

ASSEMBLY BILL

No. 64

Introduced by Assembly Member Murray

December 4, 1996

An act to add Part 68 (commencing with Section 100400) to, and to add Part 69 (commencing with Section 100600) to, the Education Code, relating to school facilities, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 64, as introduced, Murray. Bonds: educational facilities.

The Leroy F. Greene State Building Lease-Purchase Law of 1976 (hereafter the Greene Act) provides for the acquisition and construction of facilities by the state and the lease-purchase of those facilities by school districts.

The Public Education Facilities Bond Act of 1996 provides for the issuance, pursuant to the State General Obligation Bond Law, of bonds in amounts not to exceed \$3,000,000,000, exclusive of refunding bonds, issued pursuant to that act, and the expenditure of \$2,025,000,000, of the proceeds therefrom to provide aid to school districts, county superintendents of schools, and county boards of education, as specified, in accordance with the Greene Act and related school facilities programs, as specified.

This bill would enact the 1998 Class Size Reduction Bond Act, and the 2000 Class Size Reduction Bond Act, each of

which, upon approval by the state electorate, would provide for the issuance of state general obligation bonds in an amount not to exceed \$1,000,000,000, exclusive of refunding bonds, issued pursuant to that act, and the expenditure of \$1,000,000,000, of revenues therefrom to provide aid to school districts in accordance with the Greene Act.

This bill would provide that the 1998 Class Size Reduction Bond Act be submitted to the voters at the June 2, 1998, primary election, in accordance with specified law.

This bill would provide that the 2000 Class Size Reduction Bond Act be submitted to the voters at the June 6, 2000, primary election in accordance with specified law.

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. Part 68 (commencing with Section
2 100400) is added to the Education Code, to read:

3

4 PART 68. PUBLIC EDUCATION BONDS

5

6 CHAPTER 1. 1998 CLASS SIZE REDUCTION BOND ACT

7

8 Article 1. General Provisions

9

10 100400. This chapter shall be known and may be cited
11 as the 1998 Class Size Reduction Bond Act.

12

13 Article 2. School Facilities Program Provisions

14

15 100410. One billion dollars (\$1,000,000,000) of the
16 proceeds of bonds issued and sold pursuant to this chapter
17 shall be deposited in the State School Building
18 Lease-Purchase Fund and allocated by the State
19 Allocation Board pursuant to this chapter.

20 100415. All moneys deposited in the State School
21 Building Lease-Purchase Fund pursuant to this chapter
22 shall be available and, notwithstanding Section 17708, are
23 hereby appropriated, to provide aid to school districts of



1 the state in accordance with the Leroy F. Greene State
2 School Building Lease-Purchase Law of 1976 (Chapter 22
3 (commencing with Section 17700) of Part 10), and of all
4 acts amendatory thereof and supplementary thereto, to
5 provide funds to repay any money advanced or loaned to
6 the State School Building Lease-Purchase Fund under
7 any act of the Legislature, together with interest
8 provided for in that act, and to reimburse the General
9 Obligation Bond Expense Revolving Fund pursuant to
10 Section 16724.5 of the Government Code.

11

12 Article 3. Fiscal Provisions

13

14 100500. Bonds in the total amount of one billion
15 dollars (\$1,000,000,000), not including the amount of any
16 refunding bonds issued in accordance with Section
17 100555, or so much thereof as is necessary, may be issued
18 and sold to provide a fund to be used for carrying out the
19 purposes expressed in this chapter and to reimburse the
20 General Obligation Bond Expense Revolving Fund
21 pursuant to Section 16724.5 of the Government Code. The
22 bonds, when sold, shall be and constitute a valid and
23 binding obligation of the State of California, and the full
24 faith and credit of the State of California is hereby
25 pledged for the punctual payment of the principal of, and
26 interest on, the bonds as the principal and interest
27 become due and payable.

28 100505. The State School Building Finance
29 Committee, created by Section 15909 and composed of
30 the Governor, Controller, Treasurer, Director of
31 Finance, and the Superintendent of Public Instruction, or
32 their designated representatives, all of whom shall serve
33 thereon without compensation, and a majority of whom
34 shall constitute a quorum, is continued in existence for
35 the purpose of this chapter. The Treasurer shall be
36 designated to chair the committee. Two Members of the
37 Senate appointed by the Senate Committee on Rules, and
38 two Members of the Assembly appointed by the Speaker
39 of the Assembly, shall meet with and provide advice to
40 the committee to the extent that the advisory



1 participation is not incompatible with their respective
 2 positions as Members of the Legislature. For the purposes
 3 of this chapter, the Members of the Legislature shall
 4 constitute an interim investigating committee on the
 5 subject of this chapter and, as that committee, shall have
 6 the powers and duties imposed upon those committees by
 7 the Joint Rules of the Senate and the Assembly. The
 8 Director of Finance shall provide the assistance to the
 9 committee as it may require. The Attorney General of the
 10 state shall be the legal adviser of the committee.

11 100510. (a) The bonds authorized by this chapter
 12 shall be prepared, executed, issued, sold, paid, and
 13 redeemed as provided in the State General Obligation
 14 Bond Law (Chapter 4 (commencing with Section 16720)
 15 of Part 3 of Division 4 of Title 2 of the Government Code),
 16 and all of the provisions of that law, except Section 16727
 17 of the Government Code, apply to the bonds and to this
 18 chapter and are hereby incorporated in this chapter as
 19 though set forth in full in this chapter.

20 (b) For purposes of the State General Obligation Bond
 21 Law, the State Allocation Board is designated the “board”
 22 for purposes of administering the State School Building
 23 Lease-Purchase Fund.

24 100520. Upon request of the State Allocation Board
 25 from time to time, supported by a statement of the
 26 apportionments made and to be made for the purposes
 27 described in Section 100415, the State School Building
 28 Finance Committee created pursuant to Section 15909
 29 shall determine whether or not it is necessary or desirable
 30 to issue bonds authorized pursuant to this chapter in
 31 order to fund the apportionments and, if so, the amount
 32 of bonds to be issued and sold. Successive issues of bonds
 33 may be authorized and sold to fund those apportionments
 34 progressively, and it is not necessary that all of the bonds
 35 authorized to be issued be sold at any one time.

36 100525. There shall be collected each year and in the
 37 same manner and at the same time as other state revenue
 38 is collected, in addition to the ordinary revenues of the
 39 state, a sum in an amount required to pay the principal
 40 of, and interest on, the bonds each year. It is the duty of



1 all officers charged by law with any duty in regard to the
2 collection of the revenue to do and perform each and
3 every act which is necessary to collect that additional
4 sum.

5 100530. Notwithstanding Section 13340 of the
6 Government Code, there is hereby appropriated from
7 the General Fund in the State Treasury, for the purposes
8 of this chapter, an amount that will equal the total of the
9 following:

10 (a) The sum annually necessary to pay the principal of,
11 and interest on, bonds issued and sold pursuant to this
12 chapter, as the principal and interest become due and
13 payable.

14 (b) The sum necessary to carry out Section 100545,
15 appropriated without regard to fiscal years.

16 100535. The board may request the Pooled Money
17 Investment Board to make a loan from the Pooled Money
18 Investment Account, in accordance with Section 16312 of
19 the Government Code, for the purpose of carrying out
20 this chapter. The amount of the request shall not exceed
21 the amount of the unsold bonds that the committee, by
22 resolution, has authorized to be sold for the purpose of
23 carrying out this chapter. The board shall execute any
24 documents required by the Pooled Money Investment
25 Board to obtain and repay the loan. Any amounts loaned
26 shall be deposited in the fund to be allocated by the board
27 in accordance with this chapter.

28 100540. Notwithstanding any other provision of this
29 chapter, or of the State General Obligation Bond Law, if
30 the Treasurer sells bonds pursuant to this chapter that
31 include a bond counsel opinion to the effect that the
32 interest on the bonds is excluded from gross income for
33 federal tax purposes, subject to designated conditions, the
34 Treasurer may maintain separate accounts for the
35 investment of bond proceeds and for the investment
36 earnings on those proceeds. The Treasurer may use or
37 direct the use of those proceeds or earnings to pay any
38 rebate, penalty, or other payment required under federal
39 law or take any other action with respect to the
40 investment and use of those bond proceeds required or



1 desirable under federal law to maintain the tax-exempt
2 status of those bonds and to obtain any other advantage
3 under federal law on behalf of the funds of this state.

4 100545. For the purposes of carrying out this chapter,
5 the Director of Finance may authorize the withdrawal
6 from the General Fund of an amount not to exceed the
7 amount of the unsold bonds that have been authorized by
8 the State School Building Finance Committee to be sold
9 for the purpose of carrying out this chapter. Any amounts
10 withdrawn shall be deposited in the State School Building
11 Lease-Purchase Fund. Any money made available under
12 this section shall be returned to the General Fund, plus
13 an amount equal to the interest that the money would
14 have earned in the Pooled Money Investment Account,
15 from proceeds received from the sale of bonds for the
16 purpose of carrying out this chapter.

17 100550. All money deposited in the State School
18 Building Lease-Purchase Fund that is derived from
19 premium and accrued interest on bonds sold shall be
20 reserved in the fund and shall be available for transfer to
21 the General Fund as a credit to expenditures for bond
22 interest.

23 100555. The bonds may be refunded in accordance
24 with Article 6 (commencing with Section 16780) of
25 Chapter 4 of Part 3 of Division 4 of Title 2 of the
26 Government Code, which is a part of the State General
27 Obligation Bond Law. Approval by the voters of the state
28 for the issuance of the bonds described in this chapter
29 includes the approval of the issuance of any bonds issued
30 to refund any bonds originally issued under this chapter
31 or any previously issued refunding bonds.

32 100560. The Legislature hereby finds and declares
33 that, inasmuch as the proceeds from the sale of bonds
34 authorized by this chapter are not “proceeds of taxes” as
35 that term is used in Article XIII B of the California
36 Constitution, the disbursement of these proceeds is not
37 subject to the limitations imposed by that article.

38 SEC. 2. Part 69 (commencing with Section 100600) is
39 added to the Education Code, to read:

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1 PART 69. PUBLIC EDUCATION BONDS

2
3 CHAPTER 1. 2000 CLASS SIZE REDUCTION BOND ACT

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5 Article 1. General Provisions

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7 100600. This chapter shall be known and may be cited
8 as the 2000 Class Size Reduction Bond Act.

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10 Article 2. School Facilities Program Provisions

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12 100610. One billion dollars (\$1,000,000,000) of the
13 proceeds of bonds issued and sold pursuant to this chapter
14 shall be deposited in the State School Building
15 Lease-Purchase Fund and allocated by the State
16 Allocation Board pursuant to this chapter.

17 100615. All moneys deposited in the State School
18 Building Lease-Purchase Fund pursuant to this chapter
19 shall be available and, notwithstanding Section 17708, are
20 hereby appropriated, to provide aid to school districts of
21 the state in accordance with the Leroy F. Greene State
22 School Building Lease-Purchase Law of 1976 (Chapter 22
23 (commencing with Section 17700) of Part 10), and of all
24 acts amendatory thereof and supplementary thereto, to
25 provide funds to repay any money advanced or loaned to
26 the State School Building Lease-Purchase Fund under
27 any act of the Legislature, together with interest
28 provided for in that act, and to reimburse the General
29 Obligation Bond Expense Revolving Fund pursuant to
30 Section 16724.5 of the Government Code.

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32 Article 3. Fiscal Provisions

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34 100700. Bonds in the total amount of one billion
35 dollars (\$1,000,000,000), not including the amount of any
36 refunding bonds issued in accordance with Section
37 100755, or so much thereof as is necessary, may be issued
38 and sold to provide a fund to be used for carrying out the
39 purposes expressed in this chapter and to reimburse the
40 General Obligation Bond Expense Revolving Fund

1 pursuant to Section 16724.5 of the Government Code. The
 2 bonds, when sold, shall be and constitute a valid and
 3 binding obligation of the State of California, and the full
 4 faith and credit of the State of California is hereby
 5 pledged for the punctual payment of the principal of, and
 6 interest on, the bonds as the principal and interest
 7 become due and payable.

8 100705. The State School Building Finance
 9 Committee, created by Section 15909 and composed of
 10 the Governor, Controller, Treasurer, Director of
 11 Finance, and the Superintendent of Public Instruction, or
 12 their designated representatives, all of whom shall serve
 13 thereon without compensation, and a majority of whom
 14 shall constitute a quorum, is continued in existence for
 15 the purpose of this chapter. The Treasurer shall be
 16 designated to chair the committee. Two Members of the
 17 Senate appointed by the Senate Committee on Rules, and
 18 two Members of the Assembly appointed by the Speaker
 19 of the Assembly, shall meet with and provide advice to
 20 the committee to the extent that the advisory
 21 participation is not incompatible with their respective
 22 positions as Members of the Legislature. For the purposes
 23 of this chapter, the Members of the Legislature shall
 24 constitute an interim investigating committee on the
 25 subject of this chapter and, as that committee, shall have
 26 the powers and duties imposed upon those committees by
 27 the Joint Rules of the Senate and the Assembly. The
 28 Director of Finance shall provide the assistance to the
 29 committee as it may require. The Attorney General of the
 30 state shall be the legal adviser of the committee.

31 100710. (a) The bonds authorized by this chapter
 32 shall be prepared, executed, issued, sold, paid, and
 33 redeemed as provided in the State General Obligation
 34 Bond Law (Chapter 4 (commencing with Section 16720)
 35 of Part 3 of Division 4 of Title 2 of the Government Code),
 36 and all of the provisions of that law, except Section 16727
 37 of the Government Code, apply to the bonds and to this
 38 chapter and are hereby incorporated in this chapter as
 39 though set forth in full in this chapter.



1 (b) For purposes of the State General Obligation Bond
2 Law, the State Allocation Board is designated the “board”
3 for purposes of administering the State School Building
4 Lease-Purchase Fund.

5 100720. Upon request of the State Allocation Board
6 from time to time, supported by a statement of the
7 apportionments made and to be made for the purposes
8 described in Section 100615, the State School Building
9 Finance Committee created pursuant to Section 15909
10 shall determine whether or not it is necessary or desirable
11 to issue bonds authorized pursuant to this chapter in
12 order to fund the apportionments and, if so, the amount
13 of bonds to be issued and sold. Successive issues of bonds
14 may be authorized and sold to fund those apportionments
15 progressively, and it is not necessary that all of the bonds
16 authorized to be issued be sold at any one time.

17 100725. There shall be collected each year and in the
18 same manner and at the same time as other state revenue
19 is collected, in addition to the ordinary revenues of the
20 state, a sum in an amount required to pay the principal
21 of, and interest on, the bonds each year. It is the duty of
22 all officers charged by law with any duty in regard to the
23 collection of the revenue to do and perform each and
24 every act which is necessary to collect that additional
25 sum.

26 100730. Notwithstanding Section 13340 of the
27 Government Code, there is hereby appropriated from
28 the General Fund in the State Treasury, for the purposes
29 of this chapter, an amount that will equal the total of the
30 following:

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

35 (b) The sum necessary to carry out Section 100745,
36 appropriated without regard to fiscal years.

37 100735. The board may request the Pooled Money
38 Investment Board to make a loan from the Pooled Money
39 Investment Account, in accordance with Section 16312 of
40 the Government Code, for the purpose of carrying out



1 this chapter. The amount of the request shall not exceed
 2 the amount of the unsold bonds that the committee, by
 3 resolution, has authorized to be sold for the purpose of
 4 carrying out this chapter. The board shall execute any
 5 documents required by the Pooled Money Investment
 6 Board to obtain and repay the loan. Any amounts loaned
 7 shall be deposited in the fund to be allocated by the board
 8 in accordance with this chapter.

9 100740. Notwithstanding any other provision of this
 10 chapter, or of the State General Obligation Bond Law, if
 11 the Treasurer sells bonds pursuant to this chapter that
 12 include a bond counsel opinion to the effect that the
 13 interest on the bonds is excluded from gross income for
 14 federal tax purposes, subject to designated conditions, the
 15 Treasurer may maintain separate accounts for the
 16 investment of bond proceeds and for the investment
 17 earnings on those proceeds. The Treasurer may use or
 18 direct the use of those proceeds or earnings to pay any
 19 rebate, penalty, or other payment required under federal
 20 law or take any other action with respect to the
 21 investment and use of those bond proceeds required or
 22 desirable under federal law to maintain the tax-exempt
 23 status of those bonds and to obtain any other advantage
 24 under federal law on behalf of the funds of this state.

25 100745. For the purposes of carrying out this chapter,
 26 the Director of Finance may authorize the withdrawal
 27 from the General Fund of an amount not to exceed the
 28 amount of the unsold bonds that have been authorized by
 29 the State School Building Finance Committee to be sold
 30 for the purpose of carrying out this chapter. Any amounts
 31 withdrawn shall be deposited in the State School Building
 32 Lease-Purchase Fund. Any money made available under
 33 this section shall be returned to the General Fund, plus
 34 an amount equal to the interest that the money would
 35 have earned in the Pooled Money Investment Account,
 36 from proceeds received from the sale of bonds for the
 37 purpose of carrying out this chapter.

38 100750. All money deposited in the State School
 39 Building Lease-Purchase Fund that is derived from
 40 premium and accrued interest on bonds sold shall be



1 reserved in the fund and shall be available for transfer to
2 the General Fund as a credit to expenditures for bond
3 interest.

4 100755. The bonds may be refunded in accordance
5 with Article 6 (commencing with Section 16780) of
6 Chapter 4 of Part 3 of Division 4 of Title 2 of the
7 Government Code, which is a part of the State General
8 Obligation Bond Law. Approval by the voters of the state
9 for the issuance of the bonds described in this chapter
10 includes the approval of the issuance of any bonds issued
11 to refund any bonds originally issued under this chapter
12 or any previously issued refunding bonds.

13 100760. The Legislature hereby finds and declares
14 that, inasmuch as the proceeds from the sale of bonds
15 authorized by this chapter are not “proceeds of taxes” as
16 that term is used in Article XIII B of the California
17 Constitution, the disbursement of these proceeds is not
18 subject to the limitations imposed by that article.

19 SEC. 3. (a) Section 1 of this act shall become
20 effective upon the approval by the voters, at the June 2,
21 1998, primary election, of the 1998 Class Size Reduction
22 Bond Act, as set forth in Section 1 of this act.

23 (b) Section 1 of this act shall be submitted to the voters
24 at the June 2, 1998, primary election, in accordance with
25 the provisions of the Government Code and the Elections
26 Code governing the submission of statewide measures to
27 the voters.

28 (c) Section 2 of this act shall become effective upon
29 the approval by the voters, at the June 6, 2000, primary
30 election, of the 2000 Class Size Reduction Bond Act, as set
31 forth in Section 2 of this act.

32 (d) Section 2 of this act shall be submitted to the voters
33 at the June 6, 2000, primary election, in accordance with
34 the provisions of the Government Code and the Elections
35 Code governing the submission of statewide measures to
36 the voters.

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