

(1) *To provide salaries and benefits for certificated, permit, and classified employees, provided, however, that no Improving Classroom Education Funds shall be used for administrative costs other than those for clerical functions such as maintaining pupil and personnel records;*

(2) *To provide training for teachers;*

(3) *To purchase textbooks and instructional materials, supplies, and equipment.*

(4) *For renovation, rental, or leasing of facilities, provided that Improving Classroom Education Funds shall not be used for construction of new facilities;*

(5) *For purchase of school furniture and other school equipment.*

(d) *The amounts deposited in the Improving Classroom Education Fund shall be used exclusively for the purposes set forth in this section. No moneys in the Improving Classroom Education Fund shall be used to supplant federal, state, or local funds used for educational programs. The Legislature shall set penalties, including loss of credentials, fines, and/or criminal prosecution for school district administrators who misuse funds appropriated and allocated pursuant to this Section and Section 5.6 of this Article.*

(e) *None of the provisions of this Section or of Section 5.6 shall alter or affect any right to equal protection provided by this Constitution.*

Section 5. Section 5.6 is hereby added to Article IX of the Constitution of the State of California:

Sec. 5.6. (a) Elementary and unified school districts shall provide for a program of free, voluntary preschool for children one year prior to kindergarten. The program shall be staffed by school districts or combinations of school districts or county offices of education using employees of a school district or a county office of education.

(b) School districts shall have a transition period to implement the requirements of this Section as provided by law.

Section 6. Section 1 of Article XIII A of the Constitution of the State of California is hereby amended to read:

Sec. 1 (a). ~~The~~ Except as provided in subdivisions (b), (e) and (f), the maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. No new ad valorem taxes shall be imposed on residential real property except for taxes identified in subdivisions (e) and (f). The one percent (1%) tax ~~to~~ shall be collected by the counties and apportioned according to law to the districts within the counties.

(b) Notwithstanding any other provision of law or of this Constitution, in addition to the ad valorem property tax on real property imposed pursuant to subdivision (a), the following ad valorem taxes are imposed on commercial real property.

(1) On commercial real property other than commercial residential rental property, an additional ad valorem property tax at the rate of .55 percent of the full cash value of that property.

(2) On commercial residential rental property, an additional ad valorem property tax at a rate, as prescribed by statute, not greater than .55 percent of the full cash value of that property.

(c) The ad valorem tax imposed by subdivision (b) shall be collected by the counties and transferred to the State Treasury for distribution pursuant to Section 8.6 of Article XVI.

(d)(1) For purposes of this section, "residential real property" means any of the following:

(A) An owner-occupied single-family dwelling unit which is intended to be used and is used primarily as a permanent residence;

(B) A second home and the land on which that dwelling unit is constructed;

(C) Unimproved real property that is zoned for a single-family residential dwelling.

(2) For purposes of this section, the following property shall not be considered commercial real property:

(A) Real property used for commercial agricultural production, as defined by statute;

(B) Open space and historically significant property as defined in Section 8 of Article XIII;

(C) Taxable government-owned property as defined in Section 11 of Article XIII.

(3) For purposes of this section, "commercial real property" means all real property not defined in paragraphs (1) or (2) or not otherwise exempt from taxation pursuant to any provision of this Constitution.

(b) (e) The limitations provided for in subdivisions (a) and (b) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters prior to July 1, 1978.

(2) Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(e)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(e) (f) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b)-(e) on all property described in subdivisions (a) and (b) that is not otherwise exempt from taxation.

Section 7. Section 3.7 is added to Article XIII A of the California Constitution to read:

Sec. 3.7. In addition to any personal property tax exemption established in accordance with Section 2 of Article XIII, a personal property tax exemption may be established by statute to provide aid to businesses in that amount as provided for in paragraph (1) of subdivision (b) of Section 8.6 of Article XVI.

Section 8. Section 8.3 is added to Article XVI of the California Constitution to read:

Sec. 8.3 (a) Funds appropriated pursuant to subdivision (a) of Section 5.5 of Article IX shall not be deemed to be part of "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B" as that term is used in paragraphs (2) and (3) of subdivision (b) of Section 8.

(b) Revenues derived from the taxes imposed pursuant to subdivision (b) of Section 1 of Article XIII A shall not be deemed to be "General Fund revenues which may be appropriated pursuant to Article XIII B" as that term is used in paragraph (1) of subdivision (b) of Section 8.