

PROPOSITION 2

This law proposed by Assembly Bill 247 of the 2023–2024 Regular Session (Chapter 81, Statutes of 2024) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 28. Part 72 (commencing with Section 101400) is added to Division 14 of Title 3 of the Education Code, to read:

PART 72. THE KINDERGARTEN THROUGH GRADE 12 SCHOOLS AND LOCAL COMMUNITY COLLEGE PUBLIC EDUCATION FACILITIES MODERNIZATION, REPAIR, AND SAFETY BOND ACT OF 2024

CHAPTER 1. GENERAL PROVISIONS

101400. *This part shall be known, and may be cited, as the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024.*

101401. *The Legislature finds and declares all of the following:*

(a) *A University of California, Berkeley report estimates that 85 percent of the classrooms in California are more than 25 years old, 30 percent of the classrooms are between 50 to 70 years old, and about 10 percent of the classrooms are 70 years old or older.*

(b) *Research on school building conditions and student outcomes finds a consistent relationship between poor facilities and poor performance by students. School facilities that are clean, in good repair, and designed to support high academic standards are more likely to support higher student achievement, regardless of student socioeconomic status. Students who receive instruction in buildings with good environmental conditions can earn test scores that are 5 to 17 percent higher than scores for students in substandard buildings.*

(c) *About one-third of new jobs in California will require some training beyond high school but less than a four-year degree. Career technical education, also known as vocational training, connects students to these career opportunities by providing industry-based skills.*

(d) *The School Facility Program is almost out of funding. School districts across California have submitted a total of \$3,300,000,000 in new construction and modernization projects and they are waiting to be funded.*

(e) *There are over 1,000 charter schools in California, and those charter schools are primarily located in urban areas. Charter schools often face significant financial challenges in securing adequate facilities. Therefore, supporting charter school facilities is essential to ensuring that all students have access to high-quality learning environments. By investing in the construction*

and rehabilitation of charter school buildings, we can help ensure these schools can provide safe, modern, and conducive learning environments. This support is important for fostering educational innovation and providing equitable educational opportunities for all students.

(f) *Small and disadvantaged school districts often face significant challenges in maintaining and upgrading their facilities. These districts serve some of the most vulnerable student populations and frequently lack the resources to address critical infrastructure needs.*

(g) *The California Community Colleges is the largest postsecondary educational system in the United States, historically serving approximately 2,100,000 students annually. The California Community Colleges have billions of dollars in need for construction of new facilities for enrollment growth and for modernization of existing facilities.*

101402. (a) *The incorporation of, or reference to, any provision of state statutory law in this part includes all acts amendatory thereof and supplementary thereto.*

(b) *For purposes of this part, “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended from time to time.*

101403. *Bonds in the total amount of ten billion dollars (\$10,000,000,000), not including the amount of any refunding bonds issued in accordance with Sections 101430 and 101451, may be issued and sold for the purposes set forth in Sections 101420 and 101442. The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.*

CHAPTER 2. KINDERGARTEN THROUGH GRADE 12

Article 1. Kindergarten Through Grade 12 School Facilities Program Provisions

101410. *The proceeds of bonds issued and sold pursuant to this chapter, not including the proceeds of any refunding bonds issued in accordance with Section 101430, shall be deposited in the 2024 State School Facilities Fund established in the State Treasury under Section 17070.42, and shall be allocated by the State Allocation Board pursuant to this chapter.*

101411. *All moneys deposited in the 2024 State School Facilities Fund for the purposes of this chapter shall be available to provide aid to school districts, county superintendents of schools, and county boards of education of the state in accordance with the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1), to provide funds to repay any money advanced or loaned to the 2024 State School Facilities Fund under any act of the Legislature, together with interest provided for in that act, and to reimburse*

the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

101412. (a) The proceeds from the sale of bonds issued and sold for the purposes of this chapter shall be allocated in accordance with the following schedule:

(1) (A) The amount of three billion three hundred million dollars (\$3,300,000,000) for new construction of school facilities of applicant school districts pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1. Of the amount allocated under this paragraph, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.35) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(B) Of the amount allocated under this paragraph, up to the amount necessary to fund the applications on the Applications Received Beyond Bond Authority List shall be available to support applications for the new construction of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act of 1998 on or before October 31, 2024.

(2) (A) The amount of four billion dollars (\$4,000,000,000) for the modernization of school facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1. Of the amount allocated under this paragraph, up to 10 percent shall be available to small school districts pursuant to Article 11.5 (commencing with Section 17078.35) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(B) Of the amount allocated under this paragraph, up to the amount necessary to fund the applications on the Applications Received Beyond Bond Authority List shall be available to support applications for the modernization of school facilities submitted pursuant to the Leroy F. Greene School Facilities Act of 1998 on or before October 31, 2024.

(C) Of the amount allocated under this paragraph, up to one hundred fifteen million dollars (\$115,000,000) shall be available to address the remediation of lead in water pursuant to Article 10.7 (commencing with Section 17077.60) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(3) The amount of six hundred million dollars (\$600,000,000) for providing school facilities to charter schools pursuant to Article 12 (commencing with Section 17078.52) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(4) The amount of six hundred million dollars (\$600,000,000) for facilities for career technical education programs pursuant to Article 13 (commencing with Section 17078.70) of Chapter 12.5 of Part 10 of Division 1 of Title 1.

(b) School districts may use funds allocated pursuant to paragraph (2) of subdivision (a) only for one or more of the following purposes in accordance with Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1:

(1) The purchase and installation of air-conditioning equipment and insulation materials, and related costs.

(2) Construction projects or the purchase of furniture or equipment designed to increase school security or playground safety.

(3) The identification, assessment, or abatement in school facilities of hazardous asbestos.

(4) Project funding for high-priority roof replacement projects.

(5) Any other modernization of facilities pursuant to Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1.

(c) Funds allocated pursuant to paragraph (1) of subdivision (a) may also be used to provide new construction grants for eligible applicant county boards of education under Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 for funding classrooms for severely handicapped pupils, or for funding classrooms for county community school pupils.

(d) Of the amounts allocated under paragraphs (1) and (2) of subdivision (a), the State Allocation Board may provide a grant of five million dollars (\$5,000,000) to the State Department of Education pursuant to Section 17078.46.

Article 2. Kindergarten Through Grade 12 School Facilities Fiscal Provisions

101420. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101400), bonds in the amount of eight billion five hundred million dollars (\$8,500,000,000), not including the amount of any refunding bonds issued in accordance with Section 101430, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the State School Building Finance Committee established pursuant to Section 15909 at any times necessary to service expenditures required by the apportionments.

101421. The State School Building Finance Committee, established by Section 15909 and composed of the Governor, the Controller, the Treasurer, the Director of Finance, and the Superintendent, or their designated representatives, all of whom shall serve thereon without compensation, and a majority of whom shall constitute a quorum, is continued in existence to act as the committee, as defined in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), for purposes of this chapter. The Treasurer shall serve as chairperson of the committee. Two Members of the Senate appointed by the Senate Committee on Rules, and two Members of the Assembly appointed by the

Speaker of the Assembly, shall meet with and provide advice to the committee to the extent that the advisory participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute an interim investigating committee on the subject of this chapter and, as that committee, shall have the powers granted to, and duties imposed upon, those committees by the Joint Rules of the Senate and the Assembly. The Director of Finance shall provide assistance to the committee as it may require. The Attorney General is the legal adviser of the committee.

101422. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, the State Allocation Board is designated the "board" for purposes of administering the 2024 State School Facilities Fund.

101423. (a) Upon request of the State Allocation Board, the State School Building Finance Committee shall determine by resolution whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to fund the related apportionments and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to fund those apportionments progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

(b) A request of the State Allocation Board pursuant to subdivision (a) shall be supported by a statement of the apportionments made and to be made for the purposes described in Section 101412.

101424. There shall be collected each year, in the same manner and at the same time as other state revenue is collected and in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

101425. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this

chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 101428, appropriated without regard to fiscal years.

101426. The State Allocation Board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the State School Building Finance Committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter excluding any refunding bonds authorized pursuant to Section 101430, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101428 and not yet returned. The State Allocation Board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2024 State School Facilities Fund to be allocated by the State Allocation Board in accordance with this chapter.

101427. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

101428. For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding bonds authorized pursuant to Section 101430, less any amount loaned and not yet repaid pursuant to Section 101426 and withdrawn from the General Fund pursuant to this section and not yet returned, that have been authorized by the State School Building Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2024 State School Facilities Fund and allocated by the State Allocation Board in accordance with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

101429. All moneys deposited in the 2024 State School Facilities Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the cost of the bond issuance before any transfer to the General Fund.

101430. The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101431. The proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 3. CALIFORNIA COMMUNITY COLLEGE FACILITIES

Article 1. General Provisions

101440. (a) The 2024 California Community College Capital Outlay Bond Fund is hereby established in the State Treasury for deposit of funds from the proceeds of bonds, not including the proceeds of any refunding bonds issued in accordance with Section 101451, issued and sold for the purposes of this chapter.

(b) The Higher Education Facilities Finance Committee established pursuant to Section 67353 is hereby continued in existence to act as the committee, as defined in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), for purposes of this chapter and to provide funds to aid the California Community Colleges.

Article 2. California Community College Program Provisions

101441. (a) From the proceeds of bonds issued and sold pursuant to Article 3 (commencing with Section 101442), the sum of one billion five hundred million dollars (\$1,500,000,000) shall be deposited in the 2024 California Community College Capital Outlay Bond Fund for purposes of this chapter. When appropriated, these funds shall be available for expenditure for purposes of this chapter.

(b) The purposes of this chapter include assisting in meeting the capital outlay financing needs of the California Community Colleges.

(c) Proceeds from the sale of bonds issued and sold for purposes of this chapter may be used to fund construction on existing campuses, including the construction of buildings and the acquisition of related fixtures; construction of intersegmental facilities; the renovation and reconstruction of facilities; site acquisition; the equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years; and to provide funds for the payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities of the California Community Colleges.

(d) For purposes of this section, “intersegmental” means may be used by more than one segment of public higher education.

Article 3. California Community College Fiscal Provisions

101442. (a) Of the total amount of bonds authorized to be issued and sold pursuant to Chapter 1 (commencing with Section 101400), bonds in the total amount of one billion five hundred million dollars (\$1,500,000,000), not including the amount of any refunding bonds issued in accordance with Section 101451, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the Higher Education Facilities Finance Committee established pursuant to Section 67353 at any different times necessary to service expenditures required by the apportionments.

101443. (a) The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code). The provisions of that law, including all acts amendatory thereof and supplementary thereto, apply to those authorized bonds and this chapter, and are hereby incorporated into this chapter as though set forth in full within this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the bonds authorized by this chapter.

(b) For purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2024 Community College Capital Outlay Bond Fund is designated as the “board” for projects funded pursuant to this chapter.

(c) The proceeds of the bonds issued and sold pursuant to this chapter shall be available for the purpose of funding aid to the California Community Colleges for construction on existing or new campuses, and their respective off-campus centers and joint use and intersegmental facilities, as set forth in this chapter.

101444. The Higher Education Facilities Finance Committee established pursuant to Section 67353 shall authorize the issuance of bonds under this chapter only

to the extent necessary to fund the related apportionments for the purposes described in this chapter that are expressly authorized by the Legislature in the annual Budget Act. Pursuant to that legislative direction, the committee shall determine by resolution whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the purposes described in this chapter and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

101445. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

101446. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that equals the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 101449, appropriated without regard to fiscal years.

101447. The board, as defined in subdivision (b) of Section 101443, may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this chapter. The amount of the request shall not exceed the amount of the unsold bonds that the Higher Education Facilities Finance Committee, by resolution, has authorized to be sold for the purpose of carrying out this chapter excluding any refunding bonds authorized pursuant to Section 101451, less any amount loaned and not yet repaid pursuant to this section and withdrawn from the General Fund pursuant to Section 101249 and not yet returned. The board, as defined in subdivision (b) of Section 101443, shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the 2024 California Community College Capital Outlay Bond Fund to be allocated by the board in accordance with this chapter.

101448. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is

otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

101449. (a) For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds, excluding any refunding bonds authorized pursuant to Section 101451, less any amount loaned and not yet repaid pursuant to Section 101447 and withdrawn from the General Fund pursuant to this section and not yet returned, that have been authorized by the Higher Education Facilities Finance Committee to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the 2024 California Community College Capital Outlay Bond Fund consistent with this chapter. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from proceeds received from the sale of bonds for purposes of carrying out this chapter.

(b) Any request forwarded to the Legislature and the Department of Finance for funds from this bond issue for expenditure for the purposes described in this chapter by the California Community Colleges shall be accompanied by a five-year capital outlay plan that reflects the needs and priorities of the community college system and is prioritized on a statewide basis. Requests shall include a schedule that prioritizes the seismic retrofitting needed to significantly reduce, in the judgment of the particular college, seismic hazards in buildings identified as high priority by the college.

101450. All moneys deposited in the 2024 California Community College Capital Outlay Bond Fund that are derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except those amounts derived from premium may be reserved and used to pay the cost of the bond issuance before any transfer to the General Fund.

101451. The bonds issued and sold pursuant to this chapter may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this chapter includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this chapter or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by

this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

101452. The proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

CHAPTER 4. TRANSPARENCY AND ACCOUNTABILITY PROVISIONS

101460. (a) (1) The governing board of a school district, the governing board of a community college district, a county superintendent of schools, or the governing body of a charter school shall ensure that an independent performance audit of any project funded in whole or in part from the proceeds of bonds authorized by this part is conducted to ensure that the use of the applicable funds has been reviewed for expenditure consistent with the requirements of all applicable laws.

(2) A performance audit conducted for any project funded in whole or in part from the proceeds of bonds authorized by this part and required by any other law, including, but not limited to, an audit conducted pursuant to Section 41024, shall be deemed to satisfy the requirement of paragraph (1).

(3) The result of any audit required by this subdivision shall be posted on the internet website of the applicable school district, community college district, county office of education, or charter school.

(b) (1) (A) Before approving a project or projects seeking funds from this part, the governing board of a school district, a county board of education, or the governing body of a charter school shall hold at least one public hearing to solicit input from members of the public regarding the project or projects being proposed for submission.

(B) Before approving a request for the consideration of a project or projects by the Legislature that would be funded by the proceeds of bonds authorized by this part, the governing board of a community college district shall hold at least one public hearing to solicit input from members of the public regarding the project or projects being requested for consideration.

(2) The public hearing required pursuant to paragraph (1) may occur at the same public hearing in which the applicable governing board or body approves the project or projects seeking funds from this part. The public hearing may be conducted as part of a regularly scheduled and publicly noticed hearing of the applicable governing board or body.

(3) (A) A school district, county office of education, charter school, or community college district shall post information regarding a project or projects seeking, or requesting, funds from this part that have been approved by the applicable governing board or body on its public internet website.

(B) The project information reflected on the internet website pursuant to subparagraph (A) shall include, but

not be limited to, the location of the project or projects, estimated project costs, and the estimated timeline for the completion of the project or projects.

(4) (A) A school district, county office of education, charter school, or community college district shall retain all financial accounts, documents, and records necessary for the audit required pursuant to subdivision (a).

(B) For purposes of this paragraph, a school district, county office of education, charter school, or community college district may maintain records electronically in compliance with any applicable state and federal laws.

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PROPOSITION 3

This amendment proposed by Assembly Constitutional Amendment 5 of the 2023–2024 Regular Session (Resolution Chapter 125, Statutes of 2023) expressly amends the California Constitution by repealing and adding a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE I

First—That Section 7.5 of Article I thereof is repealed.

~~SEC. 7.5. Only marriage between a man and a woman is valid or recognized in California.~~

Second—That Section 7.5 is added to Article I thereof, to read:

SEC. 7.5. (a) The right to marry is a fundamental right.

(b) This section is in furtherance of both of the following:

(1) The inalienable rights to enjoy life and liberty and to pursue and obtain safety, happiness, and privacy guaranteed by Section 1.

(2) The rights to due process and equal protection guaranteed by Section 7.

PROPOSITION 4

This law proposed by Senate Bill 867 of the 2023–2024 Regular Session (Chapter 83, Statutes of 2024) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Public Resources Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. The people of California find and declare all of the following:

(a) Every human being has the right to safe, clean, affordable drinking water. California was the first state in the nation to legally declare this right.

(b) More than 60 percent of California's rivers and streams fail to meet federal clean water standards, and more than 1,000,000 Californians still lack easy access to safe, affordable, and clean drinking water. California must make needed investments to keep toxic pollution out of our water and ensure every person in the state has clean water to drink.

(c) In recent years, California has experienced the deadliest and most destructive wildfires on record. Fifteen of the 20 most destructive wildfires in state history have occurred in the last decade alone, including the deadliest, the 2018 Camp Fire. These wildfires have claimed more than 100 lives, tens of thousands of homes and structures lost, and more than 2,000,000 acres burned.

(d) California's changing climate creates increased risk of catastrophic wildfires, drought, severe heat events, and sea level rise, as well as impacts to agriculture, water supply and water quality, and the health of the forests, watershed, and wildlife.

(e) These risks and impacts vary by region and can overwhelm the resources of local governments that must cope with severe climate change-related events.

(f) Reducing vulnerability to fire, flood, drought, and other climate change-related events requires a statewide investment to increase climate resilience of communities and natural systems.

(g) Planning, investment, and action to address current and future climate change impacts must be guided by the best available science, including local and traditional knowledge.

(h) Governor Gavin Newsom has issued several reports and executive orders that have created a roadmap to climate resiliency in California that will help guide and direct investments.

(i) California's Water Supply Strategy Adapting to a Hotter, Drier Future outlines actions needed in order to recycle and reuse at least 800,000 acre-feet of water per year by 2030, make available up to 500,000 acre-feet of water through more efficient water use and conservation, and make new water available for use by capturing stormwater and desalinating brackish water in groundwater basins.

(j) The Water Resilience Portfolio serves as a blueprint for equipping California to cope with more extreme droughts and floods and rising temperatures, while addressing longstanding challenges that include declining fish populations, over-reliance on groundwater and lack of safe drinking water in many communities.

(k) California's Wildfire and Forest Resilience Action Plan outlines a strategy to increase the pace and scale of forest health projects, strengthen protection of communities, and manage forests, to achieve the

state's economic and environmental goals and drive innovation and measure progress.

(l) The Extreme Heat Action Plan outlines a strategy to protect communities from rising temperatures in order to accelerate readiness and protection of communities most impacted by extreme heat, including through cooling schools and homes, supporting community resilience centers, and expanding nature-based solutions.

(m) California's strategy for achieving the first-in-the-nation 30x30 conservation goal is described in the Pathways to 30x30: Accelerating Conservation of California's Nature report, which outlines a vision to conserve an additional 6,000,000 acres of lands and 500,000 acres of coastal waters needed to reach 30-percent conservation goals by 2030.

(n) Executive Order No. N-82-20 outlines a strategy to expand nature-based solutions across California. The executive order calls for restoring nature and landscape health to deliver on our climate change goals and other critical priorities, including improving public health and safety, securing our food and water supplies, and achieving greater equity across California.

(o) California Salmon Strategy for a Hotter, Drier Future outlines a path to a healthier, thriving salmon population in California, actions state agencies are already taking to stabilize and recover salmon populations, and additional or intensified actions needed in coming years.

(p) Governor Gavin Newsom signed Senate Bill 1 of the 2021–22 Regular Session (Chapter 236 of the Statutes of 2021) that directed the California Coastal Commission to take sea level rise into account in its planning, policies, and activities, and established a cross-government group tasked with educating the public and advising local, regional, and state government on feasible sea level rise mitigation efforts.

(q) California's Natural and Working Lands Climate Smart Strategy showcases that sustainable agricultural practices have important implications for equity and public health, and can promote economic resilience, buffer communities from extreme heat, improve air and water quality, and provide local food sources. These outcomes benefit all Californians, and are particularly important for rural, vulnerable communities.

(r) The 2022 Scoping Plan for Achieving Carbon Neutrality focuses on the importance of investing in strategies for reducing California's dependency on petroleum, including transitioning to clean energy options that address climate change, improve air quality, and support economic growth and clean sector jobs.

(s) Without intervention, the cost of climate change to California is estimated to reach \$113,000,000,000 annually by 2050, according to the Natural Resources Agency's California's Fourth Climate Change Assessment.

(t) The Federal Emergency Management Agency estimates that every dollar spent on resiliency saves \$6

in disaster relief. A \$10,000,000,000 investment could help avoid \$60,000,000,000 in disaster relief.

(u) Providing a source of funding for comprehensive investment in climate resilience in all regions of the state is cost effective and in the public interest. These investments will result in public benefits that will address the most critical statewide needs and priorities for public funding.

(v) The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 provides a comprehensive and fiscally responsible approach for addressing the varied challenges facing California's current and future climate impacts.

(w) Investing in water infrastructure will provide jobs, improve resiliency, and reduce local government spending.

(x) Continued investments in California's parks, trails, natural and working lands, and greening urban areas will help mitigate the impacts of climate change, making cities more livable, and will protect California's natural resources for future generations.

(y) The expenditure of funds from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 will help communities avoid and recover from the impacts of wildfire, flood, drought, or other climate-related events, and help restore and protect natural systems from the impacts of wildfire, flooding, drought, or other climate-related events.

SEC. 2. Division 50 (commencing with Section 90000) is added to the Public Resources Code, to read:

DIVISION 50. SAFE DRINKING WATER, WILDFIRE PREVENTION, DROUGHT PREPAREDNESS, AND CLEAN AIR BOND ACT OF 2024

CHAPTER 1. GENERAL PROVISIONS

90000. *This division shall be known, and may be cited, as the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.*

90050. (a) *In expending funds pursuant to this division, an administering state agency shall give priority to projects that leverage private, federal, and local funding or produce the greatest public benefit.*

(b) *To the extent practicable, a project funded pursuant to this division shall include signage informing the public that the project received funding from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.*

(c) *Projects funded pursuant to this division shall, where appropriate, include the planning, monitoring, and reporting necessary to ensure successful implementation of this division's objectives.*

90100. *For purposes of this division, the following definitions apply:*

(a) *"Committee" means the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Finance Committee created pursuant to Section 95002.*

(b) *"Community" has the same meaning as set forth in paragraph (1) of subdivision (a) of Section 65302.10 of the Government Code.*

(c) *"Critical community infrastructure" means infrastructure that is necessary to providing vital community and individual functions, including, but not limited to, drinking and wastewater infrastructure, emergency shelters, communication and warning systems, evacuation routes, emergency power and public medical facilities, schools, town halls, hospitals, health clinics, community centers, community nonprofit facilities providing essential services, libraries, homeless shelters, senior and youth centers, childcare facilities, food banks, grocery stores, and parks and recreation sites.*

(d) *"Disadvantaged community" means a community with a median household income of less than 80 percent of the area average or less than 80 percent of statewide median household income.*

(e) *"Economically distressed areas" has the same meaning as set forth in Section 79702 of the Water Code.*

(f) *"Natural infrastructure" has the same meaning as set forth in paragraph (3) of subdivision (c) of Section 71154.*

(g) *"Nonprofit organization" means a nonprofit corporation qualified to do business in California and qualified under Section 501(c)(3) of the Internal Revenue Code.*

(h) *"Protection" includes those actions necessary to prevent harm or damage to persons, property, or natural, cultural, and historic resources, actions to improve access to public open-space areas, or actions to allow the continued use and enjoyment of property or natural, cultural, and historic resources. Protection includes site monitoring, acquisition, development, restoration, preservation, and interpretation.*

(i) (1) *"Restoration" includes the improvement of physical structures or facilities and, in the case of natural systems and landscape features, includes, but is not limited to, any of the following:*

(A) *The control of erosion.*

(B) *Stormwater capture, treatment, reuse, and storage, or to otherwise reduce stormwater pollution.*

(C) *The control and elimination of invasive species and harmful algal blooms.*

(D) *The planting of native species.*

(E) *The removal of waste and debris.*

(F) *Prescribed burning and other fuel hazard reduction measures.*

(G) *Fencing out threats to existing or restored natural resources.*

(H) *Improving instream, riparian, floodplain, or wetland habitat conditions.*

(I) Other plant and wildlife habitat improvement to increase the natural system value of the property or coastal or ocean resources.

(J) Activities described in subdivision (b) of Section 79737 of the Water Code.

(2) “Restoration” also includes activities, including the planning, permitting, monitoring, and reporting that are necessary to ensure successful implementation of the restoration objectives.

(j) “Severely disadvantaged community” means a community with a median household income of less than 60 percent of the area average or less than 60 percent of statewide median household income.

(k) “Socially disadvantaged farmer or rancher” has the same meaning set forth in Section 512 of the Food and Agricultural Code. This provision shall apply to the extent allowable by law.

(l) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), as it may be amended from time to time.

(m) “Structure hardening” includes the installation, replacement, or retrofitting of building materials, systems, or assemblies used in the exterior design and construction of existing nonconforming structures with features that are in compliance with Chapter 7A (commencing with Section 701A.1) of Part 2 of Title 24 of the California Code of Regulations, or any appropriate successor regulatory code, with the primary purpose of reducing risk to structures from wildfire or conforming to the low-cost retrofit list, and updates to that list, developed pursuant to paragraph (1) of subdivision (c) of Section 51189 of the Government Code.

(n) “Tribe” means a federally recognized Native American tribe or a nonfederally recognized Native American tribe listed on the California Tribal Consultation List maintained by the Native American Heritage Commission.

(o) “Vulnerable population” means a subgroup of population within a region or community that faces a disproportionately heightened risk or increased sensitivity to impacts of climate change and that lacks adequate resources to cope with, adapt to, or recover from such impacts.

(p) “Water board” means the State Water Resources Control Board.

90105. Funds provided by this division shall not be expended to fulfill any environmental mitigation requirements or compliance obligations imposed by law.

90107. Funds provided by this division shall not be expended to pay the costs of the design, construction, operation, mitigation, or maintenance of isolated Delta conveyance facilities. Those costs shall be the responsibility of the water agencies that benefit from the design, construction, operation, mitigation, or maintenance of those facilities.

90110. An eligible applicant under this division is a public agency, local agency, nonprofit organization, special district, joint powers authority, tribe, public utility, local publicly owned utility, or mutual water company.

90115. The Legislature may enact legislation necessary to implement programs funded by this division.

90120. It is the intent of the Legislature that bond moneys shall not be used for shareholder incentives or profits for shareholders of private corporations.

90130. For grants awarded for projects under this division, the administering agency may provide advanced payments in the amount of 25 percent of the grant award to the recipient, including state-related entities, to initiate the project in a timely manner. The administering agency shall adopt additional requirements for the recipient of the grant regarding the use of the advanced payments to ensure that the moneys are used properly.

90133. For grants awarded for projects under this division, the administering agency may, when awarding a grant, reimburse the grantee’s indirect costs. When reimbursing a grantee for indirect costs, the administering agency shall apply one of the following rates as requested by the grantee:

(a) The grantee’s negotiated indirect cost rate pursuant to its negotiated indirect cost rate agreement.

(b) The de minimis indirect cost rate specified in Part 200 of Title 2 of the Code of Federal Regulations.

(c) A rate negotiated by the grantee with another state agency within the last five years.

(d) A rate proposed by the grantee in the grantee’s program application with the administering state agency if the grantee does not have an existing state rate.

90135. (a) The Secretary of the Natural Resources Agency shall publish a list of all program and project expenditures pursuant to this division not less than annually, in written form, and shall post an electronic form of the list on the agency’s internet website in a downloadable spreadsheet format. The spreadsheet shall include all of the following information:

(1) Information about the location and footprint of each funded project.

(2) The project’s objectives.

(3) The status of the project.

(4) Anticipated outcomes.

(5) The public benefits to be derived from the project, including whether the project has meaningful and direct benefits to vulnerable populations, disadvantaged communities, or severely disadvantaged communities.

(6) The total cost of the project, if known.

(7) The amount of bond funding provided.

(8) Any matching moneys provided for the project by the grant recipient or other partners.

(9) *The applicable chapter of this division pursuant to which the recipient received moneys.*

(b) *The Department of Finance shall provide for an independent audit of expenditures pursuant to this division. If an audit, required by law, of any entity that receives funding authorized by this division is conducted pursuant to state law and reveals any impropriety, the California State Auditor or the Controller may conduct or arrange for a full audit of any or all of the activities funded pursuant to this division. Any audit of a federal Department of Energy or National Aeronautics and Space Administration research and development center pursuant to this section shall be conducted in accordance with the Federal Laboratory Contracting Act (Chapter 7 (commencing with Section 12500) of Part 2 of Division 2 of the Public Contract Code).*

(c) *A state agency issuing any grant with funding authorized by this division shall require adequate reporting of the expenditures of the funding from the grant.*

(d) *The costs associated with the publications, audits, statewide bond tracking, cash management, and related oversight activities provided for in this section shall be funded from the proceeds of bonds authorized by this division. These costs shall be shared proportionally by each program funded by this division. Actual costs incurred to administer nongrant programs authorized by this division shall be paid from the proceeds of bonds authorized by this division.*

90140. *At least 40 percent of the total funds available pursuant to this division shall be allocated for projects that provide meaningful and direct benefits to vulnerable populations or disadvantaged communities. At least 10 percent of the total funds available pursuant to this division shall be allocated for projects that provide meaningful and direct benefits to severely disadvantaged communities.*

90150. *To the extent feasible, a project whose application includes the use of services of the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5, shall be given preference for receipt of a grant under this division.*

90500. (a) *The proceeds of bonds issued and sold pursuant to this division, exclusive of refunding bonds issued and sold pursuant to Section 95012, shall be deposited in the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Fund, which is hereby created in the State Treasury. Moneys in the fund shall be available, upon appropriation by the Legislature, for purposes of this division.*

(b) *Proceeds of bonds issued and sold pursuant to this division shall be allocated according to the following schedule:*

(1) *Three billion eight hundred million dollars (\$3,800,000,000) for safe drinking water, drought, flood, and water resilience programs, in accordance with Chapter 2 (commencing with Section 91000).*

(2) *One billion five hundred million dollars (\$1,500,000,000) for wildfire and forest resilience programs, in accordance with Chapter 3 (commencing with Section 91500).*

(3) *One billion two hundred million dollars (\$1,200,000,000) for coastal resilience programs, in accordance with Chapter 4 (commencing with Section 92000).*

(4) *Four hundred fifty million dollars (\$450,000,000) for extreme heat mitigation programs, in accordance with Chapter 5 (commencing with Section 92500).*

(5) *One billion two hundred million dollars (\$1,200,000,000) for biodiversity protection and nature-based climate solution programs, in accordance with Chapter 6 (commencing with Section 93000).*

(6) *Three hundred million dollars (\$300,000,000) for climate-smart, sustainable, and resilient farms, ranches, and working lands programs, in accordance with Chapter 7 (commencing with Section 93500).*

(7) *Seven hundred million dollars (\$700,000,000) for park creation and outdoor access programs, in accordance with Chapter 8 (commencing with Section 94000).*

(8) *Eight hundred fifty million dollars (\$850,000,000) for clean air programs, in accordance with Chapter 9 (commencing with Section 94500).*

90600. (a) *An amount that equals not more than the lesser of 7 percent of the funds or twenty million dollars (\$20,000,000) allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.*

(b) (1) *Up to 10 percent of the funds available pursuant to each chapter of this division may be allocated for technical assistance to disadvantaged communities, severely disadvantaged communities, or vulnerable populations. The agency administering the moneys shall operate a multidisciplinary technical assistance program for disadvantaged communities, severely disadvantaged communities, or vulnerable populations.*

(2) *Funds used for providing technical assistance to disadvantaged communities, severely disadvantaged communities, or vulnerable populations may exceed 10 percent of the funds allocated under each chapter of this division if the state agency administering the moneys determines that there is a need for the additional funding.*

90610. *To the extent practicable, a project that receives moneys pursuant to this division may provide workforce education and training, contractor, and job opportunities for vulnerable populations.*

90620. *Funds allocated pursuant to this division may be used by the Natural Resources Agency and its departments, boards, and conservancies to collaboratively fund projects at a landscape or multijurisdictional scale to provide multiple benefits.*

CHAPTER 2. SAFE DRINKING WATER, DROUGHT,
FLOOD, AND WATER RESILIENCE

91000. The sum of three billion eight hundred million dollars (\$3,800,000,000) shall be available, upon appropriation by the Legislature, for safe drinking water, drought, flood, and water resilience programs.

91010. Of the funds made available by Section 91000, one billion eight hundred eighty-five million dollars (\$1,885,000,000) shall be available, upon appropriation by the Legislature, to protect and increase California water supply and water quality.

91011. (a) Of the funds made available by Section 91010, six hundred ten million dollars (\$610,000,000) shall be available, upon appropriation by the Legislature, to the water board for grants or loans that improve water quality or help provide clean, safe, and reliable drinking water. Eligible projects include, but are not limited to, any of the following:

(1) Projects that help to provide clean, safe, and reliable drinking water.

(2) Projects that increase water quality monitoring and remediation of perfluoroalkyl and polyfluoroalkyl substances.

(3) Innovative projects to increase the affordability of safe drinking water.

(4) Projects that implement countywide drought and water shortage contingency plans adopted pursuant to Chapter 10 (commencing with Section 10609.40) of Part 2.55 of Division 6 of the Water Code.

(5) Projects that prevent, reduce, or treat the contamination of groundwater that serves as a major source of drinking water for a community.

(6) Projects to consolidate water or wastewater systems or to extend wastewater service to residences currently served by inadequate onsite sewer treatment systems.

(7) Grants for projects and technical and financial assistance to address hexavalent chromium in drinking water.

(8) (A) Tribal water infrastructure projects that provide safe, clean, and reliable drinking water to tribal communities.

(B) Not less than twenty-five million dollars (\$25,000,000) shall be allocated to projects described in subparagraph (A).

(b) If there is a responsible party identified to have contributed to contamination of a drinking water well, or system, the water system or public agency responsible for the infrastructure may apply for competitive state grant program funding for a drinking water infrastructure project to address water quality issues. The grant applicant may apply for funding in the amount above and beyond what the responsible party is required to contribute to the infrastructure project.

(c) Reasonable geographic allocation to eligible projects throughout the state shall be considered,

including both northern and southern California and inland and coastal regions.

(d) At least 40 percent of the allocation made pursuant to this section shall benefit disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(e) For severely disadvantaged communities with populations of no more than 500 persons that serve no more than 100 service connections, there shall be no maximum amount per service connection for eligible projects.

91012. (a) Of the funds made available by Section 91010, three hundred eighty-six million two hundred fifty thousand dollars (\$386,250,000) shall be available, upon appropriation by the Legislature, to the Department of Water Resources for projects related to groundwater storage, groundwater banking, groundwater recharge, or instream flow projects that support the conjunctive use of groundwater and surface water supplies. Of the funds made available pursuant to this subdivision, a minimum of twenty-five million dollars (\$25,000,000) shall be for projects that provide direct benefits to tribal communities.

(b) Of the funds made available by subdivision (a), one hundred ninety-three million one hundred twenty-five thousand dollars (\$193,125,000) shall be available for projects that increase groundwater storage, improve the management and operation of groundwater storage, or are for groundwater banking, and support implementation of the Sustainable Groundwater Management Act (Part 2.74 (commencing with Section 10720) of Division 6 of the Water Code).

(c) (1) Of the funds made available by subdivision (a), one hundred ninety-three million one hundred twenty-five thousand dollars (\$193,125,000) shall be available for projects that support conjunctive use and groundwater recharge. The projects shall provide the following benefits:

(A) Provide improved regional watershed management.

(B) Address current and projected drought conditions and demonstrate adaptation to climate change for a region.

(C) Provide ecosystem benefits to fish and wildlife and improve stream flow for anadromous fish.

(2) Reasonable geographic allocation to eligible projects throughout the state shall be considered, including both northern and southern California and inland and coastal regions.

91013. Of the funds made available by Section 91010, two hundred million dollars (\$200,000,000) shall be available, upon appropriation by the Legislature, to the Department of Conservation's Multibenefit Land Repurposing Program for groundwater sustainability projects that reduce groundwater use, repurpose irrigated agricultural land, provide wildlife habitat, improve drought resilience or floodwater management, or support implementation of the Sustainable Groundwater Management Act (Part

2.74 (commencing with Section 10720) of Division 6 of the Water Code).

91014. (a) Of the funds made available by Section 91010, three hundred eighty-six million two hundred fifty thousand dollars (\$386,250,000) shall be available, upon appropriation by the Legislature, to the water board for grants and projects related to water reuse and recycling, including, but not limited to, the following:

(1) Treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.

(2) Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end user retrofit projects to allow use of recycled water.

(3) Multiple-benefit recycled water projects that improve water quality.

(b) At least a 50-percent local cost share shall be required for projects funded pursuant to this section. That cost share may be suspended or reduced for disadvantaged communities or severely disadvantaged communities, or prorated for disadvantaged communities or severely disadvantaged communities within a larger service area project. A loan, grant, or other funding received, regardless of funding source, shall qualify as local cost share.

(c) The water board shall adopt modified grant funding requirements for large-scale water recycling or reuse projects, including all of the following requirements:

(1) Ancillary facilities that are part of large-scale water recycling or reuse projects shall be eligible for funding. Ancillary facilities include, but are not limited to, pipelines, extraction wells, injection wells, recharge basins, and nitrogen removal treatment systems, pertinent structures, and connection assemblies.

(2) This section does not preclude the water board from awarding funding to a large-scale water recycling or reuse project for multiple project phases or components, or more than once during the project development period. The water board shall not require user agreements or contracts for water delivery, nor shall full completion of the project be required before the submission of a subsequent grant application, as a condition for award of grant funding.

(3) At least 10 percent of the grant funding shall be awarded for the purpose of planning and design.

(4) Reasonable geographic allocation to eligible projects throughout the state, including both northern and southern California and coastal and inland regions.

91015. Of the funds made available by Section 91010, seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature, to the California Water Commission for projects under the Water Storage Investment Program. Priority for these funds and any funds returned to the commission shall be to support timely completion of existing approved projects by providing supplemental grants to reflect the increase in costs due to inflation since the original grant applications and any increase in public benefits.

91016. Of the funds made available by Section 91010, sixty-two million five hundred thousand dollars (\$62,500,000) shall be available, upon appropriation by the Legislature, for capital investments in brackish desalination, contaminant and salt removal, and salinity management projects to improve California water and drought resilience. Priority shall be given to projects that use new incremental eligible renewable energy resources during operation and reduce greenhouse gas emissions associated with their construction and operation.

91017. Of the funds made available by Section 91010, fifteen million dollars (\$15,000,000) shall be available, upon appropriation by the Legislature, to the Department of Water Resources and the water board to improve water data management and to implement Section 144 of the Water Code to reactivate existing stream gages and deploy new gages.

91018. Of the funds made available by Section 91010, seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and the Department of Water Resources for competitive grants for regional conveyance projects or repairs to existing conveyances. Priority shall be given to projects that provide one or more of the following benefits:

(a) Improvements in regional or interregional water supply or water supply reliability.

(b) Increased groundwater recharge or mitigation of conditions of groundwater overdraft, salinity intrusion, water quality degradation, or subsidence.

(c) Adaptation to the impacts of hydrologic changes.

(d) Improvements in water security from drought, natural disasters, or other events that could interrupt water supplies.

(e) Providing safe drinking water for disadvantaged communities and economically distressed areas.

91019. Of the funds made available by Section 91010, seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature, to the Department of Water Resources for projects that increase water conservation in agricultural and urban areas.

91020. Of the funds made available by Section 91000, one billion one hundred forty million dollars (\$1,140,000,000) shall be available, upon appropriation by the Legislature, to reduce flood risk and improve stormwater management.

91021. Of the funds made available by Section 91020, five hundred fifty million dollars (\$550,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and its departments, boards, and conservancies for flood management projects. Priority shall be given to projects designed and implemented to achieve both flood safety and ecosystem functions, while providing additional benefits. At least 40 percent of the allocation made pursuant to this section shall benefit disadvantaged

communities, severely disadvantaged communities, or vulnerable populations. Funding shall be allocated as follows:

(a) One hundred fifty million dollars (\$150,000,000) shall be available for projects in the Sacramento-San Joaquin Delta to improve existing levees to increase flood protection and improve climate resiliency. For purposes of this subdivision, "Sacramento-San Joaquin Delta" has the same meaning as described in Section 12220 of the Water Code.

(b) One hundred fifty million dollars (\$150,000,000) shall be available for projects that implement the Flood Control Subventions Program.

(c) Two hundred fifty million dollars (\$250,000,000) shall be available for projects related to the systemwide evaluation, repair, rehabilitation, reconstruction, expansion, or replacement of levees, weirs, bypasses, and facilities of the State Plan of Flood Control.

91022. Of the funds made available by Section 91020, four hundred eighty million dollars (\$480,000,000) shall be available, upon appropriation by the Legislature, to the Department of Water Resources for the Dam Safety and Climate Resilience Local Assistance Program for competitive grants for projects that enhance dam safety and reservoir operations and protect public benefits pursuant to Section 6700 of the Water Code.

91023. Of the funds made available by Section 91020, one hundred ten million dollars (\$110,000,000) shall be available, upon appropriation by the Legislature, to the water board for grants for multiple-benefit urban stormwater management projects. Projects funded pursuant to this section shall address flooding in urbanized areas and provide multiple benefits, with preference given to natural infrastructure projects. Eligible stormwater projects shall include, but are not limited to, stormwater capture and reuse, planning and implementation of low-impact development, restoration of urban streams and watersheds, debris flow mitigation, and increasing permeable surfaces to help reduce flooding.

91030. Of the funds made available by Section 91000, six hundred five million dollars (\$605,000,000) shall be available, upon appropriation by the Legislature, to protect and restore rivers, lakes, and streams, and to improve watershed resilience, including the resilience of fish and wildlife within the watershed.

91031. Of the funds made available by Section 91030, one hundred million dollars (\$100,000,000) shall be available, upon appropriation by the Legislature, to the Department of Water Resources for projects related to integrated regional water management to improve climate resilience on a watershed basis. The department shall update and revise the guidelines for the integrated regional water management program to address impacts associated with climate risk.

91032. Of the funds made available by Section 91030, three hundred thirty-five million dollars

(\$335,000,000) shall be available, upon appropriation by the Legislature, for projects that protect and restore rivers, wetlands, streams, lakes, and watersheds, and improve the resilience of fish and wildlife. Projects shall improve climate resilience, water supplies, or water quality. To the extent feasible, preference shall be given to natural infrastructure projects. At least 40 percent of the allocation made pursuant to this section shall benefit disadvantaged communities, severely disadvantaged communities, or vulnerable populations. The funds made available pursuant to this section shall be allocated as follows:

(a) Forty million dollars (\$40,000,000) shall be available pursuant to Division 22.8 (commencing with Section 32600) for projects that improve the climate resiliency or the protection of the Los Angeles River Watershed or are consistent with the Lower Los Angeles River Revitalization Plan.

(b) Forty million dollars (\$40,000,000) shall be available pursuant to Division 23 (commencing with Section 33000) for projects that improve the climate resiliency or the protection of the Los Angeles River Watershed and are a part of the revitalization plan developed by the Upper Los Angeles River and Tributaries Working Group pursuant to Section 33220 or the Los Angeles River Master Plan.

(c) Fifty million dollars (\$50,000,000) shall be available to the Riverine Stewardship Program established pursuant to Section 7049 of the Water Code for projects that improve climate resiliency.

(d) Twenty-five million dollars (\$25,000,000) shall be available to the State Coastal Conservancy for the Santa Ana River Conservancy Program.

(e) Twenty-five million dollars (\$25,000,000) shall be available for multiple-benefit urban stream and river projects under the Urban Streams Restoration Program established pursuant to Section 7048 of the Water Code that protect and restore riparian habitats, improve climate resilience, enhance natural drainages, protect and restore watersheds, and provide public access.

(f) Twenty-five million dollars (\$25,000,000) shall be available to the Natural Resources Agency for projects that improve conditions on wildlife refuges and wetland habitat areas. Projects may include the acquisition and delivery of water from willing sellers and water conveyance rights to achieve compliance with subsection (d) of Section 3406 of the federal Central Valley Project Improvement Act (Title 34 of Public Law 102-575) and the acquisition of water and conveyance rights for the Lower Klamath National Wildlife Refuge.

(g) Ten million dollars (\$10,000,000) shall be available to the Wildlife Conservation Board for the Lower American River Conservancy Program.

(h) Twenty-five million dollars (\$25,000,000) shall be available to the State Coastal Conservancy to protect and restore watersheds through the Coyote Valley Conservation Program in the County of Santa Clara.

(i) Twenty-five million dollars (\$25,000,000) shall be available to the State Coastal Conservancy to protect

and restore watersheds through the West Coyote Hills Program.

(j) (1) Fifty million dollars (\$50,000,000) shall be available to the water board for loans or grants for projects that will address water quality problems arising in the California-Mexico cross-border rivers and coastal waters. Funds may be made available under this subdivision for water quality projects in the Tijuana River Valley Watershed, as described in the Tijuana River Plan created pursuant to Section 71107, and for projects consistent with the New River Water Quality, Public Health, and River Parkway Development Program, as described in Section 71103.6.

(2) Grants or loans awarded under this subdivision for projects located outside of California shall have a documented water quality benefit to California and its residents.

(3) Funding may be awarded to bilateral financial institutions as a state match pursuant to this subdivision only after federally committed funds have been secured and are available for expenditure on a one-to-one basis.

(k) Twenty million dollars (\$20,000,000) shall be available to improve the climate resiliency of, or for the protection of, the Clear Lake Watershed.

91033. (a) Of the funds made available by Section 91030, one hundred seventy million dollars (\$170,000,000) shall be available, upon appropriation by the Legislature, to implement the Salton Sea Management Program 10-year Plan, and any subsequent revisions to that plan, or any subsequent plans, to provide air quality, public health, and habitat benefits.

(b) Of the funds made available by subdivision (a), ten million dollars (\$10,000,000) shall be available for either of the following:

(1) The creation of a Salton Sea Conservancy.

(2) The Salton Sea Authority.

91040. (a) Of the funds made available by Section 91000, one hundred fifty million dollars (\$150,000,000) shall be available, upon appropriation by the Legislature, to the Wildlife Conservation Board for projects pursuant to the guidelines of the Stream Flow Enhancement Program, including the acquisition of water or water rights, acquisition of land that includes water rights or contractual rights to water, and short- or long-term water transfers and leases.

(b) Of the funds made available by subdivision (a), fifty million dollars (\$50,000,000) shall be available to the Wildlife Conservation Board for the Habitat Enhancement and Restoration Program for fishery enhancement projects and programs that support reintroducing salmon into cold water habitat in the Sacramento and San Joaquin Rivers watersheds.

91045. Of the funds made available by Section 91000, twenty million dollars (\$20,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency for grants to nature and

climate education and research facilities, nonprofit organizations and public institutions, natural history museums, California zoos and aquariums accredited by the Association of Zoos and Aquariums, and geologic heritage sites that serve diverse populations. Grants may be used for buildings, equipment, structures, and exhibit galleries that present collections to promote climate, biodiversity, and cultural literacy. Projects may support species recovery and biodiversity protection in order to advance the state's 30x30 conservation goal.

91050. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the Water Resilience Portfolio, California's Water Supply Strategy, the Central Valley Flood Protection Plan, and the Sustainable Groundwater Management Act (Part 2.74 (commencing with Section 10720) of Division 6 of the Water Code), if applicable.

CHAPTER 3. WILDFIRE AND FOREST RESILIENCE

91500. The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature, for wildfire prevention, including reducing community wildfire risk and restoring the health and resilience of forests and landscapes.

91510. (a) Of the funds made available by Section 91500, one hundred thirty-five million dollars (\$135,000,000) shall be available, upon appropriation by the Legislature, to the Office of Emergency Services for a wildfire mitigation grant program. The Office of Emergency Services shall coordinate with the Department of Forestry and Fire Protection in administering these moneys. The grant program shall assist local and state agencies to leverage additional funds, including matching grants from federal agencies. Funds may be used to provide loans, rebates, direct assistance, and matching funds for projects that prevent wildfires, increase resilience, maintain existing wildfire risk reduction projects, reduce the risk of wildfires to communities, or increase home or community hardening. Projects shall benefit disadvantaged communities, severely disadvantaged communities, or vulnerable populations. Eligible projects include, but are not limited to, any of the following:

(1) Grants to local agencies, state agencies, joint powers authorities, nonprofit organizations, resource conservation districts, and tribes for projects that reduce wildfire risks to people and property consistent with an approved community wildfire protection plan.

(2) Grants to local agencies, state agencies, joint powers authorities, tribes, resource conservation districts, fire safe councils, and nonprofit organizations for structure hardening of critical community infrastructure, wildfire smoke mitigation, evacuation centers, including community clean air centers, structure hardening projects that reduce the risk of wildfire for entire neighborhoods and communities, water delivery system improvements for fire suppression purposes for communities in very high or high fire hazard areas, wildfire buffers, and incentives

to remove structures that significantly increase hazard risk.

(3) Grants, in coordination with the Public Utilities Commission, to local agencies, state agencies, special districts, joint powers authorities, tribes, and nonprofit organizations for zero-emission backup power, energy storage, and microgrids for critical community infrastructure in order to provide continuity of electrical service, reduced wildfire ignitions, and to safeguard communities from disruption due to deenergization events, wildfire, or air pollution caused by wildfire, extreme heat, or other disaster.

(4) Grants under the Home Hardening Program to retrofit, harden, or create defensible space for homes at high risk of wildfire in order to protect California communities.

(b) The Office of Emergency Services and the Department of Forestry and Fire Protection shall prioritize wildfire mitigation grant funding applications from local agencies based on the Fire Risk Reduction Community list, pursuant to Section 4290.1.

(c) The Office of Emergency Services and the Department of Forestry and Fire Protection shall provide technical assistance to disadvantaged communities, severely disadvantaged communities, or vulnerable populations, including those with access and functional needs, socially disadvantaged farmers or ranchers, and economically distressed areas to ensure the grant program reduces the vulnerability of those most in need.

91520. Of the funds made available by Section 91500, one billion two hundred five million dollars (\$1,205,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and to its departments, boards, and conservancies for projects and grants to improve local fire prevention capacity, improve forest health and resilience, and reduce the risk of wildfire spreading into populated areas from wildlands. Where appropriate, projects may include activities on lands owned by the United States. The funding made available by this section shall be allocated as follows:

(a) One hundred eighty-five million dollars (\$185,000,000) shall be available to the Department of Conservation's Regional Forest and Fire Capacity Program to increase regional capacity to prioritize, develop, and implement projects that improve forest health and fire resilience, implement community fire preparedness demonstration projects, facilitate greenhouse gas emissions reductions, and increase carbon sequestration in forests and other landscapes across regions and throughout the state. The funding shall be allocated based, to the extent feasible, on the Wildfire and Forest Resilience Action Plan.

(b) One hundred seventy million dollars (\$170,000,000) shall be available to implement regional projects, including, but not limited to, landscape-scale projects developed by forest collaboratives as defined in Section 4810, projects

developed by regional entities as defined in Section 4208, and projects that implement strategies developed by state conservancies through block grants and direct appropriations by the Legislature.

(c) One hundred seventy-five million dollars (\$175,000,000) shall be available to the Department of Forestry and Fire Protection's Forest Health Program for long-term forest health projects, including improved forest management, prescribed fire, prescribed grazing, cultural fire, forest watershed restoration, reforestation, upper watershed, riparian, and mountain meadow restoration, and activities that promote long-term carbon storage and sequestration. Funds may be used for tribal wildfire resilience grants.

(d) One hundred eighty-five million dollars (\$185,000,000) shall be available to the Department of Forestry and Fire Protection for local fire prevention grants consistent with Article 2.5 (commencing with Section 4124) of Chapter 1 of Part 2 of Division 4 and for grants to conduct workforce development for fire prevention and wildfire resiliency work. Workforce development grants may include, but are not limited to, the construction of designated housing for wildfire prevention workers.

(e) Twenty-five million dollars (\$25,000,000) shall be available to the Department of Forestry and Fire Protection for the creation or expansion of a fire training center.

(f) Two hundred million dollars (\$200,000,000) shall be available to the Natural Resources Agency and the Department of Parks and Recreation for forest health and watershed improvement projects in forests and other habitats, including, but not limited to, redwoods, conifers, oak woodlands, mountain meadows, chaparral, and coastal forests. Projects shall involve the restoration of natural ecosystem functions in very high, high, and moderate fire hazard areas and may include prescribed fire, cultural fire, environmentally sensitive vegetation management, land protection, science-based fuel reduction, watershed protection, carbon sequestration, protection of older fire-resistant trees, or improved forest health.

(g) Fifty million dollars (\$50,000,000) shall be available for grants to conduct fuel reduction, structure hardening, create defensible space, reforestation, or targeted acquisitions to improve forest health and fire resilience.

(h) Thirty-three million five hundred thousand dollars (\$33,500,000) shall be available to the Sierra Nevada Conservancy for watershed improvement, forest health, biomass utilization, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(i) Twenty-five million five hundred thousand dollars (\$25,500,000) shall be available to the California Tahoe Conservancy for watershed improvement, forest health,

biomass utilization, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(j) Thirty-three million five hundred thousand dollars (\$33,500,000) shall be available to the Santa Monica Mountains Conservancy for watershed improvement, wildfire resilience, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(k) Thirty-three million five hundred thousand dollars (\$33,500,000) shall be available to the State Coastal Conservancy for watershed improvement, wildfire resilience, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(l) Thirty-three million five hundred thousand dollars (\$33,500,000) shall be available to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for watershed improvement, wildfire resilience, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(m) Twenty-five million five hundred thousand dollars (\$25,500,000) shall be available to the San Diego Rivers Conservancy for watershed improvement, wildfire resilience, chaparral and forest restoration, and workforce development that addresses needs related to this subdivision and is designed to create career pathways for individuals from disadvantaged communities, severely disadvantaged communities, or vulnerable populations.

(n) Fifteen million dollars (\$15,000,000) shall be available to the Wildfire Conservancy to improve firefighter health and safety, advance fire attack effectiveness, and promote community resilience and awareness.

(o) Fifteen million dollars (\$15,000,000) shall be available to the California Fire Foundation to support vegetation mitigation and fuels reduction projects, public education and outreach, personal protective equipment, specialized firefighting equipment, and firefighter health and safety.

91530. Of the funds made available by Section 91500, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the Department of Conservation or State Energy Resources Conservation and Development Commission for

projects in California that provide long-term capital infrastructure to use forest and other vegetative waste removed for wildfire mitigation for noncombustible uses that maximize reductions in greenhouse gas emissions, provide local air quality benefits, and increase local community resilience against climate change impacts.

91535. Of the funds made available by Section 91500, twenty-five million dollars (\$25,000,000) shall be available, upon appropriation by the Legislature, to the Department of Forestry and Fire Protection for technologies that improve detection and assessment of new fire ignitions.

91540. (a) Of the funds made available by Section 91500, thirty-five million dollars (\$35,000,000) shall be available, upon appropriation by the Legislature, for uses to reduce wildfire risk related to electricity transmission.

(b) The proportion of any asset funded pursuant to this section shall be funded without return on equity for the lifetime of the proportion of that asset that would have otherwise been borne by ratepayers.

(c) The proportion of any projects funded pursuant to this section shall be excluded from the ratebase, and no costs may be collected from ratepayers.

91545. (a) Of the funds made available by Section 91500, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the California Conservation Corps or certified community conservation corps, as defined in Section 14507.5, and nonprofit workforce organizations for demonstrated jobs projects, including either of the following:

(1) Projects to mitigate unemployment and assist the state with the implementation of critical natural resources, transportation, energy, and housing infrastructure to promote climate resilience.

(2) Projects to prepare for, prevent, respond to, and rehabilitate following natural disasters, declared emergencies, or climate-related impacts to communities.

(b) At least 60 percent of the amount available pursuant to subdivision (a) shall be available to certified community conservation corps, as defined in Section 14507.5.

(c) Eligible workforce organizations include nonprofits, local agencies, and joint powers authorities that have programs that provide park and conservation employment training.

(d) The California Conservation Corps may expend the funds made available as grants to certified community conservation corps for purposes specified in this section.

91550. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the California Wildfire and Forest Resilience Action Plan, and by the Natural Resources Agency and the Department of Forestry and Fire Protection, if applicable.

CHAPTER 4. COASTAL RESILIENCE

92000. The sum of one billion two hundred million dollars (\$1,200,000,000) shall be available, upon appropriation by the Legislature, to increase coastal and ocean resiliency and to protect coastal lands, waters, communities, natural resources, and urban waterfronts from sea level rise and other climate impacts. Eligible projects include, but are not limited to, projects to restore coastal wetlands and projects to address sea level rise.

92010. (a) Of the funds made available by Section 92000, four hundred fifteen million dollars (\$415,000,000) shall be available, upon appropriation by the Legislature, for projects identified by the State Coastal Conservancy for coastal resilience projects and programs, including, but not limited to, grants and expenditures to protect, restore, and increase the resilience of beaches, bays, coastal dunes, wetlands, coastal forests, watersheds, trails, and public access facilities. The funds made available pursuant to this section may be allocated to any of the following:

(1) Grants through the Climate Ready Program pursuant to Section 31113.

(2) Projects to protect coastal lands and restore habitats, including subtidal habitats, wetlands, riparian areas, redwood forests, grasslands, oak woodlands, and other important wildlife habitats, including projects to protect and restore healthy sea otter populations.

(3) Natural infrastructure projects that use existing natural areas to minimize coastal flooding, erosion, and runoff.

(4) Projects to restore coastal land for public uses on surplus land for formerly fossil-fueled powerplants.

(5) Projects for purposes of the San Francisco Bay Area Conservancy Program established pursuant to Chapter 4.5 (commencing with Section 31160) of Division 21.

(6) Lower cost coastal accommodation grants consistent with the Lower Cost Coastal Accommodations Program established pursuant to Section 31412.

(7) Projects that are consistent with the San Francisco Bay Restoration Authority Act (Title 7.25 (commencing with Section 66700) of the Government Code).

(b) Of the funds made available pursuant to subdivision (a), not less than eighty-five million dollars (\$85,000,000) shall be available, upon appropriation by the Legislature, for projects that are consistent with the San Francisco Bay Restoration Authority Act (Title 7.25 (commencing with Section 66700) of the Government Code) or the San Francisco Bay Area Conservancy Program established pursuant to Chapter 4.5 (commencing with Section 31160) of Division 21, including, but not limited to, projects that address sea level rise, flood management, and wetland restoration.

92015. Of the funds made available by Section 92000, three hundred fifty million dollars (\$350,000,000) shall be available, upon appropriation by the Legislature, to the State Coastal Conservancy for

the purpose of coastal and combined flood management projects and activities for developed shoreline areas, including areas with critical community infrastructure, including, but not limited to, transportation and port infrastructure at risk of current flooding and flooding due to sea level rise. Funds shall be allocated to multiple-benefit projects that improve public safety, including shoreline resilience projects designed to address flooding, sea level rise, and shoreline stability that include engineering with nature or nature-based features. These funds shall be available to local agencies as matching funds for federally funded coastal flood risk management and flood risk management projects.

92020. Of the funds made available by Section 92000, one hundred thirty-five million dollars (\$135,000,000) shall be available, upon appropriation by the Legislature, for deposit into the California Ocean Protection Trust Fund for grants to increase resilience from the impacts of climate change. Preference shall be given to projects that conserve, protect, and restore marine wildlife and healthy ocean and coastal ecosystems, including, but not limited to, estuarine habitat, kelp forests, eelgrass meadows, and native oyster beds, or that maintain the state's system of marine protected areas, and support sustainable fisheries. Funding may be used to purchase and install ocean current mapping infrastructure and new maritime research infrastructure to reduce emissions. The funds made available pursuant to this section may be used to establish a program with acre-based targets to advance habitat recovery projects that will contribute to protecting and restoring kelp forests, eelgrass meadows, and native oyster beds.

92030. Of the funds made available by Section 92000, seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature, to implement the California Sea Level Rise Mitigation and Adaptation Act of 2021 (Division 20.6.5 (commencing with Section 30970)).

92040. Of the funds made available by Section 92000, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the Department of Parks and Recreation to implement the Sea Level Rise Adaptation Strategy to address the impacts of sea level rise in coastal state parks, support continued access and recreational opportunities, and protect coastal natural and cultural resources.

92050. Of the funds made available by Section 92000, seventy-five million dollars (\$75,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and the Department of Fish and Wildlife for all of the following:

(a) To protect and restore island ecosystems by mitigating the threat of island invasive species and advancing biosecurity initiatives.

(b) To advance climate-ready fisheries management by expanding opportunities for experimentation and adaptive cooperative management, modernizing electronic fisheries data management systems, and

increasing the use of electronic technologies to facilitate more nimble decisionmaking and timely management responses under changing ocean conditions.

(c) To support the restoration and management of kelp ecosystems.

92060. Of the funds made available by Section 92000, seventy-five million dollars (\$75,000,000) shall be allocated, upon appropriation by the Legislature, to the State Coastal Conservancy for grants or expenditures to remove outdated or obsolete dams and for related water infrastructure. Projects may also increase climate resilience, enhance sediment supply, improve wildlife and fish passage, and modernize related water infrastructure, including related planning, monitoring, permitting, habitat restoration, and recreational improvements.

92070. Of the funds made available by Section 92000, twenty-five million dollars (\$25,000,000) shall be available, upon appropriation by the Legislature, to the Department of Fish and Wildlife for hatchery upgrades and expansions and for new conservation hatcheries that increase fish production and include the latest technologies to support species conservation and reintroduction efforts necessary to support genetically diverse populations of Central Valley Chinook Salmon.

92080. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the California Coastal Commission, the Department of Parks and Recreation, the Ocean Protection Council, the State Lands Commission, the San Francisco Bay Conservation and Development Commission, and the State Coastal Conservancy, if applicable.

CHAPTER 5. EXTREME HEAT MITIGATION

92500. The sum of four hundred fifty million dollars (\$450,000,000) shall be available, upon appropriation by the Legislature, to respond to severe weather and increasing temperatures, and address extreme heat and extreme heat events in communities. Priority shall be given to projects that provide meaningful direct benefits to disadvantaged communities, severely disadvantaged communities, and vulnerable populations.

92510. Of the funds made available by Section 92500, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the Office of Planning and Research's Extreme Heat and Community Resilience Program to fund projects that reduce the impact of extreme heat, reduce the urban heat island effect, and build community resilience in order to strengthen communities that are vulnerable to the extreme heat impacts of climate change.

92520. Of the funds made available by Section 92500, one hundred fifty million dollars (\$150,000,000) shall be available, upon appropriation by the Legislature, to the Strategic Growth Council's Transformative Climate Communities Program established pursuant to Section 75240 for projects that provide local economic, environmental, and health

benefits, and improve the resilience of priority populations, as defined by the Transformative Climate Communities Program guidelines.

92530. Of the funds made available by Section 92500, one hundred million dollars (\$100,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency for competitive grants for urban greening. These funds shall support projects that mitigate the urban heat island effect, rising temperatures, and extreme heat impacts. Eligible projects may include, but are not limited to, the creation and expansion of green streets and alleyways, and investments that support an expanded urban greening program that supports the creation of green recreational parks and green schoolyards in park-poor communities.

92540. Of the funds made available by Section 92500, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the Department of Forestry and Fire Protection to protect or augment California's urban forests pursuant to Section 4799.12. Projects shall contribute to mitigating the urban heat island effect and extreme heat impacts.

92550. (a) Of the funds made available by Section 92500, sixty million dollars (\$60,000,000) shall be available, upon appropriation by the Legislature, to the Office of Emergency Services and the Strategic Growth Council for competitive grants for the creation of strategically located community resilience centers across diverse regions of the state at eligible community facilities. These grants shall be awarded to eligible community facilities that model integrated delivery of emergency response services during disruptions, including zero-emission backup power, drinking water, clean air, cooling, food storage, shelter, telecommunications and broadband services, economic assistance, accommodation of pets, and other health protection measures and emergency resources during a disaster, state of emergency, local emergency, or deenergization event. Grants shall be prioritized to proposed centers that demonstrate involvement of community-based organizations and community residents within governance and decisionmaking processes.

(b) The Office of Emergency Services and the Strategic Growth Council shall coordinate with the Department of Food and Agriculture to ensure there is no duplication with funding awarded under Section 92560.

(c) For purposes of this section, the following definitions apply:

(1) "Deenergization event" means a preventative measure to deenergize all, or a portion, of an electric generation, distribution, or transmission system when the electricity provider reasonably believes there is an imminent and significant risk that strong winds, or other extreme and potentially dangerous weather events, increase the probability of a wildfire.

(2) "Eligible community facilities" include, but are not limited to, senior and youth centers, park and recreation

sites, libraries, health clinics, hospitals, schools, town halls, food banks, homeless shelters, childcare facilities, community centers, community nonprofit facilities providing essential services, places of worship, mobile sites, and fairgrounds.

92560. Of the funds made available by Section 92500, forty million dollars (\$40,000,000) shall be available, upon appropriation by the Legislature, to the Department of Food and Agriculture for grants to fairgrounds operated by the network of California fairs for modifications or upgrades that do one or both of the following activities:

(a) Enhance the ability of those facilities to serve as multirole community, staging, and evacuation centers to provide community resilience benefits during a disaster, state of emergency, local emergency, or deenergization event.

(b) Deploy communications and broadband infrastructure at those facilities to improve their capability to serve as multirole community, staging, and evacuation centers and enhance local telecommunications service.

92570. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the Protecting Californians From Extreme Heat: A State Action Plan to Build Community Resilience, and the Office of Planning and Research's Extreme Heat and Community Resilience Program, if applicable.

CHAPTER 6. PROTECT BIODIVERSITY AND ACCELERATING NATURE-BASED CLIMATE SOLUTIONS

93000. The sum of one billion two hundred million dollars (\$1,200,000,000) shall be available, upon appropriation by the Legislature, for the protection of California's biodiversity and to protect nature and restore landscape health to achieve California's climate change goals.

93010. (a) Of the funds made available by Section 93000, eight hundred seventy million dollars (\$870,000,000) shall be available, upon appropriation by the Legislature, to the Wildlife Conservation Board for grant programs to protect and enhance fish and wildlife resources and habitat and achieve the state's biodiversity, public access, and conservation goals. Eligible programs include, but are not limited to, any of the following:

- (1) Land acquisition.
- (2) Habitat enhancement and restoration.
- (3) Rangeland, grazing land, and grassland protection.
- (4) Inland wetland conservation.
- (5) Ecosystem restoration on agricultural lands.
- (6) Climate adaptation and resiliency.
- (7) Monarch butterfly and pollinator rescue.
- (8) Desert conservation.
- (9) Oak woodland conservation.

(10) Purposes of reimbursing the General Fund, pursuant to the Natural Heritage Preservation Tax Credit Act of 2000 (Division 28 (commencing with Section 37000)).

(b) Funding made available pursuant to subdivision (a) shall not be used to reduce or offset environmental mitigation or compliance obligations otherwise required, but may be used as part of a funding partnership to enhance, expand, or augment conservation efforts required by mitigation. Nothing in this subdivision authorizes the expenditure of bond funds for voluntary agreements as described in Section 80114.

93020. (a) Of the funds made available by Section 93000, three hundred twenty million dollars (\$320,000,000) shall be available, upon appropriation by the Legislature, to reduce the risks of climate change impacts upon communities, fish and wildlife, and natural resources, and increase public access, and shall be allocated in accordance with the following schedule:

- (1) Baldwin Hills Conservancy, forty-eight million dollars (\$48,000,000).
- (2) California Tahoe Conservancy, twenty-nine million dollars (\$29,000,000).
- (3) Coachella Valley Mountains Conservancy, eleven million dollars (\$11,000,000).
- (4) Sacramento-San Joaquin Delta Conservancy, twenty-nine million dollars (\$29,000,000).
- (5) San Diego River Conservancy, forty-eight million dollars (\$48,000,000).
- (6) San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, forty-eight million dollars (\$48,000,000).
- (7) San Joaquin River Conservancy, eleven million dollars (\$11,000,000).
- (8) Santa Monica Mountains Conservancy, forty-eight million dollars (\$48,000,000).
- (9) Sierra Nevada Conservancy, forty-eight million dollars (\$48,000,000).

(b) Up to 5 percent of the funds made available pursuant to this section may be allocated for community access projects that benefit disadvantaged communities, severely disadvantaged communities, and vulnerable populations and that include, but are not limited to, the following:

- (1) Transportation.
- (2) Physical activity programming.
- (3) Resource interpretation.
- (4) Multilingual translation.
- (5) Natural science.
- (6) Workforce development and career pathways.
- (7) Education.
- (8) Communication related to water, parks, climate, coastal protection, and other outdoor pursuits.

93030. Of the funds made available by Section 93010, one hundred eighty million dollars (\$180,000,000) shall be available, upon appropriation by the Legislature, to the Wildlife Conservation Board for projects to improve habitat connectivity and establish wildlife crossings and corridors, including eighty million dollars (\$80,000,000) to establish the San Andreas Corridor Program for the protection and restoration of wildlife corridors along the inner Coast Ranges and the San Andreas Fault.

93040. Of the funds made available by Section 93000, ten million dollars (\$10,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency for the Tribal Nature-Based Solutions Program.

93050. Of the funds made available by Section 93010, twenty two million dollars (\$22,000,000) shall be available, upon appropriation of the Legislature, to the Wildlife Conservation Board for projects for climate change adaptation improvements to protect, conserve, and restore the health and resilience of the southern Ballona Creek Watershed.

93060. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the Wildlife Conservation Board, the Pathways to 30x30 strategy, the Natural and Working Lands Climate Smart Strategy, California's 2022 Scoping Plan for Achieving Carbon Neutrality, and the California Climate Adaptation Strategy, if applicable.

CHAPTER 7. CLIMATE SMART, SUSTAINABLE, AND RESILIENT FARMS, RANCHES, AND WORKING LANDS

93500. The sum of three hundred million dollars (\$300,000,000) shall be available, upon appropriation by the Legislature, for improving climate resilience and sustainability of agricultural lands.

93510. Of the funds made available by Section 93500, one hundred five million dollars (\$105,000,000) shall be available, upon appropriation by the Legislature, to the Department of Food and Agriculture's Office of Environmental Farming and Innovation for improvements in climate resilience of agricultural lands and ecosystem health and allocated to eligible projects as follows:

(a) Sixty-five million dollars (\$65,000,000) shall be available for grants to promote practices on farms and ranches that improve soil health, or accelerate atmospheric carbon removal or soil carbon sequestration.

(b) Forty million dollars (\$40,000,000) shall be available for the State Water Efficiency and Enhancement Program to promote onfarm water use efficiency with a focus on multiple-benefit projects that improve resilience to climate change and save water on California agricultural operations.

(c) Funds allocated pursuant to this section shall be allocated to projects that provide meaningful and direct benefits to socially disadvantaged farmers and ranchers.

93520. Of the funds made available by Section 93500, twenty million dollars (\$20,000,000) shall, upon appropriation by the Legislature, be deposited in the Invasive Species Account established pursuant to Section 7706 of the Food and Agricultural Code for purposes of funding invasive species projects and activities recommended by the Invasive Species Council of California. Preference shall be given to projects that restore and protect biodiversity and ecosystem health. Consideration shall be given to geographic equity.

93530. Of the funds made available by Section 93500, fifteen million dollars (\$15,000,000) shall be available, upon appropriation by the Legislature, to the Department of Conservation for projects for the protection, restoration, conservation, and enhancement of farmland and rangeland, including, but not limited to, the acquisition of fee title or easements, that improve climate resilience, open-space soil health, atmospheric carbon removal, soil carbon sequestration, erosion control, watershed health, water quality, or water retention. Projects shall provide multiple benefits. In awarding funds for farmland and rangeland projects pursuant to this section, the Department of Conservation shall give preference to projects for small- and medium-sized farms.

93540. Of the funds made available by Section 93500, ninety million dollars (\$90,000,000) shall be available, upon appropriation by the Legislature, to the Department of Food and Agriculture for grants that benefit small- and medium-sized farms, socially disadvantaged farmers, beginning farmers or ranchers, and veteran farmers or ranchers, and increase the sustainability of agricultural infrastructure and facilities that support food systems, and increase market access. Funding made available pursuant to this section shall be allocated as follows:

(a) Twenty million dollars (\$20,000,000) shall be available for infrastructure related to certified mobile farmers' markets, including, but not limited to, a mobile farmers' market vehicle, refrigeration, and other equipment to comply with relevant sections of the Health and Safety Code and related regulations.

(b) Twenty million dollars (\$20,000,000) shall be available to develop year-round infrastructure for certified farmers' markets, as defined in Section 47004 of the Food and Agricultural Code, fishermen's markets, as defined in Section 113780 of the Health and Safety Code, or tribe-operated or native-serving farmers' markets, including, but not limited to, all of the following:

(1) All-weather infrastructure such as canopies and shade structures, tables and seating, market stalls, restrooms and hand wash stations, tent weights and tie-downs, produce washing stations, barricades and bollards for traffic management and pedestrian safety, bicycle parking racks, and other equipment.

(2) Facilities for food preparation, cooking demonstrations, and other nutrition education.

(3) *Wireless electronic benefits transfer point-of-sale terminals for market managers and producers to process CalFresh transactions.*

(4) *Wireless electronic benefits transfer point-of-sale terminals for producers to accept the electronic cash value benefit through the program designed to implement the federal WIC Farmers' Market Nutrition Act of 1992 (Public Law 102-314) pursuant to Section 123279 of the Health and Safety Code, or equivalent tribal programs.*

(5) *Other equipment to support the seniors farmers' market nutrition program, as described in Section 3007 of Title 7 of the United States Code, or equivalent tribal programs.*

(c) *Twenty million dollars (\$20,000,000) shall be available for urban agriculture projects that create or expand city or suburban community farms or gardens, including community food producers, as defined in Section 113752 of the Health and Safety Code, through in-ground small plot cultivation, raised beds, mushroom growing, rooftop farms, and cultivation of vacant lots and in parks.*

(d) *Fifteen million dollars (\$15,000,000) shall be available for grants for regional farm equipment sharing. Preference shall be given to projects and programs that benefit small- and medium-sized farms and socially disadvantaged farmers and ranchers.*

(e) *Fifteen million dollars (\$15,000,000) shall be available to advance tribes' food sovereignty to grow, produce, procure, and distribute foods that reflect Native American culture and traditions and support the development of tribal producers and vendors, including, but not limited to, the following projects:*

(1) *Irrigation and water infrastructure.*

(2) *Utility and power infrastructure.*

(3) *Food processing infrastructure.*

93550. (a) *Of the funds made available by Section 93500, thirty million dollars (\$30,000,000) shall be available, upon appropriation by the Legislature, to the Department of Conservation, in consultation with the California Agricultural Land Equity Task Force at the Strategic Growth Council, to improve land access and tenure for socially disadvantaged farmers or ranchers, tribal producers, and beginning farmers and ranchers.*

(b) *The Department of Conservation may make low-interest loans to qualified entities, which shall include land trusts, nonprofit organizations, public agencies, farmer cooperatives, tribal governments, or tribal entities, for the purpose of acquiring agricultural lands to transfer or provide long-term leases to socially disadvantaged farmers or ranchers and beginning farmers and ranchers.*

(c) *Any agricultural land acquired pursuant to this section shall be required to have an agricultural land conservation easement before being leased or transferred, and the department may require additional appropriate resale restrictions, such as affordability provisions, preemptive purchase right, or shared*

appreciation consistent with the purposes of this subdivision.

(d) *The Department of Conservation shall ensure that the proceeds of future resales of land continue to be used for purposes of this chapter.*

93560. *Of the funds made available by Section 93500, fifteen million dollars (\$15,000,000) shall be available, upon appropriation by the Legislature, to the California Vanpool Authority for grants for the deployment of vanpool vehicles, clean technologies, and related facilities, including, but not limited to, charging and alternative fuel infrastructure, for use by low-income agricultural workers.*

93570. *Of the funds made available by Section 93500, fifteen million dollars (\$15,000,000) shall be available, upon appropriation by the Legislature, to the State Department of Education, in consultation with the Department of Food and Agriculture, for purposes of providing grants to public postsecondary educational institutions that are designated as Agricultural Experiment Stations or Agricultural Research Institutes, to develop research farms to improve climate resiliency. Funding provided pursuant to this section shall not exceed one million dollars (\$1,000,000) per institution and shall be constructed and maintained with environmentally sustainable infrastructure practices.*

93580. *Of the funds made available by Section 93500, ten million dollars (\$10,000,000) shall be available, upon appropriation by the Legislature, as part of the Farmworker Housing Component of the Low-Income Weatherization Program through the Department of Community Services and Development, to low-income farmworker households for no-cost energy efficiency upgrades designed to reduce greenhouse gas emissions by saving energy. These energy efficiency upgrades shall include, but are not limited to, insulation, central heating and cooling system upgrades, lighting upgrades, and window replacement.*

93590. *For purposes of this chapter, the following definitions apply:*

(a) *"Beginning farmer or rancher" means a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than five crop years, as determined by the United States Secretary of Agriculture and as defined in Section 1502 of Title 7 of the United States Code.*

(b) *"Veteran farmer or rancher" means a farmer or rancher who is all of the following:*

(1) *Has served in the United States Armed Forces, as defined in Section 101 of Title 38 of the United States Code.*

(2) *Meets either of the following:*

(A) *Has not operated a farm or ranch.*

(B) *Has operated a farm or ranch for not more than five years.*

(3) *Is a veteran, as defined in Section 101 of Title 38 of the United States Code, who first obtained status as a veteran during the most recent five-year period.*

(4) *Is a beginning veteran farmer or rancher, as that term is used in Section 1502 of Title 7 of the United States Code.*

93600. *Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the Department of Food and Agriculture and the Natural and Working Lands Climate Smart Strategy, if applicable.*

CHAPTER 8. PARK CREATION AND OUTDOOR ACCESS

94000. *The sum of seven hundred million dollars (\$700,000,000) shall be available, upon appropriation by the Legislature, for the creation and protection of parks, outdoor access, and educational institutions and facilities.*

94010. (a) *Of the funds made available by Section 94000, two hundred million dollars (\$200,000,000) shall be available, upon appropriation by the Legislature, to the Department of Parks and Recreation for the creation, expansion, and renovation of safe neighborhood parks in park-poor neighborhoods in accordance with the Statewide Park Development and Community Revitalization Act of 2008's competitive grant program described in Chapter 3.3 (commencing with Section 5640) of Division 5.*

(b) *When administering grants pursuant to subdivision (a), priority shall be given to projects that provide multiple benefits, including, but not limited to, mitigating impacts of extreme heat, sea level rise, or flooding, enhancing stormwater capture, improving air quality, supporting local biodiversity, and other environmental benefits.*

(c) *Of the amount available pursuant to subdivision (a), not less than 10 percent shall be available for the rehabilitation, repurposing, or substantial improvement of existing park infrastructure that will lead to increased use and enhanced user experiences or increase access, including, but not limited to, for individuals with disabilities, as defined by the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.).*

94020. *Of the funds made available by Section 94000, two hundred million dollars (\$200,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and its departments, boards, and conservancies for the reduction of climate impacts on disadvantaged communities and vulnerable populations and the creation, protection, and expansion of outdoor recreation opportunities. Eligible projects include, but are not limited to, any of the following:*

(a) *Improvements to city parks, county parks, regional parks, and open-space lands to preserve infrastructure, including natural infrastructure, to promote resilience and adaptation or the promotion and enhancement of natural resources and water conservation and efficiencies on local and regional public park lands and open-space lands.*

(b) *Funding for park-poor communities experiencing a significant loss of parks or open and recreation space resulting from climate-related infrastructure projects.*

(c) *Multiple-benefit projects that reduce risks of exposure to toxic or hazardous materials that may increase as a result of wildfires, flooding, sea level rise, or reduced water flows to polluted bodies of water.*

(d) *Improved public access, including for individuals with disabilities, as defined by the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.), and outdoor recreation at state parks, city parks, county parks, regional parks, and open-space preserves.*

(e) *Protection, restoration, and enhancement of the natural resource values of the state park system and projects to expand public access for disadvantaged communities, including, but not limited to, the expansion of lower cost coastal accommodation project development.*

(f) *Coastal public access infrastructure for disadvantaged communities, including, but not limited to, trails, parking areas, restrooms, bicycle lanes, and transportation improvements, including projects consistent with a public access program pursuant to Section 30610.81.*

(g) *Projects for the creation and improvement of local parks to correct historic underinvestment in communities identified by the department as park deficient for active recreational infrastructure, including aquatic centers, to encourage youth health, fitness, and recreational pursuits.*

94030. *Of the funds made available by Section 94000, one hundred million dollars (\$100,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency and its departments, boards, and conservancies for the protection, restoration, and enhancement of the natural resource values of the state park system and for projects to expand recreational opportunities and public access to state and public park nonmotorized trails. Projects may include enhancing and expanding existing trails and creating new trails.*

94040. *Of the funds made available by Section 94000, one hundred seventy-five million dollars (\$175,000,000) shall be available, upon appropriation by the Legislature, to the Department of Parks and Recreation to implement projects to address the department's backlog of deferred maintenance.*

94050. *Of the funds made available by Section 94000, twenty-five million dollars (\$25,000,000) shall be available, upon appropriation by the Legislature, to the Natural Resources Agency for grants to nature and climate education and research facilities, nonprofit organizations and public institutions, natural history museums, California zoos and aquariums accredited by the Association of Zoos and Aquariums, and geologic heritage sites that serve diverse populations. Grants may be used for buildings, equipment, structures, and exhibit galleries that present collections to promote*

climate, biodiversity, and cultural literacy. Projects may support species recovery and biodiversity protection in order to advance the state's 30x30 conservation goal.

94060. Projects funded pursuant to this chapter shall be consistent with the policies and guidelines established by the Natural Resources Agency, the Outdoors for All strategy, and the Pathways to 30x30 strategy, if applicable.

CHAPTER 9. CLEAN AIR

94500. The sum of eight hundred fifty million dollars (\$850,000,000) shall be available, upon appropriation by the Legislature, for clean energy projects.

94510. (a) The proportion of any asset funded pursuant to this section or Section 94520 or 94530 shall be funded without return on equity for the lifetime of the proportion of that asset that would have otherwise been borne by ratepayers.

(b) The proportion of any projects funded pursuant to this section or Section 94520 or 94530 shall be excluded from the ratebase, and no costs may be collected from ratepayers.

(c) It is the intent of the Legislature that bond moneys shall not be used for shareholder incentives or profits for shareholders of private corporations.

94520. (a) Of the funds made available by Section 94500, three hundred twenty-five million dollars (\$325,000,000) shall be available, upon appropriation by the Legislature, to the California Infrastructure and Economic Development Bank, the State Energy Resources Conservation and Development Commission, or any other entity chosen by the Legislature, upon appropriation by the Legislature, for the public financing of clean energy transmission projects that are necessary to meet the state's clean energy goals to reduce or offset ratepayer costs associated with the public benefits of transmission projects.

(b) Preference may be given to projects under this section that provide multiple benefits, including, but not limited to, reducing the risk of wildfire, reducing reliance on fossil fuel plants in disadvantaged communities, and reducing rate pressure, including reconductoring and other grid-enhancing technologies.

94530. Of the funds made available by Section 94500, fifty million dollars (\$50,000,000) shall be available, upon appropriation by the Legislature, to the State Energy Resources Conservation and Development Commission for grants or loans to support the Long-Duration Energy Storage Program. Eligible uses may also include zero-emissions distributed energy backup assets, virtual power plants, and demand side grid support.

94540. (a) Of the funds made available by Section 94500, four hundred seventy-five million dollars (\$475,000,000) shall be available, upon appropriation by the Legislature, to the State Energy Resources Conservation and Development Commission to support any of the following activities related to the development of offshore wind generation:

(1) Construction of publicly owned port facilities for manufacturing, assembly, staging, and integration of entitlements and components for offshore wind generation.

(2) Expansion and improvement of public port infrastructure to accommodate vessels involved in the installation, maintenance, and operation of offshore wind generation.

(3) Upgrades to port facilities.

(b) The State Energy Resources Conservation and Development Commission may expend moneys made available pursuant to subdivision (a) consistent with the strategic plan developed pursuant to Section 25991.

(c) The State Energy Resources Conservation and Development Commission shall prioritize projects that can show matching funds or that are located at staging and integration ports that have released a notice of preparation pursuant to the California Environmental Quality Act process on or before February 29, 2024.

CHAPTER 10. FISCAL PROVISIONS

95000. (a) Bonds in the total amount of ten billion dollars (\$10,000,000,000), not including the amount of any refunding bonds issued in accordance with Section 95012, may be issued and sold for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, issued, and delivered, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) The Treasurer shall cause the issuance and sell the bonds authorized by the committee pursuant to subdivision (a) in the amount determined by the committee to be necessary or desirable pursuant to Section 95003. The bonds shall be issued and sold upon the terms and conditions specified in a resolution to be adopted by the committee pursuant to Section 16731 of the Government Code.

95001. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law, and all of the provisions of that law, except subdivisions (a) and (b) of Section 16727 of the Government Code, apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division.

95002. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Finance Committee is hereby created. For purposes of this division, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Finance

Committee is the “committee,” as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, the Controller, the Secretary of the Natural Resources Agency, and the Secretary for Environmental Protection. Notwithstanding any other law, any member may designate a representative to act as that member in that member’s place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as the chairperson of the committee.

(d) A majority of the committee may act for the committee.

95003. The committee shall by resolution determine whether or not it is necessary or desirable to issue and sell bonds authorized by this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

95004. For purposes of the State General Obligation Bond Law, “board,” as defined in Section 16722 of the Government Code, means the Secretary of the Natural Resources Agency.

95005. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds becoming due in that year. It is the duty of all officers charged by law with any duty regarding the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

95006. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this division, and without regard to fiscal years, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out Section 95009.

95007. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other form of interim financing in accordance with Section 16312 of the Government Code, for the purpose of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this division, excluding any refunding bonds authorized pursuant to Section 95012, less any amount loaned and not yet repaid pursuant to this

section and any amount withdrawn from the General Fund pursuant to Section 95009 and not yet returned to the General Fund. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

95008. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

95009. For purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division, excluding refunding bonds authorized pursuant to Section 95012, less any amount loaned pursuant to Section 95007 and not yet repaid and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amounts withdrawn shall be deposited in the fund to be allocated in accordance with this division. Any moneys made available under this section shall be returned to the General Fund, with interest at the rate earned by the moneys in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

95010. All moneys deposited in the fund that are derived from premiums and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premiums may be reserved and used to pay costs of bond issuance before any transfer to the General Fund.

95011. Pursuant to the State General Obligation Bond Law, the cost of bond issuance shall be paid or reimbursed out of the bond proceeds, including premiums, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, these costs shall be allocated proportionally to each program funded through this division by the applicable bond sale.

95012. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6

(commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds under this division shall include approval of the issuance, sale, or exchange of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds. Any bond refunded with the proceeds of a refunding bond as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

95013. Notwithstanding Section 16727 of the Government Code, funds provided pursuant to this division may be used for grants and loans to nonprofit organizations to repay financing described in Section 22064 of the Financial Code related to projects that are consistent with the purpose of the respective provisions of this division.

95014. The proceeds from the sale of bonds authorized by this division are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

95015. Bonds issued under this division may, whenever practical, be aligned with generally recognized principles and best practices guidelines for financing climate mitigation, adaptation, or resilience projects.

PROPOSITION 5

This amendment proposed by Assembly Constitutional Amendment 1 of the 2023–2024 Regular Session (Resolution Chapter 173, Statutes of 2023) and Assembly Constitutional Amendment 10 of the 2023–2024 Regular Session (Resolution Chapter 134, Statutes of 2024) expressly amends the California Constitution by amending sections thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLES XIII A and XVI

First—That Section 1 of Article XIII A thereof is amended to read:

SECTION 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed ~~One 1 percent (1%)~~ of the full cash value of ~~such that~~ property. The ~~one 1 percent (1%) tax to~~ shall be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters ~~prior to~~ before July 1, 1978.

(2) Bonded indebtedness ~~for to fund~~ the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after ~~the effective date of the measure adding this paragraph.~~ November 8, 2000. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in ~~Article XIII A, Section 1(b)(3), this paragraph~~ and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(4) (A) *Bonded indebtedness incurred by a city, county, city and county, or special district for the construction, reconstruction, rehabilitation, or replacement of public infrastructure or affordable housing, or the acquisition or lease of real property for public infrastructure or affordable housing, approved by 55 percent of the voters of the city, county, city and county, or special district, as appropriate, voting on the proposition submitted at the same election as the measure adding this paragraph or at a later election held after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:*

(i) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in this

paragraph, and not for any other purpose, including city, county, city and county, or special district employee salaries and other operating expenses. The administrative cost of the city, county, city and county, or special district executing the projects and programs of the proposition shall not exceed 5 percent of the proceeds from the sale of the bonds.

(ii) A requirement that the proceeds from the sale of the bonds only be spent on projects and programs that serve the jurisdiction of the city, county, city and county, or special district.

(iii) The specific local program or ordinance through which projects will be funded and a certification that the city, county, city and county, or special district has evaluated alternative funding sources.

(iv) A requirement that the city, county, city and county, or special district conduct an annual, independent performance audit to ensure that the funds have been expended pursuant to the local program or ordinance specified in clause (iii).

(v) A requirement that the city, county, city and county, or special district conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the public infrastructure or affordable housing projects, as applicable.

(vi) A requirement that the city, county, city and county, or special district post the audits required by clauses (iv) and (v) in a manner that is easily accessible to the public.

(vii) A requirement that the audits required by clauses (iv) and (v) will be submitted to the California State Auditor for review.

(viii) (I) A requirement that the city, county, city and county, or special district appoint a citizens' oversight committee to ensure that bond proceeds are expended only for the purposes described in the measure approved by the voters.

(II) Members appointed to an oversight committee established pursuant to subclause (I) shall receive educational training about bonds and fiscal oversight.

(ix) A requirement that an entity owned or controlled by a local official that votes on whether to put a proposition on the ballot pursuant to this paragraph will be prohibited from bidding on any work funded by the proposition.

(B) Notwithstanding any other law, if the voters of the city, county, city and county, or special district have previously approved a proposition pursuant to this paragraph, the city, county, city and county, or special district shall not place a proposition on the ballot pursuant to this paragraph until all funds from the previous proposition are committed to programs and projects listed in the proposition's specific local program or ordinance described in clause (iii) of subparagraph (A).

(C) (i) The Legislature may, by two-thirds vote, enact laws establishing accountability measures in addition to

those listed in subparagraph (A), provided such laws are consistent with the purposes and intent of this paragraph.

(ii) The Legislature may, by two-thirds vote, enact laws imposing additional conditions or restrictions on the acquisition or lease of real property for the purposes described in this paragraph. Any repeal of conditions or restrictions on the acquisition or lease of real property for the purposes described in this paragraph shall require a two-thirds vote.

(D) The Legislature may, by majority vote, enact laws for the downpayment assistance programs established pursuant to this paragraph, provided that those laws further the purposes of this paragraph.

(E) For purposes of this paragraph:

(i) (I) "Affordable housing" shall include housing developments, or portions of housing developments, that are affordable to individuals, families, seniors, people with disabilities, veterans, or first-time homebuyers, who are lower income households or middle-income households earning up to 150 percent of countywide median income, as those terms are defined in state law. Affordable housing shall include capitalized operating reserves, as the term is defined in state law.

(II) "Affordable housing" shall also include any of the following:

(ia) Downpayment assistance programs.

(ib) First-time homebuyer programs.

(ic) Permanent supportive housing, including, but not limited to, housing for persons at risk of chronic homelessness, including, but not limited to, persons with mental illness.

(id) Associated facilities, if used to serve residents of affordable housing.

(ii) "At risk of chronic homelessness" includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.

(iii) "Permanent supportive housing" means housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist residents in retaining the housing, improving their health status, and maximizing their ability to live and, when possible, work in the community.

(iv) "Public infrastructure" shall include any of the following:

(I) Facilities or infrastructure for the delivery of public services, including education, police, fire protection, parks, recreation, open space, emergency medical, public health, libraries, flood protection, streets or

highways, public transit, railroad, airports, and seaports.

(II) *Utility, common carrier or other similar projects, including energy-related, communication-related, water-related, and wastewater-related facilities or infrastructure.*

(III) *Projects identified by the State or local government for recovery from natural disasters.*

(IV) *Equipment related to fire suppression, emergency response equipment, or interoperable communications equipment for direct and exclusive use by fire, emergency response, police, or sheriff personnel.*

(V) *Projects that provide protection of property from sea level rise.*

(VI) *Projects that provide public broadband internet access service expansion in underserved areas.*

(VII) *Private uses incidental to, or necessary for, the public infrastructure.*

(VIII) *Grants to homeowners for the purposes of structure hardening of homes and structures, as defined in state law.*

(v) *“Special district” has the same meaning as provided in subdivision (c) of Section 1 of Article XIII C and specifically includes a transit district, a regional transportation commission, and an association of governments, except that “special district” does not include a school district, redevelopment agency, or successor agency to a dissolved redevelopment agency.*

(F) *This paragraph shall apply to any city, county, city and county, or special district measure imposing an ad valorem tax to pay the interest and redemption charges on bonded indebtedness for those purposes described in this paragraph that is submitted at the same election as the measure adding this paragraph or at a later election held after the effective date of the measure adding this paragraph.*

(c) (1) Notwithstanding any other provisions of law or of this Constitution, a school districts, district, community college districts, and district, or county offices office of education may levy a 55-percent 55-percent vote ad valorem tax pursuant to paragraph (3) of subdivision (b).

(2) Notwithstanding any other provisions of law or this Constitution, a city, county, city and county, or special district may levy a 55-percent vote ad valorem tax pursuant to paragraph (4) of subdivision (b).

Second—That Section 18 of Article XVI thereof is amended to read:

SEC. 18. (a) ~~No~~ A county, city, town, township, board of education, or school district, shall not incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such that year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose, except that with respect to any such public entity which that is authorized to incur indebtedness for public school

purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, ~~reconstructing~~ *reconstructing*, or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the voters of the public entity voting on the proposition at such the election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and to provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty 40 years from the time of contracting the indebtedness. A special district, other than a board of education or school district, shall not incur any indebtedness or liability exceeding any applicable statutory limit, as prescribed by the statutes governing the special district as they currently read or may thereafter be amended by the Legislature.

(b) (1) ~~Notwithstanding subdivision (a), on or after the effective date of the measure adding this subdivision, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, purposes described in paragraph (3) or (4) of subdivision (b) of Section 1 of Article XIII A shall be adopted upon the approval of 55 percent of the voters of the district or county, school district, community college district, county office of education, city, county, city and county, or other special district, as appropriate, voting on the proposition at an election. This subdivision shall apply only to a proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision only if the proposition meets all of the accountability requirements of paragraph (3) or (4) of subdivision (b) (b), as appropriate, of Section 1 of Article XIII A.~~

(2) *The amendments made to this subdivision by the measure adding this paragraph shall apply to any proposition for the incurrence of indebtedness in the form of general obligation bonds pursuant to this subdivision for the purposes described in paragraph (4) of subdivision (b) of Section 1 of Article XIII A that is submitted at the same election as the measure adding this paragraph or at a later election held after the effective date of the measure adding this paragraph.*

(c) When two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when if two-thirds or a majority or 55 percent of the voters, as the case may be, voting on any one of those propositions, vote in favor thereof, the proposition shall be deemed adopted.

Third—In the event that this measure and another measure or measures relating to state or local requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures shall appear on the same statewide election ballot, the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

PROPOSITION 6

This amendment proposed by Assembly Constitutional Amendment 8 of the 2023–2024 Regular Session (Resolution Chapter 133, Statutes of 2024) expressly amends the California Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE I

That Section 6 of Article I thereof is amended to read:

SEC. 6. (a) ~~Slavery is prohibited. Involuntary servitude is prohibited except to punish crime: and involuntary servitude are prohibited.~~

(b) *The Department of Corrections and Rehabilitation shall not discipline any incarcerated person for refusing a work assignment.*

(c) *Nothing in this section shall prohibit the Department of Corrections and Rehabilitation from awarding credits to an incarcerated person who voluntarily accepts a work assignment.*

(d) *Amendments made to this section by the measure adding this subdivision shall become operative on January 1, 2025.*

PROPOSITION 32

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends a section of the Labor Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE LIVING WAGE ACT OF 2022

SECTION 1. Name.

This act shall be known as the Living Wage Act of 2022.

SEC. 2. Findings and Purpose.

The people of California find and declare that:

(a) The purpose of the Living Wage Act of 2022 (“the act”) is to ensure that workers receive wages that will financially support them and their families.

(b) To achieve this purpose, the Living Wage Act of 2022 will increase the California minimum wage to \$18 per hour by 2025 and in each year thereafter the minimum wage will be adjusted to keep pace with the cost of living in California.

(c) For more than 12 years, the federal minimum wage has been stuck at \$7.25. If it had increased at the rate of productivity growth since 1960, it would be \$24 right now.

(d) Many working Californians, including essential workers, parents and seniors, have full-time jobs yet struggle to make ends meet. The minimum wage has not kept pace with the cost of living and is worth less today than it was 50 years ago.

(e) California currently has the eighth highest income inequality among all 50 U.S. states and Washington, D.C., which is forcing many working households into poverty.

(f) The most recent available data, which does not include the effects of COVID-19, shows that more than 6.3 million Californians lack enough resources to meet their basic needs. More than a third of Californians are living in or near poverty. The large majority of California’s low-wage workers are adults, not teens. The average age for low-wage workers is 36, compared to 40 for all workers. Forty-six percent of low-wage workers have children, and 40 percent are married. Californians cannot support a family on the current minimum wage of \$15 per hour, or \$31,200 per year, for people working full time.

(g) Despite being employed full time, Californians who are paid the current minimum wage often must rely on the state’s social safety net to meet their basic needs. Californians’ wages are not keeping up with inflation or our state’s rising cost of living. Research finds that a single parent living in California with two children would need to make \$50 per hour to get by, but our state’s minimum wage is only \$15 per hour.

(h) The purchasing power of the minimum wage will continue to erode if it is not adjusted yearly to reflect increases in the cost of living.

(i) Raising the minimum wage will increase the earnings of many Medi-Cal recipients, making them eligible for federal subsidies on California’s health benefit exchange, saving the state millions of dollars a year in Medi-Cal costs.

(j) Californians working in a wide variety of jobs and industries are paid the minimum wage, and it is the goal of this act to protect all such workers, regardless of whether they are employed by single, multiple, or joint employers.

(k) Income inequality, a growing population of working poor, and wage stagnation in California create strong justification for boosting income support for working households struggling to meet basic needs.

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SEC. 3. Section 1182.12 of the Labor Code is amended to read:

1182.12. Minimum wage

(a) Notwithstanding any other provision of this part, on and after July 1, 2014, the minimum wage for all industries shall be not less than nine dollars (\$9) per hour, and on and after January 1, 2016, the minimum wage for all industries shall be not less than ten dollars (\$10) per hour.

(b) Notwithstanding subdivision (a), the minimum wage for all industries shall not be less than the amounts set forth in this subdivision, except when the scheduled increases in paragraphs (1) and (2) are temporarily suspended under subdivision (d).

(1) For any employer who employs 26 or more employees, the minimum wage shall be as follows:

(A) From January 1, 2017, to December 31, 2017, inclusive,—ten dollars and fifty cents (\$10.50) per hour.

(B) From January 1, 2018, to December 31, 2018, inclusive,—eleven dollars (\$11) per hour.

(C) From January 1, 2019, to December 31, 2019, inclusive,—twelve dollars (\$12) per hour.

(D) From January 1, 2020, to December 31, 2020, inclusive,—thirteen dollars (\$13) per hour.

(E) From January 1, 2021, to December 31, 2021, inclusive,—fourteen dollars (\$14) per hour.

(F) From January 1, 2022, and ~~until adjusted by subdivision (c) to December 31, 2022, inclusive,~~ fifteen dollars (\$15) per hour.

(G) From January 1, 2023, to December 31, 2023, inclusive,—sixteen dollars (\$16) per hour.

(H) From January 1, 2024, to December 31, 2024, inclusive,—seventeen dollars (\$17) per hour.

(I) From January 1, 2025, and until adjusted by subdivision (c)—eighteen dollars (\$18) per hour.

(2) For any employer who employs 25 or fewer employees, the minimum wage shall be as follows:

(A) From January 1, 2018, to December 31, 2018, inclusive,—ten dollars and fifty cents (\$10.50) per hour.

(B) From January 1, 2019, to December 31, 2019, inclusive,—eleven dollars (\$11) per hour.

(C) From January 1, 2020, to December 31, 2020, inclusive,—twelve dollars (\$12) per hour.

(D) From January 1, 2021, to December 31, 2021, inclusive,—thirteen dollars (\$13) per hour.

(E) From January 1, 2022, to December 31, 2022, inclusive,—fourteen dollars (\$14) per hour.

(F) From January 1, 2023, and ~~until adjusted by subdivision (c) to December 31, 2023, inclusive,~~ fifteen dollars (\$15) per hour.

(G) From January 1, 2024, to December 31, 2024, inclusive,—sixteen dollars (\$16) per hour.

(H) From January 1, 2025, to December 31, 2025, inclusive,—seventeen dollars (\$17) per hour.

(I) From January 1, 2026, and until adjusted by subdivision (c)—eighteen dollars (\$18) per hour.

(3) For purposes of this subdivision, “employer” means any person who directly or indirectly, or through an agent or any other person, employs or exercises control over the wages, hours, or working conditions of any person. For purposes of this subdivision, “employer” includes the state, political subdivisions of the state, and municipalities.

(4) Employees who are treated as employed by a single qualified taxpayer under subdivision (h) of Section 23626 of the Revenue and Taxation Code, as it read on the effective date of this section, shall be considered employees of that taxpayer for purposes of this subdivision.

(c) (1) Following the implementation of the minimum wage increase specified in subparagraph (F) (I) of paragraph (2) of subdivision (b), on or before August 1 of that year, and on or before each August 1 thereafter, the Director of Finance shall calculate an adjusted minimum wage. The calculation shall increase the minimum wage by the lesser of 3.5 percent and the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted United States Consumer Price Index for Urban Wage Earners and Clerical Workers (U.S. CPI-W). The result shall be rounded to the nearest ten cents (\$0.10). Each adjusted minimum wage increase calculated under this subdivision shall take effect on the following January 1.

(2) If the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted U.S. CPI-W is negative, there shall be no increase or decrease in the minimum wage pursuant to this subdivision on the following January 1.

(3) (A) Notwithstanding the implementation timing described in paragraph (1) of this subdivision, if the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted U.S. CPI-W exceeds 7 percent in the first year that the minimum wage specified in subparagraph (F) (I) of paragraph (1) of subdivision (b) is implemented, the indexing provisions described in paragraph (1) of this subdivision shall be implemented immediately, such that the indexing will be effective on the following January 1.

(B) If the rate of change in the averages of the most recent July 1 to June 30, inclusive, period over the preceding July 1 to June 30, inclusive, period for the United States Bureau of Labor Statistics nonseasonally adjusted U.S. CPI-W exceeds 7 percent in the first year that the minimum wage specified in subparagraph (F)

(I) of paragraph (1) of subdivision (b) is implemented, notwithstanding any other law, for employers with 25 or fewer employees the minimum wage shall be set equal to the minimum wage for employers with 26 or more employees, effective on the following January 1, and the minimum wage increase specified in subparagraph (F) (I) of paragraph (2) of subdivision (b) shall be considered to have been implemented for purposes of this subdivision.

(d) (1) On or before July 28, 2017, and on or before every July 28 thereafter until the minimum wage is ~~fifteen dollars (\$15)~~ *eighteen dollars (\$18)* per hour pursuant to paragraph (1) of subdivision (b), to ensure that economic conditions can support a minimum wage increase, the Director of Finance shall annually make a determination and certify to the Governor and the Legislature whether each of the following conditions is met:

(A) Total nonfarm employment for California, seasonally adjusted, decreased over the three-month period from April to June, inclusive, prior to the July 28 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in March, as reported by the Employment Development Department.

(B) Total nonfarm employment for California, seasonally adjusted, decreased over the six-month period from January to June, inclusive, prior to the July 28 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in December, as reported by the Employment Development Department.

(C) Retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending one month prior to the July 28 determination is less than retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending 13 months prior to the July 28 determination. The calculation for the condition specified in this subparagraph shall be made as follows:

(i) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the total retail sales (sales before adjustments) for the prior month derived from their daily retail sales and use tax reports.

(ii) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the monthly factor required to convert the prior month's retail sales and use tax total from all tax rates to a retail sales and use tax total from a 3.9375-percent tax rate.

(iii) The Department of Finance shall multiply the monthly total from clause (i) by the monthly factor from clause (ii) for each month.

(iv) The Department of Finance shall sum the monthly totals calculated in clause (iii) to calculate the

12-month July 1 to June 30, inclusive, totals needed for the comparison in this subparagraph.

(2) (A) On or before July 28, 2017, and on or before every July 28 thereafter until the minimum wage is ~~fifteen dollars (\$15)~~ *eighteen dollars (\$18)* per hour pursuant to paragraph (1) of subdivision (b), to ensure that the state General Fund fiscal condition can support the next scheduled minimum wage increase, the Director of Finance shall annually make a determination and certify to the Governor and the Legislature whether the state General Fund would be in a deficit in the current fiscal year, or in either of the following two fiscal years.

(B) For purposes of this subdivision, deficit is defined as a negative balance in the Special Fund for Economic Uncertainties, as provided for in Section 16418 of the Government Code, that exceeds, in absolute value, 1 percent of total state General Fund revenue and transfers, based on the most recent Department of Finance estimates required by Section 12.5 of Article IV of the California Constitution. For purposes of this subdivision, the estimates shall include the assumption that only the minimum wage increases scheduled for the following calendar year pursuant to subdivision (b) will be implemented.

(3) (A) (i) If, for any year, the condition in either subparagraph (A) or (B) of paragraph (1) is met, and if the condition in subparagraph (C) of paragraph (1) is met, the Governor may, on or before August 1 of that year, notify the Legislature of an initial determination to temporarily suspend the minimum wage increases scheduled pursuant to subdivision (b) for the following year.

(ii) If the Director of Finance certifies under paragraph (2) that the state General Fund would be in a deficit in the current fiscal year, or in either of the following two fiscal years, the Governor may, on or before August 1 of that fiscal year, notify the Legislature of an initial determination to temporarily suspend the minimum wage increases scheduled pursuant to subdivision (b) for the following year.

(B) If the Governor provides notice to the Legislature pursuant to subparagraph (A), the Governor shall, on September 1 of any such year, make a final determination whether to temporarily suspend the minimum wage increases scheduled pursuant to subdivision (b) for the following year. The determination to temporarily suspend the minimum wage increases scheduled pursuant to subdivision (b) for the following year shall be made by proclamation.

(C) The Governor may temporarily suspend scheduled minimum wage increases pursuant to clause (ii) of subparagraph (A) no more than two times.

(D) If the Governor makes a final determination to temporarily suspend the scheduled minimum wage increases pursuant to subdivision (b) for the following year, all dates specified in subdivision (b) that are subsequent to the September 1 final determination date shall be postponed by an additional year.

SEC. 4. Amendment.

Pursuant to subdivision (c) of Section 10 of Article II of the California Constitution, this act may be amended by a subsequent measure submitted to a vote of the people at a statewide election. This act may also be amended by a 2/3 vote of each house of the Legislature. However, this act may be amended to adopt an increase to the state minimum wage at rates that are higher than those specified herein on its effective date by a majority vote of each house of the Legislature.

SEC. 5. Severability.

It is the intent of the people that the provisions of this act are severable and that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act that can be given effect without the invalid provision or application.

PROPOSITION 33

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure repeals and adds sections to the Civil Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Justice for Renters Act

SECTION 1. This act shall be known, and may be cited, as the “Justice for Renters Act.”

SEC. 2. Section 1954.40 is added to the Civil Code, to read:

1954.40. The state may not limit the right of any city, county, or city and county to maintain, enact, or expand residential rent control.

SEC. 3. Section 1954.50 of the Civil Code is repealed.

~~1954.50. This chapter shall be known and may be cited as the Costa-Hawkins Rental Housing Act.~~

SEC. 4. Section 1954.51 of the Civil Code is repealed.

~~1954.51. As used in this chapter, the following terms have the following meanings:~~

~~(a) “Comparable units” means rental units that have approximately the same living space, have the same number of bedrooms, are located in the same or similar neighborhoods, and feature the same, similar, or equal amenities and housing services.~~

~~(b) “Owner” includes any person, acting as principal or through an agent, having the right to offer residential real property for rent, and includes a predecessor in interest to the owner, except that this term does not include the owner or operator of a mobilehome park, or the owner of a mobilehome or his or her agent.~~

~~(c) “Prevailing market rent” means the rental rate that would be authorized pursuant to 42 U.S.C.A. 1437 (f), as calculated by the United States Department of Housing and Urban Development pursuant to Part 888 of Title 24 of the Code of Federal Regulations.~~

~~(d) “Public entity” has the same meaning as set forth in Section 811.2 of the Government Code.~~

~~(e) “Residential real property” includes any dwelling or unit that is intended for human habitation.~~

~~(f) “Tenancy” includes the lawful occupation of property and includes a lease or sublease.~~

SEC. 5. Section 1954.52 of the Civil Code is repealed.

~~1954.52. (a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial and all subsequent rental rates for a dwelling or a unit about which any of the following is true:~~

~~(1) It has a certificate of occupancy issued after February 1, 1995.~~

~~(2) It has already been exempt from the residential rent control ordinance of a public entity on or before February 1, 1995, pursuant to a local exemption for newly constructed units.~~

~~(3) (A) It is alienable separate from the title to any other dwelling unit or is a subdivided interest in a subdivision, as specified in subdivision (b), (d), or (f) of Section 11004.5 of the Business and Professions Code.~~

~~(B) This paragraph does not apply to either of the following:~~

~~(i) A dwelling or unit where the preceding tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827.~~

~~(ii) A condominium dwelling or unit that has not been sold separately by the subdivider to a bona fide purchaser for value. The initial rent amount of the unit for purposes of this chapter shall be the lawful rent in effect on May 7, 2001, unless the rent amount is governed by a different provision of this chapter. However, if a condominium dwelling or unit meets the criteria of paragraph (1) or (2) of subdivision (a), or if all the dwellings or units except one have been sold separately by the subdivider to bona fide purchasers for value, and the subdivider has occupied that remaining unsold condominium dwelling or unit as his or her principal residence for at least one year after the subdivision occurred, then subparagraph (A) of paragraph (3) shall apply to that unsold condominium dwelling or unit.~~

~~(C) Where a dwelling or unit in which the initial or subsequent rental rates are controlled by an ordinance or charter provision in effect on January 1, 1995, the following shall apply:~~

~~(i) An owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all existing and new tenancies in effect on or after January 1, 1999, if the tenancy in effect on~~

or after January 1, 1999, was created between January 1, 1996, and December 31, 1998.

(ii) Commencing on January 1, 1999, an owner of real property as described in this paragraph may establish the initial and all subsequent rental rates for all new tenancies if the previous tenancy was in effect on December 31, 1995.

(iii) The initial rental rate for a dwelling or unit as described in this paragraph in which the initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not, until January 1, 1999, exceed the amount calculated pursuant to subdivision (c) of Section 1954.53. An owner of residential real property as described in this paragraph may, until January 1, 1999, establish the initial rental rate for a dwelling or unit only where the tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of the Code of Civil Procedure.

(b) Subdivision (a) does not apply where the owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(c) Nothing in this section shall be construed to affect the authority of a public entity that may otherwise exist to regulate or monitor the basis for eviction.

(d) This section does not apply to any dwelling or unit that contains serious health, safety, fire, or building code violations, excluding those caused by disasters for which a citation has been issued by the appropriate governmental agency and which has remained unabated for six months or longer preceding the vacancy.

SEC. 6. Section 1954.53 of the Civil Code is repealed.

1954.53.—(a) Notwithstanding any other provision of law, an owner of residential real property may establish the initial rental rate for a dwelling or unit, except where any of the following applies:

(1) The previous tenancy has been terminated by the owner by notice pursuant to Section 1946.1 or has been terminated upon a change in the terms of the tenancy noticed pursuant to Section 827, except a change permitted by law in the amount of rent or fees. For the purpose of this paragraph, the owner's termination or nonrenewal of a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, shall be construed as a change in the terms of the tenancy pursuant to Section 827.

(A) In a jurisdiction that controls by ordinance or charter provision the rental rate for a dwelling or unit, an owner who terminates or fails to renew a contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant may not set an initial rent for three years following the date of the termination or nonrenewal of the contract or agreement. For any new tenancy established during the

three-year period, the rental rate for a new tenancy established in that vacated dwelling or unit shall be at the same rate as the rent under the terminated or nonrenewed contract or recorded agreement with a governmental agency that provided for a rent limitation to a qualified tenant, plus any increases authorized after the termination or cancellation of the contract or recorded agreement.

(B) Subparagraph (A) does not apply to any new tenancy of 12 months or more duration established after January 1, 2000, pursuant to the owner's contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant, unless the prior vacancy in that dwelling or unit was pursuant to a nonrenewed or canceled contract or recorded agreement with a governmental agency that provides for a rent limitation to a qualified tenant as set forth in that subparagraph.

(2) The owner has otherwise agreed by contract with a public entity in consideration for a direct financial contribution or any other forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(3) The initial rental rate for a dwelling or unit whose initial rental rate is controlled by an ordinance or charter provision in effect on January 1, 1995, may not until January 1, 1999, exceed the amount calculated pursuant to subdivision (c).

(4) (A) Notwithstanding any other law, for a dwelling or unit subject to an ordinance or charter provision that controls the rental rate of the dwelling or unit, the jurisdiction that adopted the ordinance or charter provision may require the owner of the residential real property to permit a tenant who is not subject to eviction for nonpayment and who has a permanent physical disability as defined in subdivision (m) of Section 12926 of the Government Code and that is related to mobility to move to an available comparable or smaller unit located on an accessible floor of the property. An owner that is subject to a requirement established pursuant to this paragraph that is required to grant a tenant's request for a reasonable accommodation relating to the tenant's physical disability, after complying with any requirement to engage in an interactive process with the tenant, including Sections 12177 to 12180, inclusive, of Title 2 of the California Code of Regulations, shall allow the tenant to retain their lease at the same rental rate and terms of the existing lease if all of the following apply:

(i) The move is determined to be necessary to accommodate the tenant's physical disability related to mobility.

(ii) There is no operational elevator that serves the floor of the tenant's current dwelling or unit.

(iii) The new dwelling or unit is in the same building or on the same parcel with at least four other units and shares the same owner.

(iv) The new dwelling or unit does not require renovation to comply with applicable requirements of the Health and Safety Code.

(v) The applicable rent control board or authority determines that the owner will continue to receive a fair rate of return or offers an administrative procedure ensuring a fair rate of return for the new unit.

(vi) The tenant, who is not subject to eviction for nonpayment and who has a permanent physical disability as defined in subdivision (m) of Section 12926 of the Government Code and that is related to mobility, provides the owner a written request to move into an available comparable or smaller unit located on an accessible floor of the property prior to that unit becoming available.

(B) Any security deposit paid by the tenant in connection with their rental of the dwelling or unit being vacated shall be handled in accordance with Section 1950.5 upon the tenant's move pursuant to this paragraph.

(C) This paragraph shall not apply unless all of the tenants on the lease agree to move to the available comparable or smaller unit located on an accessible floor of the property pursuant to the request of the tenant with the physical disability.

(D) For purposes of this paragraph, "comparable or smaller unit" means a dwelling or unit that has the same or less than the number of bedrooms and bathrooms, square footage, and parking spaces as the unit being vacated.

(E) This paragraph shall not apply if the owner, or their spouse, domestic partner, children, grandchildren, parents, or grandparents, intend to occupy the available comparable or smaller unit located on an accessible floor of the property.

(F) The requirements of this paragraph shall be in addition to those of any other fair housing law, including, but not limited to, the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code), the Unruh Civil Rights Act (Section 51), the federal Fair Housing Act (42 U.S.C. Sec. 3601 et seq.), and any implementing regulations thereunder.

(G) This paragraph shall not be construed to prevent owners of residential real property from granting reasonable accommodations to change housing units and retain the existing lease at the same rental rate and terms in order to accommodate any disability, as defined in subdivision (m) of Section 12926 of the Government Code.

(b) Subdivision (a) applies to, and includes, renewal of the initial hiring by the same tenant, lessee, authorized subtenant, or authorized sublessee for the entire period of their occupancy at the rental rate established for the initial hiring.

(c) The rental rate of a dwelling or unit whose initial rental rate is controlled by ordinance or charter provision in effect on January 1, 1995, shall, until

January 1, 1999, be established in accordance with this subdivision. Where the previous tenant has voluntarily vacated, abandoned, or been evicted pursuant to paragraph (2) of Section 1161 of the Code of Civil Procedure, an owner of residential real property may, no more than twice, establish the initial rental rate for a dwelling or unit in an amount that is no greater than 15 percent more than the rental rate in effect for the immediately preceding tenancy or in an amount that is 70 percent of the prevailing market rent for comparable units, whichever amount is greater.

The initial rental rate established pursuant to this subdivision may not substitute for or replace increases in rental rates otherwise authorized pursuant to law.

(d) (1) Nothing in this section or any other provision of law shall be construed to preclude express establishment in a lease or rental agreement of the rental rates to be applicable in the event the rental unit subject thereto is sublet. Nothing in this section shall be construed to impair the obligations of contracts entered into prior to January 1, 1996.

(2) If the original occupant or occupants who took possession of the dwelling or unit pursuant to the rental agreement with the owner no longer permanently reside there, an owner may increase the rent by any amount allowed by this section to a lawful sublessee or assignee who did not reside at the dwelling or unit prior to January 1, 1996.

(3) This subdivision does not apply to partial changes in occupancy of a dwelling or unit where one or more of the occupants of the premises, pursuant to the agreement with the owner provided for above, remains an occupant in lawful possession of the dwelling or unit, or where a lawful sublessee or assignee who resided at the dwelling or unit prior to January 1, 1996, remains in possession of the dwelling or unit. Nothing contained in this section shall be construed to enlarge or diminish an owner's right to withhold consent to a sublease or assignment.

(4) Acceptance of rent by the owner does not operate as a waiver or otherwise prevent enforcement of a covenant prohibiting sublease or assignment or as a waiver of an owner's rights to establish the initial rental rate, unless the owner has received written notice from the tenant that is party to the agreement and thereafter accepted rent.

(e) Nothing in this section shall be construed to affect any authority of a public entity that may otherwise exist to regulate or monitor the grounds for eviction.

(f) This section does not apply to any dwelling or unit if all the following conditions are met:

(1) The dwelling or unit has been cited in an inspection report by the appropriate governmental agency as containing serious health, safety, fire, or building code violations, as defined by Section 17920.3 of the Health and Safety Code, excluding any violation caused by a disaster.

(2) The citation was issued at least 60 days prior to the date of the vacancy.

~~(3) The cited violation had not been abated when the prior tenant vacated and had remained unabated for 60 days or for a longer period of time. However, the 60-day time period may be extended by the appropriate governmental agency that issued the citation.~~

SEC. 7. If any provision of this act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

PROPOSITION 34

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure adds sections to the Welfare and Institutions Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Article 3.3 (commencing with Section 14124.39) is added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, to read:

Article 3.3. Protect Patients Now Act of 2024

14124.39. Title

This article shall be known and may be cited as the Protect Patients Now Act of 2024.

14124.40. Findings and Declarations

(a) In 1992, the federal government established a program giving safety net health care providers access to discounted prescription drugs. The intent of the law was for safety net health care providers to use the discounted drugs to treat patients who are “medically uninsured, on marginal incomes and have no other sources to turn to for preventive and primary care services” and to “reach[] more eligible patients and provide[] more comprehensive services” to “low-income and most vulnerable patients.” (H.R. Rep. No. 102-384 (Part 2), at 12 (1992)(Conf. Rep.).) The program was not intended to be used by safety net health care providers to accumulate massive fortunes running into the hundreds of millions of dollars or more.

(b) Unfortunately, some safety net health care providers have manipulated the program to receive enormous markups on the discounted prescription drugs they receive and then stick taxpayers with the added cost. Instead of using this massive windfall to help patients, the worst offenders have used their fortunes to purchase luxury coastal condominiums, wasted hundreds of millions of dollars on failed political campaigns, put elected politicians on their payrolls, and acquired low-income multifamily housing complexes that are operated as slums. Abusing net revenues generated through the discount prescription drug program in this manner does not result in better health

care for low-income patients. Instead, it cheats low-income patients out of the care they deserve and scams taxpayers who end up footing the bill.

(c) Governor Newsom has already ended this type of prescription drug scamming in the Medi-Cal program through Executive Order N-01-19, which requires the Department of Health Care Services to transition Medi-Cal pharmacy services away from arrangements that are susceptible to price scams. Known as the Medi-Cal Rx program, it achieves cost savings for prescription drug purchases made by the state, standardizes the pharmacy benefit statewide for all Medi-Cal patients, increases overall access, and eliminates the ability of prescription drug price manipulators to game the system through Medi-Cal. However, other vulnerabilities in taxpayer-funded drug programs that price manipulators still exploit have not yet been addressed.

(d) California needs to make the cost-savings achieved through the Medi-Cal Rx program permanent. Furthermore, additional reforms are necessary to protect taxpayer dollars and help the neediest patients by ensuring that prescription drug price manipulators are required to end other scams in order to continue operating in our state.

14124.41. Statement of Intent

In enacting this article, the purpose and intent of the people of the State of California is to do all of the following:

(a) To permanently authorize the Medi-Cal Rx program so that its expanded patient access and cost-savings can be continued in perpetuity.

(b) To protect patients and taxpayers by putting an end to other prescription drug pricing scams that are still being perpetrated in our state through the discount prescription drug program.

(c) To impose strict accountability on prescription drug price manipulators by requiring them to spend at least 98 percent of their net revenues generated in this state through the discount prescription drug program on direct patient care.

(d) To ensure that health care providers that have a track record of scamming the discount prescription drug program refocus on providing direct patient care or lose their state-provided privileges and benefits, including suspension and revocation of licenses, loss of state and local grant funding, and elimination of California tax-exempt status.

14124.42. Permanent Authorization for the Medi-Cal Rx Program

The State Department of Health Care Services is authorized to provide and administer Medi-Cal pharmacy services under a single statewide fee-for-service delivery system.

14124.43. Limitation on Pharmacy Sales Agreements Involving Prescription Drug Price Manipulators

(a) On and after January 1, 2025, a prescription drug price manipulator shall not enter into, or participate in, a pharmacy sales agreement that applies to, operates

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in, or intends or proposes to operate in or apply to, this state unless the prescription drug price manipulator is in compliance with Section 14124.44.

(b) Any pharmacy sales agreement that involves a prescription drug price manipulator not in compliance with Section 14124.44 is, as of January 1, 2025, contrary to public policy and is void and unenforceable to the extent that the pharmacy sales agreement applies to, operates in, or intends or proposes to operate in or apply to, this state.

14124.44. Patient Protection Requirements Imposed on Prescription Drug Price Manipulators

Notwithstanding any other provision of law, on and after January 1, 2025, a prescription drug price manipulator shall only be eligible for tax-exempt status in this state or to be licensed to operate as a pharmacy, a health care service plan, or a clinic in this state if it complies with all of the following requirements:

(a) In the prior calendar year, the prescription drug price manipulator spent at least 98 percent of the net revenues it generated in California from participation in the discount prescription drug program on direct patient care.

(b) In the prior calendar year, the prescription drug price manipulator was not engaged in any unprofessional conduct, dishonest dealing, or conduct inimical to the public health, welfare, or safety of the people of the State of California.

14124.45. Oversight of Prescription Drug Price Manipulators

(a) (1) In order to determine compliance with Section 14124.44, on and after January 1, 2025:

(A) A prescription drug price manipulator that holds tax-exempt status in this state shall annually submit to the Attorney General a detailed accounting for the prior calendar year of both its California statewide and nationwide gross and net revenues generated from participation in the discount prescription drug program as well as how those net revenues were spent.

(B) A prescription drug price manipulator that holds a pharmacy license in this state shall annually submit to the California State Board of Pharmacy a detailed accounting for the prior calendar year of both its California statewide and nationwide gross and net revenues generated from participation in the discount prescription drug program as well as how those net revenues were spent.

(C) A prescription drug price manipulator that holds a health care service plan license in this state shall annually submit to the Department of Managed Health Care a detailed accounting for the prior calendar year of both its California statewide and nationwide gross and net revenues generated from participation in the discount prescription drug program as well as how those net revenues were spent.

(D) A prescription drug price manipulator that holds a clinic license in this state shall annually submit to the State Department of Public Health a detailed

accounting for the prior calendar year of both its California statewide and nationwide gross and net revenues generated from participation in the discount prescription drug program as well as how those net revenues were spent.

(2) The people of California hereby find and declare that, similar to the need for out-of-state information under Chapter 17 (commencing with Section 25101) of Part 11 of Division 2 of the Revenue and Taxation Code, it is necessary for prescription drug price manipulators to provide information on both California statewide and nationwide gross and net revenues in order to ensure proper allocation of in-state and out-of-state revenues.

(b) In addition to any other authority granted by this article, the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health may do either of the following:

(1) Standardize the necessary contents of the detailed accounting required to be submitted pursuant to this section.

(2) Request from a prescription drug price manipulator any other information deemed necessary or convenient to determine compliance with the requirements set forth in Section 14124.44.

(c) All information submitted pursuant to this section shall be submitted under penalty of perjury.

(d) (1) All financial information submitted to the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health pertaining to either of the following shall be treated as confidential and sensitive business information exempt from public disclosure:

(A) Specific prices or amounts paid by, or charged to, a prescription drug price manipulator for specific prescription drugs acquired by the prescription drug price manipulator through the discount prescription drug program.

(B) Specific prices or amounts charged by, or paid to, a prescription drug price manipulator for specific prescription drugs it obtained through the discount prescription drug program.

(2) (A) Total aggregated gross and net revenues generated by a prescription drug price manipulator through the discount prescription drug program are not covered by this subdivision so long as the figures do not reveal the specific information described in subparagraph (A) or (B) of paragraph (1).

(B) After removing or anonymizing the specific information described in subparagraphs (A) and (B) of paragraph (1), the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health shall make total aggregated statewide and nationwide gross and net revenues figures publicly available upon request.

(e) (1) The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health shall cooperatively establish the deadline each year for a prescription drug price manipulator to submit the information required by this section.

(2) For calendar year 2025, the deadline shall not be later than December 31, 2025.

(3) A prescription drug price manipulator that fails to submit required information by the deadline established pursuant to this subdivision shall be deemed to be out of compliance with the requirements of Section 14124.44 for the applicable calendar year, according to the procedures set forth in subdivision (b) of Section 14124.46.

(f) The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health may each impose a fee on a prescription drug price manipulator for the costs associated with concluding whether the prescription drug price manipulator was in compliance with the requirements of Section 14124.44 during the prior calendar year. The charges shall not exceed the reasonable regulatory costs to the respective agency incident to performing the investigations, inspections, and audits required by this article, including any administrative enforcement and adjudication thereof.

(g) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health may implement this article by means of bulletins, notices, or other similar instructions, without taking further regulatory action.

(2) Actions taken pursuant to an interagency agreement entered into pursuant to subdivision (c) of Section 14124.46 shall be covered by paragraph (1).

14124.46. Conclusions Regarding Compliance

(a) (1) Within 60 calendar days of the deadline established pursuant to subdivision (e) of Section 14124.45, the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health shall each separately issue an independent written conclusion regarding whether or not the prescription drug price manipulator is in compliance with the requirements of Section 14124.44. Failure to reach a conclusion within 60 calendar days shall not excuse noncompliance with Section 14124.44.

(2) The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health shall only be required to issue an independent written conclusion pursuant to this subdivision if the prescription drug price manipulator was required to submit information to the relevant official, board, or department pursuant to subdivision (a) of Section 14124.45.

(b) (1) If, within the 60-calendar day period set forth in paragraph (1) of subdivision (a), the information submitted by a prescription drug price manipulator is found to be incomplete or insufficient by the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health for issuance of a written conclusion required by this section, then the relevant official, board, or department shall issue to the prescription drug price manipulator a written notice to correct. The notice to correct shall contain a description of the additional information required.

(2) The prescription drug price manipulator shall have 10-calendar days from the date of the notice to correct to provide complete or sufficient information. If the prescription drug price manipulator fails to remedy the incompleteness or insufficiency within 10-calendar days, then the prescription drug price manipulator shall be deemed to be out of compliance with the requirements of Section 14124.44 for the applicable calendar year and the relevant official, board, or department shall issue a written conclusion to that effect immediately upon the expiration of the 10-calendar-day period.

(c) The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health may, either collectively or separately, enter into an interagency agreement with the California State Auditor's Office for assistance in reaching a conclusion about a prescription drug price manipulator's compliance with the requirements of Section 14124.44. Costs incurred pursuant to an interagency agreement under this subdivision may be recovered pursuant to subdivision (f) of Section 14124.45.

(d) (1) If the Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, or the State Department of Public Health concludes a prescription drug price manipulator is not in compliance with the requirements of Section 14124.44, then a written notice of noncompliance shall be provided to the prescription drug price manipulator notifying it of that conclusion. The written notice of noncompliance shall provide instructions on requesting a hearing pursuant to subdivision (e).

(2) If a hearing is not requested pursuant to subdivision (e), then a conclusion issued pursuant to this section shall become a final determination.

(e) (1) (A) A prescription drug price manipulator may request a hearing in response to a written notice of noncompliance issued pursuant to paragraph (1) of subdivision (d).

(B) The request shall be submitted in writing and must be made within 30-calendar days of the date of the written notice of noncompliance.

(2) (A) Except as otherwise provided in this article, hearings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(B) The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health may consolidate hearings on written notices of noncompliance pertaining to the same prescription drug price manipulator for the same calendar year and may mutually appoint a single hearing officer therefor. The hearing may be conducted by a hearing officer appointed by an official, board, or department that issued a written notice of noncompliance.

(C) The prescription drug price manipulator may be represented by counsel at any of the stages of the proceedings.

(3) (A) If judicial review is not sought pursuant to subdivision (f), then the decision of the hearing officer shall become a final determination.

(B) If the hearing officer's decision is that the prescription drug price manipulator is not in compliance with the requirements of Section 14124.44, then any exemption from California state taxation and any licenses described in subdivision (a) of Section 14124.45 held by the prescription drug price manipulator shall be immediately suspended. If judicial review is thereafter sought pursuant to subdivision (f), the state tax exemption and licenses shall remain suspended pending judicial review pursuant to subdivision (f).

(f) (1) Any party aggrieved by the decision of the hearing officer may seek review pursuant to Section 1094.5 of the Code of Civil Procedure within 30-calendar days of issuance of the hearing officer's decision.

(2) If review is sought pursuant to Section 1094.5 of the Code of Civil Procedure, the final determination shall be based upon the outcome of that review.

14124.47. Final Determinations

Notwithstanding any other provision of law, if a prescription drug price manipulator is finally determined pursuant to the procedures set forth in this article to have violated the requirements of Section 14124.44, then all of the following shall apply:

(a) Any and all California pharmacy licenses, health care service plan licenses, or clinic licenses held by the prescription drug price manipulator shall be permanently revoked.

(b) The prescription drug price manipulator shall be prohibited from applying for, or obtaining or possessing, a California pharmacy license, health care service plan license, or clinic license for a period of 10 years.

(c) Any person serving as an owner, chief executive officer, chief financial officer, chief administrative officer, chief operating officer, president, or any other similar position exercising significant influence or control over the prescription drug price manipulator at the time the violation of Section 14124.44 occurred shall be prohibited from serving as an owner, officer, director, or employee of a California licensed pharmacy,

health care service plan, or clinic for a period of 10 years.

(d) The prescription drug price manipulator shall lose, and no longer be eligible for, tax-exempt status in the State of California, including under Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code, and shall instead be subject to the Revenue and Taxation Code and other state laws as a taxable organization. The prescription drug price manipulator shall be prohibited from reapplying for, or again being granted, tax-exempt status in this state for a period of 10 years.

(e) The prescription drug price manipulator shall be ineligible to receive any new or renewed state or local grants or contracts for a period of 10 years.

14124.48. Definitions

For purposes of this article, as used in both the singular and plural form, the following definitions shall apply:

(a) "Clinic" means an entity operating as one or more of the clinics described in Section 1204 of the Health and Safety Code.

(b) "Direct patient care" means the provision of medical services, dental services, pharmaceutical services, or behavioral health services directly administered to individual patients being treated for, or suspected of having, medical or behavioral health conditions. Direct patient care includes preventive care that is directly administered to patients. Further, in order to qualify as "direct patient care," the services must be health care services that are regularly provided by other health care providers in the community or nonprofit community-based organizations that are also receiving reimbursements or payments from the Medi-Cal, Medicaid, or Medicare programs.

(c) "Discount prescription drug program" means the program established by Section 602 of the Veterans Health Care Act of 1992, P.L. 102-585 Sec. 602, the Public Health Service Act (Sec. 340B; 42 U.S.C. Sec. 256b) that is administered by the Office of Pharmacy Affairs in the Health Resources and Services Administration within the United States Department of Health and Human Services.

(d) "Enforcement agency" means any department of a state, county, or city agency within California that has the authority to inspect a multifamily dwelling and enforce health, safety, or building codes including, but not limited to, a building department or building division, a housing department, a housing and community investment department, a fire department or fire district, and a health department.

(e) "Entity" means a natural person, corporation, or other legal or corporate organization of any kind, whether nonprofit or for profit, and includes any parent, subsidiary, or affiliate of the entity.

(f) "Health care service plan" means an entity operating as a health care service plan under the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2

(commencing with Section 1340) of Division 2 of the Health and Safety Code).

(g) “Medi-Cal Rx Program” means the program initially established pursuant to paragraph (1) of Executive Order N-01-19 and permanently authorized by Section 14124.42.

(h) “Multifamily dwelling” means any structure located in this state designed or used for human habitation or occupancy that has been divided into two or more independent living quarters.

(i) “Owner-operator of highly dangerous properties” means an entity, including any parent, subsidiary, or affiliate of that entity, that, either currently or previously, owns, operates, or is the responsible party for one or more multifamily dwellings that meet or met the following conditions during the time of the entity’s ownership, operation, or responsibility:

(1) One or more of the multifamily dwellings was inspected on one or more occasions by an enforcement agency or officer thereof.

(2) The enforcement agencies or officers issued one or more notices or inspection reports identifying violations affecting the health and safety of occupants of the multifamily dwellings.

(3) Cumulatively across all of the multifamily dwellings, the notices or inspection reports described in paragraph (2) identified a combined total of at least 500 violations that were categorized in violation severity level “high.”

(j) “Pharmacy” means an entity operating pursuant to Chapter 9 (commencing with Section 4000) of Division 2 of the Business and Professions Code.

(k) (1) “Pharmacy sales agreement” means any agreement involving a pharmacy and another entity that purchases, authorizes, or obtains prescription drugs through the discount prescription drug program where both of the following conditions exist:

(A) The pharmacy dispenses drugs negotiated by the other entity through or pursuant to the discount prescription drug program.

(B) The price charged by the pharmacy for the drugs described in subparagraph (A), excluding dispensing fees, exceeds the purchase price negotiated or paid by the other entity pursuant to or through the discount prescription drug program.

(2) A pharmacy sales agreement can exist between unrelated entities, or between related entities that are parents, subsidiaries, or affiliates of one another or otherwise under common ownership or control.

(l) “Prescription drug price manipulator” means an entity, including any parent, subsidiary, or affiliate of that entity, that individually or collectively with one or more of its parents, subsidiaries, or affiliates meets all of the following requirements:

(1) The entity purchases, negotiates, authorizes, or obtains prescription drugs through the discount prescription drug program.

(2) During any 10-calendar-year period of its existence, the entity spent more than one hundred million dollars (\$100,000,000) on purposes that do not qualify as direct patient care.

(3) The entity currently is, or has previously been, an owner-operator of highly dangerous properties.

(4) The entity meets at least one of the following conditions:

(A) The entity currently has, or previously had, one or more licenses to operate as a health care service plan.

(B) The entity currently contracts, or has previously contracted, with the State Department of Health Care Services as a primary care case management organization pursuant to Article 2.9 (commencing with Section 14088) of Chapter 7 of Part 3 of Division 9.

(C) The entity currently contracts, or has previously contracted, with the federal Centers for Medicare and Medicaid Services to provide services in the Medicare Program as a Medicare special needs plan.

(D) The entity currently has, or previously had, one or more licenses to operate as a pharmacy.

(E) The entity currently has, or previously had, one or more licenses to operate as a clinic.

14124.49. Unprofessional Conduct, Dishonest Dealing, and Conduct Inimical to Public Health, Welfare, or Safety

(a) In addition to any other conduct, standard, or requirement described in Article 7 (commencing with Section 1386) of Chapter 2.2 of Division 2 of the Health and Safety Code or any other statute or regulation, it shall constitute dishonest dealing for a health care service plan that qualifies as a prescription drug price manipulator to fail to submit timely, accurate information required or requested pursuant to Section 14124.45.

(b) In addition to any other conduct, standard, or requirement described in Article 19 (commencing with Section 4300) of Chapter 9 of Division 2 of the Business and Professions Code, Section 1762 of Title 16 of the California Code of Regulations, or any other statute or regulation, it shall constitute unprofessional conduct for a pharmacy that qualifies as a prescription drug price manipulator to fail to submit timely, accurate information required or requested pursuant to Section 14124.45.

(c) In addition to any other conduct, standard, or requirement described in Article 5 (commencing with Section 1240) of Chapter 1 of Division 2 of the Health and Safety Code or any other statute or regulation, it shall constitute conduct inimical to the public health, welfare, or safety of the people of the State of California for a clinic that qualifies as a prescription drug price manipulator to fail to submit timely, accurate information required or requested pursuant to Section 14124.45.

14124.50. State and Local Grants and Contracts Eligibility

(a) (1) *The people of California hereby find and declare that their state and local tax dollars should not be awarded to prescription drug price manipulators that violate the discount prescription drug program's intent to treat patients who are medically uninsured, on marginal incomes and have no other sources to turn to for preventive and primary care services and to reach more eligible patients and provide more comprehensive services to low-income and most vulnerable patients.*

(2) *The people of California further find and declare that protecting their state and local tax dollars in this manner is a matter of statewide concern.*

(b) *Therefore, in addition to the requirements of subdivision (e) of Section 14124.47, a prescription drug price manipulator shall only be eligible to receive any new or renewed state or local grants or contracts if, in the prior calendar year, the prescription drug price manipulator spent at least 98 percent of the net revenues it generated nationwide from participation in the discount prescription drug program on direct patient care.*

14124.51. Public Input

The Attorney General, the California State Board of Pharmacy, the Department of Managed Health Care, and the State Department of Public Health shall invite, and provide a process for submission of, public comments and information relating to entities that qualify as a prescription drug price manipulator or an owner-operator of highly dangerous properties. Information that can be submitted pursuant to this section includes, but is not limited to, records of expenditures and written notices or inspection reports identifying violations affecting the health and safety of occupants at multifamily dwellings.

14124.52. Effective Date and Severability

(a) *This article shall take effect on the next January 1 following its adoption by the voters.*

(b) *The provisions of this article are severable. If any portion, section, subdivision, paragraph, subparagraph, clause, subclause, sentence, phrase, word, or application of this article is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this article. The people of the State of California hereby declare that they would have adopted this article and each and every portion, section, subdivision, paragraph, subparagraph, clause, subclause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any part of this article or application thereof would be subsequently declared invalid.*

(c) *To the extent a court of competent jurisdiction determines it is legally impossible to comply with any date or deadline set forth in this article during the first calendar year after this article takes effect, the people of the State of California hereby declare their intent for this article to be implemented and applied at the earliest possible date consistent with state and federal law.*

SEC. 2. Conflicting Measures.

(a) In the event that this initiative measure and another initiative measure or measures dealing with pharmacy sales agreements or prescription drug price manipulators, as defined in this initiative, shall appear on the same statewide election ballot, the other initiative measure or measures shall be deemed to be in conflict with this measure. In the event that this initiative measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other initiative measure or measures shall be null and void.

(b) Notwithstanding subdivision (a), the people hereby find and declare that this initiative measure does not conflict with the Protect Access to Health Care Act of 2024 (23-0024) or any other initiative measure that provides additional or extended funding for the Medi-Cal program.

SEC. 3. Liberal Construction.

This act shall be liberally construed to give effect to its intent and purposes, as expressed in Sections 14124.40 and 14124.41.

SEC. 4. Legal Defense.

The purpose of this section is to ensure that the people's precious right of initiative cannot be improperly annulled by state politicians who refuse to defend the will of the voters. Therefore, if this act is approved by the voters of the State of California and thereafter subjected to a legal challenge that attempts to limit the scope or application of this act in any way, or alleges this act violates any state or federal law in whole or in part, and both the Governor and the Attorney General refuse to defend this act to the fullest extent possible on behalf of the State of California, then the following actions shall be taken:

(a) Notwithstanding anything to the contrary contained in Chapter 6 (commencing with Section 12500) of Part 2 of Division 3 of Title 2 of the Government Code or any other law, the Attorney General shall appoint independent counsel to faithfully and vigorously defend this act to the fullest extent possible on behalf of the State of California.

(b) Before appointing or thereafter substituting independent counsel, the Attorney General shall exercise due diligence in determining the qualifications of independent counsel and shall obtain written affirmation from independent counsel that independent counsel will faithfully and vigorously defend this act to the fullest extent possible. The written affirmation shall be made publicly available upon request.

(c) In order to support the defense of this act in instances where the Governor and the Attorney General fail to do so despite the will of the voters, a continuous appropriation is hereby made from the General Fund to the Controller, without regard to fiscal years, in an amount necessary to cover the costs of retaining independent counsel to faithfully and vigorously defend this act on behalf of the State of California to the fullest extent possible.

PROPOSITION 35

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure adds sections to the Welfare and Institutions Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 7.5 (commencing with Section 14199.100) is added to Part 3 of Division 9 of the Welfare and Institutions Code, to read:

*CHAPTER 7.5. PROTECT ACCESS TO
HEALTH CARE ACT OF 2024*

*Article 1. Title, Findings and Declarations,
Statement of Purpose*

14199.100. Title

This chapter shall be known and may be cited as the Protect Access to Health Care Act of 2024.

14199.101. Findings and Declarations

The people of the State of California find and declare all of the following:

(a) In 2019, Governor Newsom and the Legislature embarked on a series of investments and initiatives to improve the health care delivery system in California. These actions included extending health care coverage to all low-income Californians, starting California's own generic drug production to deliver low-cost insulin to patients, providing much-needed mental health services to all California schoolchildren, and initiating a multiyear commitment to the improvement of the Medi-Cal program.

(b) While these past several years have seen significant investment and initial outcomes appear to be successful, these investments are at risk in future years and need to be protected.

(c) About 2 out of every 5 Californians, between 12 million and 15 million people, rely on the Medi-Cal program for health care coverage. This includes approximately four million children and two million seniors and people with disabilities.

(d) However, just being enrolled in the Medi-Cal program does not guarantee access to quality health care. Most Medi-Cal reimbursement rates have not been adjusted in more than a decade, and some providers have not seen a payment increase in over 25 years. As a result, doctors and other health care providers struggle to take on new Medi-Cal patients. Relatedly, Medi-Cal patients, and in some areas entire communities, face a loss of access to critical and emergency care as essential hospital services such as labor and delivery are at risk of being reduced or eliminated.

(e) The problem is exacerbated by a shortage of health care professionals in our state. The current strains on

our health care system have left many health care workers physically and mentally exhausted, and thousands have left the profession altogether. This has left our health care system overstretched and made it even harder for the most vulnerable Californians to get access to care, including access to family planning services and other reproductive health care.

(f) Medi-Cal patients may wait weeks or months to see doctors who are specialists. The situation is more challenging in rural areas of the state that have fewer primary care providers per person, which results in delays or inability to access basic health care services.

(g) Obtaining adequate mental health services can take even longer. California suffers not only from a shortage of mental health care professionals, but also from a shortage of psychiatric beds and treatment for patients with serious mental health conditions. When patients with serious mental health needs cannot obtain adequate care, they frequently wait days in the emergency room or may ultimately be left untreated and become homeless.

(h) All Californians continue to struggle with high prescription drug prices. When Californians cannot access the medications they need, our entire health care system suffers.

(i) The lack of health care access and affordable prescription drugs for patients poses a health care risk for all Californians. When Medi-Cal patients are unable to refill a prescription or find a doctor, mental health facility, or other health care provider to treat them, they often end up in emergency rooms. This puts additional, and avoidable, strains on our state's emergency rooms. When Medi-Cal patients are forced to rely on emergency rooms as their primary source of health care, the additional strain makes it harder for all patients to obtain life-saving care.

(j) Medi-Cal patients need the same access to health care and prescription medications as patients with private or employer-based health insurance. This is best and most directly accomplished by increasing reimbursement rates for doctors, hospitals, and other health care providers that treat Medi-Cal patients to at least cover the costs of providing care and by bringing down the cost of prescription drugs.

(k) California is one of several states that levy taxes on managed care plans to obtain extra federal dollars to help pay for health care access. This chapter addresses many of the current flaws in Medi-Cal funding. First, it ensures the existing tax is continued permanently so that California obtains its fair share of federal health care funding. Second, it guarantees that all of the revenue from the continued tax will be spent on investments to improve access to critical health care services and makes it impossible to divert these dollars to unrelated uses.

(l) In addition, this chapter helps make essential medications affordable and accessible to more patients by increasing funding for the state to produce and distribute generic prescription drugs. By expanding

California's capacity to produce its own generic prescription drugs, this chapter will inject competition into the prescription drug market and help address critical drug shortages. This will reduce prescription drug prices for all Californians.

(m) By ensuring permanent funding for increased Medi-Cal provider payments, generic prescription drug programs, and increasing our health care workforce, bed capacity, and treatment options, and protecting these dollars from unauthorized uses, this chapter will improve our overall health care system by providing all patients with greater access to quality health care and affordable drugs.

14199.102. Statement of Purpose

In enacting this chapter, the purpose and intent of the people of the State of California is to do all of the following:

(a) Increase access to quality health care by establishing a permanent, dedicated funding stream to be used for increasing reimbursement rates and other supports to health care providers that treat Medi-Cal patients and investments in building an adequate health care workforce, bed capacity, and treatment options.

(b) Increase access to affordable prescription drugs by establishing a permanent, dedicated funding stream to be used to produce and distribute generic prescription drugs through the California Affordable Drug Manufacturing Act of 2020.

(c) Prevent the revenue stream permanently continued by this chapter from ever being used to fund unauthorized or unrelated programs or from being used to supplant or replace existing sources of moneys that currently fund health care access and affordable prescription drug programs in this state.

(d) Continue a dedicated funding stream that is fully permitted by federal law, while also ensuring that taxpayers and employers do not bear the financial burden for the implementation of this chapter.

Article 2. Protect Access to Health Care Fund

14199.103. Creation of the Protect Access to Health Care Fund

(a) (1) The Protect Access to Health Care Fund (fund) is hereby established in the State Treasury.

(2) Notwithstanding any other law:

(A) The fund is a special fund, permanently separate and apart from the General Fund or any other state fund or account.

(B) Notwithstanding Section 16305.7 of the Government Code, any interest or dividends earned on moneys in the fund shall be retained in the fund and used solely as set forth in this chapter.

(b) The Health Care Oversight & Accountability Subfund is hereby established in the fund.

(c) The Improving Access to Health Care Subfund is hereby established in the fund.

(d) Notwithstanding any other law:

(1) (A) Effective January 1, 2027, any remaining moneys in the Managed Care Enrollment Fund created pursuant to Section 14199.82 that are not necessary to fund liabilities or encumbrances to support the subcomponents of the Medi-Cal program set forth in subdivision (d) of Section 14199.82 for expenditures associated with the 2023, 2024, 2025, and 2026 payments shall be transferred to the Medi-Cal Access and Support Account.

(B) Effective on the date on which all remaining encumbered moneys in the Managed Care Enrollment Fund have been exhausted, the Managed Care Enrollment Fund is hereby abolished, and Section 14199.82 shall become inoperative, and is hereby repealed one year after becoming inoperative.

(2) (A) Effective January 1, 2027, any remaining moneys in the Medi-Cal Provider Payment Reserve Fund created pursuant to Section 14105.200 that are not necessary to fund liabilities or encumbrances for the purposes set forth in Section 14105.200 for expenditures associated with the 2023, 2024, 2025, and 2026 calendar years shall be transferred to the Medi-Cal Access and Support Account.

(B) Effective on the date on which all remaining encumbered moneys in the Medi-Cal Provider Payment Reserve Fund have been exhausted, the Medi-Cal Provider Payment Reserve Fund is hereby abolished, and Section 14105.200 shall become inoperative, and is hereby repealed one year after becoming inoperative.

14199.104. Fund Oversight and Accountability

(a) The people of the State of California hereby declare their unqualified intent for the moneys deposited into the fund to be used to support the purposes set forth in this chapter without delay or interruption. The purpose of this section is to provide oversight and accountability mechanisms to guarantee that the people's intent is carried out.

(b) (1) Every four years, the Controller shall conduct an independent financial audit of the programs receiving moneys from the fund. The Controller shall report the findings to the Governor and both houses of the Legislature, and shall make the findings available to the public on its internet website.

(2) The Controller's audit shall also assess the department's annual compliance with Section 14199.107.

(c) (1) The Controller shall be separately reimbursed from moneys in the Health Care Oversight & Accountability Subfund for actual costs incurred in conducting the financial audit required by subdivision (b) of this section and the reviews required by subdivision (b) of Section 14199.107 in an amount not to exceed seven hundred fifty thousand dollars (\$750,000) per audit and review.

(2) The seven hundred fifty thousand dollars (\$750,000) per audit and review maximum limit shall be adjusted decennially to reflect any increase in

inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U). The Treasurer's office shall calculate and publish the adjustments required by this paragraph.

14199.105. Treatment of Moneys Deposited in and Expended from the Fund

Notwithstanding any other law:

(a) The fund, and every subfund, account, and subaccount within the fund, is hereby declared to be a trust fund, trust subfund, trust account, or trust subaccount.

(b) Except as provided in Sections 16310 and 16381 of the Government Code as those sections read on January 1, 2023, moneys in the fund shall not be borrowed, loaned, or otherwise transferred to the General Fund or any other state or local fund or account. Moneys deposited into the fund, and any subfund, account, or subaccount within the fund, including any interest or dividends earned thereon, shall only be used for the specific purposes set forth in this chapter. Action shall not be taken that permanently or temporarily changes the status of the fund or any subfund, account, or subaccount within the fund as a trust fund, trust subfund, trust account, or trust subaccount, or borrows, diverts, or appropriates the moneys in the fund in a manner inconsistent with this chapter.

(c) (1) The taxes imposed by Article 7.1 (commencing with Section 14199.80) of Chapter 7 during calendar years 2025 and 2026, and Article 6 (commencing with Section 14199.123) and the moneys derived therefrom, including interest and penalties but less payment of refunds, are required to be deposited into the fund as set forth in Article 3 (commencing with Section 14199.108). The fund is a special fund and trust fund permanently and irrevocably separate and apart from the General Fund. Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated to the department without regard to fiscal year for the purposes set forth in this chapter.

(2) (A) Therefore, the taxes and the moneys resulting therefrom described in paragraph (1) shall not be considered to be part of the General Fund, as that term is used in Chapter 1 (commencing with Section 16300) of Part 2 of Division 4 of Title 2 of the Government Code, shall not be considered General Fund revenues for purposes of Section 8 of Article XVI of the California Constitution and its implementing statutes, and shall not be considered "General Fund revenues," "state revenues," "moneys," or "General Fund proceeds of taxes" for purposes of subdivisions (a) and (b) of Section 8 of Article XVI of the California Constitution and its implementing statutes.

(B) This paragraph does not change the character of the taxes and the moneys resulting therefrom described in paragraph (1) as "state revenues" or "state tax revenues" for purposes of Title XIX and Title XXI of the Federal Social Security Act.

14199.106. Administration

(a) (1) The department shall be annually reimbursed from moneys in the Health Care Oversight & Accountability Subfund for actual and necessary costs incurred in administering this chapter in an amount not to exceed 0.0005 percent of the moneys annually deposited into the fund or four million dollars (\$4,000,000), whichever is greater. Any interagency agreements entered into by the department for administration of this chapter shall be covered by the amount provided in this subdivision.

(2) The limit in paragraph (1) shall be adjusted decennially to reflect any increase in inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U). The Treasurer's office shall calculate and publish the adjustments required by this paragraph.

(b) (1) (A) On and after January 1, 2027, the department has a nondiscretionary ministerial duty to use all of the moneys in the fund, and each subfund, account, and subaccount within the fund, to accomplish the purposes of this chapter on an annual basis. Therefore, on and after January 1, 2027, the department shall make every reasonable effort to exhaust or otherwise encumber all of the moneys in the fund by the end of each calendar year or fiscal year.

(B) The department may choose to comply with this requirement on a calendar year or fiscal year basis and may account for such expenditures on an accrual or cash basis. The department shall publish its choices under this subparagraph on its internet website.

(C) For purposes of this paragraph, unexhausted moneys in the fund that are allocated for expenditures associated with payments to Medi-Cal providers pursuant to a federally approved methodology, or a methodology for which federal approval is pending, shall be considered otherwise encumbered at the end of each applicable calendar year or fiscal year.

(2) In any challenge alleging that the department is violating this nondiscretionary ministerial duty, the court shall apply its independent judgment and deference shall not be accorded to the department.

(c) (1) If, in any challenge brought to remedy a violation of this chapter, a restraining order or preliminary injunction is issued, the plaintiffs or petitioners shall not be required to post a bond obligating the plaintiffs or petitioners to indemnify the government defendants or the State of California for any damage the restraining order or preliminary injunction may cause.

(2) (A) If any challenge to invalidate an action that violates this chapter is successful by way of a final judgment issued by a court of competent jurisdiction, then an amount of moneys necessary to restore the fund, subfund, account, or subaccount from which the moneys were unlawfully taken or diverted to its financial status had the unlawful action not been taken shall be transferred from the General Fund to the fund, subfund, account, or subaccount, as applicable, upon appropriation by the Legislature. Interest calculated at

the Pooled Money Investment Fund rate from the date or dates the moneys were unlawfully taken or diverted shall accrue to the amounts required to be transferred pursuant to this paragraph. Within 30 calendar days of the appropriation made by the Legislature, the Controller shall make the transfer required by this paragraph and issue a notice to the parties, the department, and the committee that the transfer has been completed.

(B) If the Legislature fails to appropriate sufficient moneys to satisfy a final judgment described in subparagraph (A) within 365 days of the issuance of that judgment, the court shall direct the Controller to use moneys in the Medi-Cal Access and Support Account to restore the moneys that were unlawfully taken or diverted, including interest.

14199.107. Nonsupplantation

(a) (1) Except as otherwise specified in Article 4 (commencing with Section 14199.109), moneys in the fund shall not be used to replace or supplant state revenue sources already in existence before the effective date of this chapter. Moneys in the fund shall only be used to expand the health care benefits, health care services, health care workforce, and payment rates above and beyond those already in effect or in existence as of January 1, 2024.

(2) In order to ensure compliance with paragraph (1) and achieve the purposes of this chapter, and except as otherwise specified in Article 4 (commencing with Section 14199.109), moneys in the fund shall be used only to increase and enhance, and not replace or supplant, each and every preexisting state revenue source for the services and programs that receive additional financial support pursuant to Article 3 (commencing with Section 14199.108) and Article 4 (commencing with Section 14199.109) of this chapter.

(3) Except as otherwise specified in Article 4 (commencing with Section 14199.109), moneys in the fund shall not be used to supplant any preexisting state revenue source used to provide Medi-Cal services, benefits, or coverage, moneys used for the California Affordable Drug Manufacturing Act of 2020, or the health care workforce provisions set forth in this chapter.

(b) (1) The department shall annually issue a public written report providing a detailed explanation of whether or not, and how, compliance with subdivision (a) is being achieved. The report shall be posted on the department's internet website.

(2) As part of its audit responsibilities under Section 14199.104, the Controller shall independently review the reports prepared by the department pursuant to paragraph (1) and publicly issue a separate written opinion regarding whether or not compliance with subdivision (a) is being achieved. Costs incurred by the Controller attributable to this requirement shall be reimbursable pursuant to subdivision (c) of Section 14199.104.

(c) In any challenge alleging that the moneys in the fund, and the subfunds, accounts, and subaccounts established within the fund, are being used to supplant preexisting state revenues already used for the purposes described in this chapter, the court shall apply its independent judgment and deference shall not be accorded to the department.

(d) For purposes of this section, Sections 14199.84 and 14199.123 shall be deemed to be the same state revenue source.

(e) Additional express references in this chapter to prohibitions on supplanting funding does not imply greater nonsupplantation protection for the accounts containing those references, or lesser nonsupplantation protection for accounts lacking those references.

Article 3. Deposit and Allocation of Moneys in the Fund

14199.108. Deposit and Allocation of Moneys

Notwithstanding any other law:

(a) (1) On and after January 1, 2025, all moneys annually derived from the tax imposed pursuant to Article 7.1 (commencing with Section 14199.80) of Chapter 7 shall be deposited into the fund.

(2) On and after January 1, 2027, all moneys annually derived from the tax imposed by Article 6 (commencing with Section 14199.123) shall be deposited into the fund.

(b) (1) Sufficient moneys shall be annually transferred by the Controller from the fund to the Health Care Oversight & Accountability Subfund to cover all of the following:

(A) For the 2025 and 2026 calendar years only, the amount of moneys necessary to cover the appropriations made pursuant to Section 14199.108.3.

(B) Commencing with the 2025 calendar year and each calendar year thereafter, the nonfederal share of increased capitation payments to Medi-Cal managed care plans to account for their projected tax obligation pursuant to Section 14199.84 or Article 6 (commencing with Section 14199.123), for the subject calendar year or years, as applicable.

(C) Reimbursement of the Controller for its responsibilities under this chapter.

(D) Payment of the department's administrative costs.

(E) Repayment of any refunds, as applicable.

(F) Costs incurred pursuant to Section 14199.133.

(2) Notwithstanding Section 13340 of the Government Code, all moneys within the Health Care Oversight & Accountability Subfund are hereby continuously appropriated, without regard to fiscal years, to the department to be used as set forth in this subdivision.

(3) Any unencumbered moneys remaining in the Health Care Oversight & Accountability Subfund at the end of a calendar year shall be transferred to the Improving Access to Health Care Subfund.

(c) For each applicable calendar year, after the transfers required by subdivision (b) to the Health Care Oversight & Accountability Subfund, all remaining moneys in the fund shall be transferred to the Improving Access to Health Care Subfund.

(d) In each calendar year, the first four billion three hundred million dollars (\$4,300,000,000) transferred to the Improving Access to Health Care Subfund shall be deposited by the Controller in the following amounts in the following accounts that are hereby created within the Improving Access to Health Care Subfund:

- (1) Twenty-two percent in the Primary Care Account.
- (2) Twenty-two percent in the Specialty Care Account.
- (3) Two and one-half of 1 percent in the Emergency Department Physicians Account.
- (4) Five and three-quarters of 1 percent in the Outpatient and Clinic Access Account.
- (5) Five and one-half of 1 percent in the Family Planning Account.
- (6) One and one-quarter of 1 percent in the Reproductive Health Account.
- (7) Three percent in the Emergency Medical Transportation Account.
- (8) Eight and three-quarters of 1 percent in the Emergency Department and Hospital Services Account.
- (9) Three and one-half of 1 percent in the Designated Public Hospital Account, subject to subdivision (g).
- (10) Four and one-half of 1 percent in the Improving Mental Health Account, subject to subdivision (g).
- (11) Six and one-quarter of 1 percent in the Health Care Workers Account.
- (12) Three and one-half of 1 percent in the Clinic Quality Account.
- (13) Three and one-half of 1 percent in the Improved Dental Services Account.
- (14) Eight percent to the Medi-Cal Access and Support Account.

(e) Commencing January 1, 2027, and notwithstanding Section 13340 of the Government Code, all moneys within the accounts described in subdivision (d), and any subaccounts therein, are hereby continuously appropriated, without regard to fiscal years, to the department to be used as set forth in Article 4 (commencing with Section 14199.109).

(f) (1) On and after January 1, 2030, the maximum allowable balance of unencumbered moneys in any of the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) shall be 200 percent of the average annual amount deposited therein during the immediately preceding two calendar years. This shall be known as the "maximum allowable balance."

(2) As long as an account described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) is at or above its maximum allowable

balance, moneys otherwise required to be deposited into that account shall instead be deposited on a pro rata basis into the other accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) that are not at or above their maximum allowable balance.

(3) This subdivision does not apply if an account reaches its maximum allowable balance as a result of the department violating its nondiscretionary ministerial duty set forth in subdivision (b) of Section 14199.106.

(4) This subdivision does not apply if all of the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) are all simultaneously at or above their maximum allowable balance.

(g) (1) Notwithstanding the percentage allocation described in paragraph (9) of subdivision (d), the maximum dollar amount deposited into the Designated Public Hospital Account shall not exceed one hundred fifty million dollars (\$150,000,000) per calendar year. Once the amount deposited in any calendar year into the Designated Public Hospital Account reaches one hundred fifty million dollars (\$150,000,000), any excess moneys allocated pursuant to paragraph (9) of subdivision (d) shall instead be deposited into the Emergency Department and Hospital Services Account.

(2) Notwithstanding the percentage allocation described in paragraph (10) of subdivision (d), the maximum dollar amount deposited into the Improving Mental Health Account shall not exceed two hundred million dollars (\$200,000,000) per calendar year. Once the amount deposited in any calendar year into the Improving Mental Health Account reaches two hundred million dollars (\$200,000,000), any excess moneys allocated pursuant to paragraph (10) of subdivision (d) shall instead be deposited into the Emergency Department and Hospital Services Account.

(h) After four billion three hundred million dollars (\$4,300,000,000) is first deposited pursuant to subdivision (d), in each calendar year the next four hundred million dollars (\$400,000,000) transferred to the Improving Access to Health Care Subfund shall be deposited into the Medi-Cal Access and Support Account.

(i) (1) After four billion three hundred million dollars (\$4,300,000,000) is first deposited pursuant to subdivision (d) and the next four hundred million dollars (\$400,000,000) is deposited pursuant to subdivision (h), in each calendar year the next two hundred twenty-six million dollars (\$226,000,000) transferred to the Improving Access to Health Care Subfund shall be deposited as follows:

(A) Thirty-two million dollars (\$32,000,000) into the Community Health Workers Account.

(B) Sixty-four million dollars (\$64,000,000) into the Health Care Workforce Loan Repayment Account.

(C) One hundred twenty million dollars (\$120,000,000) into the Medi-Cal Workforce Subaccount.

(D) Ten million dollars (\$10,000,000) into the Affordable Prescription Drugs Account.

(2) Commencing January 1, 2027, and notwithstanding Section 13340 of the Government Code, all moneys within the accounts described in paragraph (1), and any subaccounts therein, are hereby continuously appropriated, without regard to fiscal years, to the department to be used as set forth in Article 4 (commencing with Section 14199.109).

(j) After the deposits required by subdivisions (d), (h), and (i) are completed, all remaining moneys transferred to the Improving Access to Health Care Subfund in a calendar year shall be deposited and used as follows:

(A) Twenty-five percent to the accounts described in paragraphs (1) to (13), inclusive, of subdivision (d) on a pro rata basis according to and consistent with the relative distribution among those paragraphs.

(B) Seventy-five percent to the Medi-Cal Access and Support Account.

14199.108.3. Expenditures During Calendar Years 2025 and 2026

(a) During each of calendar year 2025 and calendar year 2026 only, and notwithstanding Section 13340 of the Government Code, moneys are hereby continuously appropriated without regard to fiscal years from the Health Care Oversight & Accountability Subfund to the department in the following amounts for the following purposes:

(1) Two billion dollars (\$2,000,000,000) to cover a portion of the nonfederal share of Medi-Cal managed care rates for health care services furnished to children, adults, seniors, and persons with disabilities, and persons dually eligible for the Medi-Cal and Medicare programs.

(2) Six hundred ninety-one million dollars (\$691,000,000) for primary care, including obstetrics and nonspecialty mental health services.

(3) Five hundred seventy-five million dollars (\$575,000,000) for specialty care.

(4) Two hundred forty-five million dollars (\$245,000,000) for community and outpatient procedures.

(5) Ninety million dollars (\$90,000,000) for abortion and family planning services.

(6) Fifty million dollars (\$50,000,000) for services and supports for primary care.

(7) Three hundred fifty-five million dollars (\$355,000,000) for emergency room facilities and physicians.

(8) One hundred fifty million dollars (\$150,000,000) for designated public hospitals.

(9) Fifty million dollars (\$50,000,000) for ground emergency medical transportation.

(10) Three hundred million dollars (\$300,000,000) for behavioral health facility throughputs.

(11) Seventy-five million dollars (\$75,000,000) for graduate medical education.

(12) Seventy-five million dollars (\$75,000,000) for Medi-Cal workforce.

(b) The allocation of moneys appropriated pursuant to subdivision (a) shall be subject to the stakeholder input requirements of Section 14199.121.

(c) This section shall become inoperative on January 1, 2027, and is hereby repealed on January 1, 2028.

14199.108.5. Treatment of Increased or Supplemental Payments

Increased or supplemental payments made pursuant to Sections 14199.108.3, 14199.109, 14199.110, 14199.110.5, 14199.112, 14199.113, 14199.114, 14199.115, 14199.116, 14199.117, 14199.119, 14199.120.5, and 14199.120.6 shall:

(a) Be in addition to existing reimbursement rates and any other payments made by a Medi-Cal managed care plan or the department and shall not supplant amounts that would otherwise be payable by a Medi-Cal managed care plan or the department to a recipient of moneys provided by Article 4 (commencing with Section 14199.109).

(b) Be considered separate and apart from any other reimbursement, and shall not be considered during, or factored into, any annual reconciliation.

Article 4. Protecting Access to Health Care

14199.109. Primary Care Account

(a) Moneys in the Primary Care Account shall be used for the purpose of providing Medi-Cal patients with increased access to quality primary care services as set forth in this section.

(b) (1) The department shall, subject to the stakeholder input requirements of Section 14199.121, increase reimbursement rates for primary care services above those in effect on January 1, 2024, and shall ensure that Medi-Cal managed care plans provide those increases in a manner consistent with the intent and purposes of this chapter.

(2) In addition to paragraph (1), in implementing this section, the department may, subject to federal approval and after obtaining stakeholder input pursuant to Section 14199.121, utilize different payment mechanisms, including quality incentive payments or value-based payment models, to recruit, retain, and improve primary care provider participation in Medi-Cal and improve quality.

14199.110. Specialty Care Account

(a) Moneys in the Specialty Care Account shall be used for the purpose of increasing Medi-Cal patient access to specialty care services as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, establish and implement one or more payment methodologies that meet federal requirements and that require each Medi-Cal managed care plan or its subcontracted entities to expand beneficiary access to Medi-Cal

covered specialty care services. The payment methodology or methodologies developed by the department shall address the following objectives:

- (1) Increase the number of Medi-Cal managed care plan-contracting specialists.
- (2) Retain existing Medi-Cal managed care plan-contracting specialists within the plan's network of contracting providers.
- (3) Increase the number of Medi-Cal patients an existing Medi-Cal managed care plan-contracting specialist serves.
- (4) Provide expanded specialist appointment availability for Medi-Cal patients.
- (5) Support specialists in coordinating and overseeing the care of patients as part of a multidisciplinary care team.

(c) A Medi-Cal managed care plan or a subcontracted entity shall provide payments to specialists consistent with the payment methodologies developed by the department pursuant to this section.

14199.110.5. Emergency Department Physicians Account

(a) Moneys in the Emergency Department Physicians Account shall be used for the purpose of increasing reimbursements for emergency department physicians treating Medi-Cal patients as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, establish and implement one or more payment methodologies to increase reimbursements for emergency department physicians treating Medi-Cal patients. The payment methodology or methodologies shall be consistent with the purposes of this chapter, shall be designed to improve access and support for emergency department services, and shall not be conditioned on a physician's contracted network provider status.

14199.111. Community Health Workers Account

(a) The Community Health Workers Account is hereby created within the Improving Access to Health Care Subfund. Moneys in the Community Health Workers Account shall be used for the purpose of increasing access to community health workers in Medi-Cal programs as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, establish a grant program to expand the number of locations and populations served by community health workers providing services on behalf of community-based organizations, community providers, and clinics.

(c) (1) On and after January 1, 2030, the maximum allowable balance of unencumbered moneys in this account shall be sixty-four million dollars (\$64,000,000). As long as this account is at or above sixty-four million dollars (\$64,000,000), moneys otherwise required to be deposited into this account shall instead be deposited on a pro rata basis into the accounts described in paragraphs (1) to (8), inclusive,

and (11) to (13), inclusive, of subdivision (d) that are not at or above their maximum allowable balance.

(2) This subdivision does not apply if this account is at or above sixty-four million dollars (\$64,000,000) as a result of the department violating its nondiscretionary ministerial duty set forth in subdivision (b) of Section 14199.106, or if the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) are all simultaneously at or above their maximum allowable balance.

14199.112. Outpatient and Clinic Access Account

(a) Moneys in the Outpatient and Clinic Access Account shall be used for the purpose of increasing net reimbursements for outpatient facilities, including ambulatory surgical centers and clinics, that provide eligible outpatient services and procedures to Medi-Cal patients.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, develop, seek federal approval for, and implement one or more payment methodologies that provide increased net reimbursement for eligible outpatient facilities, regardless of licensure type, in a manner consistent with the purposes of this chapter.

(c) Moneys in the Outpatient and Clinic Access Account shall be used only to increase net reimbursement levels for those eligible outpatient services and procedures above existing net reimbursement levels in effect for the eligible outpatient services and procedures as of January 1, 2024.

14199.113. Family Planning Account

(a) Moneys in the Family Planning Account shall be used for the purpose of expanding the scope and availability of family planning services as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the moneys in the account for all of the following purposes:

(1) Expanding the scope of benefits offered pursuant to the State-Only Family Planning Program and the Family PACT program.

(2) Increasing reimbursement rates for:

(A) Family planning services and family planning-related services in the Medi-Cal program.

(B) Comprehensive clinical family planning services in the Family PACT program.

(C) Family planning services in the State-Only Family Planning Program.

(3) Authorizing the department, subject to the stakeholder input requirements of Section 14199.121, to fund practice transformation activities and to establish alternative payment methodologies, including, but not limited to, bundled payments, directed payments to both network and nonnetwork providers, capitated payments, and value-based payments for family planning, family planning-related services, and sexual and reproductive health services.

(4) Providing grant funding to qualified family planning providers to offset the costs of providing uncompensated outpatient services and supports.

14199.114. Reproductive Health Account

(a) Moneys in the Reproductive Health Account shall be used as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the moneys in the Reproductive Health Account for the purpose of protecting, preserving, and expanding access to abortion and abortion-related services, including to increase payment rates for abortion and abortion-related services.

14199.115. Emergency Medical Transportation Account

(a) Moneys in the Emergency Medical Transportation Account shall be used for the purpose of increased payments to private ground emergency medical transport providers and emergency air ambulance transport providers as set forth in this section.

(b) Eighty percent of the moneys in the account shall be deposited into the Ground Emergency Medical Transportation Subaccount, which is hereby created in the Emergency Medical Transportation Account. Moneys in this subaccount shall be used for the purpose of increased payments to private ground emergency medical transport providers as follows:

(1) The department shall, subject to the stakeholder input requirements of Section 14199.121, establish and implement increased net reimbursement to private ground emergency medical transport providers for ground emergency medical transports above the rates in effect as of January 1, 2024. To the extent permitted by federal law, the department shall increase net reimbursement based on the regional cost of living where the transport was rendered.

(2) The increased Medi-Cal payments described in paragraph (1) shall be applicable to fee-for-service rates to private ground emergency medical transport providers and payments from Medi-Cal managed care plans to private ground emergency medical transport providers. The department shall structure the increased Medi-Cal managed care payments pursuant to this subdivision so that private ground emergency medical transport providers that receive payments for ground emergency medical transports rendered to managed care patients pursuant to Section 14129.3 or any successor statute are eligible to receive payments for ground emergency medical transports rendered to Medi-Cal managed care patients pursuant to this section.

(3) Moneys in the Ground Emergency Medical Transportation Subaccount shall be used only to increase net reimbursement levels for private ground emergency medical transport providers above existing net reimbursement levels in effect for private ground emergency medical transport providers as of January 1, 2024. The director may modify or make adjustments to any methodology, fee amount, or other provision

specified in Article 3.91 (commencing with Section 14129) of Chapter 7, as authorized by subdivision (b) of Section 14129.6, only to the extent necessary to meet the requirements of federal law or regulations or to obtain federal approval pursuant to Section 14129.6 after the implementation of this subdivision.

(c) Twenty percent of the moneys in the account shall be deposited into the Air Ambulance Emergency Medical Transportation Subaccount, which is hereby created in the Emergency Medical Transportation Account. Moneys in this subaccount shall be used for the purpose of increased Medi-Cal payments for emergency air ambulance transport providers as follows:

(1) The department shall, subject to the stakeholder input requirements of Section 14199.121, establish and implement increased Medi-Cal payments for air emergency ambulance transport providers above the rates in effect as of January 1, 2024.

(2) The increased rates described in paragraph (1) shall be applicable to Medi-Cal fee-for-service payment rates to emergency air ambulance transport providers and payments from Medi-Cal managed care plans to emergency air ambulance transport providers.

(3) Payments made pursuant to this subdivision shall be in addition to any other Medi-Cal payments to emergency air ambulance transport providers and shall not supplant amounts that would otherwise be payable under Medi-Cal to an emergency air ambulance transport provider.

14199.116. Emergency Department and Hospital Services Account

(a) Moneys in the Emergency Department and Hospital Services Account shall be used for the purpose of protecting access to, and improving the quality of, hospital care, including access to inpatient acute care and emergency departments, for Medi-Cal patients, as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, develop, seek federal approval for, and implement one or more payment methodologies that provide increased net reimbursement to public and private hospitals for eligible hospital services. The department may adjust payments with moneys in the account.

(c) Moneys in the Emergency Department and Hospital Services Account shall be used only to increase net reimbursement levels for those eligible hospital services above existing net reimbursement levels in effect for the eligible hospital services as of January 1, 2024.

14199.117. Designated Public Hospital Account

(a) Moneys in the Designated Public Hospital Account shall be used for the purpose of sustaining and promoting access to hospital and nonhospital care at designated public hospital systems.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the moneys in the account to provide increased net

reimbursement or new payments for designated public hospitals and health systems, including, but not limited to, quality incentive payments under existing or successor payment mechanisms or payments in support of services provided by designated hospital systems or that enhance their capabilities, or to provide financial support for the nonfederal share of the Medi-Cal payments to the designated public hospital systems. The department may apply the moneys in the Designated Public Hospital Account for these purposes.

(c) Moneys in the Designated Public Hospital Account shall be used only to increase net reimbursement levels for designated public hospital systems for the eligible services above existing net reimbursement levels for the eligible services in effect as of January 1, 2024.

14199.118. Affordable Prescription Drugs Account

(a) The Affordable Prescription Drugs Account is hereby created within the Improving Access to Health Care Subfund. Moneys in the Affordable Prescription Drugs Account shall be used as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the moneys in the Affordable Prescription Drugs Account for the purpose of providing increased funding for the California Affordable Drug Manufacturing Act of 2020 to increase competition, lower prices, and address shortages in the market for generic prescription drugs, to reduce the cost of prescription drugs for public and private purchasers, taxpayers, and consumers, and to increase patient access to affordable drugs.

(c) (1) On and after January 1, 2030, the maximum allowable balance of unencumbered moneys in this account shall be twenty million dollars (\$20,000,000). As long as this account is at or above twenty million dollars (\$20,000,000), moneys otherwise required to be deposited in this account shall instead be deposited on a pro rata basis into the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) that are not at or above their maximum allowable balance.

(2) This subdivision does not apply if this account is at or above twenty million dollars (\$20,000,000) as a result of the department violating its nondiscretionary ministerial duty set forth in subdivision (b) of Section 14199.106, or if the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) are all simultaneously at or above their maximum allowable balance.

14199.119. Improving Mental Health Account

(a) (1) Moneys in the Improving Mental Health Account shall be used for the purpose of expanding access to mental health programs and services as set forth in this section.

(2) Moneys in the account shall be used to provide additional funding for inpatient psychiatric services pursuant to subdivision (b).

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the

moneys in the account for the purpose of increasing the supply of mental health inpatient psychiatric beds by providing a supplemental payment for psychiatric inpatient days in licensed acute care hospitals and acute psychiatric hospitals. These payments shall:

(1) Increase the net reimbursement levels paid to these hospitals with respect to those services above the existing net reimbursement levels in effect for those services as of January 1, 2024.

(2) Not affect or supplant any other payments to these hospitals.

(3) Be made to these hospitals irrespective of contracting status with a county mental health plan or with a Medi-Cal managed care plan or other managed care entity that is financially responsible for psychiatric inpatient hospital services under contract with the department, as applicable.

14199.120. Health Care Workers Account

(a) The department shall, subject to the stakeholder input requirements of Section 14199.121, use the moneys in the Health Care Workers Account for the purpose of attracting, retaining, and expanding the pool of health care workers available to treat Medi-Cal patients as set forth in this section.

(b) Seventy-five percent of the moneys in the account shall be deposited in the Graduate Medical Education Subaccount, which is hereby created in the Health Care Workers Account. Moneys in this subaccount shall be transferred to the University of California for the administration and expenditure to other qualified entities to expand graduate medical education in order to achieve the goal of increasing the number of physician and surgeon residency slots and expanding the number of locations offering physician and surgeon residency programs, as compared to the number of residency slots and program locations in place on December 31, 2023. For the purposes of this section, all allopathic and osteopathic residency programs accredited by federally recognized accrediting organizations and located in California shall be eligible to apply to receive funding to support resident education in California. No later than January 1, 2027, the department may seek federal approval for the programs created or expanded pursuant to this subdivision. However, the graduate medical education programs are not contingent upon federal approval and federal financial participation.

(c) Twenty-five percent of the moneys in the account shall be deposited in the Medi-Cal Workforce Subaccount, which is hereby created in the Health Care Workers Account. The department may enter into an interagency agreement with another state government agency or entity to administer and implement a grant program funded by the Medi-Cal Workforce Subaccount as set forth in this subdivision.

(1) (A) No sooner than January 1, 2027, the department or its designated state government agency or entity shall issue grants pursuant to this subdivision with available moneys in the Medi-Cal Workforce

Subaccount to strengthen and support the development and retention of the Medi-Cal workforce through bona fide labor-management cooperation committees.

(B) Criteria shall be established, pursuant to the stakeholder input requirements of Section 14199.121, for grants to bona fide labor-management cooperation committees to support the development of high-quality workforce development programs.

(2) The criteria for grant awards may include, but is not limited to, the following:

(A) Implementing workforce training programs to promote patient safety, improve quality outcomes, and advance employee career opportunities.

(B) Developing and supporting health care workforce apprenticeship and preapprenticeship programs.

(C) Recruiting and retaining workforce.

(D) Funding for training organizations such as Taft-Hartley training funds, to support the development of the workforce.

(E) Additional investments in workforce capacity.

(3) In issuing grants pursuant to this subdivision, the department or its designated state government agency or entity may give preference to a bona fide labor-management cooperation committee that is organized on a multiemployer basis and involves multiple labor organizations.

14199.120.5. Clinic Quality Account

(a) Moneys in the Clinic Quality Account shall be used for the purpose of providing monetary incentives for clinics that demonstrate improved quality and increased access to care for Medi-Cal patients as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, develop and seek federal approval for a directed payment program, alternative payment methodology, or other enhanced payment methodology for clinics that meet one or more of the following objectives:

(1) Increasing appointment availability or access to health care services, including specialty services.

(2) Meeting improved quality measures.

(3) Improving data quality and reporting.

(4) Enhancing care coordination.

(c) Any funding methodology developed pursuant to this section shall be for enhanced payments to participating clinics on or after January 1, 2025, and moneys provided pursuant to this section shall not be used to supplant, in whole or in part, funding for any prior payment methodologies developed and submitted to the federal Centers for Medicare and Medicaid Services before December 31, 2024.

14199.120.6. Improved Dental Services Account

(a) Moneys in the Improved Dental Services Account shall be used for the purpose of providing enhanced

access to Medi-Cal patients for specialty and restorative dental care as set forth in this section.

(b) The department shall, subject to the stakeholder input requirements of Section 14199.121, develop and seek federal approval for a payment methodology, rate augmentation, directed payment or other financial incentives to general dentists and dental specialists such as oral and maxillofacial surgeons, endodontists, periodontists, orthodontists, prosthodontists, and pediatric dentists.

(c) The department may also use moneys in this account, subject to the stakeholder input requirements of Section 14199.121, for the purpose of supporting practice transformation activities in dental provider offices that treat Medi-Cal patients. Practice transformation activities include, but are not limited to, value-based payments, use or enhanced use of electronic medical records, care coordination with primary and specialty care providers, and training and retention of dental staff and clinicians.

14199.120.7. Health Care Workforce Loan Repayment Account

(a) The Health Care Workforce Loan Repayment Account is hereby created within the Improving Access to Health Care Subfund. Moneys in the Health Care Workforce Loan Repayment Account shall be used as set forth in this section.

(b) Fifty percent of the moneys in the account shall be deposited in the Advanced Practice Clinicians and Allied Health Care Loan Repayment Subaccount, which is hereby created in the Health Care Workforce Loan Repayment Account. Moneys in this subaccount shall be used for the purpose of establishing an educational loan repayment program for advanced practice clinicians and allied health care professionals. The department shall, subject to the stakeholder input requirements of Section 14199.121, determine the eligibility and qualifications for loan repayment.

(c) Fifty percent of the moneys in the account shall be deposited into the CalHealthCares Subaccount, which is hereby created in the Health Care Workforce Loan Repayment Account. Moneys in this subaccount shall be used for the purpose of providing increased funding for educational loan repayment for physicians and dentists through the CalHealthCares Program.

(d) (1) On and after January 1, 2030, the maximum allowable balance of unencumbered moneys in this account shall be one hundred twenty-eight million dollars (\$128,000,000). As long as this account is at or above one hundred twenty-eight million dollars (\$128,000,000), moneys otherwise required to be deposited in this account shall instead be deposited on a pro rata basis into the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) which are not at or above their maximum allowable balance.

(2) This subdivision does not apply if this account is at or above one hundred twenty-eight million dollars (\$128,000,000) as a result of the department

violating its nondiscretionary ministerial duty set forth in subdivision (b) of Section 14199.106, or if the accounts described in paragraphs (1) to (8), inclusive, and (11) to (13), inclusive, of subdivision (d) are all simultaneously at or above their maximum allowable balance.

14199.120.9. Medi-Cal Access and Support Account

(a) Moneys in the Medi-Cal Access and Support Account shall be used as set forth in this section.

(b) Moneys in this account shall be used by the department to provide overall support to the Medi-Cal program and maintain access to necessary health care services.

(c) Section 14199.107 does not apply to moneys in this account.

Article 5. Input, Approvals, and Adjustments

14199.121. Stakeholder Input

(a) (1) The department, or any other state government agency or entity that implements any part of this chapter, shall consult with, and obtain written input from, the stakeholder advisory committee regarding the development and implementation of the components of this chapter.

(2) Examples of matters for which the department shall consult with, and obtain written input from, the committee shall include, but are not limited to, the following:

(A) A proposal for, or the development of, a payment rate, supplemental payment, directed payment, or other payment methodology or methodologies.

(B) The establishment of the criteria or eligibility for increased payments or grants.

(C) The issuance of provider bulletins, all-plan letters, or other similar instructions or departmental guidance.

(b) Before proposing a new payment methodology or a change to an existing payment methodology pursuant to this chapter, the department shall consult with, and obtain written input from, the stakeholder advisory committee.

(c) An express reference elsewhere in this chapter to obtaining stakeholder committee input does not imply that stakeholder committee input is not required for other parts of this chapter where an express reference does not exist.

14199.122. Implementation; Federal Financial Participation; Modifications and Adjustments Necessary for Federal Approval

(a) The department shall seek any federal approvals that are necessary to implement this chapter.

(b) The department shall, wherever possible and to the extent feasible, seek to obtain the maximum amount of federal financial participation in implementing this chapter.

(c) (1) The department may modify or make adjustments to the payment provisions set forth in

Article 4 (commencing with Section 14199.109) to the extent necessary to accomplish any of the following:

(A) Meet the requirements of federal statutes or regulations.

(B) Obtain or maintain federal approval.

(C) Ensure federal financial participation is available or is not otherwise jeopardized.

(2) Any payment provision modification or adjustment described in paragraph (1) shall be subject to all of the following conditions:

(A) The modification or adjustment does not otherwise conflict with the purposes of this chapter.

(B) The modification or adjustment is consistent with the purpose of increasing payments and access to services pursuant to this chapter.

(C) The department shall comply with the stakeholder input requirements of Section 14199.121.

(d) (1) Payments made pursuant to Article 4 (commencing with Section 14199.109) shall be effective for dates of service on and after January 1, 2027. To the extent consistent with the purposes of this chapter, and unless otherwise specified in Article 4 (commencing with Section 14199.109), the department may, subject to the stakeholder input requirements of Section 14199.121, extend one or more payment methodologies used for the targeted payment increases for the 2026 calendar year pursuant to Section 14105.202 for purposes of implementing the increased payments pursuant to Article 4 (commencing with Section 14199.109) in the 2027 calendar year and subsequent calendar years as applicable.

(2) Unless otherwise specified in Article 4 (commencing with Section 14199.109), payments made pursuant to Article 4 (commencing with Section 14199.109) may be implemented using one or more of the following:

(A) Medi-Cal provider rate increases, including increases in rates paid in the Medi-Cal fee-for-service delivery system, or establishing or raising the level of minimum fee schedules in Medi-Cal managed care, or both.

(B) New or expanded supplemental payments for Medi-Cal providers.

(C) New or expanded directed payments for Medi-Cal providers.

(D) Other forms of increased reimbursement for Medi-Cal providers, consistent with the provisions and intent of this chapter.

(e) The department may require Medi-Cal managed care plans and providers of the applicable services to submit information the department deems necessary to implement and monitor compliance with this chapter, at the times and in the form and manner specified by the department.

(f) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code but subject to the stakeholder input

requirements of Section 14199.121, the department may implement this chapter by means of provider bulletins, all-plan letters, or other similar instructions, without taking further regulatory action. The department shall provide notification to the Department of Finance, the Joint Legislative Budget Committee, and to the Legislature's relevant fiscal and policy committees at least five working days before taking action.

(2) If the department enters into an interagency agreement with another state government agency or entity to administer and implement a portion of this chapter, that other agency or department shall be covered by paragraph (1).

(g) For purposes of implementing this chapter, the department or its designated state government agency or entity may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis. Contracts entered into or amended pursuant to this section shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, the State Contracting Manual, and shall be exempt from the review or approval of any division of the Department of General Services.

Article 6. Continuation of Managed Care Organization Provider Tax

14199.123. Continued Imposition of Tax

(a) It is the intent of the people of the State of California to permanently continue in existence a managed care organization provider tax upon the expiration of the tax imposed by Section 14199.84.

(b) Therefore, upon the expiration of the tax imposed pursuant to Article 7.1 (commencing with Section 14199.80) of Chapter 7, a managed care organization provider tax shall hereby continue to be imposed on and after January 1, 2027, as provided in this article.

(c) The department shall implement and administer the tax as set forth in this article.

(d) To the extent permitted by federal law, the models and methodologies developed for Chapter 13 of the Statutes of 2023 shall be substantially utilized by the department in implementing the tax imposed by this article.

14199.124. Implementation of Tax

(a) In implementing the tax imposed by subdivision (b) of Section 14199.123, the department shall adhere to all of the following:

(1) The tax shall not exceed the limits set forth in Section 14199.126.

(2) The models and methodologies utilized by the department shall be substantially similar to those relied upon for imposition of the tax set forth in Article 7.1 (commencing with Section 14199.80) of Chapter 7.

(3) The tax shall comply with federal Medicaid requirements applicable to permissible health care-

related taxes, including, but not limited to, Section 433.68 of Title 42 of the Code of Federal Regulations.

(4) Consistent with the limits set forth in Section 14199.126, the department shall attempt to maximize the amount of federal matching funds.

(b) (1) Except as provided in paragraph (2), if the requirements set forth in Section 433.68 of Title 42 of the Code of Federal Regulations, or any other provision of federal law with which the tax imposed by this article must comply, are replaced by amended or successor requirements, the department shall ensure the tax imposed pursuant to this article complies with those amended or successor requirements.

(2) Notwithstanding paragraph (1), the limits set forth in Section 14199.126 shall not be exceeded.

(c) (1) Commencing on the effective date of this chapter, the department shall be required to seek federal renewal and reauthorization as necessary to continue the imposition of the tax imposed by this article.

(2) The department shall request approval from the federal Centers for Medicare and Medicaid Services as is necessary to implement this article. The department shall not impose or collect the tax imposed pursuant to this article until the department receives approval from the federal Centers for Medicare and Medicaid Services that the tax is a permissible health care-related tax in accordance with Section 433.68 of Title 42 of the Code of Federal Regulations and is eligible for federal financial participation.

(d) (1) Consistent with the limits set forth in Section 14199.126, the department may, upon consultation with affected taxpayers, modify or make minor adjustments to any methodology, tax amount, taxing tier, or other provision specified in this article to the extent it is reasonably necessary to meet the requirements of federal statute or regulations, to obtain or maintain federal approval, or to ensure federal financial participation is available or is not otherwise jeopardized.

(2) When making, or considering making, any adjustment described in paragraph (1), the department shall share with affected taxpayers and the stakeholder advisory committee relevant information, proposals, drafts, and any information affecting tax liability at least 90 calendar days in advance of seeking federal approval for the adjustment. The department shall provide notice of any final adjustment in tax liability to affected taxpayers at least 45 calendar days before the adjustment takes effect.

(e) In implementing this article, the department may establish a specific calendar year as the base year and use the base data source to determine for each health plan each of the enrollment totals described in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 14199.83, as that section read in Chapter 13 of the Statutes of 2023.

14199.125. Tax Computation and Collection

(a) Before each applicable calendar year or years, the department shall compute the annual tax liability for each taxpayer subject to the tax imposed by Section 14199.123.

(b) For each tax period, the department shall establish all of the following:

(1) The Medi-Cal taxing tiers based on countable Medi-Cal enrollees in a health plan.

(2) The Medi-Cal per enrollee tax amount for each Medi-Cal taxing tier.

(3) Subject to the limits in Section 14199.126, the other taxing tiers based on countable other enrollees in a health plan.

(4) Subject to the limits in Section 14199.126, the other per enrollee tax amount for each other taxing tier.

(c) The procedures for collection and payment of the tax, providing notices, interest charges not to exceed 10 percent per annum for late payments, penalties, refunds, and tax liability after a transfer of health plan responsibility shall be established by the department consistent with the applicable provisions of Article 7.1 (commencing with Section 14199.80) of Chapter 7 unless otherwise specified in this chapter.

(d) (1) The director may correct any identified material or significant error in the data, including, but not limited to, the overall cumulative enrollment, Medicare cumulative enrollment, Medi-Cal cumulative enrollment, plan-to-plan cumulative enrollment, cumulative enrollment through the Federal Employees Health Benefits Act of 1959 (Public Law 86-382), and other cumulative enrollment. The director's determination as to whether to exercise discretion under this subdivision and any determination made by the director under this subdivision shall not be subject to judicial review, except that a health plan may bring a writ of mandate under Section 1085 of the Code of Civil Procedure to rectify an abuse of discretion by the department in correcting that health plan's data when that correction results in a greater tax amount for that health plan.

(2) The authority granted to the director by this subdivision does not permit the limits set forth in Section 14199.126 to be exceeded.

14199.126. Limits on Tax Amounts

(a) Notwithstanding any other provision of this chapter or any other law, and except as provided in subdivisions (b) and (c), the tax imposed by this article shall comply with both of the following:

(1) The other per enrollee tax amount for any other taxing tier shall not exceed two dollars and fifty cents (\$2.50) per month.

(2) The total aggregate tax amount imposed on, or through, all other taxing tiers shall not exceed thirty-six million dollars (\$36,000,000) in a single calendar year.

(b) The dollar amounts set forth in paragraph (1) and paragraph (2) of subdivision (a) may be increased by the department quinquennially to reflect any increase in

inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U) beginning on January 1, 2030. At the request of the department, the Controller's office shall calculate and publish the adjustments permitted by this subdivision.

(c) When seeking federal renewal and reauthorization for calendar years commencing on or after January 1, 2027, the department may exceed either of the following by not more than 10 percent if doing so is necessary to comply with federal statute or regulations, ensure federal financial participation, or otherwise obtain federal approval:

(1) The limits set forth in subdivision (a), as modified pursuant to subdivision (b).

(2) The limits set forth in subdivision (a), as modified pursuant to subdivision (b), and including the amount of any prior adjustments made pursuant to this subdivision.

(d) Except as provided by subdivisions (b) and (c), all other changes to the limits set forth in subdivision (a) shall only be made pursuant to Section 14199.134.

14199.127. Operation

(a) This article shall be inoperative during any portion of a calendar year for which the department does not obtain the necessary federal approvals for the tax imposed pursuant to Section 14199.123.

(b) This article shall cease to be operative for any affected tax period or periods upon a final determination of a court of competent jurisdiction, the United States Department of Health and Human Services, or the federal Centers for Medicare and Medicaid Services that the tax imposed pursuant to this article cannot be implemented for the affected tax period or periods.

(c) Upon a failure to obtain federal approval as described in subdivision (a), or a final determination as described in subdivision (b), the director shall implement a plan for conducting all appropriate wind-down and closeout activities, including issuance of any refunds, in consultation with the Department of Finance and the stakeholder advisory committee.

(d) This chapter does not change, alter, or abrogate the department's legal and fiscal responsibility under state and federal law to monitor provider participation and beneficiary access to entitled services under California's Medicaid State Plan or federally approved waivers. The department continues to have full legal and fiscal responsibility to adjust rates, payment methodologies, and authorization processes for programs, providers, or benefits within this chapter, as well as those not specifically mentioned herein.

Article 7. Definitions

14199.128. Definitions

For purposes of this chapter, as used in both the singular and plural form, the following definitions shall apply:

(a) “Abortion” has the same meaning as set forth in subdivision (a) of Section 123464 of the Health and Safety Code.

(b) “Acute psychiatric hospital” has the same meaning as set forth in subdivision (b) of Section 1250 of the Health and Safety Code.

(c) “Advanced practice clinicians and allied health care professionals” shall be defined by the department, subject to the stakeholder input requirements of Section 14199.121, to include appropriate health profession careers.

(d) “Article 7.1” means Article 7.1 (commencing with Section 14199.80) of Chapter 7, as added by Chapter 13 of the Statutes of 2023.

(e) “Base data source” means the most recent available quarterly financial statement filings or annual enrollment data submitted by health plans to the Department of Managed Health Care for that updated base year, retrieved by the department, and supplemented by, as necessary, Medi-Cal enrollment data for the updated base year as maintained by the department, and as modified by the department to account for known or anticipated contracting changes that will affect Medi-Cal enrollment.

(f) “Base year” means a 12-month period running from January 1 through December 31 of a calendar year selected by the department. The department may elect to update the base year to the extent it deems necessary to meet the requirements of federal statute or regulations, to obtain or maintain federal approval, or to ensure federal financial participation is available or is not otherwise jeopardized.

(g) “Bona fide labor-management cooperation committee” or “bona fide LMCC” means a joint labor-management committee that is established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) and meets the following criteria:

(1) The bona fide LMCC is not involved in the governance of a health care entity but exists to promote worker training, workforce expansion, and support for workers during training.

(2) The bona fide LMCC has the following composition:

(A) Fifty percent of the committee consists of representatives of organized labor unions that represent health workers in the state.

(B) Fifty percent of the committee consists of representatives of health care employers that primarily serve Medi-Cal patients located in the state.

(h) “CalHealthCares Program” means the Medi-Cal Physicians and Dentists Loan Repayment Program Act established pursuant to Section 14114.

(i) “California Affordable Drug Manufacturing Act of 2020” means the program established pursuant to Chapter 10 (commencing with Section 127690) of Part 2 of Division 107 of the Health and Safety Code.

(j) “Clinic” means any of the following:

(1) Federally qualified health centers (FQHC), including FQHC look-alike clinics designated by the federal Health Resources and Services Administration as meeting FQHC program requirements as set forth in Sections 1395x(aa)(4)(B) and 1396d(1)(2)(B) of Title 42 of the United States Code.

(2) Rural health clinics (RHC) meeting the definition set forth in Section 1396d(l)(1) of Title 42 of the United States Code.

(3) Clinics licensed pursuant to subdivision (a) of Section 1204 of the Health and Safety Code.

(4) Tribal clinics exempt from licensure pursuant to subdivision (c) of Section 1206 of the Health and Safety Code.

(5) Intermittent clinics exempt from licensure pursuant to subdivision (h) of Section 1206 of the Health and Safety Code.

(6) Clinics exempt from licensure pursuant to subdivision (b) of Section 1206 of the Health and Safety Code. If clinics exempt from licensure pursuant to subdivision (b) of Section 1206 of the Health and Safety Code choose to participate in a directed payment program described in Section 14199.120.5, the directed payment program will use the “classes of provider” functionality at a minimum to create a tier for those clinics and allow for payments to those clinics to be based on an amount allocated to their class’s pool.

(7) Indian health clinics that provide services in California pursuant to the Indian Health Program, as set forth in Chapter 4 (commencing with Section 124575) of Part 4 of Division 106 of the Health and Safety Code.

(k) “Committee” or “stakeholder advisory committee” means the Protect Access to Health Care Act Stakeholder Advisory Committee established pursuant to Section 14199.129.

(l) “Community-based organization” means a nonprofit organization of demonstrated effectiveness that is representative of a community or significant segments of a community and promotes access to, or provides physical or mental health or related services to, individuals in the community.

(m) “Community health worker” shall have the same meaning as defined in subdivision (b) of Section 18998.

(n) “Community provider” means a holder of a certificate described in Section 2050 of the Business and Professions Code who serves Medi-Cal patients.

(o) “Comprehensive clinical family planning services” means the services set forth in subdivision (aa) of Section 14132.

(p) “Countable enrollee” means an individual enrolled in a health plan during a month of the base year according to the base data source. “Countable enrollee” does not include an individual enrolled in a Medicare plan, a plan-to-plan enrollee, or an individual enrolled in a health plan pursuant to the Federal Employees Health Benefits Act of 1959 (Public Law 86-382) to the extent the imposition of the tax under Article 6 (commencing with Section 14199.123) of this

chapter or Article 7.1 (commencing with Section 14199.80) of Chapter 7 is preempted pursuant to Section 8909(f) of Title 5 of the United States Code.

(q) “County mental health plan” means an entity or local agency that contracts with the department to provide covered specialty mental health services pursuant to Section 14184.400 and Chapter 8.9 (commencing with Section 14700).

(r) “Department” means the State Department of Health Care Services.

(s) “Designated public hospital system” means a designated public hospital as defined in paragraph (1) of subdivision (f) of Section 14184.10 and its affiliated governmental providers and contracted governmental and nongovernmental entities that constitute a hospital and health care system. A single designated public hospital system may include multiple designated public hospitals under common government ownership.

(t) (1) “Directed payment” means a payment arrangement whereby the department directs certain expenditures made by a Medi-Cal managed care plan that is approved by the federal Centers for Medicare and Medicaid Services as described in Section 438(c) of Title 42 of the Code of Federal Regulations, established pursuant to Section 438(c) of Title 42 of the Code of Federal Regulations, or otherwise required by the Medi-Cal managed care plan contract, and documented in a rate certification approved by the federal Centers for Medicare and Medicaid Services as applicable.

(2) References in this subdivision to Section 438(c) of Title 42 of the Code of Federal Regulations shall include any subsequent amendments thereto.

(u) “Director” means the director of the State Department of Health Care Services.

(v) “Emergency air ambulance transport” means emergency medical transportation by air, as described in paragraph (1) of subdivision (c) of Section 51323 of Title 22 of the California Code of Regulations, by air ambulance, as defined in Section 100280 of Title 22 of the California Code of Regulations.

(w) “Family PACT” means the Family Planning, Access, Care, and Treatment Program established pursuant to subdivision (aa) of Section 14132.

(x) “Family planning services and family planning-related services in the Medi-Cal program” means the services covered by the Medi-Cal program pursuant to subdivision (n) of Section 14132.

(y) “Family planning services in the State-Only Family Planning Program” means the services covered by that program pursuant to Division 24 (commencing with Section 24000).

(z) “Fund” means the Protect Access to Health Care Fund established in the State Treasury pursuant to Section 14199.103.

(aa) “General acute care hospital” has the same meaning as in subdivision (a) of Section 1250 of the Health and Safety Code.

(ab) “Ground emergency medical transports” means emergency medical transports, as defined in Section 14129, that originate from a 911 call center or equivalent public safety answering point.

(ac) “Health care service plan” or “health plan” means a health care service plan, other than a plan that provides only specialized or discount services, that is licensed by the Department of Managed Health Care under the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) or a Medi-Cal managed care plan contracted with the department to provide full-scope Medi-Cal services.

(ad) “Medi-Cal patient” means a Medi-Cal beneficiary as defined in Section 14252.

(ae) “Medi-Cal enrollee” means an individual enrolled in a health plan, as defined in subdivision (ac), who is a Medi-Cal patient for whom the department directly pays the health plan a capitated payment.

(af) “Medi-Cal managed care plan” means any individual, organization, or entity that enters into a comprehensive risk contract with the department to provide covered full-scope health care services to enrolled Medi-Cal patients pursuant to this chapter or Chapter 8 (commencing with Section 14200).

(ag) “Medi-Cal per enrollee tax amount” means the amount of tax assessed per countable Medi-Cal enrollee within a Medi-Cal taxing tier.

(ah) “Medi-Cal taxing tier” means a range of cumulative enrollment of countable Medi-Cal enrollees for the base year.

(ai) “Net reimbursement” or “net reimbursement levels” means the total payments to Medi-Cal providers for the applicable services and procedures received as of January 1, 2024, less any amounts financed by Medi-Cal providers as the nonfederal share of those payments via provider taxes or fees, certified public expenditures, or intergovernmental transfers.

(aj) “Network provider” has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.

(ak) “Other enrollee” means an individual enrolled in a health plan who is not a Medi-Cal enrollee.

(al) “Other per enrollee tax amount” means the amount of tax assessed per countable other enrollee within an other taxing tier.

(am) “Other taxing tier” means a range of cumulative enrollment of countable other enrollees for the base year.

(an) “Plan-to-plan enrollee” means an individual who receives their health care services through a health plan pursuant to a subcontract from another health plan.

(ao) “Primary care” has the same meaning as in Section 51170.5 of Title 22 of the California Code of Regulations.

(ap) “Private ground emergency medical transport provider” means a provider of ground emergency

medical transports that does not meet the definition of paragraph (1) of subdivision (a) of Section 14105.945.

(aq) “Qualified family planning provider” means a Medi-Cal provider that meets all of the following conditions:

(1) Is a community clinic licensed pursuant to subdivision (a) of Section 1204 of the Health and Safety Code.

(2) Is enrolled in the Family PACT program, as described in subdivision (aa) of Section 14132.

(3) Provides both abortion and contraception services.

(ar) “Specialist” means a physician or surgeon or other licensee pursuant to the Medical Practice Act (Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code) or the Osteopathic Act (Chapter 8 (commencing with Section 3600) of Division 2 of the Business and Professions Code) who delivers to Medi-Cal patients health care services, treatment, or procedures at least some of which do not qualify as primary care.

(as) “Specialty care” means health care services provided by a specialist.

(at) “State-Only Family Planning Program” means the program established pursuant to Division 24 (commencing with Section 24000).

(au) “Tax period” means a period of not more than 12 months for which the tax imposed pursuant to Article 6 (commencing with Section 14199.123) is assessed.

Article 8. Stakeholder Advisory Committee

14199.129. Stakeholder Advisory Committee Established

(a) The Protect Access to Health Care Act Stakeholder Advisory Committee is hereby established within the department.

(b) An individual holding federal, state, tribal, or local elected or appointed office or an officer or official of a political party is not eligible for appointment to the committee.

(c) Six members of the committee constitute a quorum for purposes of voting and conducting business of the committee.

(d) The committee shall elect a chairperson from among its membership. The chairperson shall serve in that capacity for two years and is eligible for reelection. The chairperson shall preside at all meetings and shall have all the powers and privileges of other committee members.

(e) The committee shall meet not less than biennially, and may hold additional regular and special meetings at the call of the committee or the chairperson.

(f) At least two employees of the department shall be assigned full-time to staffing and supporting the committee.

14199.130. Committee Membership

(a) The committee shall be composed of 10 members as follows:

(1) One member that represents both primary and specialty physicians on a statewide basis.

(2) One member that represents both public and private hospitals, regardless of licensure type, on a statewide basis.

(3) One member that represents a private emergency ambulance provider that performs 500,000 or more emergency medical ground transports per calendar year in this state.

(4) One member that represents family planning and reproductive health providers on a statewide basis.

(5) One member that represents commercial, nongovernmental Medi-Cal managed care plans on a statewide basis.

(6) One member that represents clinics on a statewide basis.

(7) One member that represents public, nonprofit Medi-Cal managed care plans on a statewide basis.

(8) One member that represents dentists on a statewide basis.

(9) One member that represents organized labor groups on a statewide basis.

(10) One member that represents a private emergency air ambulance transport provider that bills for more than 2,000 emergency ambulance transports per year in this state.

(b) Committee members shall be appointed as follows:

(1) The Governor shall appoint the members described in paragraphs (1) to (6), inclusive, of subdivision (a).

(2) The Speaker of the Assembly shall appoint the members described in paragraphs (7) and (8) of subdivision (a).

(3) The Senate President Pro Tempore shall appoint the members described in paragraphs (9) and (10) of subdivision (a).

(c) An entity or organization shall not have more than one employee, officer, or director from that entity or organization appointed to the committee at any given time.

(d) Each member of the committee shall either be a citizen and resident of the United States or satisfy the requirements of subdivision (b) of Section 1020 of the Government Code.

14199.131. Committee Member Terms

(a) Each appointing authority described in subdivision (b) of Section 14199.130 shall make their initial appointments not later than 30 calendar days after the effective date of this chapter.

(b) The term of initial appointees to the committee shall begin on the 45th calendar day after the effective date of this chapter. The terms of initial appointees to the committee shall be as follows:

(1) The Governor's initial appointees described in paragraphs (1) to (4), inclusive, of subdivision (a) of Section 14199.130 shall serve for a term of four years.

(2) The Governor's initial appointees described in paragraphs (5) and (6) of subdivision (a) of Section 14199.130 shall serve for a term of three years.

(3) The Assembly Speaker's initial appointee described in paragraph (7) of subdivision (a) of Section 14199.130 shall serve for a term of three years.

(4) The Assembly Speaker's initial appointee described in paragraph (8) of subdivision (a) of Section 14199.130 shall serve for a term of two years.

(5) The Senate President Pro Tempore's initial appointees shall serve for a term of two years.

(c) After the initial terms, the term of each appointed or reappointed committee member shall be four years. Each member of the committee shall serve until a successor is appointed.

(d) A member of the committee shall not be removed by the appointing authority except for malfeasance in office or neglect of duty. A member shall not be removed unless the reasons for removal are presented in writing to the member.

(e) (1) A member of the committee appointed to represent a specific category described in paragraphs (1) to (10), inclusive, of subdivision (a) of Section 14199.130 shall notify in writing their appointing authority if they no longer represent that specific category or are otherwise unable to continue serving as a member of the committee. The notice required by this paragraph shall be provided within 15 calendar days of the changed circumstance.

(2) Upon receipt of the written notice by the appointing authority, the member's position on the committee shall be deemed vacant. Within 30 calendar days of receipt of the written notice, the appointing authority shall appoint a successor to serve the remainder of the former member's term. Upon expiration of the unexpired term, the successor may be appointed to a full term.

14199.132. Powers and Duties of the Committee

(a) (1) The committee is advisory only and does not possess decisionmaking authority. The committee is established for the sole purpose of researching and analyzing approaches and best practices for the development and implementation of the components of this chapter, including by preparing reports or recommendations and providing advice thereon for submission to the department. The department has sole and final decisionmaking authority under this chapter.

(2) The committee shall advise and make written recommendations to the department with respect to implementing this chapter and achieving the objectives set forth in Sections 14199.101 and 14199.102.

(b) The committee is authorized, but not limited, to do any of the following:

(1) Undertake investigations or studies.

(2) Issue written reports.

(3) Post any report or recommendation on the department's internet website under the committee's own link on the internet website.

(c) Any member of the committee may request, and the Controller and department shall provide, any written accounting or record of deposits into, transfers between, or expenditures out of, any fund, subfund, account, or subaccount established or created by this chapter.

(d) The committee may establish subcommittees consisting of one or more of its members, and may delegate to a subcommittee any right or responsibility bestowed upon the committee, including the right or responsibility of providing advice and written input to the department on a given subject.

14199.133. Compensation

Members of the committee shall serve without compensation, but shall receive reimbursement for necessary expenses, subject to approval by the department.

Article 9. Amendments, Construction, Standing

14199.134. Amendment of Chapter

(a) The Legislature may amend this chapter by a statute passed in each house of the Legislature by rollcall vote entered into the journal, three-fourths of the membership concurring, provided that the statute is consistent with, and furthers the purpose of, this chapter.

(b) A bill seeking to amend this chapter after the effective date of this chapter shall not be passed or ultimately become a statute unless the bill has been printed and distributed to members, and published on the Internet, in its final form, for at least 10 business days before its passage in either house of the Legislature.

14199.135. Construction of Chapter

(a) Severability. The provisions of this chapter are severable. If any portion, section, subdivision, paragraph, subparagraph, clause, subclause, sentence, phrase, word, or application of this chapter is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this chapter. The people of the State of California hereby declare that they would have adopted this chapter and each and every portion, section, subdivision, paragraph, subparagraph, clause, subclause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any part of this chapter or application thereof would be subsequently declared invalid.

(b) Liberal Construction. This chapter is an exercise of the initiative power of the people of the State of California pursuant to Article II and Article IV of the Constitution, and shall be liberally construed to effectuate the purposes set forth in this chapter.

(c) *Statutory References.* Unless otherwise stated, all references contained in this chapter to statutes codified outside of this chapter refer to those statutes as they existed on July 1, 2023.

(d) *Effective Date.* This chapter shall take effect on the next January 1 following its approval by the voters of California.

14199.136. Standing to Defend Chapter

Notwithstanding any other law, if the State of California or any of its officers or officials fail to defend the constitutionality of this chapter, following its approval by the voters, any other state or local government agency of this state shall have the authority to intervene on behalf of the State of California or the department in a court action challenging the constitutionality of this chapter for the purpose of defending its constitutionality, whether that action is in state or federal trial court, on appeal, or on discretionary review by the Supreme Court of California or the Supreme Court of the United States. The reasonable fees and costs of defending the action by the other state or local government agency shall be a charge on funds appropriated to the Department of Justice, which shall be satisfied promptly.

SEC. 2. Appropriations Limit.

(a) Commencing with the 2025–26 fiscal year, pursuant to Section 4 of Article XIII B of the California Constitution, the electors of the State of California hereby adopt an increase in the appropriations limit for the State of California equal to the amount of the revenues generated by the taxes contained in Article 6 (commencing with Section 14199.123) of this act and Article 7.1 (commencing with Section 14199.80) of Chapter 7 of Part 3 of the Welfare and Institutions Code.

(b) The duration of the increase in the State of California's appropriations limit adopted pursuant to this section shall be for the maximum amount of time permitted under Section 4 of Article XIII B of the California Constitution.

SEC. 3. Conflicting Initiative Measures.

The people of the State of California hereby find and declare:

(a) If this initiative measure and another initiative measure or measures that raises or extends a managed care organization provider tax to fund Medi-Cal services, benefits, and coverage appear on the same statewide election ballot, the other initiative measure or measures shall be deemed to be in conflict with this measure. If this initiative measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other initiative measure or measures shall be void.

(b) This act continues an existing tax on managed care organization providers, a type of health care service plan, that is used for the purpose of increasing reimbursement rates or payments under the Medi-Cal

program. Initiative No. 21-0042 Amendment #1 exempts from the definition of "tax" a levy, charge, or exaction collected from local units of government, health care providers, or health care service plans that is primarily used by the State of California for the purposes of increasing reimbursement rates or payments under the Medi-Cal program. Therefore, no conflict exists between this act and Initiative No. 21-0042 Amendment #1.

(c) This act does not alter, apply to, or address the matters contained in Initiative No. 23-0021 Amendment #1. Therefore, no conflict exists between this act and Initiative No. 23-0021 Amendment #1.

PROPOSITION 36

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends and adds sections to the Health and Safety Code and the Penal Code, and adds a section to the Government Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE HOMELESSNESS, DRUG ADDICTION, AND THEFT REDUCTION ACT

SECTION 1. Title.

This act shall be known as The Homelessness, Drug Addiction, and Theft Reduction Act.

SEC. 2. Purposes and Intent.

This measure will reform laws that have dramatically increased homelessness, drug addiction, and theft throughout California.

This measure will:

(a) Provide drug and mental health treatment for people who are addicted to hard drugs, including fentanyl, cocaine, heroin, and methamphetamine.

(b) Add fentanyl to existing laws that prohibit the possession of hard drugs while armed with a loaded firearm.

(c) Add fentanyl to existing laws that prohibit the trafficking of large quantities of hard drugs.

(d) Permit judges to use their discretion to sentence drug dealers to state prison instead of county jail when they are convicted of trafficking hard drugs in large quantities or are armed with a firearm while engaging in drug trafficking.

(e) Warn convicted hard drug dealers and manufacturers that they can be charged with murder if they continue to traffic in hard drugs and someone dies as a result.

(f) Reinstate penalties for hard drug dealers whose trafficking kills or seriously injures a drug user.

(g) Increase penalties for people who repeatedly engage in theft.

(h) Add new laws to address the increasing problem of “smash and grab” thefts that result in significant losses and damage, or that are committed by multiple thieves working together.

SEC. 3. Findings and Declarations.

The people of the State of California find and declare as follows:

(a) Reducing Homelessness Through Drug and Mental Health Treatment

(1) California has reached a tipping point in its homelessness, drug, mental health, and theft crises. Our state has the highest rate of homelessness per capita of any state in the country. And drug overdoses now kill two to three times the number of people in California as car accidents.

(2) Since the passage of Proposition 47 in 2014, homelessness in California has increased by 51 percent, while during the same time period in the rest of the country, it has declined by 11 percent. Proposition 47 reduced the legal consequences of both possession of hard drugs (fentanyl, cocaine, heroin, methamphetamine, and phencyclidine), and theft. The result has been massive increases in drug addiction, mental illness, and property crimes, including retail theft, committed by addicts to support their addiction. At the same time, California has seen a dramatic decrease in mental health and drug treatment for homeless people due to reduced incentives to participate in treatment. Our homelessness problem is directly connected to these unintended consequences of Proposition 47, which the voters now desire to correct.

(3) Progressive states, including New Jersey, Maryland, Illinois, and Michigan, have significantly stronger hard drug laws than California, and their homeless rate is 4 to 5 times lower than California’s.

(4) This proposal takes a modest step in the direction of these states by enacting a new class of crime called a “treatment-mandated felony.” Under this new “treatment-mandated felony,” prosecutors would have the discretion to charge a felony for hard drug possession after two previous drug convictions. If charged with this “treatment-mandated felony” for a third or subsequent drug offense, the offender would be given the option of participating in drug and mental health treatment. If the offender successfully completes drug and mental health treatment, the charge would be fully expunged, and the offender would receive no jail time. If the offender refuses drug and mental health treatment, they would serve jail time for hard drug possession. For a second conviction of the treatment-mandated felony (the fourth total conviction for hard drug possession), a judge would have the option of imposing time in jail or state prison. Along with hard drug and mental health treatment,

offenders charged with a treatment-mandated felony would be offered shelter, job training, and other services designed to break the cycle of addiction and homelessness.

(b) Cracking Down on Hard Drug Dealers

(1) Fentanyl is the most dangerous drug that our nation has ever seen. Because it is largely produced synthetically, fentanyl is typically cheaper than other hard drugs. As a result, drug dealers now regularly include fentanyl in other drugs, including diet, anxiety, and sleeping pills, cocaine, and heroin. Further, fentanyl is up to 50 times stronger than heroin. Therefore, a very tiny amount of fentanyl can prove deadly. One kilogram (2.2 pounds) of fentanyl provides enough of the drug to manufacture four to ten million doses, or enough to kill 500,000 people. Finally, because such a small amount of fentanyl is necessary to create addiction, it is easier to smuggle across the border in smaller, yet much more deadly quantities.

(2) This act would authorize greater consequences for hard drug dealers whose trafficking kills or seriously injures a person who uses those drugs, and it would provide a mechanism to warn convicted hard drug dealers and manufacturers that they can be charged with murder if they continue to traffic in hard drugs and someone dies as a result.

(3) This act would add nonprescription fentanyl to an existing list of hard drugs, including heroin, cocaine, and methamphetamine, for which it is illegal to possess the drug while armed with a loaded firearm.

(4) This act would also add nonprescription fentanyl to an existing list of hard drugs, including heroin, cocaine, and methamphetamine, that authorizes greater consequences for drug dealers who sell large quantities of hard drugs.

(5) This act also permits judges to sentence drug dealers who traffic in large quantities of hard drugs or who are armed with a firearm while trafficking in hard drugs to state prison instead of local county jails. Only our state prisons are equipped to manage security for hardened drug dealers and to provide them the rehabilitation services they need to safely reenter society.

(c) Accountability for Repeat Theft and Smash and Grab Thefts

(1) Prior to Proposition 47, individuals who repeatedly engaged in theft could be charged with a felony. Prop. 47 eliminated this repeat offender felony and instead provided that any theft up to \$950 in value is now a misdemeanor—regardless of how many times the offender has committed theft. In practice, this means that an offender who repeatedly steals up to \$950 in value faces virtually no legal consequences.

(2) The result has been an explosion in retail and cargo theft causing stores throughout California to close to protect employees and customers from criminal activity that disrupts the efficient delivery of products directly to consumers and creates billions of dollars in economic losses to our local communities and state.

This rapid increase in retail and cargo theft has also contributed to rising inflation, as businesses have been forced to raise prices to account for their economic losses. This retail and cargo theft explosion has collided with the fentanyl epidemic, as hard drug users have engaged in brazen theft to support their drug habits, knowing that there will be no consequences for either their theft or their hard drug use.

(3) Under this act, an offender with two prior convictions for theft can be charged with a felony, regardless of the value of the stolen property. Diversion programs will continue to exist, meaning that judges will retain discretion not to incarcerate an offender even for more than two theft convictions. But prosecutors will have the ability to bring felony charges against hardened, repeat offenders who continue to engage in theft. Judges will have the discretion to sentence a repeat offender to jail in appropriate cases, or to state prison if an offender is convicted four or more times of theft.

(4) This act also authorizes judges to exercise their discretion to impose an enhanced penalty when an offender steals, damages, or destroys property by acting together with two or more offenders or by causing losses of \$50,000 or more. By permitting discretion in these scenarios, judges will be able to fashion sentences that are appropriate for the crime committed, including so-called “smash and grabs” committed by mobs or large groups of people working together.

(5) The value of property stolen in multiple thefts will be permitted to be added together so that in appropriate cases an offender may be charged with felony theft instead of petty theft. This provision addresses the problem of offenders who commit a series of thefts in which the property stolen during each theft has a value under the \$950 felony theft threshold, in order to insulate themselves from felony charges.

(6) Along with the hard drug provisions in this act, these theft law changes will stop the vicious cycle of hard drug users stealing to support their habits without legal consequences for their actions.

SEC. 4. Section 11369 is added to the Health and Safety Code, to read:

11369. (a) This section shall be known, and may be cited, as Alexandra’s Law.

(b) The court shall advise a person who is convicted of, or who pleads guilty or no contest to, a violation of Section 11351, 11351.5, 11352, 11378, 11378.5, 11379, 11379.5, or 11379.6 involving a hard drug, of the following:

“You are hereby advised that it is extremely dangerous and deadly to human life to illicitly manufacture, distribute, sell, furnish, administer, or give away any drugs in any form, including real or counterfeit drugs or pills. You can kill someone by engaging in this conduct. All drugs and counterfeit pills are dangerous to human life. These substances alone, or mixed, kill human beings in very small doses. If you illicitly manufacture,

distribute, sell, furnish, administer, or give away any real or counterfeit drugs or pills, and that conduct results in the death of a human being, you could be charged with homicide, up to and including the crime of murder, within the meaning of Section 187 of the Penal Code.”

(c) The advisory statement shall be provided to the defendant in writing, either on a plea form, if used, as an addendum to a plea form, or at sentencing, and the fact that the advisory was given shall be specified on the record and recorded in the abstract of the conviction.

(d) (1) Except as provided in paragraph (2), as used in this section, “hard drug” means a substance listed in Section 11054 or 11055, including a substance containing fentanyl, heroin, cocaine, cocaine base, methamphetamine, or phencyclidine, and the analogs of any of these substances as defined in Sections 11400 and 11401.

(2) As used in this section, “hard drug” does not include cannabis, cannabis products, peyote, lysergic acid diethylamide (LSD), other psychedelic drugs, including mescaline and psilocybin (mushrooms), any other substance listed in subdivisions (d) and (e) of Section 11054, or, with the exception of methamphetamine, any other substance listed in subdivision (d) of Section 11055.

SEC. 5. Section 11370.1 of the Health and Safety Code is amended to read:

11370.1. (a) Notwithstanding Section 11350 or 11377 or any other provision of law, every person who unlawfully possesses any amount of a substance containing cocaine base, a substance containing cocaine, a substance containing heroin, a substance containing methamphetamine, a substance containing fentanyl, a crystalline substance containing phencyclidine, a liquid substance containing phencyclidine, plant material containing phencyclidine, or a hand-rolled cigarette treated with phencyclidine while armed with a loaded, operable firearm is guilty of a felony punishable by imprisonment in the state prison for two, three, or four years.

(b) Subdivision (a) does not apply to any person lawfully possessing fentanyl, including with a valid prescription.

(c) As used in this subdivision (a), “armed with” means having available for immediate offensive or defensive use.

(b) (d) Any person who is convicted under this section shall be ineligible for diversion or deferred entry of judgment under Chapter 2.5 (commencing with Section 1000) of Title 6 of Part 2 of the Penal Code.

SEC. 6. Section 11370.4 of the Health and Safety Code is amended to read:

11370.4. (a) (1) A person convicted of a violation of, or of a conspiracy to violate, Section 11351, 11351.5, or 11352 with respect to a substance containing heroin, ~~fentanyl~~, cocaine base as specified in paragraph (1) of subdivision (f) of Section 11054, or cocaine as

specified in paragraph (6) of subdivision (b) of Section 11055, ~~when the person knew of the substance's nature or character as a controlled substance~~, shall receive an additional *state prison* term as follows:

(A) If the substance exceeds one kilogram by weight, the person shall receive an additional term of three years.

(B) If the substance exceeds four kilograms by weight, the person shall receive an additional term of five years.

(C) If the substance exceeds 10 kilograms by weight, the person shall receive an additional term of 10 years.

(D) If the substance exceeds 20 kilograms by weight, the person shall receive an additional term of 15 years.

(E) If the substance exceeds 40 kilograms by weight, the person shall receive an additional term of 20 years.

(F) If the substance exceeds 80 kilograms by weight, the person shall receive an additional term of 25 years.

(2) The conspiracy enhancements provided for in this subdivision shall not be imposed unless the trier of fact finds that the defendant conspirator was substantially involved in the planning, direction, execution, or financing of the underlying offense.

(b) (1) A person convicted of a violation of, or of conspiracy to violate, Section 11378, 11378.5, 11379, or 11379.5 with respect to a substance containing methamphetamine, amphetamine, phencyclidine (PCP) and its analogs shall receive an additional *state prison* term as follows:

(A) If the substance exceeds one kilogram by weight, or 30 liters by liquid volume, the person shall receive an additional term of three years.

(B) If the substance exceeds four kilograms by weight, or 100 liters by liquid volume, the person shall receive an additional term of five years.

(C) If the substance exceeds 10 kilograms by weight, or 200 liters by liquid volume, the person shall receive an additional term of 10 years.

(D) If the substance exceeds 20 kilograms by weight, or 400 liters by liquid volume, the person shall receive an additional term of 15 years.

(2) In computing the quantities involved in this subdivision, plant or vegetable material seized shall not be included.

(3) The conspiracy enhancements provided for in this subdivision shall not be imposed unless the trier of fact finds that the defendant conspirator was substantially involved in the planning, direction, execution, or financing of the underlying offense.

(c) (1) A person convicted of a violation of, or of a conspiracy to violate, Section 11351 or 11352 with respect to a substance containing fentanyl shall receive an additional *state prison* term as follows:

(A) If the substance exceeds 28.35 grams (one ounce) by weight, the person shall receive an additional term of three years.

(B) If the substance exceeds 100 grams by weight, the person shall receive an additional term of five years.

(C) If the substance exceeds 500 grams by weight, the person shall receive an additional term of seven years.

(D) If the substance exceeds one kilogram by weight, the person shall receive an additional term of 10 years.

(E) If the substance exceeds four kilograms by weight, the person shall receive an additional term of 13 years.

(F) If the substance exceeds 10 kilograms by weight, the person shall receive an additional term of 16 years.

(G) If the substance exceeds 20 kilograms by weight, the person shall receive an additional term of 19 years.

(H) If the substance exceeds 40 kilograms by weight, the person shall receive an additional term of 22 years.

(I) If the substance exceeds 80 kilograms by weight, the person shall receive an additional term of 25 years.

(2) The conspiracy enhancements provided for in this subdivision shall not be imposed unless the trier of fact finds that the defendant conspirator was substantially involved in the planning, direction, execution, or financing of the underlying offense.

~~(e)~~ (d) The additional terms provided in this section shall not be imposed unless the allegation that the weight of the substance containing heroin, fentanyl, cocaine base as specified in paragraph (1) of subdivision (f) of Section 11054, cocaine as specified in paragraph (6) of subdivision (b) of Section 11055, methamphetamine, amphetamine, or phencyclidine (PCP) and its analogs exceeds the amounts provided in this section is charged in the accusatory pleading and admitted or found to be true by the trier of fact.

(e) *Notwithstanding paragraph (9) of subdivision (h) of Section 1170 of the Penal Code, a defendant convicted of an underlying violation specified in this section who admits an enhancement pursuant to this section or for whom an enhancement pursuant to this section is found true, is punishable by imprisonment in the state prison and not pursuant to subdivision (h) of Section 1170 of the Penal Code.*

~~(d)~~ (f) The additional terms provided in this section shall be in addition to any other punishment provided by law.

~~(e)~~ (g) Notwithstanding any other law, the court may strike the additional punishment for the enhancements provided in this section if the court determines that there are circumstances in mitigation of the additional punishment and states on the record its reasons for striking the additional punishment.

SEC. 7. Article 8 (commencing with Section 11395) is added to Chapter 6 of Division 10 of the Health and Safety Code, to read:

Article 8. Treatment-Mandated Felony

11395. (a) This article shall be known and cited as the Treatment-Mandated Felony Act.

(b) (1) Notwithstanding any other law, and except as provided in subdivision (d), a person described in

subdivision (c) who possesses a hard drug, unless upon the written prescription of a physician, dentist, podiatrist, or veterinarian licensed to practice in this state, shall be punished by imprisonment in a county jail for not more than one year or pursuant to subdivision (h) of Section 1170 of the Penal Code. A second or subsequent conviction of this section, is punishable by imprisonment in the county jail not exceeding one year or by imprisonment in the state prison.

(2) A person shall not be sentenced to jail or prison pursuant to this section unless a court determines that the person is not eligible or suitable for treatment or that any other circumstance described in paragraph (4) of subdivision (d) applies to that person.

(c) Subdivision (b) applies to a person who has two or more prior convictions for a felony or misdemeanor violation of Section 11350, 11351, 11351.5, 11352, 11353, 11353.5, 11353.7, 11370.1, 11377, 11378, 11378.5, 11379, 11379.5, 11379.6, 11380, or 11395, including a conviction that occurred before the effective date of this section. Prior convictions shall be alleged in the accusatory pleading, and either admitted by the defendant in open court or found to be true by the trier of fact.

(d) (1) (A) In lieu of a jail or prison sentence, or a grant of probation with jail as a condition of probation, a defendant charged with a violation of this section may elect treatment by pleading guilty or no contest to a violation of this section and admitting the alleged prior convictions, waiving time for sentencing and the pronouncement of judgment, and agreeing to participate in, and complete, a detailed treatment program developed by a drug addiction expert and approved by the court. A defendant's plea of guilty or no contest shall not constitute a conviction for any purpose unless judgment is entered pursuant to paragraph (4) for a violation of this section.

(B) Upon or subsequent to arraignment for a violation of this section, and at the request or with the consent of the defendant or their attorney, the court shall order a drug addiction expert to conduct a substance abuse and mental health evaluation of the defendant. The expert shall submit a report of the evaluation to the court and parties. The evaluation may be based on an interview of the defendant or other individuals with relevant knowledge and review of records the expert deems appropriate, including medical records, criminal history, prior treatment history, and records pertaining to the current offense. If the defendant participates in the interview, neither the defendant's interview nor evidence derived from the interview may be used against the defendant at any subsequent trial for the instant offense except for the purposes of impeachment should the defendant testify inconsistently. The evaluation shall detail the defendant's drug abuse or mental health issues, if any, so the court and parties may better determine appropriate handling of the defendant's case.

(C) Concurrent with the order for a substance abuse and mental health evaluation of the defendant, and with

the defendant's consent, the court shall also order that a case worker or other qualified individual determine whether the defendant is eligible to receive Medi-Cal, Medicare, or any other relevant benefits for any programs or evaluations under this section. If the defendant did not previously consent to an eligibility determination at arraignment, the court shall order the eligibility determination upon and as a condition of the defendant's agreement to participate in and complete a treatment program as described in this subdivision.

(2) A treatment program may include, but is not limited to, drug treatment, mental health treatment, job training, and any other conditions related to treatment or a successful outcome for the defendant that the court finds appropriate. The court must hold regular hearings to review the progress of the defendant. The court shall make referrals to programs that provide services at no cost to the participant and have been deemed by the court, the drug addiction expert, and the parties to be credible and effective. A defendant may also choose to pay for a program that is approved by the court.

(3) Upon the defendant's successful completion of the treatment program as specified in paragraph (2), the positive recommendation of the treatment program, and the motion of the defendant, prosecuting attorney, the court, or the probation department, the court shall dismiss this charge against the defendant and the provisions of Section 1000.4 of the Penal Code, as it read on the effective date of this section, shall apply, including the provision that the arrest upon which the defendant was deferred shall be deemed to have never occurred. A dismissal based on the successful completion of treatment shall not count as a conviction for any purpose, including for determining punishment pursuant to subdivision (b).

(4) If at any time it appears that the defendant is performing unsatisfactorily in the program, is not benefiting from treatment, is not amenable to treatment, has refused treatment, or has been convicted of a crime that was committed since starting treatment, the prosecuting attorney, the court on its own, or the probation department may make a motion for entry of judgment and sentencing. After notice to the defendant, the court shall hold a hearing to determine whether judgment should be entered and the defendant sentenced. Judgment shall be imposed and the defendant sentenced if the court finds true one or more of the foregoing circumstances. However, except when the defendant has been found to have been convicted of a crime that was committed since starting treatment, the court may rerefer the defendant to treatment if the court finds that it is in the interest of justice to do so, that the defendant is currently amenable to treatment, and if the defendant agrees to participate in, and complete, a treatment program as described in this section.

(5) For time spent in residential treatment, a defendant may earn only actual credits pursuant to Section 2900.5 of the Penal Code and shall not earn conduct credits pursuant to Section 4019 of the Penal Code or any

other provision. Time spent in any other type of program or counseling is not eligible for any credits.

(e) (1) Except as provided in paragraph (2), as used in this section, “hard drug” means a substance listed in Section 11054 or 11055, including a substance containing fentanyl, heroin, cocaine, cocaine base, methamphetamine, or phencyclidine, and the analogs of any of these substances as defined in Sections 11400 and 11401.

(2) As used in this section, “hard drug” does not include cannabis, cannabis products, peyote, lysergic acid diethylamide (LSD), other psychedelic drugs, including mescaline and psilocybin (mushrooms), any other substance listed in subdivisions (d) and (e) of Section 11054, or, with the exception of methamphetamine, any other substance listed in subdivision (d) of Section 11055.

(f) Upon an arrest for a violation of this section, the court shall require judicial review prior to release to make an individualized determination of risk to public safety and likelihood to return to court.

(g) This section shall not be construed to preclude prosecution or punishment pursuant to any other law.

SEC. 8. Section 490.3 is added to the Penal Code, to read:

490.3. Notwithstanding any other law, in any case involving one or more acts of theft or shoplifting, including, but not limited to, violations of Sections 459.5, 484, 488, and 490.2, the value of property or merchandise stolen may be aggregated into a single count or charge, with the sum of the value of all property or merchandise being the values considered in determining the degree of theft.

SEC. 9. Section 666.1 is added to the Penal Code, to read:

666.1. (a) (1) Notwithstanding any other law, a person who has two or more prior convictions for any of the offenses listed in paragraph (2), and who is convicted of petty theft or shoplifting, is punishable by imprisonment in the county jail not exceeding one year or pursuant to subdivision (h) of Section 1170. A second or subsequent conviction of this section is punishable by imprisonment in the county jail not exceeding one year or by imprisonment in the state prison.

(2) This section applies to the following offenses, including a conviction that occurred before the effective date of this section:

(A) Petty theft, as described in Section 488 or 490.2.

(B) Grand theft, as described in Sections 487, 487h, and in Chapter 5 (commencing with Section 484) of Title 13 of Part 1.

(C) Theft from an elder or dependent adult, as described in Section 368.

(D) The theft or unauthorized use of a vehicle, as described in Section 10851 of the Vehicle Code.

(E) Burglary, as described in Section 459.

(F) Carjacking, as described in Section 215.

(G) Robbery, as described in Section 211.

(H) Receiving stolen property, as described in Section 496.

(I) Shoplifting, as described in Section 459.5.

(J) Identity theft and mail theft, as described in Section 530.5.

(b) A person subject to charging under this section or actually charged with this section may be referred by a prosecuting attorney’s office or by a county probation department to a theft diversion or deferred entry of judgment program pursuant to Section 1001.81. If appropriate, a person admitted to such a program may also be referred to a substance abuse treatment program.

(c) Upon an arrest for a violation of this section, the court shall require judicial review prior to release to make an individualized determination of risk to public safety and likelihood to return to court.

(d) This section shall not be construed to preclude prosecution or punishment pursuant to any other law.

SEC. 10. Section 12022 of the Penal Code is amended to read:

12022. (a) (1) Except as provided in subdivisions (c) and (d), a person who is armed with a firearm in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment pursuant to subdivision (h) of Section 1170 for one year, unless the arming is an element of that offense. This additional term shall apply to a person who is a principal in the commission of a felony or attempted felony if one or more of the principals is armed with a firearm, whether or not the person is personally armed with a firearm.

(2) Except as provided in subdivision (c), and notwithstanding subdivision (d), if the firearm is an assault weapon, as defined in Section 30510 or 30515, or a machinegun, as defined in Section 16880, or a .50 BMG rifle, as defined in Section 30530, the additional and consecutive term described in this subdivision shall be three years imprisonment pursuant to subdivision (h) of Section 1170 whether or not the arming is an element of the offense of which the person was convicted. The additional term provided in this paragraph shall apply to any person who is a principal in the commission of a felony or attempted felony if one or more of the principals is armed with an assault weapon, machinegun, or a .50 BMG rifle, whether or not the person is personally armed with an assault weapon, machinegun, or a .50 BMG rifle.

(b) (1) A person who personally uses a deadly or dangerous weapon in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment in the state prison for one year, unless use of a deadly or dangerous weapon is an element of that offense.

(2) If the person described in paragraph (1) has been convicted of carjacking or attempted carjacking, the

additional term shall be in the state prison for one, two, or three years.

(3) When a person is found to have personally used a deadly or dangerous weapon in the commission of a felony or attempted felony as provided in this subdivision and the weapon is owned by that person, the court shall order that the weapon be deemed a nuisance and disposed of in the manner provided in Sections 18000 and 18005.

(c) (1) Notwithstanding the enhancement set forth in subdivision (a), a person who is personally armed with a firearm in the commission of a violation or attempted violation of Section 11351, 11351.5, 11352, 11366.5, 11366.6, 11378, 11378.5, 11379, 11379.5, or 11379.6 of the Health and Safety Code shall be punished by an additional and consecutive term of imprisonment ~~in the state prison pursuant to subdivision (h) of Section 1170~~ for three, four, or five years.

(2) Notwithstanding paragraph (9) of subdivision (h) of Section 1170 of the Penal Code, a defendant convicted of an underlying violation specified in this subdivision who admits an enhancement pursuant to this subdivision or for whom an enhancement pursuant to this subdivision is found true, is punishable by imprisonment in the state prison and not pursuant to subdivision (h) of Section 1170 of the Penal Code.

(d) Notwithstanding the enhancement set forth in subdivision (a), a person who is not personally armed with a firearm who, knowing that another principal is personally armed with a firearm, is a principal in the commission of an offense or attempted offense specified in subdivision (c), shall be punished by an additional and consecutive term of imprisonment pursuant to subdivision (h) of Section 1170 for one, two, or three years.

(e) For purposes of imposing an enhancement under Section 1170.1, the enhancements under this section shall count as a single enhancement.

(f) Notwithstanding any other provision of law, the court may strike the additional punishment for the enhancements provided in subdivision (c) or (d) in an unusual case where the interests of justice would best be served, if the court specifies on the record and enters into the minutes the circumstances indicating that the interests of justice would best be served by that disposition.

SEC. 11. Section 12022.6 is added to the Penal Code, to read:

12022.6. (a) When any person takes, damages, or destroys any property in the commission or attempted commission of a felony, or commits a felony violation of Section 496, the court shall impose a term in addition and consecutive to the punishment prescribed for the felony or attempted felony of which the defendant has been convicted, as follows:

(1) If the loss or property value exceeds fifty thousand dollars (\$50,000), the court shall impose an additional term of one year.

(2) If the loss or property value exceeds two hundred thousand dollars (\$200,000), the court shall impose an additional term of two years.

(3) If the loss or property value exceeds one million dollars (\$1,000,000), the court shall impose an additional term of three years.

(4) If the loss or property value exceeds three million dollars (\$3,000,000), the court shall impose an additional term of four years.

(5) For every additional loss or property value of three million dollars (\$3,000,000), the court shall impose a term of one year in addition to the term specified in paragraph (4).

(b) In any accusatory pleading involving multiple charges of taking, damage, or destruction, or multiple violations of Section 496, the additional terms provided in this section may be imposed if the aggregate losses to the victims or aggregate property values from all felonies exceed the amounts specified in this section and arise from a common scheme or plan. All pleadings under this section shall remain subject to the rules of joinder and severance stated in Section 954.

(c) The additional terms provided in this section shall not be imposed unless the facts relating to the amounts provided in this section are charged in the accusatory pleading and admitted by the defendant or found to be true by the trier of fact.

(d) Notwithstanding any other law, the court may impose an enhancement pursuant to this section and another section on a single count, including an enhancement pursuant to Section 12022.65.

SEC. 12. Section 12022.65 is added to the Penal Code, to read:

12022.65. (a) Any person who acts in concert with two or more persons to take, attempt to take, damage, or destroy any property, in the commission or attempted commission of a felony shall be punished by an additional and consecutive term of imprisonment of one, two, or three years.

(b) The additional term provided in this section shall not be imposed unless the existence of the facts required in subdivision (a) are charged in the accusatory pleading and admitted by the defendant or found to be true by the trier of fact.

(c) Notwithstanding any other law, the court may impose an enhancement pursuant to this section and another section on a single count, including an enhancement pursuant to Section 12022.6.

SEC. 13. Section 12022.7 of the Penal Code is amended to read:

12022.7. (a) Any person who personally inflicts great bodily injury on any person other than an accomplice in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment in the state prison for three years.

(b) Any person who personally inflicts great bodily injury on any person other than an accomplice in the

commission of a felony or attempted felony which causes the victim to become comatose due to brain injury or to suffer paralysis of a permanent nature shall be punished by an additional and consecutive term of imprisonment in the state prison for five years. As used in this subdivision, “paralysis” means a major or complete loss of motor function resulting from injury to the nervous system or to a muscular mechanism.

(c) Any person who personally inflicts great bodily injury on a person who is 70 years of age or older, other than an accomplice, in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment in the state prison for five years.

(d) Any person who personally inflicts great bodily injury on a child under the age of five years in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment in the state prison for four, five, or six years.

(e) Any person who personally inflicts great bodily injury under circumstances involving domestic violence in the commission of a felony or attempted felony shall be punished by an additional and consecutive term of imprisonment in the state prison for three, four, or five years. As used in this subdivision, “domestic violence” has the meaning provided in subdivision (b) of Section 13700.

(f) (1) As used in this section, “great bodily injury” means a significant or substantial physical injury.

(2) As used in this section, a person who sells, furnishes, administers, or gives away a controlled substance is deemed to have personally inflicted great bodily injury when the person to whom the substance was sold, furnished, administered, or given suffers a significant or substantial physical injury from using the substance.

(g) This section shall not apply to murder or manslaughter or a violation of Section 451 or 452. Subdivisions (a), (b), (c), and (d) shall not apply if infliction of great bodily injury is an element of the offense.

(h) The court shall impose the additional terms of imprisonment under either subdivision (a), (b), (c), or (d), but may not impose more than one of those terms for the same offense.

SEC. 14. Chapter 36 (commencing with Section 7599.200) is added to Division 7 of Title 1 of the Government Code, to read:

*CHAPTER 36. FUNDING FOR THE HOMELESSNESS,
DRUG ADDICTION, AND THEFT REDUCTION ACT*

7599.200. (a) This chapter shall be known as the *Funding for the Homelessness, Drug Addiction, and Theft Reduction Act*.

(b) From moneys disbursed to the Board of State and Community Corrections pursuant to paragraph (3) of subdivision (a) of Section 7599.2 and Section 6046.2 of the Penal Code, the Board of State and Community

Corrections may allocate appropriate funds to counties and local governments for programs specified in Section 11395 of the Health and Safety Code. This provision shall not preclude funding for this act from any other source, including, but not limited to, the Local Revenue Fund 2011 established under Section 30025 and other funds designated for substance abuse and mental health treatment.

(c) A defendant charged with a treatment-mandated felony is eligible for any appropriate Medi-Cal or Medicare programs or services, including, but not limited to, those described in clauses (iii) to (v), inclusive, of subparagraph (B) of paragraph (16) of subdivision (f) of Section 30025, for the defendant's programs specified in Section 11395 of the Health and Safety Code. A county or local government may contract directly with the State Department of Health Care Services or any other applicable state agency to provide for the provision or administration of any applicable Medi-Cal or Medicare treatment programs.

SEC. 15. Amendments.

(a) Except as provided in subdivision (b), this act shall not be amended by the Legislature except by a statute that furthers the purposes, intent, findings, and declarations of the act and is passed in each house by rollcall vote entered in the journal, two-thirds of the membership of each house concurring, or by a statute that becomes effective only when approved by the voters.

(b) The Legislature may, by majority vote, amend Section 11369 of the Health and Safety Code only to expand the list of drugs that qualify as a “hard drug” and to expand the list of convictions to which it applies, and may, by majority vote, amend Section 11395 of the Health and Safety Code only to expand the list of drugs that qualify as a “hard drug” and to expand the list of applicable prior convictions, and may, by majority vote, amend Section 666.1 of the Penal Code only to expand the list of applicable prior convictions.

SEC. 16. Severability.

If any provision of this act, or any part of any provision, or the application of any provision or part to any person or circumstance is for any reason held to be invalid or unconstitutional, the remaining provisions and applications of provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

SEC. 17. Conflicting Initiatives.

(a) This act creates a new drug treatment statute and changes the penalties for career and serial thieves. In the event that this act and another initiative measure or measures relating to the same subject appear on the same statewide ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event this measure receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this measure shall prevail in their entirety, and the

provisions of the other measure or measures shall be null and void.

(b) If this measure is approved by the voters but superseded by law by any other conflicting measure approved by the voters at the same election, and the

conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.