

AMENDED IN SENATE JANUARY 25, 1996

AMENDED IN SENATE JANUARY 16, 1996

AMENDED IN SENATE APRIL 17, 1995

**SENATE BILL**

**No. 900**

**Introduced by Senator Costa**

February 23, 1995

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An act to add Division 24 (commencing with Section 78500) to the Water Code, relating to financing water programs by providing funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as amended, Costa. Water Resources and Delta Restoration Act of 1996.

Under existing law, various bond acts have been approved by the voters to provide funds for water projects, facilities, and programs.

This bill would enact the Water Resources and Delta Restoration Act of 1996, which, if adopted, would authorize for the purpose of financing prescribed water programs, the issuance of bonds in the amount of ~~\$400,000,000~~ \_\_\_\_\_ pursuant to the State General Obligation Bond Law.

The bill would provide for the submission of the bond act to the voters at the November 5, 1996, general election in accordance with specified law.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature hereby finds and  
2 declares all of the following:

3 (1) The state is expected to grow in population to  
4 nearly 49 million people by the year 2020, an increase of  
5 nearly 19 million people from 1990 population levels.  
6 Water supply, under the current system, will not be able  
7 to meet demand. Without improved water management  
8 and additional facilities, annual shortfalls in the millions  
9 of acre-feet are predicted for both average rainfall and  
10 drought years.

11 (2) Water conservation and other measures to reduce  
12 demand on water supplies should be employed, but will  
13 not be sufficient to eliminate forecasted water shortages  
14 anticipated by the year 2020.

15 (3) A variety of measures, including water  
16 conservation, water transfers, water recycling, water  
17 development, and conjunctive use of surface and  
18 groundwater supplies will be necessary to meet the state's  
19 water supply needs.

20 (4) The state must plan to meet the water supply  
21 needs of all beneficial uses of water, including urban,  
22 agricultural, environmental, and other uses such as  
23 recreation and power generation.

24 (5) All major water groups must recognize that no one  
25 sector can be allowed to get ahead of the others and that  
26 any incremental steps must be linked to progress for  
27 every sector.

28 (b) The Legislature further finds and declares all of  
29 the following:

30 (1) The San Francisco Bay/Sacramento-San Joaquin  
31 Delta Estuary (the bay-delta) is nationally recognized as  
32 both an important feature of the state's environment and

1 an important component of the state's water supply  
2 system.

3 (2) The bay-delta is the single most important source  
4 of water for the people, farms, and businesses of this state,  
5 providing the water supply for more than two-thirds of all  
6 Californians.

7 (3) The bay-delta is home to many aquatic species,  
8 including several endangered species.

9 (4) It is imperative to maintain the water quality of the  
10 bay-delta.

11 (5) It is the policy and the law of the state to protect  
12 and use wisely vital natural resources such as the  
13 bay-delta.

14 (6) The state has signed a historic accord with the  
15 federal government and agricultural, urban, and  
16 environmental water interests that calls for the  
17 development of a comprehensive and long-term solution  
18 for the environmental, water supply reliability, and water  
19 quality problems of the bay-delta.

20 (7) The state, the federal government, and important  
21 stakeholder interests have initiated a program known as  
22 CAL-FED to develop comprehensive and long-term  
23 solutions to the problems of the bay-delta.

24 (8) The CAL-FED program recognizes the need to  
25 expand participation to include all impacted parties and  
26 the interested public and has established a number of  
27 efforts including the Bay-Delta Advisory Council and  
28 monthly public workshops to do so.

29 (9) The success of the CAL-FED program is vital to  
30 the environmental and economic well-being of the state.

31 ~~(e) The Legislature hereby finds and declares the~~  
32 ~~following to be the policy of this state:~~

33 ~~(1) To support and encourage the CAL/FED process~~  
34 ~~and the development of a comprehensive and long-term~~  
35 ~~solution to the problems in the bay/delta.~~

36 ~~(2) To develop a strategy of financing mechanisms~~  
37 ~~that will allow for the implementation of a~~  
38 ~~comprehensive bay/delta solution developed through the~~  
39 ~~CAL/FED process.~~

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1 ~~(3) That any comprehensive solution shall be in~~  
2 ~~compliance with all provisions of law that may be~~  
3 ~~applicable, including, but not limited to, the water rights~~  
4 ~~priority system and the statutory protections for areas of~~  
5 ~~origin.~~

6 SEC. 2. Division 24 (commencing with Section 78500)  
7 is added to the Water Code, to read:

8  
9 DIVISION 24. WATER RESOURCES AND DELTA  
10 RESTORATION ACT OF 1996

11  
12 CHAPTER 1. SHORT TITLE AND DEFINITIONS

13  
14 78500. This division shall be known and may be cited  
15 as the Water Resources and Delta Restoration Act of 1996.

16 78501. Unless the context otherwise requires, the  
17 following definitions govern the construction of this  
18 division:

19 (a) "Bay-delta" means the San Francisco  
20 Bay/Sacramento-San Joaquin Delta Estuary.

21 (b) "Board" means the State Water Resources Control  
22 Board.

23 (c) "Committee" means the Water Resources and  
24 Delta Restoration Finance Committee created pursuant  
25 to Section 78693.

26 (d) "Department" means the Department of Water  
27 Resources.

28 (e) "Delta" means the Sacramento-San Joaquin Delta  
29 Estuary.

30 (f) "Fund" means the Water Resources and Delta  
31 Restoration Fund created pursuant to Section 78505.

32  
33 CHAPTER 2. WATER RESOURCES AND DELTA  
34 RESTORATION FUND

35  
36 78505. (a) The proceeds of bonds issued and sold  
37 pursuant to this division shall be deposited in the Water  
38 Resources and Delta Restoration Fund, which is hereby  
39 created.  
40

1 CHAPTER 3. DELTA RESTORATION PROGRAM

2  
3  
4 Article 1. General Provisions  
5

6 ~~78520. This chapter shall be known and may be cited~~  
7 ~~as the Delta Restoration Act.~~

8 78521. The Legislature hereby finds and declares all  
9 of the following:

10 (a) The state faces a water supply and delivery crisis  
11 that threatens the state's economy and environment.

12 (b) The focal point of this crisis is the bay-delta, the  
13 heart of the state's water supply system.

14 (c) The delta supplies drinking water to over 20  
15 million people in this state, provides irrigation water for  
16 over 200 crops, contains the largest wetland habitat in the  
17 western United States, and supports 120 species of fish.

18 ~~(d) The lack of continuing investment in the bay/delta~~  
19 ~~system and the declining health of the estuary has~~  
20 ~~reduced the water supply's reliability and driven~~

21 *(d) The declining health of the estuary has driven*  
22 *species to the edge of extinction.*

23 (e) The bay-delta system no longer provides a broad  
24 diversity of habitats nor the habitat quality necessary to  
25 maintain ecological functions and support healthy  
26 populations and communities of plants and animals.

27 78523. The Legislature further finds and declares all  
28 of the following:

29 (a) Declining fish populations and endangered species  
30 designations have generated major conflicts among  
31 beneficial uses of water in the bay-delta system and  
32 highlights the need for resolution and restoration.

33 (b) In response to declining fish and wildlife  
34 populations, waterflow and timing requirements have  
35 reduced flexibility to meet the quantity and timing of  
36 water exports from the delta.

37 (c) The disparity between water needs and water  
38 availability has created economic uncertainty in the  
39 water service areas and increased potential conflict over  
40 supplies.

1 (d) A related concern is the vulnerability of the delta  
2 water transport system of levees and channels to  
3 catastrophic failure due to earthquakes or overtopping  
4 during floods.

5 (e) The delta levee system is also vulnerable to  
6 general failure as a result of decreasing levee stability.

7 (f) Failures in the delta levee system could result in  
8 interruptions in water use in the delta or in export use by  
9 both urban and agricultural users for periods which could  
10 vary in length from days to several months.

11 78524. The Legislature further finds and declares all  
12 of the following to be objectives of the state:

13 (a) To improve and increase fish and wildlife habitat  
14 and improve ecological functions in the bay-delta system  
15 to support sustainable populations of diverse and valuable  
16 plant and animal species.

17 (b) To increase water supply reliability *for all water*  
18 *users* by reducing the conflict among beneficial water  
19 uses, improving the ability to transport water through the  
20 bay-delta system, and reducing the uncertainty of  
21 supplies from the bay-delta system.

22 (c) To enhance flexibility in transporting water across  
23 the delta so that all of the water management tools,  
24 including demand management, water transfers, and  
25 supply augmentation, are available to water service  
26 agencies to match quantity and timing of supply with  
27 beneficial use patterns.

28 (d) To reduce the risk to land use and associated  
29 economic activities, water supply, infrastructure, and the  
30 ecosystem from a catastrophic breach of delta levees.

31 78525. Unless the context otherwise requires, the  
32 following definition governs the construction of this  
33 chapter:

34 (a) "Account" means the Delta Restoration Account  
35 created by Section 78526.

36 78526. (a) The Delta Restoration Account is hereby  
37 created in the fund. The sum of ~~one hundred sixty million~~  
38 ~~dollars (\$160,000,000)~~ \_\_\_\_\_ is hereby transferred  
39 from the fund to the account.

1 (b) From time to time, the department may establish  
2 other subaccounts in the account that the department  
3 determines are appropriate or necessary for proper  
4 administration consistent with the purposes of this  
5 chapter.

6  
7 Article 2. Central Valley Project Improvement  
8 Program  
9

10 78530. There is hereby created in the account the  
11 Central Valley Project Improvement Subaccount. The  
12 sum of ~~fifty million dollars (\$50,000,000)~~ \_\_\_\_\_ is  
13 hereby transferred from the account to the subaccount  
14 for the purpose of implementing this article.

15 78531. The money in the subaccount shall be  
16 available, upon appropriation by the Legislature, for use,  
17 in conjunction with federal funds, to pay the state share  
18 of the costs of carrying out fish and wildlife restoration  
19 measures set forth in the Central Valley Project  
20 Improvement Act (34 U.S.C.A. Sec. 3401, et seq.). Priority  
21 shall be given to projects identified in the act that have  
22 deadlines for completion.

23  
24 Article 3. Bay-Delta Agreement Program  
25

26 78535. There is hereby created in the account the  
27 Bay-Delta Agreement Subaccount. The sum of ~~fifty~~  
28 ~~million dollars (\$50,000,000)~~ \_\_\_\_\_ is hereby  
29 transferred from the account to the subaccount for the  
30 purpose of implementing this article.

31 78536. The money in the subaccount shall be  
32 available, upon appropriation by the Legislature, to pay  
33 for nonflow-related projects called for in the Water  
34 Quality Control Plan for the Bay-Delta, adopted by the  
35 board in Resolution No. 95-24. Those projects are known  
36 as "Category III" activities called for in the "Principles for  
37 Agreement on Bay-Delta Standards Between the State of  
38 California and the Federal Government," dated  
39 December 15, 1994.

1 78537. The state shall, to the greatest extent possible,  
2 secure federal matching funds to implement the  
3 provisions of this article.

4  
5 Article 4. Delta Levee Rehabilitation Program

6  
7 78540. There is hereby created in the account the  
8 Delta Levee Rehabilitation Subaccount. The sum of  
9 ~~thirty million dollars (\$30,000,000)~~ is hereby  
10 transferred from the account to the subaccount for the  
11 purpose of implementing this article.

12 78541. The money in the subaccount shall be  
13 available, upon appropriation by the Legislature, in the  
14 following amounts, for the following purposes:

15 (a) ~~Fifteen million dollars (\$15,000,000)~~ shall  
16 be available for local assistance under the delta levee  
17 maintenance subventions program under Part 9  
18 (commencing with Section 12980) of Division 6, and for  
19 the administration of that assistance.

20 (b) ~~Fifteen million dollars (\$15,000,000)~~ shall  
21 be available for special flood protection projects under  
22 Chapter 2 (commencing with Section 12310) of Part 4.8  
23 of Division 6, and subsidence studies and monitoring.  
24 Allocation of these funds shall be limited to flood  
25 protection projects on Bethel, Bradford, Holland,  
26 Hotchkiss, Jersey, Sherman, Twitchell, and Webb Islands  
27 in the delta.

28 78542. The expenditure of funds under this article is  
29 subject to Chapter 1.5 (commencing with Section 12306)  
30 of Part 4.8 of Division 6.

31  
32 Article 5. South Delta Facilities Program

33  
34 78550. There is hereby created in the account the  
35 South Delta Facilities Subaccount. The sum of ~~thirty~~  
36 ~~million dollars (\$30,000,000)~~ is hereby  
37 transferred from the account to the subaccount for the  
38 purpose of implementing this article.

39 78551. The money in the subaccount shall be  
40 available, upon appropriation by the Legislature, for the

1 ~~non-State Water Project costs and mitigation features for~~  
2 ~~the construction of facilities in the southern delta.~~  
3 ~~non-State Water Project costs incurred and mitigation~~  
4 ~~features undertaken in the southern Delta.~~

5  
6 CHAPTER 4. CLEAN WATER AND WATER RECYCLING  
7 PROGRAM

8  
9 Article 1. General Provisions

10  
11  
12 78601. Unless the context otherwise requires, the  
13 following definition governs the construction of this  
14 chapter:

15 (a) "Account" means the Clean Water and Water  
16 Recycling Account created by Section 78602.

17 78602. (a) The Clean Water and Water Recycling  
18 Account is hereby created in the fund. The sum of ~~two~~  
19 ~~hundred forty million dollars (\$240,000,000)~~ is  
20 hereby transferred from the fund to the account.

21  
22 Article 2. Clean Water Loans and Grants

23  
24 78610. Unless the context otherwise requires, the  
25 following definitions govern the construction of this  
26 article:

27 (a) "Eligible project" means a project or activity  
28 described in paragraph (1), (2), (3), or (4) of subdivision  
29 (a) of Section 13480 that is all of the following:

30 (1) Necessary to prevent water pollution or to reclaim  
31 water.

32 (2) Eligible for funds from the State Revolving Fund  
33 Loan Account or federal assistance.

34 (3) Certified by the board as entitled to priority over  
35 other eligible projects.

36 (4) Complies with applicable water quality standards,  
37 policies, and plans.

38 (b) "Federal assistance" means money provided to a  
39 municipality, either directly or through allocation by the  
40 state, from the federal government to construct eligible

1 projects pursuant to the Federal Water Pollution Control  
2 Act.

3 (c) "Federal Water Pollution Control Act" (33  
4 U.S.C.A. Sec. 1251 et seq.) includes any acts amendatory  
5 thereof or supplementary thereto.

6 (d) "Municipality" has the same meaning as defined in  
7 the Federal Water Pollution Control Act and also includes  
8 the state or any agency, department, or political  
9 subdivision thereof, and applicants eligible for assistance  
10 under Sections 1329 and 1330 of Title 33 of the United  
11 States Code.

12 (e) "Small community" means a municipality with a  
13 population of 5,000 persons or less, or a reasonably isolated  
14 and divisible segment of a larger municipality  
15 encompassing 5,000 or less, with a financial hardship as  
16 determined by the board.

17 (f) "Treatment works" has the same meaning as  
18 defined in the Federal Water Pollution Control Act.

19 78611. (a) There is hereby created in the account  
20 both of the following subaccounts:

21 (1) The State Revolving Fund Loan Subaccount.

22 (2) The Small Communities Grant Subaccount.

23 (b) From time to time, the board may modify existing  
24 subaccounts in the account that the board determines are  
25 appropriate or necessary for proper administration.

26 78612. (a) The board may adopt rules and  
27 regulations necessary to carry out this chapter.

28 (b) The board may expend bond funds to, by contract  
29 or otherwise, undertake plans, surveys, research,  
30 development, and studies necessary or desirable to carry  
31 out this chapter, and may prepare recommendations with  
32 regard thereto, including the preparation of  
33 comprehensive statewide or areawide studies and reports  
34 on the collection, treatment, and disposal of waste under  
35 a comprehensive cooperative plan.

36 (c) The board may expend bond funds necessary for  
37 administration of this chapter.

38 (d) Not more than 5 percent of the amount deposited  
39 in the fund may be used for purposes of subdivisions (b)  
40 and (c).

1 ~~76813.~~

2 78613. There is hereby transferred from the account  
3 to the State Revolving Fund Loan ~~Account~~ Subaccount  
4 and the Small Communities Grant Subaccount and,  
5 notwithstanding Section 13340 of the Government Code,  
6 continuously appropriated from the subaccounts to the  
7 board, the following amounts:

8 (a) ~~One hundred million dollars (\$100,000,000)~~  
9 \_\_\_\_\_ to the State Revolving Fund Loan Subaccount  
10 for loans by the board to municipalities to aid in  
11 construction or implementation of eligible projects,  
12 including water reclamation, nonpoint source, and  
13 estuary enhancement projects and activities, and for the  
14 purposes described in subdivisions (b) and (c) of Section  
15 78612.

16 (b) ~~Forty million dollars (\$40,000,000)~~ \_\_\_\_\_ to the  
17 Small Communities Grant ~~Account~~ Subaccount for grants  
18 by the board to small communities for construction of  
19 eligible treatment works. If, in the judgment of the board,  
20 the money in the Small Communities Grant Subaccount  
21 will not be expended within a reasonable time, the board  
22 may transfer the money to the State Revolving Fund  
23 Loan Subaccount to be used for any of the purposes  
24 specified in subdivision (a).

25 78614. For purposes of subdivision (a) of Section  
26 78613, the board may make loans to municipalities,  
27 pursuant to contract, to aid in the construction or  
28 implementation of eligible projects.

29 78615. For purposes of subdivision (b) of Section  
30 78613, the board may make grants to small communities  
31 so that any combined federal and state grant does not  
32 exceed 97<sup>1</sup>/<sub>2</sub> percent of the eligible cost of necessary  
33 studies, planning, design, and construction of the eligible  
34 project determined in accordance with applicable state  
35 law and regulations. The total amount of grants made  
36 pursuant to subdivision (b) of Section 78613, for any  
37 single project, may not exceed ~~three million five hundred~~  
38 ~~thousand dollars (\$3,500,000)~~ \_\_\_\_\_.

39 78616. Any contract entered into pursuant to this  
40 article for loans or grants may include provisions

1 determined by the state board, and shall include all of the  
2 following provisions:

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

4 (b) A description of the type of assistance being  
5 offered.

6 (c) An agreement by the board to pay to the entity,  
7 during the progress of the project or following  
8 completion, as agreed upon by the parties, the amount  
9 specified in the contract determined pursuant to  
10 applicable federal and state laws and regulations.

11 (d) An agreement by the public entity to proceed  
12 expeditiously with, and complete, the project, commence  
13 operation of the project upon completion, properly  
14 operate and maintain the project in accordance with  
15 applicable provisions of law, and provide for payment of  
16 the public entity's share of the cost of the project.

17 78617. All contracts entered into pursuant to this  
18 article for loans or grants are subject to both of the  
19 following requirements:

20 (a) Public entities seeking assistance shall  
21 demonstrate, to the satisfaction of the board, that an  
22 adequate opportunity for public participation regarding  
23 the project has been provided.

24 (b) Any election held with respect to the project shall  
25 include the entire municipality unless the municipality  
26 proposes to accept the assistance on behalf of a specified  
27 portion, ~~or portions~~, or portions of the municipality, in  
28 which case the election shall be held in that portion or  
29 portions of the municipality only.

30 78618. Any loan made pursuant to subdivision (a) of  
31 Section 78613 shall be for a period not to exceed 20 years,  
32 with an interest rate set in accordance with Section 13480.

33 78619. Except as expressly provided in this article, no  
34 money deposited in the fund pursuant to any provision of  
35 law requiring repayments to the state for loans financed  
36 by the proceeds of the bonds authorized by this division  
37 shall be available for transfer to the General Fund.  
38

1 Article 3. Water Recycling Program

2  
3 78620. Unless the context otherwise requires, the  
4 following definitions govern the construction of this  
5 article:

6 (a) "Eligible recycling project" means a water  
7 reclamation project that is cost-effective, as compared to  
8 the development of other new sources of water. A project  
9 shall comply with applicable water quality standards,  
10 policies, and plans.

11 (b) "Subaccount" means the Water Recycling  
12 Subaccount created by Section 78621.

13 78621. (a) There is hereby created in the account a  
14 *the* Water Recycling Subaccount. The sum of ~~sixty million~~  
15 ~~dollars (\$60,000,000)~~ \_\_\_\_\_ is hereby transferred from  
16 the account to the subaccount for the purpose of  
17 implementing this article.

18 (b) Notwithstanding Section 13340 of the  
19 Government Code, the money in the subaccount is  
20 hereby continuously appropriated, without regard to  
21 fiscal years, to the board for loans to public agencies with  
22 the authority to construct, operate, and maintain eligible  
23 recycling projects, and for loans to aid in the design and  
24 construction of eligible recycling projects and for the  
25 purposes described in Sections 78628 and 78629.

26 78622. The board may enter into contracts to make  
27 loans to public agencies for the purposes set forth in this  
28 article.

29 78623. Any contract for a loan entered into pursuant  
30 to Section 78622 may include those provisions  
31 determined by the board to be necessary for purposes of  
32 this chapter and shall include both of the following  
33 provisions:

34 (a) An estimate of the reasonable cost of the eligible  
35 recycling project.

36 (b) An agreement by the public agency to proceed  
37 expeditiously with, and complete, the eligible recycling  
38 project, commence operation of the project in  
39 accordance with applicable provisions of law, and provide  
40 for the payment of the public agency's share of the cost

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1 of the project, including the principal of, and interest on,  
2 the loan.

3 78624. (a) A contract for a loan may not provide for  
4 a moratorium on the payment of the principal of, or  
5 interest on, the loan.

6 (b) Any loan made pursuant to Section 78622 shall be  
7 for a period not to exceed 20 years.

8 (c) The board may enter into a contract for a loan up  
9 to 100 percent of the total eligible cost of design and  
10 construction of an eligible recycling project.

11 78625. (a) The board shall establish the interest rate  
12 for a loan made pursuant to this article at a rate equal to  
13 ~~50 percent of the interest rate paid by the state on the~~  
14 ~~most recent sale of state general obligation bonds, with~~  
15 ~~that rate to be computed according to the true interest~~  
16 ~~cost method.~~

17 ~~(b) If the interest rate so determined is not a multiple~~  
18 ~~of one-tenth of 1 percent, the interest rate shall be set at~~  
19 ~~the next higher multiple of one-tenth of 1 percent. the~~  
20 ~~rate paid by the state on the most recent sale of general~~  
21 ~~obligation bonds, authorized in whole or in part, pursuant~~  
22 ~~to this chapter. The interest rate set for each contract~~  
23 ~~shall be applied throughout the repayment period of the~~  
24 ~~contract. There shall be a level annual repayment of~~  
25 ~~principal and interest on loans.~~

26 78626. All payments received pursuant to loan  
27 contracts entered into pursuant to this article shall be  
28 deposited in the Water Reclamation Account of the Clean  
29 Water Bond Law of 1984.

30 78627. All interest earned by assets in the subaccount  
31 shall be deposited in the subaccount.

32 78628. The board may expend for the administration  
33 of this chapter not more than 5 percent of the total  
34 amount deposited in the subaccount.

35 78629. The board may, by contract or otherwise,  
36 undertake plans, surveys, research, development, and  
37 studies necessary, convenient, or desirable to carry out  
38 the purposes of this chapter, and may prepare  
39 recommendations with regard thereto, including the  
40 preparation of comprehensive statewide or areawide

1 studies and reports on water recycling and the collection,  
2 treatment, disposal, and distribution of wastewater under  
3 a comprehensive cooperative plan.

4 78630. The board may adopt rules and regulations  
5 necessary or appropriate to carry out this chapter.  
6

7 Article 4. Drainage Management  
8

9 78640. Unless the context otherwise requires, the  
10 following definitions govern the construction of this  
11 article:

12 (a) "Drainage water management units" means land  
13 and facilities for the treatment, storage, or disposal of  
14 agricultural drainage water which, if discharged  
15 untreated, would pollute or threaten to pollute the waters  
16 of the state.

17 (1) Drainage water management units may include  
18 any of the following:

19 (A) A surface impoundment that is a natural  
20 topographic depression, artificial excavation, or diked  
21 area formed primarily of earthen materials that is  
22 designed to hold an accumulation of drainage water,  
23 including, but not limited to, holding, storage, settling,  
24 and aeration pits, evaporation ponds, percolation ponds,  
25 other ponds, and lagoons. A surface impoundment does  
26 not include a landfill, a land farm, a pile, an emergency  
27 containment dike, tank, or injection well.

28 (B) Conveyance facilities to the treatment or storage  
29 site, including devices for flow regulation.

30 (C) Facilities or works to treat agricultural drainage  
31 water to remove or substantially reduce the level of  
32 constituents which pollute or threaten to pollute the  
33 waters of the state, including, but not limited to, processes  
34 utilizing ion exchange, desalting technologies like reverse  
35 osmosis, and biological treatment.

36 (D) An injection well.

37 (2) Any or all of the drainage water management  
38 units, including the land under the unit, may consist of  
39 separable features, or an appropriate share of  
40 multipurpose features, of a larger system, or both.

1 (b) "Local agency" or "agency" means any city,  
2 county, district, joint powers authority, or other political  
3 subdivision of the state involved with water  
4 management.

5 (c) "Project" means drainage water management  
6 units.

7 (d) "Subaccount" means the Drainage Management  
8 Subaccount created by Section 78641.

9 78641. There is hereby created in the account the  
10 Drainage Management Subaccount. The sum of ~~forty~~  
11 ~~million dollars (\$40,000,000)~~ \_\_\_\_\_ is hereby  
12 transferred from the account to the subaccount for the  
13 purpose of implementing this article.

14 78642. The money in the subaccount shall be  
15 available, upon appropriation by the Legislature, for  
16 loans to local agencies to aid in the construction of  
17 drainage water management units for the treatment,  
18 storage, or disposal of agricultural drainage water.

19 78643. (a) The board may loan an agency up to 100  
20 percent of the total eligible costs of design and  
21 construction of an eligible project. Loans made in the  
22 1996-97 fiscal year may not be authorized sooner than 30  
23 days after notification in writing of the necessity therefor  
24 to the chairperson of the committee in each house which  
25 considers appropriations, to the policy committee of the  
26 Assembly as designated by the Speaker of the Assembly  
27 and the policy committee of the Senate designated by the  
28 Senate Committee on Rules, and the Chairperson of the  
29 Joint Legislative Budget Committee.

30 (b) Any contract for an eligible project entered into  
31 pursuant to this article may include provisions as  
32 determined by the board to be necessary and shall  
33 include, but not be limited to, all of the following  
34 provisions:

35 (1) An estimate of the reasonable cost of the eligible  
36 project.

37 (2) An agreement by the agency to do all of the  
38 following:

39 (A) Proceed expeditiously with, and complete, the  
40 eligible project.

1 (B) Commence operation of the containment  
2 structures or treatment works upon completion and to  
3 properly operate and maintain the works in accordance  
4 with applicable provisions of law.

5 (C) Provide for payment of the agency's share of the  
6 cost of the project, including principal and interest on any  
7 state loan made pursuant to this article.

8 (D) If appropriate, apply for and make reasonable  
9 efforts to secure federal assistance for the state-assisted  
10 project.

11 (c) All loans made pursuant to this article are subject  
12 to all of the following provisions:

13 (1) Agencies seeking a loan shall demonstrate, to the  
14 satisfaction of the board, that an adequate opportunity for  
15 public participation regarding the loan has been  
16 provided.

17 (2) Any election held with respect to the loan shall  
18 include the entire agency except where the agency  
19 proposes to accept the loan on behalf of a specified  
20 portion, or portions, of the agency, in which case the  
21 election shall be held in that portion or portions of the  
22 agency only.

23 (3) Loan contracts may not provide a moratorium on  
24 payment of principal or interest.

25 ~~(4) Loans shall be for a period of not more than 20~~  
26 ~~years. The interest rate for the loans shall be set at a rate~~  
27 ~~equal to 50 percent of the interest rate paid by the state~~  
28 ~~on the most recent sale of state general obligation bonds,~~  
29 ~~with that rate to be computed according to the true~~  
30 ~~interest cost method. When the interest rate so~~  
31 ~~determined is not a multiple of one-tenth of 1 percent, the~~  
32 ~~interest rate shall be set at the next higher multiple of~~  
33 ~~one-tenth of 1 percent. The interest rate set for each~~  
34 ~~contract shall be applied throughout the contract's~~  
35 ~~repayment period. There shall be a level annual~~  
36 ~~repayment of principal and interest on loans.~~

37 (4) The interest rate for the loans shall be set at the  
38 rate paid by the state on the most recent sale of general  
39 obligation bonds, authorized in whole or in part, pursuant  
40 to this chapter. The interest rate set for each contract

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1 shall be applied throughout the repayment period of the  
2 contract. There shall be a level annual repayment of  
3 principal and interest on loans.

4 (5) The board, in considering eligible projects, shall  
5 give preference to technologies that treat drainage water  
6 if the board finds that the technology is readily available  
7 and economically feasible for the agency.

8 (6) No single project may receive more than twenty  
9 million dollars (~~\$20,000,000~~) \_\_\_\_\_ in loan proceeds  
10 from the board.

11 (d) The board may make loans to local agencies, at the  
12 interest rates authorized under this article and under any  
13 terms and conditions as may be determined necessary by  
14 the board, for purposes of financing feasibility studies of  
15 projects potentially eligible for funding under this article.  
16 No single potential project shall be eligible to receive  
17 more than one hundred thousand dollars (\$100,000), and  
18 not more than 3 percent of the total amount of bonds  
19 authorized to be expended for purposes of this article  
20 may be expended for this purpose. A loan for a feasibility  
21 study shall not decrease the maximum amount of any  
22 other loan which may be made under this article.

23  
24 CHAPTER 5. WATER RESOURCES PROGRAM

25  
26  
27 Article 1. General Provisions

28  
29 78650. This chapter shall be known and may be cited  
30 as the Water Resources Act.

31 78651. Unless the context otherwise requires, the  
32 following definition governs the construction of this  
33 chapter:

34 (a) "Account" means the Water Resources Account  
35 created by Section 78652.

36 78652. The Water Resources Account is hereby  
37 created in the fund. The sum of ninety million dollars  
38 (~~\$90,000,000~~) \_\_\_\_\_ is hereby transferred from the  
39 fund to the account.  
40

1 Article 2. Feasibility Projects

2  
3 78655. There is hereby created in the account the  
4 Feasibility Projects Subaccount. The sum of ~~thirty million~~  
5 ~~dollars (\$30,000,000)~~ \_\_\_\_\_ is hereby transferred from  
6 the account to the subaccount for the purpose of  
7 implementing this article.

8 78656. The money in the subaccount shall be  
9 available, upon appropriation by the Legislature, for  
10 feasibility investigations for the following types of  
11 projects:

- 12 (a) Conjunctive use of groundwater and surface water
- 13 supplies.
- 14 (b) Off-stream storage upstream of the delta.
- 15 (c) Water recycling.
- 16 (d) Watershed management.

17  
18 Article 3. San Joaquin Valley Drainage Relief

19  
20 78660. The following definition governs the  
21 construction of this article:

22 (a) "Subaccount" means the San Joaquin Valley  
23 Drainage Relief Subaccount created by Section 78661.

24 78661. There is hereby created in the account the San  
25 Joaquin Valley Drainage Relief Subaccount. The sum of  
26 ~~twenty million dollars (\$20,000,000)~~ \_\_\_\_\_ is hereby  
27 transferred from the account to the subaccount for the  
28 purpose of implementing this article.

29 78662. Notwithstanding Section 13340 of the  
30 Government Code, money in the subaccount is  
31 continuously appropriated, without regard to fiscal years,  
32 to the department for the acquisition of interests in real  
33 property, including water rights, for the purpose of  
34 implementing the San Joaquin Valley Drainage Relief  
35 Program under Chapter 23 (commencing with Section  
36 14901) of Division 7.

37 78663. For purposes of financing land retirement  
38 pursuant to this article, any water reallocated under this  
39 program shall remain within the district where the land  
40 is retired. Any water reallocated under this program shall

1 *only be used for agricultural purposes or to reduce*  
 2 *groundwater overdraft caused by agricultural irrigation*  
 3 *practices. No water reallocated under this program shall*  
 4 *be used to irrigate any lands identified in a report entitled*  
 5 *"A Management Plan for Agricultural Subsurface*  
 6 *Drainage and Related Problems on the Westside San*  
 7 *Joaquin Valley."*

8  
 9 Article 4. Water Conservation and Groundwater  
 10 Recharge

11  
 12 78670. Unless the context otherwise requires, the  
 13 following definitions govern the construction of this  
 14 article:

15 (a) (1) "Groundwater recharge facilities" means land  
 16 and facilities for artificial groundwater recharge through  
 17 methods which include, but are not limited to,  
 18 percolation using basins, pits, ditches and furrows,  
 19 modified streambed, flooding, and well injection and  
 20 in-lieu recharge. "Groundwater recharge facilities" also  
 21 means capital outlay expenditures to expand, renovate, or  
 22 restructure land and facilities already in use for the  
 23 purpose of groundwater recharge.

24 (2) Groundwater recharge facilities may include any  
 25 of the following:

26 (A) Instream facilities for regulation of water levels,  
 27 but not regulation of streamflow by storage to accomplish  
 28 diversion from the waterway.

29 (B) Agency-owned facilities for extraction.

30 (C) Conveyance facilities to the recharge site,  
 31 including devices for flow regulation and measurement  
 32 of recharge waters.

33 (3) Any part or all of the project facilities, including  
 34 the land under the facilities, may consist of the separable  
 35 features, or an appropriate share of multipurpose  
 36 features, of a larger system, or both.

37 (b) "In-lieu recharge" means accomplishing  
 38 increased storage of groundwater by providing  
 39 interruptible surface water to a user who relies on  
 40 groundwater as a primary supply, to accomplish

1 groundwater storage through the direct use of that  
 2 surface water in lieu of pumping groundwater. In-lieu  
 3 recharge is used rather than continuing pumping while  
 4 artificially recharging with the interruptible surface  
 5 waters. However, bond proceeds shall not be used to  
 6 purchase surface water for use in lieu of pumping  
 7 groundwater.

8 (c) "Local agency" or "agency" means any city,  
 9 county, district, joint powers authority, or other political  
 10 subdivision of the state involved with water  
 11 management.

12 (d) "Project" means both of the following:

13 (1) Groundwater recharge facilities.

14 (2) Voluntary, cost-effective capital outlay water  
 15 conservation programs.

16 ~~(d)~~

17 (e) "Subaccount" means the Conservation and  
 18 Groundwater Recharge Subaccount created by Section  
 19 78671.

20 ~~(e)~~

21 (f) (1) "Voluntary, cost-effective capital outlay water  
 22 conservation programs" mean those feasible capital  
 23 outlay measures to improve the efficiency of water use  
 24 through benefits which exceed their costs.

25 (2) (A) The programs include, but are not limited to,  
 26 the lining or piping of ditches.

27 (i) Improvements in water distribution system  
 28 controls such as automated canal control, construction of  
 29 small reservoirs within distribution systems that conserve  
 30 water that has already been captured for use, and related  
 31 physical improvements.

32 (ii) Tailwater pumpback recovery systems.

33 (iii) Major improvements or replacements of  
 34 distribution systems to reduce leakage.

35 (iv) Capital changes in on-farm irrigation systems  
 36 which improve irrigation efficiency such as sprinkler or  
 37 subsurface drip.

38 (B) In each case, the department shall determine if  
 39 there is a net savings of water as a result of each proposed  
 40 project and the project is cost-effective.

1 78671. There is hereby created in the account the  
 2 Water Conservation and Groundwater Recharge  
 3 Subaccount. The sum of ~~forty million dollars~~  
 4 ~~(\$40,000,000)~~ \_\_\_\_\_ is hereby transferred from the  
 5 account to the subaccount. Funds in the subaccount shall  
 6 be available, upon ~~the~~ appropriation by the Legislature,  
 7 for loans by the department to local agencies to aid in the  
 8 acquisition and construction of voluntary, cost-effective  
 9 capital outlay water conservation programs and  
 10 groundwater recharge facilities. Loans made in the  
 11 1996-97 fiscal year may not be authorized sooner than 30  
 12 days after notification in writing of the necessity therefor  
 13 to the chairperson of the committee in each house which  
 14 considers appropriations, to the policy committee of the  
 15 Assembly as designated by the Speaker of the Assembly  
 16 and the policy committee of the Senate designated by the  
 17 Senate Committee on Rules, and the Chairperson of the  
 18 Joint Legislative Budget Committee.

19 78672. (a) Any contract entered into pursuant to this  
 20 article may include provisions determined to be  
 21 necessary by the department. However, any contract  
 22 concerning an eligible, voluntary, cost-effective capital  
 23 outlay water conservation program shall be supported by  
 24 or shall include, in substance, all of the following:

- 25 (1) An estimate of the reasonable cost and benefit of  
 26 the program.
- 27 (2) An agreement by the local agency to proceed  
 28 expeditiously with, and complete, the program.
- 29 (3) A provision that there shall be no moratorium or  
 30 deferment on payments of principal or interest.
- 31 (4) A loan period of not more than 20 years with an  
 32 interest rate set annually by the department at ~~50 percent~~  
 33 ~~of the interest rate computed by the true interest cost~~  
 34 ~~method on bonds most recently issued pursuant to this~~  
 35 ~~chapter. The interest rate set for each contract shall be~~  
 36 ~~applied throughout the contract's repayment period.~~  
 37 ~~There shall be a level annual repayment of principal and~~  
 38 ~~interest on the loans; the rate paid by the state on the most~~  
 39 ~~recent sale of general obligation bonds, authorized in~~  
 40 ~~whole or in part, pursuant to this chapter. The interest~~

1 *rate set for each contract shall be applied throughout the*  
 2 *repayment period of the contract. There shall be a level*  
 3 *annual repayment of principal and interest on loans.*

4 (5) A provision that the project shall not receive any  
 5 more than ~~five million dollars~~ ~~(\$5,000,000)~~ \_\_\_\_\_ in  
 6 loan proceeds from the department.

7 (b) The department shall set priority for loans under  
 8 this section on the basis of the cost-effectiveness of the  
 9 proposed project, with the most cost-effective projects  
 10 receiving the highest priorities.

11 78673. (a) Any contract concerning an eligible  
 12 project for groundwater recharge shall be supported by,  
 13 or shall include, all of the following:

14 (1) A finding by the department that the agency has  
 15 the ability to repay the requested loan, that the project is  
 16 economically justified, and that the project is feasible  
 17 from an engineering and hydrogeologic viewpoint.

18 (2) An estimate of the reasonable cost and benefit of  
 19 the project, including a feasibility report which shall set  
 20 forth the economic justification and the engineering,  
 21 hydrogeologic, and financial feasibility of the project, and  
 22 shall include explanations of the proposed facilities and  
 23 their relation to other water-related facilities in the basin  
 24 or region.

25 (3) An agreement by the agency to proceed  
 26 expeditiously to complete the project in conformance  
 27 with the approved plans and specifications and the  
 28 feasibility report and to operate and maintain the project  
 29 properly upon completion throughout the repayment  
 30 period.

31 (4) A provision that there shall be no moratorium or  
 32 deferment on payment of principal or interest.

33 (5) A loan period of not more than 20 years with an  
 34 interest rate set annually by the department at ~~50 percent~~  
 35 ~~of the interest rate computed by the true interest cost~~  
 36 ~~method on bonds most recently issued pursuant to this~~  
 37 ~~chapter. The interest rate set for each contract shall be~~  
 38 ~~applied throughout the contract's repayment period.~~  
 39 ~~There shall be a level annual repayment of principal and~~  
 40 ~~interest on the loans; the rate paid by the state on the most~~

1 recent sale of general obligation bonds, authorized in  
2 whole or in part, pursuant to this chapter. The interest  
3 rate set for each contract shall be applied throughout the  
4 repayment period of the contract. There shall be a level  
5 annual repayment of principal and interest on loans.

6 (6) A provision that the project shall not receive any  
7 more than ~~five million dollars (\$5,000,000)~~ \_\_\_\_\_ in  
8 loan proceeds from the department.

9 (b) The department shall give priority under this  
10 subdivision to projects of agencies located in overdrafted  
11 groundwater basins and those projects of critical need, to  
12 projects whose feasibility studies show the greatest  
13 economic justification and the greatest engineering and  
14 hydrogeologic feasibility as determined by the  
15 department, and to projects located in areas which have  
16 existing water management programs.

17 78674. The department may make loans to local  
18 agencies, at the interest rates authorized under this  
19 article and under any terms and conditions as may be  
20 determined necessary by the department, for the  
21 purposes of financing feasibility studies of projects  
22 potentially eligible for funding under this article. No  
23 single potential project shall be eligible to receive more  
24 than one hundred thousand dollars (\$100,000), and not  
25 more than 3 percent of the total amount of bonds  
26 authorized to be expended for purposes of this article  
27 may be expended for this purpose. A loan for a feasibility  
28 study shall not decrease the maximum amount of any  
29 other loan which may be made under this article.

30  
31 CHAPTER 6. FISCAL PROVISIONS

32  
33 78690. The proceeds of bonds issued and sold  
34 pursuant to this division shall be deposited in the State  
35 Treasury to the credit of the Water Resources and Delta  
36 Restoration Fund, created by Section 78505.

37 78691. (a) Bonds in the total amount of ~~four hundred~~  
38 ~~ninety million dollars (\$490,000,000)~~ \_\_\_\_\_, exclusive  
39 of refunding bonds, or so much thereof as is necessary,  
40 may be issued and sold to provide a fund to be used for

1 carrying out the purposes expressed in this division and  
2 to be used to reimburse the General Obligation Bond  
3 Expense Revolving Fund pursuant to Section 16724.5 of  
4 the Government Code. The bonds, when sold, shall be  
5 and constitute a valid and binding obligation of the State  
6 of California, and the full faith and credit of the State of  
7 California is hereby pledged for the punctual payment of  
8 both principal of, and interest on, the bonds as the  
9 principal and interest become due and payable.

10 (b) Notwithstanding any other provision of this  
11 ~~division, bonds authorized by this division shall not be~~  
12 ~~issued or sold unless and until an environmental impact~~  
13 ~~report prepared pursuant to the California~~  
14 ~~Environmental Quality Act (Division 13 (commencing~~  
15 ~~with Section 21000) of the Public Resources Code) or a~~  
16 ~~federal environmental impact statement prepared~~  
17 ~~pursuant to the National Environmental Policy Act of~~  
18 ~~1969 (42 U.S.C.A. Sec. 4321 et seq.) has been certified and~~  
19 ~~all applicable state and federal permits have been~~  
20 ~~secured for the implementation of all capital outlay~~  
21 ~~projects that are part of a comprehensive Bay/Delta~~  
22 ~~solution developed through the Cal/Fed process: division,~~  
23 ~~bonds shall be issued or sold in accordance with all of the~~  
24 ~~following requirements:~~

25 (1) *Not more than one-third of the total bonds*  
26 *authorized, and up to one-third on the bonds available in*  
27 *any fund, account, or subaccount, shall be available for*  
28 *sale and issuance upon the approval of this bond act by the*  
29 *voters.*

30 (2) *Not more than one-third of the total bonds*  
31 *authorized, and up to one-third of the bonds available in*  
32 *any fund, account, or subaccount, shall be available for*  
33 *sale and issuance upon the certification of an*  
34 *environmental impact report prepared pursuant to the*  
35 *California Environmental Quality Act (Division 13*  
36 *(commencing with Section 21000) of the Public*  
37 *Resources Code) or an environmental impact statement*  
38 *prepared pursuant to the National Environmental Policy*  
39 *Act of 1969 (42 U.S.C.A. Sec. 4321 et seq.) for the*  
40 *implementation of all capital outlay projects that are part*

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1 of a comprehensive Bay-Delta solution authorized by the  
2 CAL-FED program.

3 (3) No more than one-third of the total bonds  
4 authorized, and up to one-third of the bonds available in  
5 any fund, account, or subaccount, shall be available for  
6 sale and issuance upon the securing of all applicable state  
7 and federal permits for the implementation of all capital  
8 outlay projects that are part of a comprehensive  
9 Bay-Delta solution authorized by the CAL-FED  
10 program.

11 78692. The bonds authorized by this division shall be  
12 prepared, executed, issued, sold, paid, and redeemed as  
13 provided in the State General Obligation Bond Law  
14 (Chapter 4 (commencing with Section 16720) of Part 3 of  
15 Division 4 of Title 2 of the Government Code), and all of  
16 the provisions of that law apply to the bonds and to this  
17 division and are hereby incorporated in this division as  
18 though set forth in full in this division.

19 78693. (a) Solely for the purpose of authorizing the  
20 issuance and sale, pursuant to the State General  
21 Obligation Bond Law, of the bonds authorized by this  
22 division, the Water Resources and Delta Restoration  
23 Finance Committee is hereby created. For purposes of  
24 this division, the Water Resources and Delta Restoration  
25 Finance Committee is the "committee" as that term is  
26 used in the State General Obligation Bond Law. The  
27 committee consists of the Governor, the Treasurer, the  
28 Controller, the Director of Finance, the Director of  
29 Water Resources, and the Executive Director of the State  
30 Water Resources Control Board, or their designated  
31 representatives. A majority of the committee may act for  
32 the committee.

33 (b) For purposes of the State General Obligation Bond  
34 Law, the State Water Resources Control Board is  
35 designated the "board."

36 78694. The committee shall determine whether or  
37 not it is necessary or desirable to issue bonds authorized  
38 pursuant to this division in order to carry out the actions  
39 specified in this division and, if so, the amount of bonds  
40 to be issued and sold. Successive issues of bonds may be

1 authorized and sold to carry out those actions  
2 progressively, and it is not necessary that all of the bonds  
3 authorized to be issued be sold at any one time.

4 78695. There shall be collected each year and in the  
5 same manner and at the same time as other state revenue  
6 is collected, in addition to the ordinary revenues of the  
7 state, a sum in an amount required to pay the principal  
8 of, and interest on, the bonds each year. It is the duty of  
9 all officers charged by law with any duty in regard to the  
10 collection of the revenue to do and perform each and  
11 every act which is necessary to collect that additional  
12 sum.

13 78696. Notwithstanding Section 13340 of the  
14 Government Code, there is hereby appropriated from  
15 the General Fund in the State Treasury, for the purposes  
16 of this division, an amount that will equal the total of the  
17 following:

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

22 (b) The sum which is necessary to carry out the  
23 provisions of Section 78697, appropriated without regard  
24 to fiscal years.

25 78697. For the purposes of carrying out this division,  
26 the Director of Finance may authorize the withdrawal  
27 from the General Fund of an amount not to exceed the  
28 amount of the unsold bonds which have been authorized  
29 by the committee to be sold for the purpose of carrying  
30 out this division. Any amount withdrawn shall be  
31 deposited in the fund. Any money made available under  
32 this section shall be returned to the General Fund, plus  
33 the interest that the amount would have earned in the  
34 Pooled Money Investment Account, from money  
35 received from the sale of bonds for the purpose of  
36 carrying out this division.

37 78698. All money deposited in the fund which is  
38 derived from premium and accrued interest on bonds  
39 sold shall be reserved in the fund and shall be available for

1 transfer to the General Fund as a credit to expenditures  
2 for bond interest.

3 78699. The State Water Resources Control Board may  
4 request the Pooled Money Investment Board to make a  
5 loan from the Pooled Money Investment Account in  
6 accordance with Section 16312 of the Government Code  
7 for the purposes of carrying out this division. The amount  
8 of the request shall not exceed the amount of the unsold  
9 bonds which the committee has, by resolution,  
10 authorized to be sold for the purpose of carrying out this  
11 division. The State Water Resources Control Board shall  
12 execute any documents required by the Pooled Money  
13 Investment Board to obtain and repay the loan. Any  
14 amounts loaned shall be deposited in the fund to be  
15 allocated by the State Water Resources Control Board in  
16 accordance with this division.

17 78700. The bonds may be refunded in accordance  
18 with Article 6 (commencing with Section 16780) of  
19 Chapter 4 of Part 3 of Division 4 of Title 2 of the  
20 Government Code. Approval by the voters of the state for  
21 the issuance of the bonds shall include the approval of the  
22 issuance of any bonds issued to refund any bonds  
23 originally issued or any previously issued refunding  
24 bonds.

25 78701. Notwithstanding any provision of this division  
26 or the State General Obligation Bond Law set forth in  
27 Chapter 4 (commencing with Section 16720) of Part 3 of  
28 Division 4 of Title 2 of the Government Code, if the  
29 Treasurer sells bonds pursuant to this division and there  
30 is a bond counsel opinion to the effect that the interest on  
31 the bonds is excluded from gross income for federal tax  
32 purposes, subject to designated conditions, the Treasurer  
33 may maintain separate accounts for the investment of  
34 bond proceeds and the investment earnings on those  
35 proceeds, and the Treasurer may use or direct the use of  
36 those proceeds or earnings to pay any rebate, penalty, or  
37 other payment required under federal law, or to take any  
38 other action with respect to the investment and use of  
39 bond proceeds required or desirable under federal law so  
40 as to maintain the tax-exempt status of those bonds and

1 to obtain any other advantage under federal law on behalf  
2 of the funds of this state.

3 78702. The Legislature hereby finds and declares that,  
4 inasmuch as the proceeds from the sale of bonds  
5 authorized by this division are not "proceeds of taxes" as  
6 that term is used in Article XIII B of the California  
7 Constitution, the disbursement of these proceeds is not  
8 subject to the limitations imposed by that article.

9 SEC. 3. Section 2 of this act shall take effect upon the  
10 adoption by the voters of the Water Resources and Delta  
11 Restoration Act of 1996, as set forth in Section 2 of this act.

12 SEC. 4. Section 2 of this act shall be submitted to the  
13 voters at the November 5, 1996, general election in  
14 accordance with the provisions of the Government Code  
15 and the Elections Code governing the submission of  
16 statewide measures to the voters.

17 SEC. 5. Notwithstanding any other provision of law,  
18 all ballots at the election shall have printed thereon and  
19 in a square thereof, the words: "Water Resources and  
20 Delta Restoration Act of 1996," and in the same square  
21 under those words, the following in 8-point type: "This act  
22 provides for a bond issue of ~~four hundred nineteen~~  
23 ~~million dollars (\$490,000,000)~~ \_\_\_\_\_ to provide funds  
24 for projects for clean water, delta restoration, water  
25 conservation, water transfer, water recycling, water  
26 development, and conjunctive use of surface and  
27 groundwater supplies." Opposite the square there shall  
28 be left spaces in which the voters may place a cross in the  
29 manner required by law to indicate whether they vote for  
30 or against the act.

31 Where the voting in the election is done by means of  
32 voting machines, used pursuant to law in a manner to  
33 carry out the intent of this section, the use of the voting  
34 machines and the expression of the voters' choice by  
35 means thereof are in compliance with this section.

36 SEC. 6. This act is an urgency statute necessary for the  
37 immediate preservation of the public peace, health, or  
38 safety within the meaning of Article IV of the  
39 Constitution and shall go into immediate effect. The facts  
40 constituting the necessity are:

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1 In order that the Water Resources and Delta  
2 Restoration Act of 1996, set forth in Section 2 of this act,  
3 may be submitted to the voters at the statewide general  
4 election to be held on November 5, 1996, it is necessary  
5 that this act take effect immediately.

O