SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1754 (Pacheco) - State general obligation bonds: requirements

Version: June 15, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: G.O. 14 - 0
Mandate: No
Consultant: Janelle Miyashiro

Bill Summary: AB 1754 establishes new data collection, reporting, and evaluation requirements for entities administering statewide general obligation (G.O.) bonds approved by voters on or after January 1, 2027.

Fiscal Impact:

- Unknown potentially significant costs, likely in the low hundreds of thousands of dollars per bond, for administering agencies (various bond funds). Costs for this additional reporting will vary depending on each bond act's specific data collection requirements and outcome criteria, as well as the extent to which lead agencies already track the metrics required by the bill.

  For context, the Department of General Services' (DGS) Office of Public School Construction (OPSC) currently administers Proposition 2, a $10 billion statewide public school facilities G.O. bond measure approved by voters in November 2024. If a future bond measure with similar terms to Prop. 2 is approved to continue the School Facilities Program, DGS estimates the program would face cost pressures of $100,000 to update the OPSC Online system, plus an additional $32,000 to meet expanded data collection and reporting requirements (bond funds).

- Unknown ongoing costs for the Secretary of State (SOS), to the extent including additional information on G.O. bond measure goals and performance indicators lengthens the statutory text enough to require an additional page to the Statewide Voter Information Guide. SOS indicates that printing and mailing costs associated with placing a measure on the statewide ballot are $123,000 per page, depending on the length of the ballot. Actual costs would depend upon the number of bond measures for each election, length of the title and summary, analysis by the Legislative Analyst's Office, proponent and opponent arguments, and text of the proposal.

Background: 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, 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, certain bonds are supported by dedicated revenue sources, the General Fund serving as a backstop if those revenues prove insufficient.

Proposed Law:

- Establishes the Bond Outcomes and Reporting Act.
- Requires any state bond measure approved by voters on or after January 1, 2027, to include all of the following:
    - Specific goals, purposes, and objectives that the bond expenditure is intended to achieve.
    - Detailed performance indicators for the public to use in measuring whether the bond expenditures meet the established goals, purposes, and objectives.
    - Data collection requirements enabling the public to determine whether the bond expenditures are meeting, failing to meet, or exceeding those specific goals, purposes, and objectives.
    - Specific data and baseline measurements to be collected and remitted annually while bond funds are being expended.
    - A provision requiring the costs of the administering board's report to be included in the overall cost of administering the bond act.
- Requires that established criteria evaluate the intended outcomes of the bond both at issuance and upon completion of the funded projects.
- Requires the administering board to post a notification on its website detailing all specified elements of the bond act, including:
    - An overview of the various programs and projects for bond funding.
    - A summary of the status of bond use by major program category.
    - An explanation of the accountability criteria governing the use of bond funds.

  - Detailed information about bond use by program or individual infrastructure project.

  - The objectives of the program or projects to be funded.

- Requires any relevant board to cooperate in the implementation of the Act.

- Requires the administering board to submit a short, one-page executive summary report to the Department of Finance, the Legislative Analyst, the Assembly Committee on Budget, and the Senate Committee on Budget and Fiscal Review. This report must also be posted on the board's website and include, at a minimum, the following information regarding the bond:

  - Whether the project, grant, or other expenditure of bond proceeds was executed in a timely and efficient manner.

  - Whether the project, grant, or other expenditure of bond proceeds achieved its intended purpose.

  - Whether the project, grant, or other expenditure of bond proceeds complied with all statutory and regulatory requirements.

- Requires the costs associated with the Act's new reporting requirements to be included in the cost of administering the bond act.

- Exempts the development and adoption of program guidelines, recommendations, or criteria required by this bill from the provisions of the Administrative Procedures Act.

- States legislative intent.

- States legislative findings and declarations.

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