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### GOVERNMENT CODE - GOV

**TITLE 18. THE ECONOMIC RECOVERY BOND ACT [99050 - 99077]** ( Title 18 added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. )

### CHAPTER 4. Bond Provisions [99065 - 99077]

 ( Chapter 4 added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. )

**99065.** (a) Subject to subdivision (b), bonds in the total amount of fifteen billion dollars (\$15,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 99075, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this title and to reimburse the General Obligation Bond Expense Revolving Fund, pursuant to Section 16724.5. The bonds, when sold, shall 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. Additionally, the bonds, when sold, shall be secured by a pledge of revenues and any other amounts in the Fiscal Recovery Fund created pursuant to Section 99008. The bonds may be secured by different lien priorities on amounts in the Fiscal Recovery Fund.

(b) The amount of bonds that may be issued and sold pursuant to subdivision (a) shall be reduced by the amount of bonds issued pursuant to Title 17 (commencing with Section 99000), and by the amount of bonds issued pursuant to the California Pension Obligation Financing Act (Chapter 7 (commencing with Section 16910) of Part 3 of Division 4 of Title 2), except to the extent those bonds will be retired, defeased, or redeemed with the proceeds of bonds authorized by this title.

(c) Pursuant to this section, the Treasurer shall sell the bonds authorized by the committee. The bonds shall be sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 and Section 99070. Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value. Notwithstanding Section 16754.3, the discount with respect to any issue of the bonds shall not exceed 3 percent of the par value thereof, net of any premium.

(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)

**99066.** The bonds authorized by this title 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), and all of the provisions of that law, except subdivisions (a) and (b) of Section 16727 or any other provision in that law that is inconsistent with the terms of this title, apply to the bonds and to this title and are hereby incorporated in this title as though set forth in full in this title.

(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)

**99067.** For purposes of this title, the Department of Finance is designated the "board" as that term is used in the State General Obligation Bond Law.

(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)

**99069.** Notwithstanding any other provision of this title, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this title that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes subject to designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for 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 that is 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.

(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)

**99070.** (a) (1) The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this title in order to carry out the purposes of this title and, if so, the amount of bonds to be issued and sold, the times at which the proceeds of the bonds authorized by this title shall be required to be available, and those other terms and conditions for the bonds authorized by this title as it shall determine necessary or desirable.

(2) In addition to all other powers specifically granted in this title and the State General Obligation Bond Law, the committee may do all things necessary or convenient to carry out the powers and purposes of this title, including the approval of any indenture and any ancillary obligation relating to those bonds, and the delegation of necessary duties to the chairperson, and to the Treasurer as agent for sale of the bonds.

(3) The committee shall determine the amount of the bonds to be issued so that the net proceeds of the bonds issued to fund the accumulated budget deficit, when added to the net proceeds of any bonds issued pursuant to Title 17 (commencing with Section 99000) for that purpose, exclusive of bonds issued pursuant to this title for the purpose of refunding bonds issued pursuant to this title or Title 17 (commencing with Section 99000), will not exceed fifteen billion dollars (\$15,000,000,000) in the aggregate. Nothing in this section shall be construed to limit the ability of the committee to authorize the issuance of any amount of bonds that it shall determine necessary or appropriate to accomplish the purposes of this title, including the refunding or redemption of the bonds issued pursuant to Title 17 (commencing with Section 99000), subject to the limit on the total amount of bonds set forth in Section 99065.

(b) 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. In addition to all other powers specifically granted in this title and the State General Obligation Bond Law, the committee may do all things necessary or convenient, including the delegation of necessary duties to the chairperson and to the Treasurer as agent for sale of the bonds, to carry out the powers and purposes of this title.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99071.** The principal of and interest on the bonds and the payment of any ancillary obligations shall be payable from and secured by a pledge of all state sales and use tax revenues in the Fiscal Recovery Fund established pursuant to Section 99008 and any earnings thereon. To the extent that moneys in the Fiscal Recovery Fund are deemed insufficient to make these payments, pursuant to an estimate certified by the Director of Finance and approved by the committee, 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 and the payment of any ancillary obligations for which payment is authorized by this title and for which the full faith and credit of the state has been pledged. 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 that is necessary to collect that additional sum.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99072.** (a) Notwithstanding Section 13340, there is hereby continuously appropriated from the Fiscal Recovery Fund established pursuant to Section 99008 an amount that will equal the total of the following:

(1) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold as described in Section 99070, as the principal and interest become due and payable, together with any amount necessary to satisfy any reserve and coverage requirements in the resolution.

(2) The sum necessary to pay any ancillary obligations entered into in connection with the bonds.

(3) Any trustee and other administrative costs incurred in connection with servicing the bonds and ancillary obligations.

(4) Redemption, retirement, defeasance or purchase of any bonds as authorized by the committee prior to their stated maturity dates.

(b) Notwithstanding Section 13340, if the funds appropriated by subdivision (a) are estimated to be insufficient to meet the requirement specified in paragraphs (1) to (4), inclusive, of subdivision (a), as approved pursuant to Section 99071, there is hereby continuously appropriated from the General Fund, for the purposes of this chapter, an amount that will provide sufficient revenues to meet whatever requirements specified in paragraphs (1) to (4), inclusive, of subdivision (a) cannot be met from revenues appropriated from the Fiscal Recovery Fund.

(c) The sales and use tax revenues received pursuant to Sections 6051.5 and 6201.5 of the Revenue and Taxation Code and deposited into the Fiscal Recovery Fund are hereby irrevocably pledged to the payment of principal and interest on the bonds issued pursuant to this title, to payment of any ancillary obligations, and to costs necessary for servicing and administering the bonds and ancillary obligations. The Legislature may elect to deposit additional revenues in the Fiscal Recovery Fund. The pledge of this

subdivision shall vest automatically upon execution and delivery of any resolution or agreement relating to ancillary obligations, without the need for any notice or filing in any office or location.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99074.** All money deposited in the Economic Recovery Fund that is derived from accrued interest on bonds sold shall be reserved in that fund and shall be available for transfer to the Fiscal Recovery Fund as a credit to expenditures for bond interest.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99075.** 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, which is a part of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of the bonds described in this title shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this title or any previously issued refunding bonds.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99076.** The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this title 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.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*

**99077.** The state hereby pledges and agrees with the holders of any bonds issued pursuant to this title that it will not reduce the rate of imposition of either of the taxes imposed pursuant to Sections 6051.5 and 6201.5 of the Revenue and Taxation Code, which generate the revenue deposited in the Fiscal Recovery Fund.

*(Added by Stats. 2003, 5th Ex. Sess., Ch. 2, Sec. 3. Approved in Proposition 57 at the March 2, 2004, election.)*