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**SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION**

**Senator Susan Rubio**

**Chair**

**2025 - 2026 Regular**

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**Bill No:** AB 1754 **Hearing Date:** 6/23/2026  
**Author:** Pacheco, et al.  
**Version:** 6/15/2026 Amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Brian Duke

**SUBJECT:** State general obligation bonds: requirements

**DIGEST:** This bill establishes new accountability, transparency, and reporting requirements for future statewide general obligation (G.O.) bonds including, but not limited to specific goals, performance metrics, data collection standards, public reporting, and evaluations, as specified.

**ANALYSIS:**

Existing law:

- 1) Sets forth, pursuant to the State G.O. Bond Law, the procedures for the issuance and sale of bonds governed by its provisions and for the disbursement of the proceeds of the sale of those bonds.
- 2) Specifies various provisions required for inclusion in a bond act, as specified.
- 3) Requires any state bond measure 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) Permits the information described above to be provided on the agency's internet website or the state's open data portal under certain circumstances.
- 5) Authorizes the costs of the report to be included in the cost of administering the bond act unless prohibited by the bond act.
- 6) Defines "board" to mean the state board, department, or agency authorized by a bond act to request the committee to cause bonds to be issued for the purpose of

creating a fund that is to be expended by the board for the purposes specified in the bond act.

- 7) Sets forth, Pursuant to the Administrative Procedures Act (APA), the requirements for the adoption, publication, review, and implementation of regulations by state agencies.
- 8) Provides that any report required or requested by law to be submitted as an electronic copy to the Secretary of the Senate, the Chief Clerk of the Assembly, and the Legislative Counsel, as specified.

This bill:

- 1) Requires, for any state bond measure approved by the voters on and after January 1, 2027, the bond act to include all the following:
  - 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.
  - e) A provision requiring the costs of the report required by this bill to be included in the cost of administering the bond act.
- 2) Requires that the criteria established to evaluate the intended outcomes of the bond both at the time issuance of the bond and once the funded projects are completed.
- 3) Requires the board to post on its internet website a notification that contains the items set forth above. This notification shall include, but not be limited to, the following information:
  - a) An overview of the various programs and projects authorized to be funded by the bond.
  - b) A summary of the status of bond use by major program category.
  - c) An explanation of the accountability criteria that will govern the use of the bond funds.

- d) Detailed information about bond use by program or individual infrastructure project.
  - e) Objectives of the program or project to be funded by the bond.
- 4) Requires any relevant board to cooperate in the implementation of this bill.
  - 5) Requires the board to provide a short, one-page, executive summary style written report to the Department of Finance (DOF), the Legislative Analyst, the Assembly Committee on Budget, and the Senate Committee on Budget and Fiscal Review that, at a minimum, sets forth the following information regarding the G.O. bond:
    - 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.
  - 6) Requires the written report to also be posted conspicuously on the board's internet website, as specified.
  - 7) Requires the written report to be submitted to the Legislature, as specified.
  - 8) Requires that the cost of the written report be included in the cost of administering the bond act.
  - 9) Exempts the development and adoption of program guidelines, recommendations, or criteria required by this bill from the provisions of the APA.
  - 10) Makes non-substantive and conforming changes to cross-references.
  - 11) Makes various related Legislative findings and declarations.

## **Background**

*Author Statement.* According to the author's office, "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, the 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 brief, executive summary-style 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.”

*Statewide General Obligation Bonds.* G.O. bonds are a form of long-term borrowing that California uses to finance major capital and infrastructure investments. Historically, the state has relied on G.O. bonds to fund significant public works projects, including roads, schools, prisons, parks, water infrastructure, and state office buildings. G.O. bonds may only be issued pursuant to voter approval and are authorized through a bond act that specifies the amount to be borrowed and the purposes for which the proceeds may be used, consistent with the California Constitution, the State G.O. Bond Law, and the applicable bond resolution. Under the California Constitution, G.O. bonds may be placed before voters either through an act of the Legislature or through the initiative process. The timing of bond sales is determined by the State Treasurer (Treasurer), while the state’s overall fiscal condition and credit ratings influence the cost of borrowing.

The principal rationale for bond financing is that infrastructure projects often provide public benefits over many decades. As a result, the costs of those investments can be shared by both current and future taxpayers who will benefit from the facilities. Bond financing also allows the state to undertake large-scale projects that may be impractical to fund entirely with available cash resources. However, borrowing carries additional costs because the state must repay both principal and interest, making bond financing more expensive over time than cash financing. G.O. bonds are backed by the full faith and credit of the State of California and its taxing authority, enabling the state to obtain relatively low-cost, long-term financing. Although debt service is generally paid from the General Fund (GF), certain bonds are supported by dedicated revenue sources, the GF serving as a backstop if those revenues prove insufficient.

According to a [2024 report by the Legislative Analyst’s Office](#), California had approximately \$79 billion in outstanding bond debt, the vast majority of which consists of G.O. bonds, and an additional \$30 billion in voter- and legislatively-authorized bonds that had not yet been issued. While the state’s nominal debt levels have remained relatively stable over the past decade, inflation-adjusted debt levels have generally declined following a period of substantial bond

authorizations during the mid-2000s. Most recently, voters approved three major statewide bond measures in 2024: Proposition 1, a \$6.4 billion bond for behavioral health treatment facilities and supportive housing; Proposition 2, a \$10 billion bond for K-12 school and community college facilities; and Proposition 4, a \$10 billion bond supporting climate resilience, natural resource conservation, wildlife prevention, water projects, and other environmental initiatives. These measures reflect the state's continued reliance on bond financing to address significant long-term infrastructure and public investment needs.

The author's office argues that California is increasingly relying on G.O. bonds to fund critical infrastructure projects and that voters deserve transparency about whether these investments achieve their intended purposes. Currently, existing mechanisms in statute focus on preventing abuse during bond spending but fail to track and report adequately on bond spending outcomes. This bill closes that gap, requiring future state G.O. funds to clearly state specific goals and objectives for voters.

*Bond Outcomes and Reporting Act.* This bill imposes new accountability, transparency, and reporting requirements on statewide G.O. bonds approved by voters on or after January 1, 2027. Specifically, the bill requires future bond acts to identify specific goals, purposes, and objectives that bond expenditures are intended to achieve, establish performance indicators to measure progress toward those objectives, and require the collection and annual reporting of data and baseline measurements that allow the public to evaluate whether bond-funded activities are meeting, failing to meet, or exceeding their intended outcomes.

This bill also requires that bond accountability criteria be established at the outset of a bond program and be used to evaluate outcomes both during implementation and after completion of the funded projects. In addition, this bill requires the administering board (the state board, department, or agency authorized by a bond act) to make key information publicly available on its internet website, including an overview of authorized programs and projects, the status of bond expenditures by major program category, the accountability criteria governing the use of bond funds, project-level expenditure information, and the objectives associated with each bond-funded activity. The bill is intended to provide voters and taxpayers with greater visibility into how bond proceeds are being spent and whether those expenditures are achieving the results promised when the bond measure was presented to voters.

The administering board will be required to prepare and submit a brief executive-summary-style written report to the DOF, the Legislative Analyst's Office, and the Legislature, as specified. At a minimum, the report will assess whether bond-

funded projects, grants, or expenditures were completed in a timely and efficient manner, whether they achieved their intended purposes, and whether they complied with all applicable statutory and regulatory requirements. That report will be made publicly available on the board's internet website.

Finally, this bill specifies that the costs associated with preparing these reports will be paid from bond administrative funds rather than requiring additional GF support. The bill also exempts the development and adoption of program guidelines, recommendations, and criteria required by this bill from the APA.

### **Prior/Related Legislation**

AB 699 (Stefani, 2025) 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 Newsom)

AB 905 (Pacheco, 2025) would have required a G.O. bond act to include certain information about the objectives of the bond expenditure and related performance data. (Held on the Assembly Appropriations Suspense File)

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: No

### **SUPPORT:**

Elevate California (Source)

### **OPPOSITION:**

Association of California Water Agencies  
California State Association of Counties  
Rural County Representatives of California  
San Juan Water District

**ARGUMENTS IN SUPPORT:** In support of the bill, Elevate California writes, in part, “[e]ach year, California spends between 3% and 6% of the General Fund—roughly \$8 billion annually—on bond debt service. With rising interest rates since 2023, newer bonds will carry even higher long-term costs. For certain departments and agencies, bond reliance is especially significant. For example, the Environmental and Natural Resources Fund provides nearly half of all funding for state parks and about 12% of funding for water infrastructure.”

Further, “[a]lthough 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.”

And finally, “[b]est practices from other states and public policy organizations highlight the value of outcome-based reporting. The Urban Institute’s report on Evidence-Based Policymaking at the State Level recognizes six states that apply outcome-based budgeting to bond expenditures. Elevate California commissioned a report recommending that California adopt similar outcome-focused standards to evaluate bond performance—both to ensure success and to learn from any shortcomings. Elevate California has accepted amendments to AB 1754, directly addressing concerns raised by opposition. Specifically, the amendment exempts the bill’s program guidelines, recommendations, and criteria from the Administrative Procedure Act’s rulemaking requirements, streamlining implementation without diminishing the bill’s core transparency and accountability objectives. For these reasons, we are pleased to support and sponsor AB 1754 and urge an ‘Aye’ vote.”

**ARGUMENTS IN OPPOSITION:** The coalition of opposition listed above jointly write, in part, “[w]e support the intent of the author to provide Californians with more data and transparency in the administration of public funds authorized by voters through bond measures. However, as currently written, this bill would have unintended consequences that would lead to barriers to the timely expenditure of these funds for the projects that voters have supported. This bill would have negative impacts on projects intended to address housing, education, climate change, and other areas of urgent need. The need for expeditious investment of bond funds is even more critical in the current environment, given the drastic reductions in federal funding and uncertainty regarding the viability of remaining federal funds.”

Further, “[t]his bill would create substantial new duties for staff within every agency that administers bond funding (which is dozens in a typical bond measure) to develop performance metrics across an array of different mandated activities in a bond measure, as well as requirements for how the data used to evaluate progress along these metrics shall be collected. The establishment of new metrics to satisfy the bill’s requirements will be a complex process that will divert state personnel from the direct oversight of bond funds being awarded to projects and reduce the effectiveness of the programs that will be needed to work with project proponents who will deliver the results expected by voters. As there is no identified source of

funding in the bill, any activities mandated by this bill will be an additional strain on already precarious agency budgets.”

And finally, “any new data collection requirements will, by necessity, impact project proponents, who will need to provide information on a regular basis to state agencies in order to have meaningful information for the purposes of this bill. Any entity using bond funds to complete a project already faces existing reporting requirements to state agencies, and while this may be an extant feature of the public infrastructure landscape, the complex informational requirements imposed by this bill will represent a significant increase in this reporting burden for proponents. This will result in especially problematic impacts on those entities carrying out projects on behalf of disadvantaged communities. These communities already face challenges in planning and developing infrastructure projects and frequently require technical assistance from agencies and nonprofit organizations to even apply for bond funding in the same manner as more well-resourced communities. Disadvantaged communities will struggle to comply with the elevated data monitoring necessitated by this bill’s provisions.”