

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 35 (Alvarez) – As Amended January 14, 2026

Policy Committee: Natural Resources

Vote: 13 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill (1) exempts the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, approved by the voters as Proposition 4, from the Administrative Procedures Act (APA), and (2) requires a state entity that receives funding to administer a competitive grant program established using the APA exemption to comply with specified transparency and public participation requirements.

Specifically, this bill:

- 1) Provides that the APA does not apply to the development and adoption of program guidelines and selection criteria needed to effectuate or implement the programs included in Proposition 4.
- 2) Requires a state entity that receives funding to administer a competitive grant program, established using the APA exemption, to do the following:
 - a) Develop and publish draft project solicitation and evaluation guidelines on its website for a public comment period of at least 30 days and respond to each public comment and requires all written public comments received be posted on the state entity's website, unless indicated otherwise by the person who provided the written public comment.
 - b) Offer opportunity for tribal consultation to impacted tribes.
 - c) Finalize project solicitation and evaluation guidelines after completing the aforementioned requirements and submit the final guidelines to the California Natural Resources Agency (CNRA). Requires CNRA to verify that the guidelines are consistent with applicable statutes and for all the purposes enumerated in Proposition 4. Requires CNRA to post an electronic form of the guidelines submitted by a state entity and the subsequent verifications on CNRA's website.
 - d) Exempts the State Water Resources Control Board from the requirement to submit final guidelines to the Secretary of CNRA.
 - e) Provides that if a state entity, before the effective date of this bill, developed and adopted project solicitation and evaluation guidelines that comply with the requirements of Proposition 4, the use of those guidelines constitute compliance with the requirements of this bill.

FISCAL EFFECT:

CNRA, the Department of Water Resources, the Department of Parks and Recreation, the Department of Fish and Wildlife, the Department of Conservation, and the Department of Forestry and Fire Protection – which are all receiving funding under Proposition 4 – anticipate any costs associated with the bill to be absorbable within existing resources.

While the bill requires granting agencies to offer opportunities for public participation and tribal consultation and respond to public comments, according to CNRA, it is already standard practice for grant programs to include opportunities for public input and tribal consultation on grant guidelines and selection criteria. Typically, new programs, or existing programs with significant revisions, prepare draft program guidelines, which are made available for public comment for a period (usually from 30 to 90 days) by posting draft guidelines to a public website, holding public virtual and in-person workshops, holding tribal roundtables, and offering tribal consultation. Opportunities for public comment are noticed through various communication channels. For funding provided through a governing board, guidelines must be posted publicly at least 10 days before a board action, per Bagley-Keene rules. The State Water Board follows a similar public process for the development and adoption of guidelines. State law also requires grant program information be posted on the state's grant clearinghouse website. Therefore, it seems unlikely that the public process requirements outlined in the bill will result in significant new costs to state agencies.

The existing requirement in Proposition 4 to engage in the emergency rulemaking process (see background for more information) adds an additional step to the implementation timeline for a program by requiring the state entity to create regulations from existing guidelines, which can take significant staff time and legal counsel to prepare. Exempting Proposition 4 programs from the full APA and emergency rulemaking processes may result in staff workload and cost savings to granting agencies.

COMMENTS:

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

The Legislature has a long-standing precedent of authorizing APA exemptions for voter-approved bond measures, such as for all three recent climate bonds, and for complex infrastructure programs when timely deployment is essential...AB 35 simply ensures Proposition 4 implementation as voters intended: swiftly, responsibly, and based on sound science and established practices. This APA exemption will allow state agencies to deliver critical investments to communities without delay, maximize the impact of bond funds, and respond effectively to California's pressing wildfire, climate infrastructure and clean water challenges.

2) **Background. Climate Bond.** Proposition 4, approved by voters in November 2024, authorizes \$10 billion in general obligation to finance projects that increase the state's resilience to the impacts of climate change. The 2025-26 budget appropriated approximately \$3.3 billion from the climate bond. The Governor's January budget proposal for 2026-27 proposes an additional \$2.1 billion to continue funding projects and programs.

APA. The APA establishes rulemaking procedures and standards for state agencies in California. The requirements set forth in the APA are designed to provide the public with a meaningful opportunity to participate in the adoption of state regulations and to ensure that regulations are clear, necessary, and legally valid. The average timeline for APA rulemaking varies but generally requires from 12 to 18 months to complete a rulemaking, depending on complexity, public input, and OAL efficiency.

Writing in support, a diverse coalition of organizations contends there are pressing issues such as border rivers, groundwater recharge, water recycling, and wildfire prevention that require immediate funding. The organizations note, however, that programs most able to spend funds quickly will be forced to needlessly restructure them to meet existing regulatory requirements in Proposition 4. The coalition writes:

For example, the SWRCB's drinking water funding program will be adversely impacted since under the current rules, all funding sources within the program are covered under the SWRCB's Intended Use Plan (IUP), which allows flexibility in which sources of funding are used for different projects, and the IUP includes Proposition 4 funds. Without the exemption from the APA process, the Prop 4 funding would have to be backed out of the IUP and limit the ability to use a broad mix of funding to achieve the State's goals of providing a safe and reliable drinking water supply.

This bill adds an APA exemption to Proposition 4 to mirror the APA exemption provided in past natural resources general obligation bonds. However, the bill requires guidelines be posted on state entities' websites as well as opportunities for public comment and engagement. The bill also retains the language in AB 149 (Committee on Budget), Chapter 106, Statutes of 2025, which allows regulations adopted under Proposition 4 to be adopted as emergency regulations, and allows those emergency regulations to remain in effect until repealed or amended by the adopting state agency.

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