

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 905 (Pacheco) – As Amended March 28, 2025

Policy Committee: Governmental Organization

Vote: 22 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires a bond act for a state general obligation (GO) bond measure to include certain information about the objectives of the bond expenditure and related performance data.

Specifically, this bill:

- 1) Requires a bond act for a state GO bond measure approved by voters after January 1, 2026, to include certain information about the goals of the bond expenditure, including detailed performance indicators for which data must be collected and remitted annually while the bond is being expended, so the public may measure whether the bond expenditure meets established goals.
- 2) Requires the head of the lead state agency administering the bond to post on the agency's website a notification that contains details about bond expenditure goals, the projects authorized to be funded by the bond, and a summary of the status of bond use by major program category. The agency must provide a report to the Department of Finance, Legislative Analyst's Office, and the Legislature with certain information about the bond, and post the report on the agency's website in a data display or open data format.

FISCAL EFFECT:

- 1) Ongoing costs of an unknown amount to the Secretary of State (SOS), to the extent including additional information regarding the goals and related performance indicators of a GO bond measure makes the language of the act longer, necessitating the addition of a page to the statewide Voter Information Guide (General Fund). The SOS estimates an average per-page cost of \$123,000 for printing and mailing the guide. Actual costs will depend on the number of bond measures at each election and the length of the additional text.
- 2) Costs of an unknown amount, likely in the hundreds of thousands of dollars, to state agencies to report and post bond expenditure information online in a data display or open data format (bond funds). The magnitude of costs depends on the number of GO bond measures enacted after January 1, 2026, and the extent to which each bond's lead agency has existing protocols in alignment with this bill's requirements.

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. Since bond measures generally have a statewide costs allowance for bond management and accountability, 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 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 website to reflect the additional data reporting requirements, and 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 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. While existing reporting mechanisms focus on preventing waste, fraud, and abuse, they fail to track bond outcomes. This bill requires future state [GO] bonds to include specific goals and objectives. Following implementation, 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, 2026, 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 post online and report certain bond performance details.

3) **Related Legislation.** AB 699 (Stefani) requires, 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. AB 699 is pending hearing by this 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 on this committee's suspense file.

AB 939 (Schultz) authorizes a \$20 billion bond to finance transportation-related projects, if approved by voters. AB 939 is pending hearing by the Assembly Transportation Committee.

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