

extent to which each bond's lead agency has existing protocols in alignment with this bill's notification and reporting requirements.

For example, the California Natural Resources Agency (NRA), which is currently administering Proposition 4 (2024) expenditures, notes that it already does what is being asked by this bill via NRA's bond accountability protocols and publishing bond-related information on NRA's bond accountability website. However, if this current level of reporting is insufficient to meet the requirements of this bill, NRA may need to make considerable changes to its project data systems and require additional data collection from administering departments and grantees. Although Proposition 4's approval pre-dates the proposed effective date of this bill, NRA estimates cost pressures to comply (or costs to comply, should another future bond measure require NRA to serve as the lead agency) to be approximately \$300,000 annually for system updates and staff resources. As bond measures generally have a statewide costs allowance for bond management and accountability, and this bill requires an agency's reporting costs to be included in the cost of administering the bond act, such increased costs would mean less money overall to implement bond projects.

Similarly, the Department of General Services' Office of Public School Construction (OPSC), which is currently administering Proposition 2 (2024) expenditures, estimates likely one-time cost pressures (or costs, should another future bond measure require OPSC to serve as the lead agency) of approximately \$100,000 for system updates to OPSC's online portal for school districts to reflect the additional data reporting requirements, and one-time costs of approximately \$32,000 to conduct stakeholder meetings to discuss proposed amendments to regulations and changes to forms needed to collect additional project data for school districts; post additional bond program information to OPSC's website; and provide the report (bond funds). OPSC has administered six statewide school bonds since 1998.

COMMENTS:

1) **Purpose.** According to the author:

As California increasingly relies on state [GO 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 [GO] 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 bill is sponsored by Elevate California.

2) **GO Bonds.** GO bond financing is a form of long-term borrowing the state uses to raise funds for specified purposes. State GO bonds are issued under a majority voter-approved bond act. Historically, the state has relied on bonds to finance significant public infrastructure projects, such as roads, schools, prisons, parks, and water projects. Most recently, state voters passed Proposition 1 (2024), a \$6.4 billion bond to build more places 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. This bill requires a state GO bond measure passed after January 1, 2027, to include certain information about the objectives of the bond expenditure and related performance data, and requires the lead state agency administering the bond to report certain bond performance details online.

- 3) **Related Legislation.** AB 905 (Pacheco) is substantially similar to this bill. AB 905 was held on this committee's suspense file.
- 4) **Pending Legislative Bond Measures.** AB 48 (Alvarez) authorizes a bond of an unspecified amount to finance the construction and modernization of postsecondary education facilities, if approved by voters. AB 48 is pending referral by the Senate Rules Committee.

AB 736 (Wicks) authorizes a \$10 billion bond to finance affordable rental housing and home ownership programs, if approved by voters. AB 736 is pending referral by the Senate Rules Committee.

SB 417 (Cabaldon) authorizes a \$10 billion bond to finance affordable rental housing and home ownership programs, if approved by voters. SB 417 is pending referral at the Assembly Desk.

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