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**TITLE 1. GENERAL [100 - 7931.000]** ( Title 1 enacted by Stats. 1943, Ch. 134. )

**DIVISION 6. PUBLIC BONDS AND OBLIGATIONS [5000 - 5979]** ( Division 6 enacted by Stats. 1943, Ch. 134. )

**CHAPTER 9.5. California Savings Bond Program [5750 - 5755]** ( Chapter 9.5 added by Stats. 1992, Ch. 954, Sec. 1. )

**5750.** The Legislature finds and declares all of the following:

- (a) There is a growing need for the state to finance capital projects to renew and expand the state's infrastructure through the use of various types of revenue obligations that are paid from the General Fund.
- (b) The need for these capital expenditures could also offer a simple way for California families to save for the costs of higher education and other significant expenditures that must be planned for over an extended period of time.
- (c) Families need convenient and simple methods to make secure investments for major expenses, such as funding higher education expenses.
- (d) The California Savings Bond Program will benefit the state by providing sources of revenue for capital redevelopment projects and will benefit individuals and families by providing a simple and safe method of saving funds for expenses, such as higher education expenses.
- (e) Families who use this program for college savings should not be penalized by the financial aid system.

(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)

**5751.** As used in this chapter, the following terms have the following meanings:

- (a) "Bonds" means general obligation bonds, revenue bonds, or any derivative evidence of indebtedness which includes, but is not limited to, interests in pools, money market mutual funds, and unit investment trusts, issued by or on behalf of any state agency.
- (b) "Governing body" means the board, authority, trustees, director, commission, committee, secretary, or other policy making body that exercises authority over a state agency.
- (c) "State agency" has the same meaning as defined by Section 11000.

(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)

**5752.** The Treasurer may sell California savings bonds in accordance with the requirements of this chapter. Notwithstanding any provision of law, when the Treasurer determines that bonds are to be sold, the Treasurer may request the governing body to authorize bonds with the following terms and the governing body shall authorize these terms:

- (a) The bonds may be issued in a denomination or denominations of any amount or amounts requested by the Treasurer and all bonds of the same issue or same series need not be of the same denomination.
- (b) The bonds may bear no interest or may bear interest payable only at maturity or at the times and in the manner established in the resolution, indenture, agreement, or other instrument providing for the issuance of the bonds.
- (c) For purposes of determining the principal amount of bonds outstanding, in the case of any bonds that do not provide for payment of interest on the bond prior to maturity, the principal amount of these bonds shall be the cash price paid by the initial purchasers of the bonds to the state plus the amount of any costs of issuance of the bonds. Within 30 days of the delivery of any bonds, the Treasurer shall submit to the governing body a certificate stating the principal amount of bonds, calculated as stated in this subdivision, which have been sold, and this certification shall be conclusive for all purposes.
- (d) The bonds may be issued in any form requested by the Treasurer in order to satisfy the requirements of a book entry system of depository trust companies or other similar financial institutions.
- (e) In addition to the standard designation, the bonds may be designated "California savings bonds" entitled to the benefits of this chapter.

*(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)*

**5753.** In arranging the sale of bonds, the Treasurer may impose the following requirements on any financial institution that sells the bonds to the public:

- (a) California residents planning to use the tax-exempt income for college expenses shall have first priority for purchase of the bonds and all other California residents shall be given second priority for purchase of the bonds.
- (b) The broker or institution marketing the bonds may not establish a minimum order size.
- (c) As long as the demand by individual investors is greater than the supply of bonds, the bonds shall not be sold to institutional investors.

*(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)*

**5754.** (a) A person who redeems California savings bonds and who has owned the bonds for at least five years, or a person designated by the owner, may exclude the amount redeemed to a maximum of twenty-five thousand dollars (\$25,000), per year per student, adjusted for inflation after January 1, 1993, according to the California Consumer Price Index, from any required calculations of income and net worth for the purpose of making state financial aid determinations for any public or private postsecondary educational institution in this state. This exclusion shall only be available for bonds redeemed or to be redeemed in the 12-month period preceding the date of award for financial aid. Notwithstanding Section 69506 of the Education Code, the modification made by this section to the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking any state-funded financial assistance is determined by the Legislature to be in the best interest of the state.

(b) This chapter does not apply to college savings bonds issued by the Treasurer prior to January 1, 1993, except that a person who redeems college savings bonds issued prior to January 1, 1993, and who has owned the bonds for at least five years, or a person designated by the owner, may exclude the amount redeemed to a maximum of twenty-five thousand dollars (\$25,000), per year per student, adjusted for inflation after January 1, 1993, according to the California Consumer Price Index, from any required calculations of income and net worth for the purpose of making state financial aid determinations for any public or private postsecondary educational institution in this state. This exclusion shall only be available for bonds redeemed or to be redeemed in the 12-month period preceding the date of award for financial aid.

*(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)*

**5755.** The general authority of the Treasurer to sell bonds, as provided in this chapter, is intended to be in addition to, and not limited by, specific provisions authorizing the issuance of bonds and is a separate and complete authority for the actions authorized by this chapter.

*(Added by Stats. 1992, Ch. 954, Sec. 1. Effective January 1, 1993.)*