SENATE THIRD READING
SB 769 (Caballero)
As Amended August 18, 2026
2/3 vote

SUMMARY

Creates the Golden State Infrastructure Corporation Act, establishing the Golden State Infrastructure Corporation (GSIC) as a not-for-profit finance authority to support in-state infrastructure projects (including water, housing, and transportation) through debt and equity financing. The bill establishes a continuously appropriated Golden State Infrastructure Corporation Fund and authorizes the corporation to govern and finance qualifying projects through public-private partnerships, while limiting state financial liability.

Major Provisions

1) *Defines "Priority governmental entity" for purposes of the bill's financing/award prioritization, tied to low/no income thresholds (using either 80% statewide median household income or Department of Housing and Community Development (HCD) low-income state income limits).*

2) *Requires a five-year report on equitable access to financing from the infrastructure corporation fund, including prescribed equity-related factors, findings, recommendations, and delivery to the Governor and Legislature with posting on the corporation's website.*

3) *Clarifies that prevailing wage applies to projects financed by the corporation.*

4) *Financing is conditioned on use of a skilled and trained workforce, including apprenticeship participation, unless a project labor agreement already meets the same workforce standard.*

5) *Limits financing to no more than one-third of the total cost of an infrastructure project.*

6) *Requires reserving at least 15% of General Fund moneys in the fund for priority governmental entities for two years, without preventing allocations above the reservation cap.*

COMMENTS

Developing large-scale public works across California involves navigating a steadily increasing number of structural bottlenecks. Complicated regulatory pathways and a lack of flexible capital mechanisms often pressure public agencies and private entities to alter their initial designs or defer construction entirely. Local governments currently have access to specialized Tax Increment Financing (TIF) models, such as Enhanced Infrastructure Financing Districts (EIFDs), Community Revitalization and Investment Authorities (CRIAs), and Infrastructure and Revitalization Financing Districts (IRFDs). However, these specific frameworks are not widely used across the state and usually demand intricate, multi-layered funding structures to support major projects. Consequently, smaller and less dense municipalities rarely implement these programs due to the administrative burdens required to establish them. By introducing a flexible, centralized, not-for-profit finance authority capable of leveraging public-private partnerships, the bill bypasses the structural barriers of traditional regional financing districts. This allows the state to efficiently deploy both debt and equity financing directly to critical infrastructure *developments, ensuring that even under-resourced jurisdictions can advance essential public works projects without relying on fragmented local capital stacking.*

The Golden State Infrastructure Corporation Act establishes a financial entity within the State Treasurer's Office to accelerate in-state project delivery, drive economic growth, and generate employment. By leveraging public-private partnerships via debt and equity financing, the corporation provides flexible funding for key sectors, including transportation, water security, clean energy, and housing.

The Corporation will be governed by a board of directors consisting of state officials and gubernatorial appointees with relevant expertise, mirroring the governance model of the California Infrastructure and Economic Development Bank. The Corporation will have broad powers to issue bonds, make loans, and finance infrastructure projects, with the state absolved from liability for its obligations. A continuously appropriated Golden State Infrastructure Corporation Fund will support its operations.

To ensure transparency, the Corporation's executive director must maintain a public website detailing activities, policies, meeting minutes, resolutions, and audited financial statements. The Corporation is required to report regularly to the Governor and Legislature. However, certain financing-related records may be exempt from public disclosure to protect private financial information, with provisions allowing closed-board sessions for sensitive discussions.

The Corporation may extend financing to infrastructure companies, governmental entities, or both, funded through available sources, including revenue bonds, which do not constitute state debt or obligations. Overall, the bill asserts that enhancing California's infrastructure is vital to economic growth and public welfare, necessitating a dedicated entity with broad financial authority to meet the state's infrastructure needs effectively.

According to the Author
According to the author, "SB 769 is a critical step to secure California's future to address the state's deferred maintenance and infrastructure needs with the creation of the Golden State Infrastructure Fund. This fund will utilize both public and private investments to support a wide range of essential projects, from transportation and water security to clean energy and housing. With a focus on efficiency and sustainability, this bill provides a long-term financing solution to ensure projects are completed on time and built to endure the challenges of tomorrow.

This legislation takes a bold approach to infrastructure funding, driving economic growth, creating jobs, and strengthening California's resilience. SB 769 is an investment in the state's future, ensuring we are prepared for the demands of a growing population and a changing climate."

Arguments in Support
Those in support state that this bill provides essential financial tools, such as bond issuance, low-interest loans, and access to independent funding sources, enabling the faster and more cost-effective completion of vital infrastructure projects. They claim that these improvements will benefit local communities and enhance the state's overall economy. Investing in infrastructure boosts economic competitiveness, improves quality of life, and reduces costs for families. Lawmakers are encouraged to continue supporting long-term, consistent investment in infrastructure to sustain these benefits.

Arguments in Opposition
The First Amendment Coalition and Media Alliance oppose the broad secrecy provisions in the Golden State Infrastructure Corporation Act, which would exempt the proposed public finance entity from the California Public Records Act and open-meeting requirements. They argue that allowing a government-run corporation to manage unlimited debt with excessive confidentiality risks public trust and creates potential for corruption, while expressing openness to negotiating narrower transparency exceptions.

FISCAL COMMENTS

According to the *Assembly* appropriations committee:

1) One-time costs of an unknown, but likely significant amount, ranging from the tens of millions to hundreds of millions of dollars, presumably General Fund, for the Fund's initial capital base to support investments.

2) Ongoing General Fund costs of approximately $1.1 million for the STO to hire five additional permanent staff and support associated operating expenses and equipment to establish the Corporation. To the extent that the workload associated with supporting the Corporation with existing STO staff until it can operate independently is not absorbable within STO's current resources, there may be significant costs, possibly in the hundreds of thousands of dollars, General Fund, for additional staff to support the corporation's regulatory, financial compliance, sales, marketing, and other operations. The bill authorizes the corporation to set and charge fees for entities or projects obtaining financing, which may offset the corporation's administrative costs.

VOTES

SENATE FLOOR: 35-2-3
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Laird, McGuire, McNerney, Menjivar, Niello, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO: Choi, Jones
ABS, ABST OR NV: Limón, Ochoa Bogh, Reyes

ASM JUDICIARY: 10-0-2
YES: Kalra, Dixon, Bauer-Kahan, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur
ABS, ABST OR NV: Macedo, Sanchez

ASM ECONOMIC DEVELOPMENT, GROWTH, AND HOUSEHOLD IMPACT: 6-0-2
YES: Solache, Patel, Petrie-Norris, Soria, Stefani, Wallis
ABS, ABST OR NV: Castillo, Bonta

ASM APPROPRIATIONS: 11-1-3
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache
NO: Tangipa
ABS, ABST OR NV: Sanchez, Dixon, Ta

UPDATED

VERSION: August 18, 2026

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