

The text of this measure can be found on the Secretary of State’s website at <http://voterguide.sos.ca.gov/>.

- Authorizes \$4 billion in general obligation bonds for: creation and rehabilitation of state and local parks, natural resources protection projects, climate adaptation projects, water quality and supply projects, and flood protection projects.
- Reallocates \$100 million of unused bond authority from prior bond acts for the same purposes.
- Appropriates moneys from the General Fund to pay off bonds.
- Requires non-state matching funds for certain projects and favors disadvantaged communities for certain projects.
- Requires annual audits.

**SUMMARY OF LEGISLATIVE ANALYST’S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:**

- Increased state bond repayment costs averaging about \$200 million annually over the next 40 years.
- Savings to local governments, likely averaging several tens of millions of dollars annually over the next few decades.

**State Bond Cost Estimates**

|                                      |                      |
|--------------------------------------|----------------------|
| Authorized new borrowing             | \$4.0 billion        |
| Average annual cost to pay off bonds | \$200 million        |
| Likely repayment period              | 40 years             |
| Source of repayment                  | General tax revenues |

FINAL VOTES CAST BY THE LEGISLATURE ON SB 5 (PROPOSITION 68)  
(CHAPTER 852, STATUTES OF 2017)

|           |         |         |
|-----------|---------|---------|
| Senate:   | Ayes 27 | Noes 9  |
| Assembly: | Ayes 56 | Noes 21 |

**ANALYSIS BY THE LEGISLATIVE ANALYST**

**BACKGROUND**

**State Spending on Natural Resources Programs.** The state operates various programs to protect the environment, conserve natural resources, provide flood protection, improve water quality, and offer recreational opportunities for the public. The state also provides grants and loans to local governments, nonprofits, and

other organizations for similar purposes. In recent years, the state has spent about \$5 billion annually to support these types of programs. The state primarily relies on a combination of general obligation (GO) bonds, fee revenue, and the state’s General Fund to support these programs. (The General Fund is the state’s main operating account, which pays for education, prisons, health care, and other services.)

**ANALYSIS BY THE LEGISLATIVE ANALYST**

CONTINUED

State and local natural resources programs support a variety of purposes, including:

- **Natural Resource Conservation.** The state provides funds to purchase, protect, and improve natural areas—including wilderness and open-space areas; forests; wildlife habitats; rivers, lakes, and streams; and coastal habitats. State conservation programs often are administered by state conservancies and other departments. These programs often provide grants to local governments or other organizations that carry out projects.
- **State and Local Parks.** The state operates the state park system, which includes 280 parks. Additionally, the state provides funds to local governments to purchase and maintain local and regional parks, trails, and other recreation areas.
- **Flood Protection.** The state funds the construction and repair of flood protection projects as part of the state’s Central Valley flood management system. This includes the repair and strengthening of levees and projects designed to divert water away from populated areas during large storms. The state also provides funds to local governments to complete similar types of projects throughout the state.
- **Safe Drinking Water.** The state makes loans and grants for local projects designed to improve access to clean drinking water. This includes projects to install equipment that remove unhealthy pollutants from local water supplies.
- **Other Water-Related Projects.** The state provides funds for various other

projects throughout the state that improve water quality or the reliability of water supplies. For example, the state provides loans and grants to local agencies to construct water recycling and reuse projects, store more water underground (referred to as “groundwater recharge”), and clean up polluted groundwater.

**Past Bond Funding for Natural Resources Programs.** Since 2000, voters have authorized about \$27 billion in GO bonds in statewide elections to fund various natural resources projects. Of this amount, approximately \$9 billion remained available for new projects as of June 2017. (Most of the bond funds still available are for water-related purposes authorized by Proposition 1, which was approved in 2014.) The state repays GO bonds over time, with interest, using the state’s General Fund. (For more information on how bonds work and how this proposed bond would impact the state’s budget, see “Overview of State Bond Debt” later in this guide.)

**PROPOSAL**

**\$4.1 Billion GO Bond for Natural Resources Programs.** This proposition allows the state to sell a total of \$4.1 billion in GO bonds for various natural resources-related programs. This total includes \$4 billion in new bonds. It also includes a redirection of \$100 million in unsold bonds that voters previously approved for specific natural resources uses.

**Bond Funds Specific Purposes.** This proposition provides funding for various state departments and local governments to use for specific natural resources-related purposes, which are summarized