

California

**SUPPLEMENTAL
BALLOT PAMPHLET**

IMPORTANT NOTICE TO VOTERS

This supplemental ballot pamphlet is sent to you separately from the pamphlet containing Propositions 107 through 121 because the measures contained herein qualified for the ballot after the printing deadline for the main ballot pamphlet. Please check to be sure you receive TWO ballot pamphlets for the June 5, 1990 Primary Election—one titled "California Ballot Pamphlet" and this one, titled "Supplemental Ballot Pamphlet." In order to further distinguish between the two, this supplemental pamphlet is printed in blue ink. If you do not receive your main pamphlet, contact your county elections official or call the Secretary of State's Office toll-free at 1-800-345-VOTE.

**Primary
Election**

JUNE 5, 1990

CALIFORNIA STATE ARCHIVES
SECRETARY OF STATE

CERTIFICATE OF CORRECTNESS

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 5, 1990, and that this pamphlet has been correctly prepared in accordance with law.



Witness my hand and the Great Seal of the State in Sacramento, California,
this 4th day of April 1990.

March Fong Eu

MARCH FONG EU
Secretary of State



Secretary of State

SACRAMENTO 95814

Dear Fellow Californians:

This is the supplemental ballot pamphlet, containing only information about Propositions 122 and 123, as well as the overall statement describing California's bonded indebtedness condition, for the June 5, 1990 Primary Election. These measures, placed on the ballot following the printing deadline for the main ballot pamphlet (which contains information about Propositions 107 through 121), will appear on the ballot in normal order as if all statewide propositions had appeared in the same ballot pamphlet.

Included in this pamphlet for Propositions 122 and 123 are ballot titles, summaries, analyses provided by the Legislative Analyst, pro and con arguments and rebuttals to those arguments, the complete texts, and vote totals as cast by the Legislature for these two bond proposals.

You are again urged to carefully read all of the information about the measures and take advantage of the precious right of citizenship given you through the ballot box. Exercise your rights on June 5, 1990.

SECRETARY OF STATE

Please note that Proposition 107 is the first proposition for this election. However, this supplemental ballot pamphlet contains only information regarding Propositions 122 and 123. To avoid confusion with past measures, the Legislature passed a law which requires propositions to be numbered consecutively starting with the next number after that used in the November 1982 General Election. This numbering scheme runs in twenty-year cycles.

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Official Title and Summary

EARTHQUAKE SAFETY AND PUBLIC BUILDINGS REHABILITATION BOND ACT OF 1990. This act provides for a bond issue of three hundred million dollars (\$300,000,000) to provide funds for the reconstruction, seismic retrofitting, repair, replacement, and relocation of state and local government buildings which are unsafe primarily due to earthquake-related dangers.

Final Vote Cast by the Legislature on SB 1250 (Proposition 122)

Assembly: Ayes 60	Senate: Ayes 30
Noes 2	Noes 0

Analysis by the Legislative Analyst

Background

State Buildings

The State of California owns about 16,000 buildings. A survey of 1,350 of these buildings indicates that many buildings may need earthquake safety improvements. In addition, although a comprehensive survey has not been undertaken, many state-owned buildings do not meet current building codes concerning fire safety and handicap accessibility. Asbestos-containing materials are also present in many state-owned buildings.

Local Buildings

The State Seismic Safety Commission estimates that approximately 3,000 local government-owned essential services buildings, such as police and fire stations and emergency operations centers, are located in high earthquake risk areas of the state and that one-third of them potentially need earthquake safety improvements. A comprehensive survey has not been conducted to identify specific improvements that these buildings may need.

Proposal

This measure authorizes the state to sell \$300 million in general obligation bonds. General obligation bonds are backed by the state, meaning that the state is obligated to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state corporate and personal income taxes and the state sales tax. (An overview of the state's bond debt is presented at the end of the arguments section of this ballot pamphlet.)

The bond money from this measure would be deposited in the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 which would be created by this measure. The money would be available for state and local government purposes. The Governor and the Legislature would decide which state and local projects would be funded with the bond money based upon recommendations by the State Architect.

State Purposes

This measure authorizes \$250 million for state purposes

which could be spent for the following purposes:

- Repair, reconstruction, replacement or relocation of state-owned buildings which would be unsafe during earthquakes. The money could also be used for state-owned buildings that have other problems such as fire safety deficiencies, the presence of asbestos or other toxics, or inadequate access for handicapped individuals. The money *cannot* be used for bridges, highways, or university buildings. (Money available under Proposition 121 on this ballot could be used to make these improvements to university buildings.)
- Investigation of state-owned buildings (excluding bridges, highways, and university buildings) to determine earthquake safety problems, fire safety problems, asbestos and other toxic material hazards, and handicap accessibility problems.

Local Government Purposes

This measure authorizes \$50 million to provide grants to local governments to cover up to 75 percent of the costs for earthquake safety related repairs, structural strengthening, reconstruction, replacement or relocation of certain local government-owned buildings. Buildings eligible for these funds are those that provide essential public services as defined in existing law (such as police stations, fire stations and emergency operations centers). In addition, county hospitals, courthouses and city halls that need to resist earthquakes and remain operational after a major earthquake would be eligible for these funds.

State Seismic Safety Commission

Of the total amount available for state and local government purposes, up to \$3 million would be available, upon appropriation by the Legislature, for the State Seismic Safety Commission to research methods and technologies to make earthquake safety improvements to state and local government buildings. The commission could also use these funds to help develop building standards and administrative regulations to reconstruct buildings for earthquake safety purposes.

Fiscal Effect

Direct Costs of Paying Off the Bonds. For these types of bonds, the state typically makes principal and interest payments from the state's General Fund over a period of about 20 years. If all of the authorized bonds were sold at

an interest rate of 7.5 percent, the cost would be about \$535 million to pay off both the principal (\$300 million) and interest (about \$235 million). The average payment for principal and interest would be about \$27 million per year.

Text of Proposed Law

This law proposed by Senate Bill 1250 (Statutes of 1990, Ch. 23) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Government Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 2 Chapter 12.47 (commencing with Section 8878.50) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.47. EARTHQUAKE SAFETY AND PUBLIC BUILDINGS REHABILITATION BOND ACT OF 1990

Article 1. General Provisions

8878.50. This chapter shall be known and may be cited as the Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990.

8878.51. The Legislature finds and declares all of the following:

(a) California is likely to experience moderate to severe earthquakes in the foreseeable future, and increased efforts to reduce earthquake hazards should be encouraged and supported.

(b) Hundreds of state and local government buildings which are vulnerable to severe earthquake damage continue to be a serious danger to the lives of thousands of state and local government employees and the people who must visit and depend on these buildings in which vital services are often provided.

(c) The Loma Prieta Earthquake of October 17, 1989, caused damage to state-owned buildings resulting in relocations of state government operations into more expensive leased facilities and some state buildings are now vacant. These facilities should be rehabilitated or replaced in order to reduce the long-term costs of providing state government services.

(d) It is the responsibility of state and local governments to provide, to the greatest extent feasible, their employees and the public throughout the state with buildings that are safe, accessible, and able to withstand earthquake forces without endangering occupants or significantly disrupting the performance of essential services.

(e) Therefore, the purposes of this bond act are to:

(1) Fund retrofitting, reconstruction, repair, replacement, or relocation of state-owned buildings or facilities which have earthquake or other safety deficiencies.

(2) Provide financial assistance to local governments for earthquake safety improvements in structures housing those agencies critical to the delivery of essential government functions in the event of emergencies and disasters.

8878.52. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the Earthquake Safety and Public Buildings Rehabilitation Finance Committee created pursuant to subdivision (a) of Section 8878.111.

(b) "Commission" means the Seismic Safety Commission.

(c) "Fund" means the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 created pursuant to Section 8878.55.

(d) "Local government" means any city, county, city and county, or special district.

(e) "Office" means the Office of Emergency Services.

(f) "Project" means a program of work to retrofit, reconstruct, repair, replace, or relocate, for local government-owned facilities only, a building, facility, or both, which is owned by any city, county, city and county, or special district and which is included in an application for a grant of funds.

(g) "State Architect" means the Office of the State Architect.

(h) "State building or facility" means any building or structure owned by a state agency, which is identified pursuant to Section 8878.60, except for vehicular bridges, roadways, highways, or any facilities or buildings owned by the University of California or the California State University.

(i) "Local government building or facility" means an existing essential services building, as defined in Section 16007 of the Health and Safety Code, or an emergency or public safety local building as identified in Section 8878.99, which is owned by a city, county, city and county, or special district.

(j) "Retrofit" means to either strengthen the structure of a building or facility, or to provide the means necessary to reduce the seismic force level experienced by a building or facility during an earthquake, so as to significantly reduce hazards to life safety while concomitantly providing for the substantially safe egress of occupants during and immediately after such an earthquake.

Article 2. Earthquake Safety and Public Buildings Rehabilitation Fund of 1990

8878.55. The Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 is hereby created. The proceeds of bonds issued and sold pursuant to this chapter for the purposes of the programs established in Article 3 (commencing with Section 8878.60) and Article 4 (commencing with Section 8878.90) shall be deposited in the fund and shall be available, upon appropriation by the Legislature, for expenditure pursuant to this chapter for the following purposes:

(a) Two hundred fifty million dollars (\$250,000,000) for the following:

(1) Financing the costs of retrofitting, reconstruction, repair, replacement, or relocation of state buildings or facilities which are seismically unsafe or have other safety deficiencies. For these projects, allowable costs include the cost of abating falling hazards; the cost of engineering, architectural, financial, and legal services; preparation of plans, specifications, studies, surveys, and estimates; administrative expenses; land acquisition for replacement projects, direct construction, or rehabilitation; and costs necessary or incidental to the project.

(2) Investigating state buildings which have been determined to be, or are suspected to be, inadequate for earthquake safety and associated fire and life safety deficiencies, asbestos, other toxics, or falling hazards, and handicap accessibility deficiencies.

(b) Fifty million dollars (\$50,000,000) for the following:

(1) Financial assistance to local governments for the cost of retrofitting, reconstructing, repairing, replacing, or relocating earthquake-unsafe buildings or facilities, including, but not limited to, the abatement of falling hazards.

(2) Financial assistance to local governments for the costs of working drawings, plan reviews, and inspections to effect a significant life-hazard reduction. The costs of preliminary plans may be reimbursed upon the appropriation for the project. Reasonable administrative costs of administering state agencies may be appropriated from this source.

(c) Projects approved pursuant to subdivision (b) shall be limited to buildings or facilities which provide essential services or emergency or public safety services which meet the requirements of Section 8878.99 and for which local matching funds equaling at least 25 percent of the total cost of the seismic rehabilitation portion of the project are guaranteed.

(d) Notwithstanding any other provision of this section, the Seismic Safety Commission may, to further the objectives of subdivision (a) or (b), and if appropriated by the Legislature, use up to 1 percent of the proceeds of the bonds issued and sold pursuant to this chapter that are deposited into the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 to research methods, techniques, and technologies to identify and analyze existing potentially hazardous buildings and facilities, including, but not limited to, unreinforced masonry construction, as well as for the additional purposes of researching and developing methods, techniques, and technologies for seismic safety retrofitting of the buildings, as well as helping to develop and prepare building standards and administrative regulations relating to the retrofitting of the buildings for seismic safety purposes.

(Continued on page 13)

Argument in Favor of Proposition 122

The devastating Northern California earthquake which struck in October of 1989 served as a grim reminder of the life-destroying powers of major earthquakes. *That earthquake resulted in 62 deaths and injuries to over 3,000 people.* The earthquake registered 7.1 on the Richter scale and caused an estimated six billion dollars in property damages. It was one of the costliest natural disasters in U.S. history.

Additionally, Southern California has been struck by damaging earthquakes which hit the Whittier-Los Angeles area in 1987 and the Upland-Pomona areas in February of this year. The Whittier Earthquake resulted in the deaths of 6 people and injuries to another 200.

As destructive as these earthquakes have been, *experts report that California can expect a catastrophic earthquake (the "Big One") to strike a populated area of California anytime within the next 30 years.* With this deadly threat on the horizon, the STATE MUST TAKE ACTION TO REDUCE THE HAZARDS RESULTING FROM EARTHQUAKES.

At the present time, hundreds of public buildings pose a serious danger to the lives of thousands of private citizens and employees who depend on these structures for vital public services. Moreover, the 1989 Earthquake badly damaged various public buildings causing their closure. This, in turn, is forcing public agencies to spend money on more-expensive leased facilities.

The Seismic Safety Commission estimates that *over \$1 billion is needed* to correct the existing state and local buildings which have seismic hazards. *Proposition 122*

will take the first step in remedying this problem by financing \$300 million to make state and local buildings able to withstand the shaking caused by earthquakes.

These funds will be available to strengthen public buildings including:

- fire stations
- police stations
- disaster operations centers
- court houses
- county hospitals
- CalTrans buildings
- Department of Motor Vehicles (DMV) buildings

Support for this proposition is widespread and bipartisan. It is supported by the Seismic Safety Commission, cities throughout the State of California, the California Municipal Utilities Association, and the Governor.

We must be better prepared for future earthquakes in order to save lives. PLEASE VOTE YES ON PROPOSITION 122.

ART TORRES

*State Senator, 24th District
Chairman, Senate Toxics and Public Safety
Management Committee*

DOMINIC L. CORTESE

*Member of the Assembly, 24th District
Chairman, Assembly Local Government
Committee, and
Member, Seismic Safety Commission*

Rebuttal to Argument in Favor of Proposition 122

Let's keep things in perspective, the earthquake of October 17, 1989, killed 62 people, traffic accidents in California killed 5,381 in 1989.

The authors claim over \$1 billion is needed to correct seismic hazards in public buildings yet the Legislature is asking for only \$300 million. Why? The same Legislature has already placed on the ballot bond measures for \$800 million for more public schools, \$450 million for more college campuses, and \$450 million for more prisons, a total of \$1,700 million for other construction. Obviously, the Legislature does not view seismic retrofitting as a high priority. Additional public schools would not be necessary if a voucher system enabled the general public the choice of sending their kids to public or private schools, as the wealthy do. The need for eight more college campuses has been questioned by the Legislative

Analyst, who thinks one or two would do. More money for prisons is needed only because we build class A prison buildings, with hot meals, hot showers, etc., instead of barbed-wire enclosures out in the desert, with C-rations for food and straddle trenches for sanitation.

Whenever politicians want more money for staff or office buildings they talk about fire and police protection. But only a sixth of the bond money is for local government, for city halls, fire stations, police stations, etc., five-sixths is for state office buildings.

We must learn to live within our means. Vote NO on Proposition 122.

BILL McCORD

Retired State Administrator

Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990

122

Argument Against Proposition 122

This measure will fund repairs to four state office buildings damaged in the October 17th quake and set a pattern of seismic retrofitting of other public buildings by bond financing.

Bond financing increases the cost by 80%, almost doubling the cost. Interest payments alone (not including principal) on present state bonds totaled over \$280 million in 1989-90, more money than this measure provides.

The state already has \$5 billion in bonds outstanding. Debt service in 1990-91 will cost \$830 million, which comes off the top of state revenues. There is no surplus in the state budget, but an anticipated funding gap of almost \$2 billion. The Governor has proposed to balance the budget by cuts of \$220 million in welfare, \$150 million in health, and \$350 million in cost-of-living adjustments. None of these cuts would be necessary if not for that \$830 million in debt service on outstanding bonds.

There is another \$7 billion in bonds already authorized by the voters in previous elections for earthquake safety, parks, clean water, jails, universities, prisons, schools, etc., which have not been sold as yet. Sale of all these bonds would impose a huge burden of debt service that would bust the budget beyond repair. Yet we are being asked to approve still more bonds. Why?

Bonds are deficit financing, avoiding the State

Constitution requirement of a balanced budget. Bonds postpone costs until future budgets, when the interest will make the costs even higher. Bonds enable legislators to "do something" about problems without facing the realities of limited resources or making the hard choices between competing demands for more money. Like credit cards, bonds can get you in deep trouble when the payments come due.

What are the alternatives? First of all, the obvious one is the reserve fund, which will still have \$500 million in June, despite emergency expenditures after the October 17th quake. This fund is being replenished by the $\frac{1}{4}\%$ sales tax temporary increase which will continue until December 31st. Another obvious alternative is to set priorities. If we need money for seismic reinforcements before the next Big One strikes, postpone other capital expenditures, such as the \$1 billion in the 1990-91 budget for improvements to the state central heating plant in Sacramento for greater efficiency. Which comes first, lives or efficiency?

This bond measure is wasteful, shortsighted, and unnecessary. Don't give the Legislature your credit card, vote NO on Proposition 122.

WILLIAM McCORD
Retired State Administrator

Rebuttal to Argument Against Proposition 122

After reading the opponent's arguments, it is obvious he is badly misinformed.

This measure will strengthen and remove safety hazards in *hundreds* of state and local buildings which are dangerous during earthquakes. Repairs to structures from previous earthquakes are to be funded from other federal and state disaster response programs.

Our freeways must be made safe when earthquakes strike, and so must our public buildings. Private citizens who enter state and local buildings should not be exposed to death-trap buildings.

Using bond funds to strengthen state and local buildings against earthquakes is a good investment. It's more expensive to fix a building after an earthquake than it is to strengthen it ahead of time.

Earthquake experts advise us that catastrophic earthquake in a major populated area of California could cause the deaths of 14,000 people, injure another 50,000 persons, and result in up to \$70 billion in property damages.

This measure is not a budget buster. Its funding level is

consistent with the Governor's plan for a prudent investment in public safety.

The cost figures stated in the opponent's argument are misleading. For example, the efficiency improvement costs for the state's central heating plant are actually \$5 million, not \$1 billion.

This measure will help strengthen vital community buildings that provide FIRE PROTECTION, POLICE PROTECTION, AND DISASTER RESPONSE DURING EMERGENCIES.

PLEASE VOTE YES ON PROPOSITION 122.

ART TORRES
State Senator, 24th District
Chairman, Senate Toxics and Public Safety
Management Committee

DOMINIC L. CORTESE
Member of the Assembly, 24th District
Chairman, Assembly Local Government Committee

LLOYD S. CLUFF
Chairman, Seismic Safety Commission

Official Title and Summary

1990 SCHOOL FACILITIES BOND ACT. This act provides for a bond issue of eight hundred million dollars (\$800,000,000), to provide capital outlay for construction or improvement of public schools.

Final Vote Cast by the Legislature on SB 173 (Proposition 123)

Assembly: Ayes 70	Senate: Ayes 30
Noes 0	Noes 0

Analysis by the Legislative Analyst
Background

The State School Building Lease-Purchase Program provides most of the money used by local public school districts to construct, reconstruct, or modernize school buildings and related facilities. In order to receive money under this program, school districts must (1) meet certain eligibility requirements and (2) contribute matching funds. School districts can provide their matching funds from any revenue source available to them. The amount of the required match, however, is based on the maximum amount of fees which school districts can collect from developers (as discussed below) during a certain time period. In recent years, the local match has paid for about 5 percent of the total cost of projects funded through the state program.

In addition to obtaining money from the state, school districts may also raise funds for school buildings in two other ways. These are:

- 1. Local General Obligation Bonds.** School districts are generally authorized to sell bonds to finance school construction projects, with the approval of two-thirds of their voters. However, if the bonds will be used to repair or replace public school buildings that are structurally unsafe for school use, districts need approval from only a majority of their voters. School districts are also authorized to form "special districts" within their boundaries and sell school construction bonds, subject to the approval of two-thirds of the voters within the special district. In all of these cases, the bonds are paid off by a tax levied upon the real property located within the school district or the special district.
- 2. Developer Fees.** School districts are authorized to impose developer fees on new construction. Currently, the maximum fee is \$1.56 per square foot on residential buildings, and 26 cents per square foot on commercial or industrial buildings. These fees can be used only for construction and reconstruction of school buildings.

School Building Needs. The total number of additional school buildings needed to meet current and projected enrollment in the state is not known. As of

January 1990, however, applications submitted by school districts for state funding of new school buildings totaled approximately \$4.1 billion. In addition, applications for state funding to reconstruct or modernize school buildings totaled approximately \$1.5 billion. At the time this analysis was written, March 1990, there was about \$75 million in state money available to fund these requests.

Proposal

This measure authorizes the state to sell \$800 million in general obligation bonds to pay for (1) the construction, reconstruction, or modernization of elementary and secondary school buildings under the State School Building Lease-Purchase Program and (2) other school facility projects. General obligation bonds are backed by the state, meaning that the state is obligated to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state corporate and personal income taxes and the state sales tax. (An overview of the state's bond debt is presented at the end of the arguments section of this ballot pamphlet.)

The money raised from the bond sales would be distributed to school districts by the State Allocation Board. The board is a seven-member body composed of four members of the Legislature, two directors of state departments, and the Superintendent of Public Instruction. This measure requires the board to use the bond proceeds as follows:

- At least \$500 million would be used for the construction of *new* school buildings.
- No more than \$260 million could be used for (1) the reconstruction or modernization of *existing* school buildings, (2) school construction projects in small school districts that may not otherwise receive funding under the state building program because of their small size, (3) abatement of hazardous asbestos in school buildings, (4) purchase of portable classrooms, and/or (5) funding of child care facilities.
- No more than \$40 million could be used to purchase and install air conditioning equipment and insulation materials in certain "year-round" schools.

Fiscal Effect

Direct Costs of Paying Off the Bonds. For these types of bonds, the state typically would make principal and interest payments from the state's General Fund over a period of about 20 years. If all of the bonds authorized by

this measure are sold at an interest rate of 7.5 percent, the cost would be about \$1.4 billion to pay off both the principal (\$800 million) and interest (about \$630 million). The average payment for principal and interest would be about \$70 million per year.

Text of Proposed Law

This law proposed by Senate Bill 173 (Statutes of 1990, Ch. 24) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 21.4 (commencing with Section 17660) is added to Part 10 of the Education Code, to read:

CHAPTER 21.4. 1990 SCHOOL FACILITIES BOND ACT

Article 1. General Provisions

17660. This chapter shall be known and may be cited as the 1990 School Facilities Bond Act.

17660.10. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the State School Building Finance Committee created pursuant to Section 15909.

(b) "Fund" means the State School Building Lease-Purchase Fund.

Article 2. Program Provisions

17660.15. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the fund.

17660.20. (a) All moneys deposited in the fund shall be available to provide aid to school districts of the state in accordance with the Leroy Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700)), the purposes authorized under Section 17660.30, and all acts amendatory thereof and supplementary thereto, to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Only those statutes, regulations, guidelines, and other laws in effect on or before March 11, 1990, shall apply to the allocation of moneys made available under this chapter for the purposes of Chapter 22 (commencing with Section 17700).

17660.30. (a) Of the proceeds from the sale of bonds pursuant to this chapter, not more than two hundred sixty million dollars (\$260,000,000) may be used for one or more of the following purposes:

(1) Project funding for applicant districts under Chapter 22 (commencing with Section 17700) that are eligible for that funding, but that lack funding priority due to the size of pupil enrollment in the district.

(2) The identification, assessment, or abatement of hazardous asbestos in school facilities, pursuant to either Chapter 22 (commencing with Section 17700) or Section 39619.6.

(3) The acquisition of portable classrooms for use in accordance with Chapter 25 (commencing with Section 17785).

(4) The reconstruction or modernization of facilities within the meaning of Chapter 22 (commencing with Section 17700).

(5) The funding of child care facilities pursuant to Section 8477.

(b) Of the proceeds from the sale of bonds pursuant to this chapter, forty million dollars (\$40,000,000) shall be used for the purchase and installation of air-conditioning equipment and insulation materials, and related costs, pursuant to Section 42250.1 for schools operated on a year-round multitrack schedule in a manner that increases school capacity and reduces or eliminates the district's need for the construction of additional classroom space.

(c) Notwithstanding subdivision (b), in the event the board determines that the amount made available under that subdivision exceeds the amount necessary to fund the qualified recipients of the apportionment authorized under that subdivision, as indicated by those applications for that funding received by the board on or before June 30, 1991, the board may expend any portion of that excess for any one or

more of the purposes described in subdivision (a).

Article 3. Fiscal Provisions

17660.40. Bonds in the total amount of eight hundred million dollars (\$800,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide funds to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

17660.45. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board."

17660.50. Upon request of the board from time to time, supported by a statement of the apportionments made and to be made for the purposes described in Section 17660.20, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to provide funds for the apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to provide funds for those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

17660.53. The board may request the Pooled Money Investment Board for a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, and may execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. The loan shall be deposited in the fund for the purpose of carrying out the provisions of this chapter. The amount of the loan shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purposes of this chapter.

17660.55. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

17660.60. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

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

(b) The sum which is necessary to carry out the provisions of Section 17660.70, appropriated without regard to fiscal years.

17660.65. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond

(Continued on page 15)

Argument in Favor of Proposition 123

1.6 MILLION NEW STUDENTS IN THE NEXT TEN YEARS

Over the next 10 years, *approximately 160,000 new students will enter the California public school system each year.* Despite efforts to maximize the use of many existing school buildings, many more new schools must be built to keep pace with the growing number of students in our state.

TREMENDOUS NEED FOR NEW SCHOOLS

We also need additional funding to replace or refurbish old school buildings. One out of every three school buildings in California is more than 30 years old. Many of these buildings need to be rehabilitated to provide an adequate learning environment.

WHERE WILL THE MONEY COME FROM?

All of the school construction bond funds previously approved by voters have been allocated. Yet there is still a long line of school districts which need to build more facilities. Despite the state's aggressive school construction program and efforts by many local districts to raise revenue for new construction, we must do more to address this important need. **SCHOOL DISTRICTS ARE NOT ALLOWED TO USE LOTTERY FUNDS FOR SCHOOL CONSTRUCTION.**

YOUR YES VOTE ON PROPOSITION 123

- Will provide new schools for our students
- Will help to improve the quality of education our young

people are receiving

- Will help supply our students with safe, earthquake-resistant buildings
- Will provide schools in our rapidly growing major cities and rural communities
- Will provide funds to modernize many old, existing facilities
- May prevent additional overcrowding

OUR CHILDREN DESERVE AN ADEQUATE LEARNING ENVIRONMENT

Proposition 123 is an \$800 million bond issue which will help us to house the annual increase of 160,000 new students, take care of emergency school construction, and replace many old, unsafe schools.

PLEASE JOIN US IN VOTING YES ON PROPOSITION 123

GEORGE DEUKMEJIAN
Governor, State of California

BILL HONIG
State Superintendent of Public Instruction

LEROY F. GREENE
State Senator, 6th District

Rebuttal to Argument in Favor of Proposition 123

Bond financing is the most expensive way to pay for school buildings. The Legislature could spend the \$800 million in this year's budget, but instead asks your approval to pay not only the \$800 million, but an additional \$600 million in interest over a 20-year period.

Since the Gann spending limit was passed in 1979, politicians have turned to bonds each year to pay for programs they believe the public will support—like schools and jails. Meanwhile, they feel free to spend billions on other state programs that could be run more efficiently by the private sector. They will keep doing it—as long as voters keep putting more into the “checking account.”

Politicians act like bond money is Monopoly play money—that it's just created out of thin air and can be used to buy whatever they want without California ever going broke. Just as in the Monopoly game, however, once we overspend and lose our credit, we are wiped out. One needs only to look at the example New York City set in the 1970s to realize that bond defaults are a real possibility.

We urge you to send a message to the politicians that bond financing is not the way to pay for school construction. Let's take away the Legislature's credit card for a while by voting NO on Proposition 123 and NO on all the other bond measures on this ballot.

ROY SHIMP
Teacher, Merced Union High School District
Chairman, Merced County Central Committee,
Libertarian Party of California

TED BROWN
Member, State Executive Committee,
Libertarian Party of California

ROBERT GEHL
Retired Teacher, South San Francisco
Unified School District

Argument Against Proposition 123

Proposition 123 asks for \$800 million for elementary and high schools. The Libertarian Party of California is opposed to this bond measure and urges you to vote NO.

You the voters approved \$800 million for the same purpose in June 1988, only two years ago. You the voters approved *another* \$800 million in November 1988, just five months later. What are the politicians doing with all this money?

Speaking of money, did you know that over half of California's bloated \$53 billion budget already goes to the schools? Voters passed Proposition 98 in November 1988 mandating the first 40% of the budget to be spent for education. So why are our pockets being picked at every election to finance what the state budget can already take care of?

Taxpayers already fork over income taxes, sales taxes, and property taxes to finance schools and other government programs. Now we are asked to put ourselves in debt another \$800 million. ENOUGH IS ENOUGH!

The politicians say that bonds are a painless means of financing. Using a credit card to buy a compact disc player or airline tickets is "painless," too—until you get the bill in the mail. Californians will be stuck paying interest on these bonds for 20 years—not a very nice gift for our children.

The government school system seems incapable of preparing children for adult life. Students are either dropping out, or graduating from high school functionally illiterate. These young people are ill-prepared to support themselves or get ahead in life. Granted, the schools are not entirely to blame for students not getting a good education. But they don't seem to be offering a program that is attractive or inspiring to our youth.

Public schools are a government monopoly, free from the hard competition of the marketplace. Administrators (of which

there are far too many) and teachers lack incentives to demand excellence. Most parents who can possibly afford it are fleeing to private schools for quality education for their kids—despite the fact that they pay high property and state taxes for government schools.

Instead of throwing \$800 million more into the vast morass of the California public education system, let's look at some alternatives to the status quo.

We support tuition tax credits for the entire amount of private school tuition. While detractors say this would doom the public school system, they are just admitting that the present system is a failure, and that large numbers of parents would gladly take their children out of these schools if given a choice. The right to choose one's school has proved a popular one within the Los Angeles district; tax credits are a logical extension of this choice.

If you think the government schools are doing an outstanding job, vote to give them \$800 million more of your money. But if you don't, and you want an alternative to the state education system, VOTE NO on Proposition 123.

ROY SHIMP

*Teacher, Merced Union High School District
Chairman, Merced County Central Committee,
Libertarian Party of California*

TED BROWN

*Member, State Executive Committee,
Libertarian Party of California*

ROBERT GEIL

*Retired Teacher, South San Francisco Unified
School District*

Rebuttal to Argument Against Proposition 123**GOVERNOR GEORGE DEUKMEJIAN SUPPORTS
PROPOSITION 123**

Why?

Because over 1.6 million NEW students will enter California schools by the end of the decade. We need more schools to house this tremendous influx of students.

OLD SCHOOLS MUST BE REPAIRED

In addition to adequate *new space*, we need to replace or refurbish old schools, many of which are not earthquake safe and lack adequate heating or air conditioning.

AND, CONTRARY TO WHAT SOME BELIEVE, SCHOOL DISTRICTS CANNOT USE LOTTERY REVENUES FOR SCHOOL CONSTRUCTION.

SCHOOLS ARE AN INVESTMENT IN OUR FUTURE

Overcrowded and makeshift classrooms threaten the quality of our children's education. Schools are an investment in the future of our entire state.

**MUCH-NEEDED SCHOOLS BUILT WITHOUT RAISING
TAXES**

Passage of Prop. 123 conforms to the letter and spirit of the Gann spending limit and provides needed revenue *without raising taxes*.

OUR KIDS CAN'T AFFORD TO WAIT

There is still a long list of school districts which desperately need adequate space for their growing K-12 population. Proposition 123 provides some of these dollars so schools can give their new and existing students an adequate learning environment.

Without passage of 123 the crisis in school facilities will only get worse, and cost more. That's why the PTA; Senator Ed Davis, former Los Angeles Police Chief; and State Schools Superintendent Bill Honig have all joined Governor Deukmejian in a bipartisan coalition supporting Proposition 123.

VOTE YES FOR OUR KIDS

VOTE YES FOR SCHOOLS

VOTE YES ON PROP. 123

DOROTHY LEONARD

President, California PTA

LARRY MCCARTHY

President, California Taxpayers' Association

HOWARD L. OWENS

President, Congress of California Seniors

An Overview of State Bond Debt

This section of the ballot pamphlet provides an overview of the state's current bond debt. It also provides a discussion of the impact which the bond measures on this ballot, if approved, would have on this debt level.

Background

What Is Bond Financing? Bond financing is a type of long-term borrowing used to raise money for specific projects. This money is acquired by selling "bonds" to investors which must be paid back, along with interest.

The money raised from bonds is used primarily to fund large capital outlay projects, such as prisons, parks and recreational facilities, schools, and colleges. Bonds are used mainly because these projects yield benefits over many years and their large dollar costs are difficult to pay for all at once.

General Fund Bonds. Some of the bonds the state issues are self-supporting, meaning that the bonds are paid off from revenues generated by the projects they finance. For example, the state sells bonds to finance home loans for California veterans, and these bonds are paid off through the monthly mortgage payments made by the veterans. Such bonds do not impose a direct cost on the state.

Other bonds, however, are directly paid off by the state's General Fund, thereby imposing a direct cost on the state. The money in the General Fund comes primarily from state income taxes, sales taxes and corporate profits taxes. Most General Fund bonds are general obligation bonds, meaning that the state is obligated to pay their principal and interest costs. General obligation bonds must be voter-approved. The following discussion focuses on bonds paid for by the General Fund.

What Are the Direct Costs of Using Bonds? The cost to the state of using bonds depends primarily on the interest rate that is paid on them and the number of years over which they are paid off. Most General Fund bonds are paid off over a period of 20 years. Assuming an interest rate of 7.5 percent, the cost of paying off bonds over 20 years is about \$1.80 for each dollar borrowed—\$1 to repay the loan itself, and about 80 cents for the interest. However, because these payments are spread over many years, their cost after adjusting for inflation is less because the payments will be made with cheaper dollars in the future. Assuming a 5 percent future annual

inflation rate, the cost of bond financing in today's dollars will be about \$1.25 per \$1 borrowed.

The State's Current Debt Situation

The Amount of State Bond Debt. As of January 1, 1990, there was about \$6 billion of General Fund bond debt, including about \$4.5 billion of general obligation bonds. This amount included about \$565 million for water-related purposes, \$685 million for parks and recreational facilities, \$1.4 billion for prisons, and \$1.6 billion for schools. There were also about \$7.4 billion of existing general obligation bonds that have been approved by the voters but not yet sold because the projects they are funding are not yet completed. The amount of bond debt will increase as these bonds are sold.

California's bond debt ranks well below the average of other states, both on a per-person basis and as a percent of state personal income. At present, California's bonds have the highest possible credit rating from each of the nation's three major credit rating firms.

Debt Payments. The Governor's Budget projects that General Fund costs for payments on the state's General Fund bond debt will be about \$700 million during the current fiscal year. This equals 1.8 percent of General Fund revenues. This percentage has been increasing in recent years, but remains well below the average for other states.

We estimate that, as the rest of the authorized bonds are sold, state bond debt would be \$11 billion by 1994-95, and debt payments as a percent of state revenues would be 2.7 percent.

The Bonds Proposed on the Ballot

The bonds appearing on this ballot are all general obligation bonds and total about \$4 billion. This includes about \$3 billion for transportation-related purposes, \$450 million for public higher education, \$450 million for adult prisons and youth correctional facilities, and \$150 million for housing and homeless needs.

If these bond measures are approved by the voters, we estimate that state bond debt would be \$14.7 billion by 1994-95, and debt payments as a percent of state revenues would be 3.1 percent. Voter approval of additional bonds at future elections would increase these amounts.

Proposition 122: Text of Proposed Law

Continued from page 5

(1) All research funds appropriated pursuant to this subdivision shall be administered and disbursed according to guidelines established by the commission.

(2) These guidelines shall set forth the terms and conditions upon which the commission is prepared to fund research projects pursuant to this subdivision. The guidelines do not constitute rules, regulations, orders, or standards of general application.

Article 3. State Buildings or Facilities

8878.60. (a) State building or facility projects eligible for retrofitting, reconstruction, repair, replacement, relocation, or other seismic hazard abatement shall be based upon criteria established by the State Architect. The criteria shall include the factor of the population at risk of injury and may include, but are not limited to, the report by H.J. Degenkolb and Associates to the Seismic Safety Commission dated April 19, 1981, Seismic Safety Commission Report Number 601, as revised on December 31, 1987, or any updates of those reports received and adopted by the Seismic Safety Commission.

(b) If the state building or facility is designated as a historic building as defined in Section 18955 of the Health and Safety Code, the State Architect shall consult with the Office of Historic Preservation before proposing to demolish the building or facility.

(c) The State Architect may determine that because of the age, material used in construction, potential for ground failure in an earthquake, or the type of construction or the design of the structure, it would be more cost-effective to replace or relocate rather than rehabilitate the state building or facility. Upon that determination, the Director of General Services may submit to the Department of Finance a recommendation that the building be replaced or relocated. Upon receipt of the recommendation, the Director of Finance shall review and consider that recommendation and may recommend to the Governor inclusion of this project in the annual Budget Bill or any other legislative bill.

8878.61. The Director of General Services shall provide to the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature a listing of expenditures for activities pursuant to this article by January 10 each year. This information shall be submitted either in the Governor's Budget documents or a separate report.

Article 4. Local Government Buildings

8878.90. (a) The State Architect, with the consultation of the Seismic Safety Commission and the Office of Emergency Services, shall establish criteria for projects potentially eligible for an appropriation from the Legislature, pursuant to subdivision (b) of Section 8878.55 based on factors including the populations at risk of injury and the cost-effectiveness of remedial actions.

(b) The State Architect shall establish the criteria for potential funding pursuant to subdivision (b) of Section 8878.55 based upon the following order of seismic hazard reduction priorities:

(1) Abatement of falling hazards, as defined by the State Architect with the consultation of the Seismic Safety Commission, that are structural or nonstructural components of buildings or facilities and that pose serious threats to life, including, but not limited to, parapets, appendages, cornices, hanging objects, and building cladding.

(2) The seismic retrofitting of those buildings or facilities for which partial, localized, or phased seismic retrofits will significantly reduce collapse hazards with minimal disruption to either the operation of the buildings or facilities or disruption of the occupants of the buildings or facilities.

(3) All other buildings or facilities requiring seismic retrofitting.

8878.95. Applications for funds for local government buildings under this article shall be made to the State Architect in the form and with the supporting material as prescribed by the State Architect.

8878.96. Any appropriation of bond funds pursuant to this article may include provisions as agreed by the parties thereto, and the contract shall include, but not be limited to, all of the following:

(a) An estimate of the reasonable cost of the project.

(b) An agreement by the State Architect to grant to the local government, during the progress of construction or following completion of construction as agreed by the parties, an amount which equals no more than 75 percent of the portion of construction costs found by the State Architect to be eligible for a state grant.

(c) An agreement by the local government to (1) proceed expeditiously with, and complete, the project, (2) commence operation of the project upon completion thereof, (3) properly operate and maintain the project in accordance with the applicable provisions of

law, and (4) provide for payment of the local government's share of the cost of the project.

(d) At least 25 percent of the total cost for the seismic rehabilitation of the project, for the purposes specified in subdivision (b) of Section 8878.55, shall be paid by the local government.

8878.97. The State Architect shall provide to the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature a listing of expenditures for activities pursuant to this article by January 10 of each year. This information shall be submitted either in the Governor's Budget documents or a separate report.

8878.98. Allocations are limited to only the seismic rehabilitation portion of the improvement project, as determined by the State Architect. To the extent that other elements of work are proposed, a cost-sharing formula shall be developed by the State Architect which will be applicable to planning and design costs for the total project. The retrofitting portion of any project shall, to the greatest extent possible, be conducted during the same general period of time that life safety hazards, including, but not limited to, asbestos-related hazards or fire and panic safety hazards, are abated, or when periodic renovation or maintenance of the essential services building is performed.

8878.99. (a) Allocations made by the State Architect to local governments shall only be used to improve existing essential services buildings, as defined in Section 16007 of the Health and Safety Code, and emergency and public safety local buildings, including, but not limited to, county hospitals, courthouses, and city halls to resist earthquakes, and remain operational after a major earthquake. The allocations may be made with respect to all, or any part, of the building, but the allocations shall be used only for seismic retrofitting.

(b) Improvements to essential services facilities of local governments shall be considered in the order prescribed by the State Architect, consistent with subdivision (b) of Section 8878.100.

(c) Notwithstanding any other provision of law, except for Section 8878.90, if a local government determines, and the State Architect concurs, that because of the age, material used in construction, potential for ground failure in an earthquake, or the type of construction or the design of the structure that it would be more cost-effective to replace or relocate rather than rehabilitate the potentially eligible essential services facility or emergency or public safety local building, an allocation of up to that amount determined to be necessary for the seismic retrofit of the original structure, but not to exceed the actual cost of replacement and relocation, may be applied to the construction of the replacement facility under the following conditions:

(1) The essential services contained in the original facility shall be relocated to the replacement facility.

(2) If a new facility is constructed, the original facility shall not be eligible for additional funding under this program.

(3) If the original essential services facility or emergency or public safety local building is designated as a historic building as defined in Section 18955 of the Health and Safety Code, the State Architect shall consult with the Office of Historic Preservation before agreeing to any proposal to demolish the facility.

8878.100. Funds shall be distributed by the State Architect in the following manner:

(a) Upon receipt of an application by a local government for a grant pursuant to this article, the office or the State Architect may propose improvements to the project which will meet regional needs in a cost-effective manner. These improvements may include, but need not be limited to, structural strengthening, hardening of communication equipment, providing emergency power equipment, and other capital improvements which can be demonstrated as part of an emergency response plan which has a description of the critical facilities needed to support emergency response. The office, the State Architect, and the applicant may agree to include these capital improvements in the grant.

(b) In coordination with the Seismic Safety Commission and the Office of Emergency Services, and with the input of the potentially eligible local governments, the State Architect, consistent with Section 8878.90, shall establish a priority list of the types of potentially eligible local government buildings and facilities which are eligible to receive a state grant pursuant to this article.

(c) After completion of the priority list, the State Architect shall present this list of potentially eligible local government buildings and facilities to the Department of Finance for its review and consideration of whether to recommend to the Governor to include this list in the Budget Bill or other legislative proposal. The Legislature may review and appropriate funds available under this bond act for specific projects on the list which it deems appropriate.

(d) The State Architect shall allocate funds to local governments for the seismic retrofit of buildings or facilities based upon projects and appropriations approved in the Budget Bill or some other bill by the

Legislature as provided in this section. Payments shall be made on a progress basis.

8878.101. (a) An application for an allocation pursuant to this article shall not be recommended for approval by the State Architect unless the project meets the minimum seismic safety standards as established by the State Architect. Preliminary design work, including preliminary plans and a detailed cost estimate for the project shall be completed and submitted with the application.

(b) Any proposal for a project addressing more than seismic retrofit shall include a certification by the project architect or consulting engineer of the portion of the cost required for the eligible seismic improvements.

(c) If the project involves an essential services building, no allocation of funds may be made unless the State Architect finds that the project or the project plan is consistent with the Essential Services Building Seismic Safety Act of 1986 (Chapter 2 (commencing with Section 16000) of Division 12.5 of the Health and Safety Code).

8878.102. For a local government to be eligible for funding, the local government must have complied with Chapter 12.2 (commencing with Section 8875) and also have an emergency plan approved by the office as being consistent with the state planning guidelines and the State Emergency Plan and the most recent catastrophic emergency response plan. The local government shall also have a priority list that identifies those facilities which are not expected to be operational after a major earthquake and which are critical to carrying out the emergency plan.

8878.103. First priority for allocations of funds shall be given to projects located in seismic hazard zone 4, as defined and illustrated in Chapter 23 (commencing with Section 2301) of Part 2 of Title 24 of the California Code of Regulations, and projects located in San Diego and Sacramento Counties. The office shall certify that the local government projects are needed for emergency response to a major earthquake.

8878.104. Operation and maintenance costs shall be the responsibility of the grantee and may not be considered as part of the project cost. Costs for planning preliminary engineering studies, including preliminary plans, may be reimbursed following the receipt of an allocation of funds, subject to approval by the State Architect.

8878.105. Funds allocated pursuant to this article shall be available for expenditure by the local government within three years of the awarding of the allocation.

8878.106. (a) The office and the State Architect, after public notice and hearing and with the concurrence of the Seismic Safety Commission, shall establish guidelines necessary to carry out the purposes of this article. The guidelines shall include, but not be limited to, criteria and procedures for establishing the eligibility of the applicant, but shall not constitute rules, regulations, orders, or standards of general application.

(b) The office and the State Architect, with the concurrence of the Seismic Safety Commission, shall establish guidelines that will carry out this article and provide an adequate emergency response capability after a major earthquake. The guidelines may provide for the denial of funds when the purposes of this article may most economically and efficiently be attained by means other than the construction of the proposed project.

(c) The office and the State Architect, with the concurrence of the Seismic Safety Commission, may subsequently revise the guidelines as necessary to implement provisions of this chapter for any other reason to carry out the purposes of this article.

(d) Guidelines established pursuant to the provisions of this section shall not constitute rules, regulations, orders, or standards of general application.

8878.107. The office shall notify local governments that may be eligible for grants pursuant to this article of the following:

(a) The purposes of this article.

(b) The guidelines established by the office and the State Architect.

Article 5. Fiscal Provisions

8878.109. Bonds in the total amount of three hundred million dollars (\$300,000,000), exclusive of refunding bonds issued pursuant to Section 8878.118, or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5. A sum, not to exceed three hundred million dollars (\$300,000,000) of the bond proceeds shall be deposited in the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 for the purposes of this chapter. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

8878.110. The bonds authorized by this chapter shall be prepared,

executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

8878.111. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Earthquake Safety and Public Buildings Rehabilitation Finance Committee is hereby created. For the purposes of this chapter, the Earthquake Safety and Public Buildings Rehabilitation Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, the Director of General Services, or a designated representative of each of those officials. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of this chapter and the State General Obligation Bond Law, the entity designated as the "board" means the Department of General Services.

(c) The committee designated in subdivision (a) may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application.

8878.112. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 8878.55, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

8878.113. There shall be collected annually in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, these bonds as provided herein, and all officers required by law to perform any duty in regard to the collection of state revenues shall collect that additional sum.

8878.114. Notwithstanding Section 13340, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

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

(b) The sum which is necessary to carry out Section 8878.115, appropriated without regard to fiscal years.

8878.115. For the purposes of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.

8878.116. All moneys derived from premium and accrued interest on bonds sold shall be reserved and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

8878.117. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

8878.118. Any bonds issued and sold pursuant to this article may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4. Approval by the electors of the state for the issuance of these bonds shall include the approval of any bonds issued to refund any bonds originally issued or previously issued refunding bonds.

8878.119. The "board" may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for the purposes of carrying out this chapter. The amount of any request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The applicable board shall execute those documents as are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 to be allocated by the board designated in

subdivision (c) of Section 8878.111 in accordance with this chapter.

8878.120. Notwithstanding any provision of this chapter or the State General Obligation Bond Law set forth in Chapter 4 (commencing with Section 16720) of Part 3 of Division 4, if the Treasurer sells bonds pursuant to this chapter the interest on which is intended to be excluded from gross income for federal tax purposes, the Treasurer shall be authorized to maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds, and the Treasurer shall be authorized to use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

8878.121. Notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this chapter shall not exceed 20 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.

8878.122. All moneys deposited in the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 pursuant to any provision of law requiring repayments to the state which are financed by the proceeds of bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund, that money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.

Article 6. Miscellaneous Provisions

8878.123. The administrative provisions of Article 3 (commencing with Section 8878.60) and Article 4 (commencing with Section 8878.95) may be amended by statute without submission to the voters.

8878.124. Charges incurred by the Attorney General in protecting the state's interest in the grant funds under this chapter shall be payable from proceeds of bond sales for the purposes of this chapter. These charges shall not be paid from funds allocated for administrative purposes, but shall be treated as a program expense not to exceed one hundred fifty thousand dollars (\$150,000).

8878.125. (a) The proceeds from the sale of the bonds pursuant to this act shall not replace or supplant funds available from the Federal Emergency Management Agency (FEMA). If funds are received from

FEMA for costs applied for under this chapter, then proceeds from the fund shall not be allocated, or if already allocated, then the fund shall be reimbursed for any ineligible amount.

(b) No allocations shall be made from the fund for local buildings or facilities which qualified for state or federal assistance under the Natural Disaster Assistance Act (Chapter 7.5 (commencing with Section 8680)) for retrofitting, reconstruction, repair, replacement, or relocation of structures damaged by a disaster until the Office of Emergency Services determines either: (1) that reasonable efforts have been made to secure other state and federal funds, or (2) that the other sources of funding are insufficient to make the necessary seismic improvements. Similarly, no such allocations from the fund shall be made for state buildings or facilities unless the Department of Finance determines either: (1) the responsible agency has made reasonable efforts to secure other state and federal funds, or (2) that the other sources of funding are insufficient to correct state buildings or facilities which are seismically unsafe or suffer from other safety deficiencies.

8878.126. (a) No local government building or facility that is listed or is eligible for listing on the National Register of Historic Places or listed on any officially sponsored state or local register or inventory of historic places, may be demolished, destroyed, or significantly altered, except for restoration to preserve or enhance its historical value, unless the local government finds that the structure presents a clear and imminent threat to the public of bodily harm or of damage to adjacent property which threat cannot be mitigated by isolation or other measures less damaging than removal, or unless the State Office of Historic Preservation determines, pursuant to subdivision (b), that the structure may be demolished, destroyed, or significantly altered.

(b) Any local government may apply to the State Office of Historic Preservation for its determination as to whether a structure meeting the description set forth in subdivision (a) shall be demolished, destroyed, or significantly altered. That determination shall be based upon the extent of damage to the structure, the structure's historic significance, and any other factor deemed by the State Office of Historic Preservation to be relevant. In making that determination, the State Office of Historic Preservation shall consider the recommendation of a team selected by the State Office of Historic Preservation composed of three residents with historic preservation expertise who reside in the affected county.

Proposition 123: Text of Proposed Law

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proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

17660.70. For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, together with interest at the rate paid on moneys in the Pooled Money Investment Account, from money

received from the sale of bonds for the purpose of carrying out this chapter.

17660.75. All money deposited in the fund that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

17660.80. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. The approval by the electors of the state of the issuance and sale of bonds under this chapter includes approval of any bonds issued to refund either those bonds or any previously issued refunding bonds.

17660.85. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

Secretary of State
1230 J Street
SACRAMENTO, CA 95814

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ELECTION
MATERIAL

IMPORTANT NOTICE TO VOTERS

This supplemental ballot pamphlet is sent to you separately from the pamphlet containing Propositions 107 through 121 because the measures contained herein qualified for the ballot after the printing deadline for the main ballot pamphlet. Please check to be sure you receive TWO ballot pamphlets for the June 5, 1990 Primary Election—one titled "California Ballot Pamphlet" and this one, titled "Supplemental Ballot Pamphlet." In order to further distinguish between the two, this supplemental pamphlet is printed in blue ink. If you do not receive your main pamphlet, contact your county elections official, or toll free 1-800-345-VOTE.

IMPORTANT NOTICE

The State produces a cassette-recorded version of this ballot pamphlet. These tape recordings are available from most public libraries. If you have a family member or friend who is *visually impaired*, please inform him or her of this service. Cassettes can be obtained by calling your local public library, county elections official, or toll free 1-800-345-VOTE.
For *hearing and speech impaired only* call toll free 1-800-833-8683.

In an effort to reduce election costs, the State Legislature has authorized the State and counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or elections official.