26 to deliver only 5 percent of the slightly more than 4 million
27 acre-feet of State Water Project water requested for the calendar
28 year 2014 by the 29 public agencies that collectively supply water
29 to more than 25 million Californians and nearly a million acres of
30 irrigated farmland.

31 (d) The irrigation-dependent San Joaquin Valley farms and
32 some other areas will be hard hit if we have another dry year
33 without the reservoir storage.

1 (e) Many farmers are feeling the effects of the drought, and are
2 forced to irrigate orchards during a time of year that water is not
3 usually required.

4
5 CHAPTER 3. RELIABLE WATER SUPPLY BOND FUND OF 2014

6
7 79702. The proceeds of bonds issued and sold pursuant to this
8 division shall be deposited in the Reliable Water Supply Bond
9 Fund of 2014, which is hereby created in the State Treasury.

10
11 CHAPTER 4. SURFACE WATER STORAGE PROJECTS

12
13 79703. (a) For the purposes of this chapter, “account” means
14 the Water Storage Development Account created by subdivision
15 (b).

16 (b) The Water Storage Development Account is hereby created
17 in the fund.

18 (c) The sum of five billion one hundred million dollars
19 (\$5,100,000,000) is hereby transferred from the fund to the account.
20 Notwithstanding Section 13340 of the Government Code, the funds
21 in the account are hereby continuously appropriated to the
22 Department of Water Resources, without regard to fiscal years,
23 for the design, acquisition, and construction of surface water
24 storage projects. The following surface water storage projects
25 identified by the department in the CALFED Bay-Delta
26 Programmatic Record of Decision, dated August 28, 2000, are
27 eligible for funding pursuant to this chapter:

28 (1) Sites Reservoir located in the Counties of Colusa and Glenn,
29 as identified in the North-of-the-Delta Offstream Storage
30 Investigation Initial Alternatives Information Report, dated May
31 2006.

32 (2) Temperance Flat Reservoir located in the Counties of Fresno
33 and Madera, as identified in the Upper San Joaquin River Basin
34 Storage Investigation Initial Alternatives Information Report, dated
35 June 2005.

36 (3) Expansion of Los Vaqueros Reservoir located in the County
37 of Contra Costa, as identified in the Los Vaqueros Expansion
38 Investigation Initial Alternatives Information Report, dated
39 September 2005.

CHAPTER 5. FISCAL PROVISIONS

1
 2
 3 79720. (a) Bonds in the total amount of five billion one
 4 hundred million dollars (\$5,100,000,000), or so much thereof as
 5 is necessary, not including the amount of any refunding bonds
 6 issued in accordance with Section 79730 may be issued and sold
 7 to provide a fund to be used for carrying out the purposes expressed
 8 in this division and to reimburse the General Obligation Bond
 9 Expense Revolving Fund pursuant to Section 16724.5 of the
 10 Government Code. The bonds, when sold, shall be and constitute
 11 a valid and binding obligation of the State of California, and the
 12 full faith and credit of the State of California is hereby pledged
 13 for the punctual payment of both principal of, and interest on, the
 14 bonds as the principal and interest become due and payable.

15 (b) The Treasurer shall sell the bonds authorized by the
 16 committee pursuant to this section. The bonds shall be sold upon
 17 the terms and conditions specified in a resolution to be adopted
 18 by the committee pursuant to Section 16731 of the Government
 19 Code.

20 79721. The bonds authorized by this division shall be prepared,
 21 executed, issued, sold, paid, and redeemed as provided in the State
 22 General Obligation Bond Law (Chapter 4 (commencing with
 23 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
 24 Code), and all of the provisions of that law apply to the bonds and
 25 to this division and are hereby incorporated in this division as
 26 though set forth in full in this division, except subdivisions (a) and
 27 (b) of Section 16727 of the Government Code.

28 79722. (a) Solely for the purpose of authorizing the issuance
 29 and sale pursuant to the State General Obligation Bond Law
 30 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
 31 4 of Title 2 of the Government Code) of the bonds authorized by
 32 this division, the Water Supply Reliability Finance Committee is
 33 hereby created. For purposes of this division, the Water Supply
 34 Reliability Finance Committee is “the committee” as that term is
 35 used in the State General Obligation Bond Law. The committee
 36 consists of the Director of Finance, the Treasurer, the Controller,
 37 the Director of Water Resources, and the Secretary of the Natural
 38 Resources Agency, or their designated representatives. The
 39 Treasurer shall serve as chairperson of the committee. A majority
 40 of the committee may act for the committee.

1 (b) For purposes of the State General Obligation Bond Law, the
2 Department of Water Resources is designated the “board.”

3 79723. The committee shall determine whether or not it is
4 necessary or desirable to issue bonds authorized pursuant to this
5 division in order to carry out the actions specified in this division
6 and, if so, the amount of bonds to be issued and sold. Successive
7 issues of bonds may be authorized and sold to carry out those
8 actions progressively, and it is not necessary that all of the bonds
9 authorized to be issued be sold at any one time.

10 79724. There shall be collected each year and in the same
11 manner and at the same time as other state revenue is collected,
12 in addition to the ordinary revenues of the state, a sum in an amount
13 required to pay the principal of, and interest on, the bonds each
14 year. It is the duty of all officers charged by law with any duty in
15 regard to the collection of the revenue to do and perform each and
16 every act that is necessary to collect that additional sum.

17 79725. Notwithstanding Section 13340 of the Government
18 Code, there is hereby appropriated from the General Fund in the
19 State Treasury, for the purposes of this division, an amount that
20 will equal the total of the following:

21 (a) The sum annually necessary to pay the principal of, and
22 interest on, bonds issued and sold pursuant to this division, as the
23 principal and interest become due and payable.

24 (b) The sum necessary to carry out Section 79726, appropriated
25 without regard to fiscal years.

26 79726. For the purposes of carrying out this division, the
27 Director of Finance may authorize the withdrawal from the General
28 Fund of an amount not to exceed the amount of the unsold bonds
29 that have been authorized by the committee to be sold for the
30 purpose of carrying out this division less any amount borrowed
31 pursuant to Section 79729. Any amounts withdrawn shall be
32 deposited in the fund. Any money made available under this section
33 shall be returned to the General Fund from proceeds received from
34 the sale of bonds for the purpose of carrying out this division.

35 79727. All money deposited in the fund that is derived from
36 premium and accrued interest on bonds sold shall be reserved in
37 the fund and shall be available for transfer to the General Fund as
38 a credit to expenditures for bond interest, except that amounts
39 derived from premium may be reserved and used to pay the cost
40 of bond issuance prior to any transfer to the General Fund.

1 79728. Pursuant to Chapter 4 (commencing with Section
2 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
3 the cost of bond issuance shall be paid out of the bond proceeds,
4 including premium, if any. To the extent the cost of bond issuance
5 is not paid from premiums received from the sale of bonds, the
6 cost shall be shared proportionally by each program funded through
7 this division by the applicable bond sale.

8 79729. The board may request the Pooled Money Investment
9 Board to make a loan from the Pooled Money Investment Account,
10 in accordance with Section 16312 of the Government Code for the
11 purpose of carrying out this division less any amount withdrawn
12 pursuant to Section 79726. The amount of the request shall not
13 exceed the amount of the unsold bonds that the committee, by
14 resolution, has authorized to be sold for the purpose of carrying
15 out this division. The board shall execute any documents required
16 by the Pooled Money Investment Board to obtain and repay the
17 loan. Any amounts loaned shall be deposited in the fund to be
18 allocated in accordance with this division.

19 79730. The bonds issued and sold pursuant to this division
20 may be refunded in accordance with Article 6 (commencing with
21 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
22 the Government Code, which is a part of the State General
23 Obligation Bond Law. Approval by the voters of the state for the
24 issuance of the bonds under this division shall include the approval
25 of the issuance of any bonds issued to refund any bonds originally
26 issued under this division or any previously issued refunding bonds.

27 79731. Notwithstanding any other provision of this division,
28 or of the State General Obligation Bond Law, if the Treasurer sells
29 bonds pursuant to this division that include a bond counsel opinion
30 to the effect that the interest on the bonds is excluded from gross
31 income for federal tax purposes, under designated conditions or
32 is otherwise entitled to any federal tax advantage, the Treasurer
33 may maintain separate accounts for the investment of bond
34 proceeds and for the investment of earnings on those proceeds.
35 The Treasurer may use or direct the use of those proceeds or
36 earnings to pay any rebate, penalty, or other payment required
37 under federal law or take any other action with respect to the
38 investment and use of those bond proceeds required or desirable
39 under federal law to maintain the tax exempt status of those bonds

1 and to obtain any other advantage under federal law on behalf of
2 the funds of this state.

3 79732. The proceeds from the sale of bonds authorized by this
4 division are not “proceeds of taxes” as that term is used in Article
5 XIII B of the California Constitution, and the disbursement of
6 these proceeds is not subject to the limitations imposed by that
7 article.

8 SEC. 3. Section 2 of Chapter 3 of the Statutes of 2009, Seventh
9 Extraordinary Session, as amended by Section 1 of Chapter 74 of
10 the Statutes of 2012, is repealed.

11 ~~Sec. 2. Section 1 of this act shall be submitted to the voters at~~
12 ~~the November 4, 2014, statewide general election, instead of the~~
13 ~~November 6, 2012, statewide general election, in accordance with~~
14 ~~provisions of the Government Code and the Elections Code~~
15 ~~governing the submission of a statewide measure to the voters.~~

16 SEC. 4. Section 2 of this act shall be submitted to the voters
17 at the November 4, 2014, statewide general election in accordance
18 with provisions of the Government Code and the Elections Code
19 governing the submission of a statewide measure to the voters.

20 SEC. 5. Section 2 of this act shall take effect upon the approval
21 by the voters of the Reliable Water Supply Bond Act of 2014, as
22 set forth in that section at the November 4, 2014, statewide general
23 election.

24 SEC. 6. This act is an urgency statute necessary for the
25 immediate preservation of the public peace, health, or safety within
26 the meaning of Article IV of the Constitution and shall go into
27 immediate effect. The facts constituting the necessity are:

28 In order to fund a surface water storage program at the earliest
29 possible date, it is necessary that this act take effect immediately.