

Date of Hearing: March 18, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

AB 1754 (Pacheco) – As Introduced February 9, 2026

SUBJECT: State general obligation bonds: requirements

SUMMARY: This bill requires a bond act for a state general obligation (G.O.) bond measure approved by voters on or after January 1, 2027 to include specified information about the objectives of the bond expenditures and related data. **Specifically, this bill:**

1) Provides for any state general obligation bond measure that is approved by voters on and after January 1, 2027, this bill would require a bond act to include specified information about the objectives of the bond expenditure and related data, for example:

- a) Specific goals, purposes, and objectives that the bond expenditure is intended to achieve.
- b) Detailed performance indicators for the public to have when measuring whether the bond expenditure meets the goals, purposes, and objectives established.
- c) Data collection requirements to enable the public to determine whether the bond expenditure is meeting, failing to meet, or exceeding those specific goals, purposes, and objectives.
- d) Specific data and baseline measurements to be collected and remitted annually while the bond is being expended.

2) Requires the head of the lead state agency administering the bond to post on its internet website a notification that contains, among other information, details about the programs and projects authorized to be funded by the bond.

3) Requires each state agency subject to these provisions to provide a written report to the Department of Finance (DOF), the Legislative Analyst, and the Assembly Committee on Budget, and the Senate Committee on Budget and Fiscal Review that contains certain information regarding the general obligation bond, in accordance with the above-described provisions and includes all of the following:

- a) Whether the project, grant, or other expenditure of bond proceeds has been done in a timely and efficient manner.
- b) Whether the project, grant, or other expenditure of bond proceeds has or has not achieved its intended purpose.
- c) Whether the project, grant, or other expenditure of bond proceeds was done in compliance with all statutory and regulatory requirements.

4) Requires a bond act to include a provision requiring the cost of the report to be included in the cost of administering the bond act, and would require the cost of compliance with the above-described report requirements to be included in the cost of administering the bond act.

5) Makes non-substantive and conforming changes to certain cross-references.

6) Makes various legislative findings and declarations.

EXISTING LAW:

- 1) Authorizes, pursuant to Section One of Article XVI of the California Constitution and the State General Obligation Bond Law, the issuance of general obligation bonds. (California Government Code §§ 16720-16727).
- 2) Authorizes the Legislature to place G.O. Bonds on the ballot for specific purposes with a two-thirds vote of the Assembly and Senate. Voters also can place bonds on the ballot by initiative.
- 3) Requires any state bond measure approved by the voters on or after January 1, 2004, to be subject to an annual reporting process, with the head of the lead state agency administering the bond proceeds reporting certain information about the projects being funded to the Legislature and the Department of Finance.
- 4) Provides the annual report shall contain all of the following:
 - a) A list of all projects and their geographical location that have been funded or are required or authorized to receive funds.
 - b) The amount of funds allocated on each project.
 - c) The status of any project required or authorized to be funded.
- 5) Provides the Controller, the State Treasurer and the committee shall keep full and particular account and record of all their proceedings under the bond act, and they shall transmit to the Governor an abstract of all such proceedings thereunder, with an annual report, to be transmitted by the Governor to the Legislature annually. All books and papers pertaining to the matters provided for in the bond act and this chapter shall at all times be open to the inspection of the Governor, the Attorney General, any committee of either branch of the Legislature, or any joint committee of both, any citizen of the State, or any interested party.
- 6) Requires a state agency to post on its internet website any report required or requested by law, or identified in the Legislative Analyst Office's Supplemental Report of the Budget Act, and requires Legislative Counsel to make available to the public a link to the list of state and local agency reports submitted by state and local agencies to a committee of the Legislature or to the Members of either house of the Legislature generally, as specified.
- 7) Allows any report required or requested by law to be provided.
- 8) Requires the statement of all measures submitted to the voters to be abbreviated on the ballot in a ballot label. Prohibits the ballot label from containing more than 75 words and requires it to be the condensed version of the ballot title and summary including the financial impact summary prepared pursuant to existing law. (Elections Code §§9051, 13247)

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel.

COMMENTS:

What problem does this bill solve? According to information provided by the author's office, "As the fourth largest economy in the world, and with nearly 40,000,000 in population, California needs to make ongoing investments in its infrastructure. From environmental programs to education and housing development, California relies on general obligation bonds to

close funding gaps and make these infrastructure initiatives possible. Bonds have consistently proven successful in addressing the state's needs. However, California's bond measures have not come without their cost. A report from the LAO in 2024 highlighted that California pays about \$6 billion each year from the General Fund to repay bonds. At a time of budget difficulty, it is essential that all our spending is justified. While the current mechanism does focus on preventing waste, fraud, and abuse with bond spending, they fail to track outcomes.

Although the state has implemented some limited monitoring and evaluation of bond fund spending, these data systems are incomplete and, in many cases, not guided by clear strategies with measurable outcomes. As a result, we have a crisis of confidence that public money is being effectively spent on things that impact people's lives. Bond expenditures and related information should be provided to voters to promote greater transparency and trust in the voters who approve bond funding for the purpose of ensuring a vital infrastructure future for California. The public should be assured that bond funds will be used as the voters intended. Accountability regarding the expenditure of bond funds begins with establishing criteria for determining whether the intended outcomes are being achieved. AB 1754 creates that process, ensuring that voters have access to ongoing updates and reports regarding programs funded by bonds, ensuring that voter-approved funds are being used for what they were intended, and the state upholds its role as a responsible spender.

Purpose of the bill. According to the author, "AB 1754 aims to strengthen public trust in government through enhanced accountability. As California increasingly relies on state G.O. Bonds to fund critical infrastructure projects, voters deserve transparency about whether these investments achieve their intended purposes. Currently, existing mechanism focuses on preventing abuse during bond spending but fails to track and report bond spending outcomes. This bill closes that gap, requiring future state general obligation funds to clearly state specific goals and objectives for voters. As the approved bond funding is used, the issuing agency must provide progress reports measuring outcomes against these established targets. This straightforward oversight mechanism will help our issuing agencies while also demonstrating to voters that their tax dollars are being invested effectively, increasing the likelihood that they support bond measures in the future."

Background.

General Obligation Bond. G.O. Bond financing is a form of long-term borrowing that the state uses to raise funds for specific purposes. Historically, the state has relied on bonds to finance significant public infrastructure projects, such as roads, schools, prisons, parks, water projects, and office buildings. State G.O. Bonds are issued under a voter-approved bond act, which must be passed by a majority vote. This act authorizes the issuance of bonds up to a specified amount for outlined purposes, in accordance with the California Constitution, the State General Obligation Bond Law (Government Code Section 16720 et seq.), and a bond resolution. Per the California Constitution, there are two pathways for G.O. Bonds to appear on the ballot: 1) Through an act of the Legislature; and, 2) Via the citizens' initiative process. The State Treasurer determines the timing of bond sales, while the state's financial health impacts G.O. Bond ratings, subsequently affecting borrowing costs.

A main reason for issuing bonds—instead of paying for the project all at once, also known as cash financing—is that the project provides services over many years. Thus, it is reasonable for not only current, but also future, taxpayers to help pay for them. Additionally, the large dollar

costs of these projects can be difficult to pay for all at once. One of the major downsides of using bonds is that they are costlier overall than cash financing due to the interest that has to be paid.

State G.O. bonds are backed by the full financial resources and taxing authority of the State, allowing the State to obtain low-cost, long-term, fixed-rate financing. Under the State Constitution, G.O. bonds cannot be used to fund State budget deficits. Although G.O. bonds are generally repaid from the General Fund, some are supported by dedicated revenue streams, with the General Fund serving only as a backstop if those revenues are insufficient. A major example is the use of commercial vehicle weight fee revenues, which are applied to debt service on certain transportation-related bonds.

Overview of State Bond Debt Service. According to a 2024 report by the Legislative Analyst's Office, "California has a total of about \$79 billion in outstanding bond debt—the vast majority of which is from G.O. bonds. In addition, the Legislature and voters have authorized another \$30 billion in bonds that have not yet been issued (sold). As these bonds get issued in future years, they will increase the state's outstanding debt. Over the last decade, outstanding debt has been paid off at roughly the same rate as new debt has been issued, resulting in a relatively steady level of state debt (not adjusting for inflation).

After adjusting for inflation, state G.O. Bond debt—as well as authorized but unissued debt—has declined over the last decade. This decline followed a period in the mid-2000s when voters authorized several large bonds and, as a result, the state's overall debt level increased significantly.

Most recently, state voters passed Proposition 1 (2024), a \$6.4 billion bond to build more establishments for mental health care and drug or alcohol treatment and more housing for people with mental health, drug, or alcohol challenges; Proposition 2 (2024), a \$10 billion bond to build new or renovate existing public school and community college facilities; and Proposition 4 (2024), a \$10 billion bond to fund various activities aimed at conserving natural resources, as well as responding to the causes and effects of climate change.

How Much Debt Service Does the State Pay Each Year? Regular payments made to bond investors—including both interest and principal—are known as debt service payments. The state currently pays nearly \$8 billion per year in bond debt service payments—mostly for G.O. Bonds. These payments have decreased slightly over the last decade, after adjusting for inflation.

In support. Elevate California writes, "One of our core goals is to promote accountability in state spending and public services. This bill will help strengthen public trust in bond-funded initiatives by ensuring voters can clearly see whether bond dollars are achieving their intended outcomes. As California increasingly relies on bonds to support critical infrastructure, education, and environmental initiatives, transparent reporting is essential. By demonstrating how funds are spent—and whether those investments deliver results—AB 1754 gives voters the confidence they need and the accountability they deserve. Although Government Code Section 16724.4 requires annual bond reporting—either through reports or websites—compliance is inconsistent. A February 2024 CalMatters analysis found that only 30% of required reports (including, but not limited to, bond reports) have been submitted. While agencies like the Natural Resources Agency have demonstrated exemplary transparency, others fall short."

Prior legislation. AB 699 (Stefani) of 2025. This bill would have required, upon request, a local elections official to include on the ballot label, for certain local tax or bond measures, a statement

directing voters to the county voter information guide for required tax rate information, in lieu of providing the information directly on the ballot label. (Vetoed by Governor)

AB 736 (Wicks) of 2025. Would authorize the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the March 2, 2026 primary ballot to fund production of affordable housing and supportive housing. (Senate Rules Committee)

AB 905 (Pacheco) of 2025. This bill would have required a bond act for a state general obligation (G.O.) bond measure to include certain information about the objectives of the bond expenditure and related performance data. (Assembly Committee on Appropriations – Held on Suspense File)

SB 417 (Cabaldon) of 2025. This urgency bill authorizes the Affordable Housing Bond Act of 2026 to place a \$10 billion housing bond on the November 3, 2026 statewide general election ballot to fund production of affordable housing and supportive housing. (Assembly Rules Committee)

SB 867 (Allen) of 2024. Enacted the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, which authorizes a \$10 billion bond to be placed before the state’s voters for approval, as provided.

AB 531 (Irwin), Chapter 789, Statutes of 2023. Created the Behavioral Health Infrastructure Bond Act of 2024 to, subject to voter approval, authorize \$6.380 billion in G.O. Bonds to finance permanent supportive housing for veterans and others, as well as, unlocked and locked behavioral health treatment and residential settings for individuals experiencing homelessness or at risk of homelessness with severe behavioral health challenges. Allows for by right streamlined, ministerial review for capital projects funded by the bond.

AB 2551 (Wilk), Chapter 908, Statutes of 2014. Added a new requirement to the tax rate statement. Specifically, AB 2551 required the statement to include the best estimate from official sources of the total debt service, including the principal and interest that would be required to be repaid if all the bonds are issued and sold.

SB 838 (Petris), Chapter 813, Statutes of 1968. Required the elections official to mail to voters with the sample ballot a tax rate statement for local bond measures. The purpose of the tax rate statement is to provide tax rate information and educate voters on what they will be voting on. Until 2014, aside from a few technical changes, the information required to be included in this statement had mostly been unchanged since the requirement was enacted in 1968.

REGISTERED SUPPORT / OPPOSITION:

Support

Elevate California

Opposition

None on file

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