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AB-48 Education finance: postsecondary education facilities: College Health and Safety Bond Act of 2026. (2025-2026)

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AMENDED IN ASSEMBLY MAY 29, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 48

Introduced by Assembly Member Alvarez
(Coauthors: Assembly Members ~~Fong~~ Fong, Haney, and Muratsuchi)

December 02, 2024

An act ~~to amend Sections 15102, 15106, 15268, and 15270 of,~~ to add Article 8 (commencing with Section 89800) to Chapter 6 of Part 55 of Division 8 of Title 3 of, to add Article 7 (commencing with Section 92170) to Chapter 2 of Part 57 of Division 9 of Title 3 of, and to add Part 71 (commencing with Section 101200) to Division 14 of Title 3 of, the Education Code, relating to education finance, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of these funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 48, as amended, Alvarez. Education finance: postsecondary education facilities: College Health and Safety Bond Act of 2026.

~~(1)Existing law authorizes the governing board of any school district or community college district to order an election and submit to the electors of the district the question of whether the bonds of the district shall be issued and sold to raise money for specified purposes. Existing law generally requires, to pass a school bond measure, that either at least 23 of the votes cast on the proposition of issuing bonds be in favor of issuing the bonds to pass the measure, or, if certain conditions are met, at least 55% of the votes cast on the proposition of issuing bonds be in favor of issuing the bonds. Existing law prohibits the total amount of bonds issued by a school district or community college district from exceeding 1.25% of the taxable property of the district, as provided.~~

~~This bill would raise that limit to 2% for a community college district.~~

~~(2)Existing law also authorizes a unified school district or community college district to issue bonds receiving at least 55% of the votes cast on the proposition of issuing the bonds that, in aggregation with bonds issued with a 23 favorable vote, do not exceed 2.5% of the taxable property of the district, as provided.~~

~~This bill would raise that limit to 4% for a community college district.~~

~~(3)~~

(1) The California Constitution prohibits the Legislature from creating a debt or liability that singly or in the aggregate with any previous debts or liabilities exceeds the sum of \$300,000, except by an act that (A) authorizes the debt for a single object or work specified in the act, (B) has been passed by a ~~2/3~~ ^{2/3} vote of all the Members elected to each house of the Legislature, (C) has been submitted to the people at a statewide general or primary election, and (D) has received a majority of all the votes cast for and against it at that election.

This bill would set forth the College Health and Safety Bond Act of 2026 as a state general obligation bond act that would provide \$_____ to construct and modernize education facilities, as specified. This bond act would become operative only if approved by the voters at an undefined statewide election. The bill would also provide for the submission of the bond act to the voters at that election.

~~(4)~~

(2) Existing law establishes the California State University, under the administration of the Trustees of the California State University, and the University of California, under the administration of the Regents of the University of California, as 2 of the segments of public postsecondary education in the state.

This bill would require the Trustees and the Regents to comply with certain conditions, as provided, before receiving funds from the 2026 University Capital Outlay Bond Fund established pursuant to the College Health and Safety Bond Act of 2026.

~~(5)~~

(3) This bill, except for the provision making the provisions of the bill severable, would become operative upon the adoption of the College Health and Safety Bond Act of 2026 by the voters at an undefined statewide election.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 15102 of the Education Code is amended to read:~~

~~15102.(a) The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 1.25 percent of the taxable property of the school district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the school district or school facilities improvement district is located.~~

~~(b) The total amount of bonds issued pursuant to this chapter and Chapter 1.5 (commencing with Section 15264) shall not exceed 2 percent of the taxable property of the community college district, as shown by the last equalized assessment of the county or counties in which the community college district is located.~~

~~(c) For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.~~

~~SEC. 2. Section 15106 of the Education Code is amended to read:~~

~~15106.(a)(1) A unified school district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed 2.5 percent of the taxable property of the unified school district, or the school facilities improvement district, if applicable, as shown by the last equalized assessment of the county or counties in which the district is located.~~

~~(2) A community college district may issue bonds that, in aggregation with bonds issued pursuant to Section 15270, shall not exceed 4 percent of the taxable property of the community college district, as shown by the last equalized assessment of the county or counties in which the community college district is located.~~

~~(3) In computing the outstanding bonded indebtedness of a unified school district or community college district for purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the~~

unified school district or community college district to each of those purposes respectively.

~~(b)For purposes of the State School Building Aid Law of 1952 (Chapter 6 (commencing with Section 16000)) with respect to applications for apportionments and apportionments filed or made before September 15, 1961, and to the repayment thereof, Chapter 4 (commencing with Section 15700), inclusive, only, a unified school district shall be considered to have a bonding capacity in the amount permitted by law for an elementary school district and a bonding capacity in the amount permitted by law for a high school district.~~

~~(c)For purposes of this section, the taxable property of a district for a fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. If two or more school districts or community college districts are unified subsequent to the 1987-88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district or community college district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15102.~~

SEC. 3. Section 15268 of the Education Code is amended to read:

~~15268.(a)The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 1.25 percent of the taxable property of the school district as shown by the last equalized assessment of the county or counties in which the school district is located.~~

~~(b)The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 2 percent of the taxable property of the community college district as shown by the last equalized assessment of the county or counties in which the community college district is located.~~

~~(c)The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred by a school district pursuant to this chapter, at a single election, would not exceed thirty dollars (\$30) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the school district to increase in accordance with Article XIII A of the California Constitution.~~

~~(d)For purposes of this section, the taxable property of a school district or community college district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987-88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987-88 fiscal year, and multiplying that result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll.~~

SEC. 4. Section 15270 of the Education Code is amended to read:

~~15270.(a)Notwithstanding Sections 15102 and 15268, a unified school district may issue bonds pursuant to this article that, in aggregation with bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 2.5 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred pursuant to this chapter at a single election, by a unified school district, would not exceed sixty dollars (\$60) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution.~~

~~(b)Notwithstanding Sections 15102 and 15268, a community college district may issue bonds pursuant to this article that, in aggregation with bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed 4 percent of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located. The bonds may only be issued if the tax rate levied to meet the requirements of Section 18 of Article XVI of the California Constitution in the case of indebtedness incurred pursuant to this chapter at a single election, by a community college district, would not exceed twenty five dollars (\$25) per year per one hundred thousand dollars (\$100,000) of taxable property when assessed valuation is projected by the district to increase in accordance with Article XIII A of the California Constitution.~~

~~(c)In computing the outstanding bonded indebtedness of any unified school district or community college district for purposes of this section, any outstanding bonds shall be deemed to have been issued for elementary school purposes, high school purposes, and community college purposes, respectively, in the respective amounts that the proceeds of the sale of those outstanding bonds, excluding any premium and accrued interest received on that sale, were or have been allocated by the governing board of the unified school district or community college district to each of those purposes respectively.~~

~~(d) For purposes of this section, the taxable property of a district for any fiscal year shall be calculated to include, but not be limited to, the assessed value of all unitary and operating nonunitary property of the district, which shall be derived by dividing the gross assessed value of the unitary and operating nonunitary property within the district for the 1987–88 fiscal year by the gross assessed value of all unitary and operating nonunitary property within the county in which the district is located for the 1987–88 fiscal year, and multiplying the result by the gross assessed value of all unitary and operating nonunitary property of the county on the last equalized assessment roll. If two or more school districts are unified subsequent to the 1987–88 fiscal year, the assessed value of all unitary and operating nonunitary property of the unified district shall be deemed to be the total of the assessed value of the taxable property of each of the unifying districts as that assessed value would be determined under Section 15268.~~

~~(e) For purposes of this article, “general obligation bonds,” as that term is used in Section 18 of Article XVI of the California Constitution, means bonds of a school district or community college district, the repayment of which is provided for by this chapter and Chapter 1 (commencing with Section 15100), and includes bonds of a school facilities improvement district, the repayment of which is provided for by this chapter and Chapter 2 (commencing with Section 15300).~~

SEC. 5. SECTION 1. Article 8 (commencing with Section 89800) is added to Chapter 6 of Part 55 of Division 8 of Title 3 of the Education Code, to read:

Article 8. 2026 University Capital Outlay Bond Fund Conditions

89800. (a) As a condition of receiving funds from the 2026 University Capital Outlay Bond Fund established in Section 101230, the Trustees of the California State University shall adopt a five-year affordable student housing plan for each campus covering the 2026–27 to 2030–31 fiscal years, inclusive. Each campus’ plan shall include all of the following:

- (1) A description of current student housing capacity, including the number of on-campus housing units, the demonstrated demand for those units, and the availability of off-campus alternatives for students who are denied student housing or are otherwise unable to access student housing. This data shall be disaggregated to detail the number of units in demand by, and occupied by, low-income students.
- (2) The cost of on-campus and off-campus student housing, including how on-campus housing compares to local market rates and the availability of affordable off-campus housing located near the main campus.
- (3) A description of campus efforts, over the last five years, to increase the availability of affordable student housing to a larger percentage of the campus’ student body.
- (4) A goal for additional affordable student housing units and a detailed plan for campus efforts within the next five years to prospectively construct, acquire, or develop collaboratively with their local communities, including their local community colleges, additional affordable student housing.
- (5) A description of campus institutional aid distribution policies to assist full-time students that meet the family income and asset qualifications to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award to afford student housing.

(b) Commencing October 1, 2026, the Trustees of the California State University shall submit an updated report for each campus on the progress toward its goal to the Department of Finance and the Legislature by October 15 of each year. A final summative and systemwide report shall be submitted to the Department of Finance and the Legislature by October 15, 2031.

(c) (1) In developing a list of capital projects for consideration in the annual Budget Act that are proposed to be funded from the 2026 University Capital Outlay Bond Fund, the Trustees of the California State University shall use each campus’ five-year affordable student housing plan as a key input in prioritizing projects from campuses that the Trustees determines are improving, or will improve, access to affordable on-campus and off-campus student housing. Other key inputs in prioritizing the bond fund list shall include projects that address critical fire and life safety issues, projects that address seismic deficiencies, and projects that address critical deferred maintenance issues.

- (2) The final prioritization and schedule of projects, including the extent to which the key inputs required pursuant to paragraph (1) were used by the Trustees to prioritize the Trustees’ list of submitted projects, shall be subject to review and consideration through the annual budget process.

(d) For purposes of this section, the following definitions apply:

- (1) “Affordable student housing” means housing for low-income students for which the rental rate is either below the local market rate or the rent could be paid with the equivalent of 15 hours per week of federal work student wages in conjunction with financial aid.
- (2) “Low-income student” means a full-time student that meets the family income and asset qualifications needs to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award.

(e) It is the intent of the Legislature that each campus reflect local conditions, such as the percentage of local commuter students and the availability of affordable off-campus housing located near the campus, when developing the campus' five-year affordable student housing plan.

(f) Reports submitted to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

~~SEC. 6.~~ **SEC. 2.** Article 7 (commencing with Section 92170) is added to Chapter 2 of Part 57 of Division 9 of Title 3 of the Education Code, to read:

Article 7. 2026 University Capital Outlay Bond Fund Conditions

92170. (a) As a condition of receiving funds from the 2026 University Capital Outlay Bond Fund established in Section 101230, the Regents of the University of California shall adopt a five-year affordable student housing plan for each campus covering the 2026–27 to 2030–31 fiscal years, inclusive. Each campus' plan shall include all of the following:

(1) A description of current student housing capacity, including the number of on-campus housing units, the demonstrated demand for those units, and the availability of off-campus alternatives for students who are denied student housing or are otherwise unable to access student housing. This data shall be disaggregated to detail the number of units in demand by, and occupied by, low-income students.

(2) The cost of on-campus and off-campus student housing, including how on-campus housing compares to local market rates and the availability of affordable off-campus housing located near the main campus.

(3) A description of campus efforts, over the last five years, to increase the availability of affordable student housing to a larger percentage of the campus' student body.

(4) A goal for additional affordable student housing units and a detailed plan for campus efforts within the next five years to prospectively construct, acquire, or develop collaboratively with their local communities, including their local community colleges, additional affordable student housing.

(5) A description of campus institutional aid distribution policies to assist full-time students that meet either the family income and asset qualifications to receive a Cal Grant A financial aid award or Cal Grant B financial aid award to afford student housing.

(b) Commencing October 1, 2026, the Regents of the University of California shall submit an updated report for each campus on the progress toward its goal to the Department of Finance and the Legislature by October 15 of each year. A final summative and systemwide report shall be submitted to the Department of Finance and the Legislature by October 15, 2031.

(c) (1) In developing a list of capital projects for consideration in the annual Budget Act that are proposed to be funded from the 2026 University Capital Outlay Bond Fund, the Regents of the University of California shall use each campus' five-year affordable student housing plan as a key input in prioritizing projects from campuses that the Regents determine are improving, or will improve, access to affordable on-campus and off-campus student housing. Other key inputs in prioritizing the bond fund list shall include projects that address critical fire and life safety issues, projects that address seismic deficiencies, and projects that address critical deferred maintenance issues.

(2) The final prioritization and schedule of projects, including the extent to which the key inputs required pursuant to paragraph (1) were used by the Regents to prioritize its list of submitted projects, shall be subject to review and consideration through the annual budget process.

(d) For purposes of this section, the following definitions apply:

(1) "Affordable student housing" means housing for low-income students for which the rental rate is either below the local market rate or the rent could be paid with the equivalent of 15 hours per week of federal work student wages in conjunction with financial aid.

(2) "Low-income student" means a full-time student that meets the family income and asset qualifications needs to receive either a Cal Grant A financial aid award or Cal Grant B financial aid award.

(e) It is the intent of the Legislature that each campus reflect local conditions, such as the percentage of local commuter students and the availability of affordable off-campus housing located near the campus, when developing the campus' five-year affordable student housing plan.

(f) Reports submitted to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 7. SEC. 3. Part 71 (commencing with Section 101200) is added to Division 14 of Title 3 of the Education Code, to read:

PART 71. The College Health and Safety Bond Act of 2026
CHAPTER 1. General Provisions

101200. This part shall be known, and may be cited, as the College Health and Safety Bond Act of 2026.

101201. The incorporation of, or reference to, any provision of state statutory law in this part includes all acts amendatory thereof and supplementary thereto.

101202. Bonds in the total amount of ____ dollars (\$____), not including the amount of any refunding bonds issued in accordance with Sections 101221 and 101242, may be issued and sold for the purposes set forth in Sections 101212, 101231, and 101232. The bonds, when sold, issued, and delivered, 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 the principal of, and interest on, the bonds as the principal and interest become due and payable.

101203. It is the intent of the Legislature to address the crisis of school facilities for all California students attending public community colleges and universities to:

- (a) Upgrade public school facilities for earthquakes and other emergencies.
- (b) Provide emergency funding to reopen schools following major disasters, including fires.
- (c) Remove mold, asbestos, and other hazardous materials from classrooms and lead from school drinking water.
- (d) Repair and replace aging public school buildings.
- (e) Provide space for school nurses and counselors to increase student access to health care and mental health services.
- (f) Modernize job, career, and vocational training facilities, including for veterans returning from duty.
- (g) Construct, renovate, and expand affordable student and employee housing at public universities and community colleges to address critical shortages.
- (h) Modernize existing student housing facilities to meet health, safety, and accessibility standards.
- (i) Require independent audits and public hearings to provide accountability for taxpayer dollars.
- (j) Cap administrative costs at 5 percent.

101204. Not more than 5 percent of the funds allocated pursuant to this part may be used to support the costs to administer the programs authorized by this act.

101205. (a) Debt service for bonds issued under this part shall not be paid from funds allocated pursuant to Section 8 of Article XVI of the California Constitution.

(b) The Legislature shall prioritize repayment of bonds issued under this part from revenue sources outside of the moneys to be applied by the state for support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.

CHAPTER 2. California Community College Facilities
Article 1. General Provisions

101210. (a) The 2026 California Community College Capital Outlay Bond Fund is hereby established in the State Treasury for deposit of funds from the proceeds of bonds, not including the proceeds of any refunding bonds issued in accordance with Section 101221, issued and sold for the purposes of this chapter.

(b) The Higher Education Facilities Finance Committee established pursuant to Section 67353 is hereby continued in existence to act as the committee, as defined 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), for purposes of this chapter and to provide funds to aid the California Community Colleges.

Article 2. California Community College Program Provisions

101211. (a) From the proceeds of bonds issued and sold pursuant to Article 3 (commencing with Section 101212), the sum of ____ (\$____) shall be deposited in the 2026 California Community College Capital Outlay Bond Fund for purposes of this chapter. When appropriated, these funds shall be available for expenditure for purposes of this chapter.

(b) The purposes of this chapter include assisting in meeting the capital outlay financing needs of the California Community Colleges, including the construction, acquisition, and renovation of affordable student and employee housing facilities.

(c) Proceeds from the sale of bonds issued and sold for purposes of this chapter may be used to fund any of the following:

(1) Student and employee housing projects on or near community college campuses, with priority given for affordability and proximity to transit.

(2) Construction on existing campuses, including the construction of buildings and the acquisition of related fixtures.

(3) Construction of intersegmental facilities.

(4) Renovation and reconstruction of facilities, site acquisition, the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years, and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California Community Colleges.

(d) For purposes of this section, "intersegmental" means may be used by more than one segment of public higher education.

Article 3. California Community College Fiscal Provisions

101212. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101200), bonds in the total amount of ____ dollars (\$____), not including the amount of any refunding bonds issued in accordance with Section 101221, may be issued and sold to provide a fund 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 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the Higher Education Facilities Finance Committee established pursuant to Section 67353 at any different times necessary to service expenditures required by the apportionments.

101213. (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). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2026 Community College Capital Outlay Bond Fund is designated as the "board" for projects funded pursuant to this chapter.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for the purpose of funding aid to the California Community Colleges for the construction on existing or new campuses, and their respective off-campus centers and joint use and intersegmental facilities, as set forth in this chapter.

101214. The Higher Education Facilities Finance Committee established pursuant to Section 67353 shall authorize the issuance of bonds under this chapter only to the extent necessary to fund the related apportionments for the purposes described in this chapter that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, the committee shall determine by resolution whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the purposes described in this chapter 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.

101215. 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. 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.

101216. 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 equals 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 necessary to carry out Section 101219, appropriated without regard to fiscal years.

101217. The board, as defined in subdivision (b) of Section 101213, may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the Higher Education Facilities Finance Committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter excluding any refunding bonds authorized pursuant to Section 101221, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101219 and not yet returned. The board, as defined in subdivision (b) of Section 101213, shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2026 California Community College Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101218. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, 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 or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer 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 required or desirable under federal law 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.

101219. (a) For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding bonds authorized pursuant to Section 101221, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101217 and not yet returned, that have been authorized by the Higher Education Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2026 California Community College Capital Outlay Bond Fund consistent with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

(b) Any request forwarded to the Legislature and the Department of Finance for funds from this bond issue for expenditure for the purposes described in this chapter by the California Community Colleges shall be accompanied by the five-year capital outlay plan that reflects the needs and priorities of the community college system and is prioritized on a statewide basis. Requests shall include a schedule that prioritizes the seismic retrofitting needed to significantly reduce, in the judgment of the particular college, seismic hazards in buildings identified as high priority by the college.

101220. All moneys deposited in the 2026 California Community College Capital Outlay Bond Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the cost of the bond issuance before any transfer to the General Fund.

101221. The bonds issued and sold pursuant to this chapter 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. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101222. 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, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 3. University Facilities

Article 1. General Provisions

101230. (a) The system of public universities in this state includes the University of California, the college named in Section 92200, and the California State University, and their respective off-campus centers.

(b) The 2026 University Capital Outlay Bond Fund is hereby established in the State Treasury for deposit of funds from the proceeds of bonds, not including the proceeds of any refunding bonds issued in accordance with Section 101242, issued and sold for the purposes of this chapter.

(c) (1) The Higher Education Facilities Finance Committee established pursuant to Section 67353 is hereby continued in existence to act as the committee, as defined 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), for purposes of this chapter to provide funds to aid the University of California, including the college named in Section 92200, and the California State University.

(2) The addition of the college named in Section 92200 to this section clarifies the Legislature's intent regarding, and is not intended to mark a change from, the funding authorizations made by Section 67354, as set forth in the Higher Education Facilities Bond Act of 1986, or by Section 67334, as set forth in the Higher Education Facilities Bond Act of 1988.

Article 2. Program Provisions Applicable to the University of California and the College Named in Section 92200

101231. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101233), the sum of ____ dollars (\$____) shall be deposited in the 2026 University Capital Outlay Bond Fund for purposes of this chapter. When appropriated, these funds shall be available for expenditure for purposes of this chapter.

(b) The purposes of this chapter include assisting in meeting the capital outlay financing needs of the University of California, including the college named in Section 92200, including the development of affordable student and employee housing.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for any of the following:

(1) The construction, reconstruction, and remodeling of existing or new facilities, including the construction of buildings and the acquisition of related fixtures.

(2) The construction, acquisition, or renovation of student and employee housing, with priority given to projects that reduce housing cost burdens.

(3) The equipping of new, renovated, or reconstructed facilities.

(4) The payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings.

(5) The renovation and reconstruction of facilities.

(6) The construction or improvement of off-campus and on-campus facilities of the University of California approved by the Regents of the University of California, including the acquisition of sites upon which these facilities are to be constructed.

Article 3. Program Provisions Applicable to the California State University

101232. (a) From the proceeds of bonds issued and sold pursuant to Article 4 (commencing with Section 101233), the sum of ____ dollars (\$____) shall be deposited in the 2026 University Capital Outlay Bond Fund for the purposes of this chapter. When appropriated, these funds shall be available for expenditure for the purposes of this chapter.

(b) The purposes of this chapter include assisting in meeting the capital outlay financing needs of the California State University.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for any of the following:

(1) The construction, reconstruction, and remodeling of existing or new facilities, including the construction of buildings and the acquisition of related fixtures.

(2) The construction, acquisition, or renovation of student and employee housing, with priority given to projects that reduce housing cost burdens.

(3) The equipping of new, renovated, or reconstructed facilities.

(4) The payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings.

(5) The renovation and reconstruction of facilities.

(6) The construction or improvement of off-campus and on-campus facilities of the California State University approved by the Trustees of the California State University, including the acquisition of sites upon which these facilities are to be constructed.

Article 4. University Fiscal Provisions

101233. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101200), bonds in the amount of ____ dollars (\$____), not including the amount of any refunding bonds issued in accordance with Section 101242, may be issued and sold to provide a fund 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 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the Higher Education Facilities Finance Committee, established pursuant to Section 67353, at any different times necessary to service expenditures required by the apportionments.

(c) (1) It is the intent of the Legislature that the University of California and the California State University annually consider the inclusion of intersegmental facilities as part of those entities' annual capital outlay planning process and that on or before May 15th of each year, those entities report their findings to the budget committees of each house of the Legislature.

(2) For purposes of this subdivision, "intersegmental" means may be used by more than one segment of public higher education.

101234. (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). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For the purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2026 University Capital Outlay Bond Fund is designated as the "board" for projects funded pursuant to this chapter.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for the purpose of funding aid to the University of California, including the college named in Section 92200, and the California State University, for the construction on existing or new campuses, and their respective off-campus centers and joint use and intersegmental facilities, as set forth in this chapter.

101235. The Higher Education Facilities Finance Committee established pursuant to Section 67353 shall authorize the issuance of bonds under this chapter only to the extent necessary to fund the apportionments for the purposes described in this chapter that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, 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 purposes described in this chapter 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.

101236. 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. 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.

101237. 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 equals 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 necessary to carry out Section 101240, appropriated without regard to fiscal years.

101238. The board, as defined in subdivision (b) of Section 101234, may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the Higher Education Facilities Finance Committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter, excluding any refunding bonds authorized pursuant to Section 101242. The board, as defined in subdivision (b) of Section 101234, shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2026 University Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101239. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, 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, or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings on those proceeds 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 required or desirable under federal law 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.

101240. (a) For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding of bonds authorized pursuant to Section 101242, that have been authorized by the Higher Education Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2026 University Capital Outlay Bond Fund consistent with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

(b) Any request forwarded to the Legislature and the Department of Finance for funds from this bond issued for expenditure for the purposes described in this chapter by the University of California, the college named in Section 92200, or the California State University shall be accompanied by the five-year capital outlay plan of the particular university or college.

101241. All moneys deposited in the 2026 University Capital Outlay Bond Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the costs of the bond issuance before any transfer to the General Fund.

101242. The bonds issued and sold pursuant to this chapter 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. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101243. 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, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 4. Transparency and Accountability Provisions

101250. (a) (1) A governing board of a community college district, the Trustees of the California State University, the Regents of the University of California, or the Board of Directors of the college named in Section 92200 shall ensure that an independent performance audit of any project funded in whole or in part from the proceeds of a bond authorized by this part is conducted to ensure that the use of the applicable funds has been reviewed for expenditure consistent with the requirements of all applicable laws.

(2) A performance audit conducted for any project funded in whole or in part from the proceeds of bonds authorized by this part and required by any other law shall be deemed to satisfy the requirements of paragraph (1).

(3) The result of any audit required by this subdivision shall be posted on the internet website of the applicable community college district, the California State University, the University of California, or the college named in Section 92200.

(b) (1) Before approving a request for the consideration of a project, or projects, by the Legislature that would be funded by the proceeds of a bond authorized by this part, the governing board of a community college district shall hold at least one public hearing to solicit input from members of the public regarding a project, or projects, being requested for consideration.

(2) The public hearing required pursuant to paragraph (1) may:

(A) Occur at the same public hearing in which the governing board approves the project, or projects, seeking funds from this part.

(B) Be conducted as part of a regularly scheduled and publicly noticed hearing of the governing board.

(3) (A) A community college district shall post information regarding a project, or projects, seeking, or requesting, funds from this part that have been approved by the governing board of the community college district on its public internet website.

(B) The project information reflected on the internet website pursuant to subparagraph (A) shall include, but not be limited to, the location of the project, or projects, estimated project costs, and the estimated timeline for the completion of the project, or projects.

(4) (A) A community college district shall retain all financial accounts, documents, and records necessary for the audit required pursuant to subdivision (a).

(B) For purposes of this paragraph, a community college district may maintain records electronically, in compliance with any applicable state and federal laws.

(c) (1) Before approving a request for the consideration of a project, or projects, by the Legislature that would be funded by the proceeds of a bond authorized by this part, the Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the college named in Section 92200 shall hold at least one public hearing to solicit input from members of the public regarding a project, or projects, being requested for consideration.

(2) The public hearing required pursuant to paragraph (1) may:

(A) Occur at the same public hearing in which the governing entity approves the submission of the applicable project, or projects.

(B) Be conducted as part of a regularly scheduled and publicly noticed hearing of the governing entity.

(3) (A) The California State University, the University of California, and the college named in Section 92200 shall post information regarding a project, or projects, that have been approved for submission by the applicable governing body on their respective public internet websites.

(B) The project information reflected on the internet website pursuant to subparagraph (A) shall include, but not be limited to, the location of the project, or projects, estimated project costs, and the estimated timeline for the completion of the project, or projects.

(4) (A) The California State University, the University of California, and the college named in Section 92200, or their applicable campuses, shall retain all financial accounts, documents, and records necessary for the audit required pursuant to subdivision (a).

(B) For purposes of this paragraph, the California State University, the University of California, and the college named in Section 92200, or their applicable campuses, may maintain records electronically, in compliance with any applicable state and federal laws.

~~SEC. 8.~~**SEC. 4.** The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

~~SEC. 9.~~**SEC. 5.** Sections 1 to ~~7~~, **3**, inclusive, of this act shall become operative upon the adoption by the voters of the College Health and Safety Bond Act of 2026, as set forth in Section ~~7~~ **3** of this act.

~~SEC. 10.~~**SEC. 6.** Section ~~7~~ **3** of this act shall be submitted to the voters at the ____, statewide election.