

AMENDED IN SENATE APRIL 9, 2014

AMENDED IN SENATE MARCH 26, 2014

SENATE BILL

No. 1455

Introduced by Senator DeSaulnier

February 21, 2014

An act to add Chapter 12.5 (commencing with Section 20020) to Part 11 of Division 1 of Title 1 of the Education Code, relating to financing a public library construction and renovation program by providing the funds necessary therefor through an election for 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

SB 1455, as amended, DeSaulnier. California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of ~~2014~~, 2016.

Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General Obligation Bond Law, in the amount of \$72,405,000 in the 1988 bond act and in the amount of \$350,000,000 in the 2000 bond act, for the purpose of financing library construction and renovation.

This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of ~~2014~~, 2016, for submission to the voters at the ~~2014~~ 2016 statewide general election. The bill, if approved by the voters, would authorize the issuance, pursuant to the State General Obligation Bond

Law, of an unspecified amount of bonds for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian. *The bill would require the State Librarian to prepare a comprehensive assessment on the statewide need for the new construction, renovation, and rehabilitation of public libraries and to submit a report to the Governor, the Department of Finance, the Legislative Analyst, and the appropriate policy and fiscal committees of the Legislature on or before August 15, 2015.*

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:

SECTION 1. Chapter 12.5 (commencing with Section 20020) is added to Part 11 of Division 1 of Title 1 of the Education Code, to read:

CHAPTER 12.5. CALIFORNIA READING AND LITERACY
IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND
RENOVATION BOND ACT OF ~~2014~~ 2016

Article 1. General Provisions

20020. This chapter shall be known, and may be cited, as the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of ~~2014~~ 2016.

20021. The Legislature finds and declares all of the following:

(a) Reading and literacy skills are fundamental to success in our economy and our society.

(b) Public libraries are a vital part of the educational system. They provide resources and services for all residents of California, including preschoolers, out-of-school adults, senior citizens, at-risk youth, and those attending schools at all levels.

(c) In many cases, libraries serve as a community's only public point of access to resources for learning and by extension, self-sufficiency.

(d) The construction and renovation of public library facilities is necessary to expand access to reading and literacy programs in the state public education system and to expand access to public library services for all residents of California.

1 (e) The need for library facilities continues to grow. A 2007
2 needs assessment compiled by the California State Library found
3 that there is a need for over eight billion dollars (\$8,000,000,000)
4 in public library funding.

5 (f) In March 2000, California voters approved a bond measure
6 of three hundred fifty million dollars (\$350,000,000) for library
7 construction and renovation.

8 (g) Due to the overwhelming response by applicants, the
9 California Public Library Construction and Renovation Board was
10 forced to deny approximately 75 percent of all applications due to
11 lack of additional bond funding.

12 20022. As used in this chapter, the following terms have the
13 following meanings:

14 (a) “Board” means the California Public Library Construction
15 and Renovation Board of ~~2014~~ 2016 established pursuant to Section
16 20023.

17 (b) “Committee” means the California Library Construction
18 and Renovation Finance Committee established pursuant to Section
19 19972 and continued in existence pursuant to Section 20038 for
20 purposes of this chapter.

21 (c) “Fund” means the California Public Library Construction
22 and Renovation Fund of ~~2014~~ 2016 established pursuant to Section
23 20024.

24 20023. (a) The California Public Library Construction and
25 Renovation Board of ~~2014~~ 2016 is hereby established.

26 (b) The board is comprised of the State Librarian, the Treasurer,
27 the Director of Finance, an Assembly Member appointed by the
28 Speaker of the Assembly, a Senator appointed by the Senate
29 Committee on Rules, and two members appointed by the Governor.

30 (c) Legislative members of the board shall meet with, and
31 participate in, the work of the board to the extent that their
32 participation is not incompatible with their duties as Members of
33 the Legislature. For the purpose of this chapter, Members of the
34 Legislature who are members of the board constitute a joint
35 legislative committee on the subject matter of this chapter.

36 37 Article 2. Program Provisions

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39 20024. The proceeds of bonds issued and sold pursuant to this
40 chapter shall be deposited in the California Public Library

1 Construction and Renovation Fund of ~~2014~~, 2016, which is hereby
2 established.

3 20025. All moneys deposited in the fund, except as provided
4 in Section 20048, are continuously appropriated to the State
5 Librarian, notwithstanding Section 13340 of the Government Code,
6 and are available for grants to any city, county, city and county,
7 or library district that is authorized at the time of the project
8 application to own and maintain a public library facility for the
9 purposes set forth in Section 20026.

10 20026. The grant funds authorized pursuant to Section 20025
11 and the matching funds provided pursuant to Section 20031 shall
12 be used by the recipient for any of the following purposes:

13 (a) Acquisition or construction of new facilities or additions to
14 existing public library facilities.

15 (b) Acquisition of land necessary for purposes of subdivision
16 (a).

17 (c) Remodeling or rehabilitation of existing public library
18 facilities or of other facilities for the purpose of their conversion
19 to public library facilities. All remodeling and rehabilitation
20 projects funded with grants authorized pursuant to this chapter
21 shall include necessary upgrading of electrical and
22 telecommunications systems to accommodate Internet and similar
23 computer technology.

24 (d) Procurement or installation, or both, of furnishings and
25 equipment required to make a facility fully operable if the
26 procurement or installation is part of a construction or remodeling
27 project funded pursuant to this chapter.

28 (e) Payment of fees charged by architects, engineers, and other
29 professionals, whose services are required to plan or execute a
30 project authorized pursuant to this chapter.

31 (f) Service charges if the services in question are required by
32 the applicant jurisdiction to be provided by a public works or
33 similar department, or by other departments providing professional
34 services if the costs are billed directly to the project pursuant to
35 this chapter.

36 20027. Grant funds authorized pursuant to Section 20025, or
37 matching funds provided pursuant to Section 20031, shall not be
38 used by a recipient for any of the following purposes:

39 (a) Books and other library materials.

1 (b) Administrative costs of the project, including, but not limited
2 to, the costs of any of the following:

3 (1) Preparation of the grant application.

4 (2) Procurement of matching funds.

5 (3) Conduct of an election for obtaining voter approval of the
6 project.

7 (c) Except as set forth in this chapter, including, but not limited
8 to, Section 20046, interest or other carrying charges for financing
9 the project, including, but not limited to, costs of loans or
10 lease-purchase agreements in excess of the direct costs of any of
11 the authorized purposes specified in Section 20026.

12 (d) Ongoing operating expenses for the facility, its personnel,
13 supplies, or any other library operations.

14 20028. All construction contracts for projects funded in part
15 through grants awarded pursuant to this chapter shall be awarded
16 through competitive bidding pursuant to Part 3 (commencing with
17 Section 20100) of Division 2 of the Public Contract Code.

18 20029. This chapter shall be administered by the State
19 Librarian. The board shall adopt rules, regulations, and policies
20 for implementation of this chapter.

21 20030. A city, county, city and county, or library district may
22 apply to the State Librarian for a grant pursuant to this chapter as
23 follows:

24 (a) Each application shall be for a project for a purpose
25 authorized by Section 20026.

26 (b) An application shall not be submitted for a project for which
27 construction bids already have been advertised.

28 (c) The applicant shall request not less than five hundred
29 thousand dollars (\$500,000) per project.

30 20031. (a) Each grant recipient shall provide matching funds
31 from any available source in an amount equal to 35 percent of the
32 costs of the project. The remaining 65 percent of the costs of the
33 project, up to a maximum of thirty million dollars (\$30,000,000)
34 per project, shall be provided through allocations from the fund.

35 (b) Qualifying matching funds shall be cash expenditures in the
36 categories specified in Section 20026 that are made not earlier
37 than five years before the submission of the application to the State
38 Librarian. Except as otherwise provided in subdivision (c), in-kind
39 expenditures do not qualify as matching funds.

(c) Land donated or otherwise acquired for use as a site for the facility, including, but not limited to, land purchased more than five years before the submission of the application to the State Librarian, may count towards the required 35 percent local fund contribution at its appraised value as of the date of the application. This subdivision does not apply to land acquired with funds authorized pursuant to Part 68 (commencing with Section 100400), Part 68.1 (commencing with Section 100600), Part 68.2 (commencing with Section 100800), or Part 69 (commencing with Section 101000), of Division 14 of Title 3.

(d) Expenditures for payment of architect fees for plans and drawings for library renovation and new construction, including, but not limited to, plans and drawings purchased more than five years before the submission of the application to the State Librarian, may count towards the required 35 percent local funds contribution.

20032. (a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the geographic area of the applicant.

(b) An applicant wishing to construct a project having costs that exceed normal public construction costs in the area may apply for a grant in an amount not to exceed 65 percent of the normal costs up to a maximum of thirty million dollars (\$30,000,000) per project if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

20033. (a) After an application is approved by the board and included in the request of the State Librarian to the committee, the amount of the funding to be provided to the applicant shall not be increased. Actual changes in project costs are the responsibility of the applicant. If the amount of funding that is provided is greater than the cost of the project, the applicant shall return that amount of funding that exceeds the cost of the project to the fund. If an applicant is awarded funding by the board, but decides not to proceed with the project, the applicant shall return all of the funding to the fund.

(b) If the State Librarian determines that a grant recipient has not complied with the terms of its grant award or its grant award agreement with the California State Library, the board may withdraw a grant award and award the funds previously granted to the recipient to other eligible applicants. The State Librarian

1 shall notify the affected grant recipient at least 90 days before a
2 board meeting where the withdrawal of a grant award will be
3 considered.

4 20034. (a) In reviewing applications, the board shall consider
5 all of the following factors:

6 (1) The needs of urban, suburban, and rural areas.

7 (2) The age and condition of existing library facilities within
8 an area.

9 (3) The degree to which existing library facilities are inadequate
10 in meeting the needs of the residents in the library service area.

11 (4) The degree to which the proposed project responds to the
12 needs of the residents in the library service area.

13 (5) The degree to which the library integrates appropriate
14 electronic technologies into the proposed project.

15 (6) The financial commitment of the local agency submitting
16 the application to open, operate, and maintain the proposed library
17 project upon its completion.

18 (b) If, after an application has been submitted, material changes
19 occur that would alter the evaluation of an application, the State
20 Librarian may accept an additional written statement from the
21 applicant for consideration by the board.

22 (c) It is the intent of the Legislature that the State Librarian and
23 the board develop an application process that is sufficiently
24 streamlined to decrease application costs and provide incentives
25 for a high number of library applicants to participate.

26 20035. (a) A facility, or a part of a facility, acquired,
27 constructed, remodeled, or rehabilitated with grants received
28 pursuant to this chapter shall be dedicated to public library direct
29 service use for a period of at least 20 years following completion
30 of the project.

31 (b) The financial interest that the state may have in the land or
32 facility, or both, resulting from the funding of a project under this
33 chapter, as described in subdivision (a), may be transferred by the
34 State Librarian through an exchange for a replacement site and
35 facility acquired or constructed for the purpose of providing public
36 library direct service.

37 (c) If the facility, or a part of the facility, acquired, constructed,
38 remodeled, or rehabilitated with grants received pursuant to this
39 chapter ceases to be used for public library direct service before
40 the expiration of the period specified in subdivision (a), the board

1 shall be entitled to recover from the grant recipient, or the successor
2 of the recipient, an amount that bears the same ratio to the value
3 of the facility, or appropriate part of the value of the facility, at
4 the time it ceased to be used for public library direct service, as
5 the amount of the original grant bore to the original cost of the
6 facility, or to an appropriate part of the facility. For purposes of
7 this subdivision, the value of the facility, or appropriate part of the
8 facility, shall be determined by the mutual agreement of the board
9 and the grant recipient or successor, or through an action brought
10 for that purpose in the superior court.

11 (d) Notwithstanding subdivision (f) of Section 16724 of the
12 Government Code, any money recovered pursuant to subdivision
13 (c) shall be deposited in the fund, and shall be available for the
14 purpose of awarding grants for other projects.

15 Article 3. Fiscal Provisions

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17
18 20036. Bonds in the total amount not to exceed ____ dollars
19 (\$____), exclusive of refunding bonds issued in accordance with
20 Section 20044, or so much of refunding bonds as is necessary,
21 may be issued and sold for deposit in the fund to be used in
22 accordance with, and for carrying out the purposes expressed in,
23 this chapter, including all acts amendatory of this chapter and
24 supplementary to this chapter, and to be used to reimburse the
25 General Obligation Bond Expense Revolving Fund pursuant to
26 Section 16724.5 of the Government Code. The bonds, when sold,
27 shall be and constitute a valid and binding obligation of the State
28 of California, and the full faith and credit of the State of California
29 is hereby pledged for the punctual payment of both principal and
30 interest on bonds as the principal and interest become due and
31 payable.

32 20037. The bonds authorized by this chapter shall be prepared,
33 executed, issued, sold, paid, and redeemed as provided in the State
34 General Obligation Bond Law (Chapter 4 (commencing with
35 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
36 Code), and all of the provisions of that law apply to the bonds and
37 to this chapter and are hereby incorporated in this chapter as though
38 set forth in full in this chapter, except Section 16727 of the
39 Government Code to the extent that it may be inconsistent with
40 this chapter.

1 20038. (a) For purposes of this chapter, the California Library
2 Construction and Renovation Finance Committee established
3 pursuant to Section 19972 is continued in existence and is the
4 “committee” as that term is used in the State General Obligation
5 Bond Law for purposes of this chapter.

6 (b) For purposes of the State General Obligation Bond Law, the
7 California Public Library Construction and Renovation Board of
8 ~~2014~~ 2016 established pursuant to Section 20023 is designated the
9 board.

10 20039. The committee shall determine whether or not it is
11 necessary or desirable to issue bonds authorized pursuant to this
12 chapter in order to carry out the actions specified in this chapter,
13 including all acts amendatory of this chapter and supplementary
14 to this chapter, and, if so, the amount of bonds to be issued and
15 sold. Successive issues of bonds may be authorized and sold to
16 carry out those actions progressively, and it is not necessary that
17 all of the bonds authorized to be issued be sold at any one time.

18 20040. 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 20041. Notwithstanding Section 13340 of the Government
26 Code, there is hereby appropriated from the General Fund in the
27 State Treasury, for purposes of this chapter, an amount that will
28 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 20042, appropriated
33 without regard to fiscal years.

34 20042. For purposes of carrying out this chapter, the Director
35 of Finance may authorize the withdrawal from the General Fund
36 of an amount or amounts not to exceed the amount of the unsold
37 bonds that have been authorized to be sold for purposes of carrying
38 out this chapter. Amounts withdrawn shall be deposited in the
39 fund. Money made available under this section shall be returned
40 to the General Fund, with interest at the rate earned by the money

1 in the Pooled Money Investment Account during the time the
2 money was withdrawn from the General Fund pursuant to this
3 section, from money received from the sale of bonds for purposes
4 of carrying out this chapter.

5 20043. The board may request the Pooled Money Investment
6 Board to make a loan from the Pooled Money Investment Account
7 or any other approved form of interim financing, in accordance
8 with Section 16312 of the Government Code, for purposes of
9 carrying out this chapter. The amount of the request shall not
10 exceed the amount of the unsold bonds that the committee, by
11 resolution, has authorized to be sold for purposes of carrying out
12 this chapter. The board shall execute any documents required by
13 the Pooled Money Investment Board to obtain and repay the loan.
14 Any amounts loaned shall be deposited in the fund to be allocated
15 by the board in accordance with this chapter.

16 20044. Bonds issued and sold pursuant to this chapter may be
17 refunded by the issuance of refunding bonds in accordance with
18 Article 6 (commencing with Section 16780) of Chapter 4 of Part
19 3 of Division 4 of Title 2 of the Government Code. Approval by
20 the electors of the state for the issuance of bonds under this chapter
21 shall include the approval of the issuance of any bonds issued to
22 refund bonds originally issued or previously issued refunding
23 bonds.

24 20045. Notwithstanding any other provision of this chapter,
25 or of the State General Obligation Bond Law, if the Treasurer sells
26 bonds pursuant to this chapter that include a bond counsel opinion
27 to the effect that the interest on the bonds is excluded from gross
28 income for federal tax purposes, subject to designated conditions,
29 the Treasurer may maintain separate accounts for the investment
30 of bond proceeds and for the investment earnings on those
31 proceeds. The Treasurer may use or direct the use of those proceeds
32 or earnings to pay a rebate, penalty, or other payment required
33 under federal law or take any other action with respect to the
34 investment and use of those bond proceeds required or desirable
35 under federal law to maintain the tax-exempt status of those bonds
36 and to obtain any other advantage under federal law on behalf of
37 the funds of this state.

38 20046. All money deposited in the fund that is derived from
39 premium and accrued interest on bonds sold pursuant to this chapter

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

3 20047. 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 20048. Amounts deposited in the fund pursuant to this chapter
10 may be appropriated in the annual Budget Act to the State Librarian
11 for the actual amount of office, personnel, and other customary
12 and usual expenses incurred in the direct administration of grant
13 projects pursuant to this chapter, including, but not limited to,
14 expenses incurred by the State Librarian in providing technical
15 assistance to an applicant for a grant under this chapter.

16 SEC. 2. (a) Section 1 of this act shall take effect upon the
17 adoption by the voters of the California Reading and Literacy
18 Improvement and Public Library Construction and Renovation
19 Bond Act of ~~2014~~, 2016, as set forth in Section 1 of this act.

20 (b) Section 1 of this act shall be submitted to the voters at the
21 ~~2014~~ 2016 statewide general election in accordance with provisions
22 of the Elections Code and the Government Code governing
23 submission of statewide measures to voters.

24 SEC. 3. (a) Notwithstanding any other law, all ballots of the
25 election shall have printed on the ballot and in a square of the
26 ballot, the words: “California Reading and Literacy Improvement
27 and Public Library Construction and Renovation Bond Act of
28 ~~2014~~” 2016” and in the same square under those words, the
29 following in 8-point type: “This act provides for a bond issue in
30 an amount not to exceed a total of ____ dollars (\$____) to provide
31 funds for the construction and renovation of public library facilities
32 in order to expand access to reading and literacy programs in
33 California’s public education system and to expand access to public
34 library services for all residents of California.” Opposite the square,
35 there shall be left spaces in which the voters may place a cross in
36 the manner required by law to indicate whether they vote for or
37 against the act.

38 (b) If the voting in the election is done by means of voting
39 machines used pursuant to law in the manner that carries out the
40 intent of this section, the use of the voting machines and the

1 expression of the voters' choice by means of the voting machines
2 are in compliance with this section.

3 *SEC. 4. The State Librarian shall prepare a comprehensive*
4 *assessment on the statewide need for the new construction,*
5 *renovation, and rehabilitation of public libraries, and submit a*
6 *report to the Governor, the Department of Finance, the Legislative*
7 *Analyst, and the appropriate policy and fiscal committees of the*
8 *Legislature on or before August 15, 2015.*