

class housing in California, protecting home borrowers under this program, and expanding home ownership opportunities for middle-class Californians by a statute that is passed by over a 60 percent vote of the members of each house of the Legislature and signed by the Governor.

SEC. 4. Severability.

The provisions of this act are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this act 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 act. The people of the State of California hereby declare that they would have adopted this act and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any portion of this act or application thereof would be subsequently declared invalid.

SEC. 5. Liberal Construction.

This initiative shall be liberally construed to effectuate its purposes.

SEC. 6. Conflicting Ballot Measures.

(a) In the event that this measure and another measure authorizing revenue bonds to fund middle-class housing loans shall appear on the same statewide election ballot, the provisions of the other measure shall be deemed to be in conflict with this measure. If 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 shall be null and void.

(b) If this measure is approved by the voters but superseded in whole or in part by a conflicting measure approved by the voters at the same election, and the conflicting measure is later held to be invalid, this measure shall be self-executing and given full force and effect.

PROPOSITION 38

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 Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

California Immunology Research and Cures Initiative

SECTION 1. Title.

This act shall be known, and may be cited, as the “California Immunology Research and Cures Initiative.”

SEC. 2. Findings and Declarations.

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

(a) Medical research is on the brink of achieving transformative breakthroughs in preventing, treating, and curing some of the most deadly and debilitating diseases and other health disorders that afflict many people and their loved ones every day.

(b) The emerging medical research fields of immunology and immunotherapy offer the promise of groundbreaking advancements in health science that, if adequately funded, will lead to an explosion of scientific progress in treating and preventing a wide array of the most common medical conditions that kill and disable Americans year after year.

(c) Immunology and immunotherapy harness the body’s own immune system to recognize and stop diseases. In recent years, immunotherapy has proven to be an effective treatment in fighting cancers like melanoma, lung cancer, certain leukemias and lymphomas, and more.

(d) Many doctors and research scientists believe immunotherapies have the potential to prevent and cure a whole range of diseases and other health conditions in our lifetime, including cancer, heart disease, neurological conditions such as Alzheimer’s and Parkinson’s, diabetes, obesity, high blood pressure, high cholesterol, ALS (Lou Gehrig’s Disease), HIV/AIDS, muscular dystrophy, and autoimmune diseases such as rheumatoid arthritis, lupus, and multiple sclerosis.

(e) Given that breakthroughs in immunology can prevent disease and save lives, supporting immunology and immunotherapy medical research is a vital priority in the state’s overall approach to improving public health and saving and improving lives.

(f) In order to fully develop and take advantage of these emerging technologies, it is critical that a steady and reliable source of funding be created so that sustained research can be pursued uninterrupted by funding shortages that would otherwise threaten to disrupt progress and stall the momentum of scientific breakthroughs.

(g) Public funding of medical research has always been a central component of advancements in modern medicine. Of all the new drugs approved by the FDA between 2010 and 2019, the vast majority of them—99.4 percent—were the result of publicly funded research.

(h) California has always been at the forefront of technological developments and breakthroughs. In particular, California has long been a leader in the health sciences, as it is home to many of the most innovative and prestigious medical research institutes in the world, as well as having the premier system of higher education in the country—the University of California—which houses several world-class medical schools and health science research centers.

(i) It is incumbent on California to lead the way in the development of immunotherapies that will yield

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enormous benefits in the treatment and prevention of many of the most persistent and debilitating illnesses that have so far proved resistant to the more conventional therapies of the past.

(j) Besides saving lives, funding the development of immunotherapies will also save the state and California families billions of dollars in health care costs by preventing and curing a range of debilitating diseases and illnesses.

(k) Immunology and immunotherapy will help expand California's biotechnology industry, create good-paying jobs, generate economic output, and stimulate new sources of revenue through grant funding, intellectual property licensing, and private sector investments. Biotechnology in California has the potential to become as economically significant in the future as information technology is today.

(l) Millions of families are hurt every year when devastating diseases like cancer, heart disease, Alzheimer's, Parkinson's, and diabetes ruin or take the lives of our loved ones. We owe it to ourselves to invest in promising immunotherapy research that can prevent and cure diseases that impact all families.

(m) This is a pivotal moment in the history of medical science, and California must seize the opportunity to once again serve as the nation's leader in innovation, as it so often has in the past.

SEC. 3. Purpose and Intent.

It is the intent of the people of the State of California in enacting this act to achieve all of the following:

(a) Fund a world-class and innovative immunology and immunotherapy research institute affiliated with the University of California to harness the power of the human immune system, cutting-edge science and technologies, and advanced computing technologies to create scientific discoveries and next-generation therapies for the prevention and cure of chronic diseases, enabling Californians to live longer and healthier lives.

(b) Award grants only to California-based public and nonprofit universities and nonprofit medical research institutions for immunology and immunotherapy research and expand access to lifesaving therapies and cures for all Californians, ensuring that no funds are awarded to for-profit organizations or pharmaceutical companies.

(c) Fund research, education, and the development of treatments and therapies for various medical conditions using immunology-based approaches at public and nonprofit universities and other nonprofit medical research facilities with proven track records of conducting successful research and clinical trials, in order to help end diseases and other illnesses like cancer, heart disease, Alzheimer's, Parkinson's, diabetes, obesity, high blood pressure, and high cholesterol in our lifetime.

(d) Dedicate over four billion dollars (\$4,000,000,000) specifically for research related to the prevention,

treatment, and cure of cancer, heart disease, and Alzheimer's disease.

(e) Bring together biomedical scientists, disease modelers, genomic technologists, data scientists, computational experts, inventors of therapeutics, and clinical trial innovators from around the globe to develop preventative vaccines to protect against these diseases and to formulate treatments and cures for some of the world's most chronic and serious medical conditions.

(f) Select for funding a nonprofit research institute that is independent, collaborative, and innovative, while still affiliated with the University of California, in order to streamline state oversight, cut through bureaucracy and red tape, and ensure focused, outcome-driven research.

(g) Fund a nonprofit medical research center that will ultimately be self-sustaining by reinvesting economic returns from successful therapeutic development into new avenues of investigation, thereby creating a financially independent research facility that will eventually require no public funding.

(h) Require that 10 percent of all proceeds from the immunotherapies developed as a result of this act go to the state to offset the costs of this act, making this effectively a loan program and ensuring that the taxpayers will fully recoup their investment in this vital research.

(i) Require that any recipient licensing a technology or drug developed with funds from this act make the technology or drug available to California patients at a price that is at least 20 percent below the national average, ensuring that Californians benefit directly from their public investment.

(j) Ensure that all research funding disbursed under this act is subject to strict accountability and transparency requirements, including a requirement that 98 percent of all funds be spent for costs related to medical research and development of cures, a limit on state government administrative spending to no more than 2 percent, rigorous conflict of interest rules, public disclosure of all spending, and independent financial audits.

(k) Protect and benefit the state budget by funding research that will significantly lower health care costs in the future and by providing opportunities for the state to benefit from revenue resulting from patents and licensing fees arising from immunology breakthroughs.

(l) Benefit the California economy by creating high-paying jobs, biomedical industrial projects, and potential therapies that will generate new tax revenues in our state.

(m) Raise the biotechnology and life sciences industries in California to the status of world leadership in the emerging field of immunotherapy research and treatment, strengthening the state's position as a global hub for health innovation and economic growth.

SEC. 4. Division 110.5 (commencing with Section 130350) is added to the Health and Safety Code, to read:

DIVISION 110.5. CALIFORNIA IMMUNOLOGY RESEARCH AND CURES INITIATIVE

CHAPTER 1. CALIFORNIA IMMUNOLOGY AND IMMUNOTHERAPY MEDICAL RESEARCH ACT

130350. This chapter shall be known, and may be cited, as the "California Immunology and Immunotherapy Medical Research Act."

130351. For purposes of this chapter, the following terms have the following meanings:

(a) "Committee" means the Citizens' Financial Accountability Oversight Committee created pursuant to Section 130362.

(b) "Council" means the Advisory and Accountability Research Council created pursuant to Section 130355.

(c) "Department" means the State Department of Public Health, or its successor agency.

(d) "Fund" means the California Immunology and Immunotherapy Medical Research Fund created pursuant to Section 130377.

(e) "Institute" means a nonprofit medical research institute selected by the department pursuant to Section 130353.

(f) "Intellectual property rights" means all proprietary legal rights with respect to know-how or inventions, including all trade secrets, copyrights, trademarks, mask works, software, and patents, and applications therefor throughout the world, including inventor's certificates, and any form of right by which a party may effectively exclude another from performing any of the acts specified in this definition, including contract rights; provided, however, in the case of intellectual property rights under which the institute, public or nonprofit university, or nonprofit research institution that received the funding pursuant to subdivision (b) of Section 130352 is a licensee or is otherwise a permitted user, those rights qualify under this definition only if the institute, public or nonprofit university, or nonprofit research institution has the right to grant sublicenses or other equivalent rights.

(g) "Invention" means any new and useful device, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvements, or any variety of plant that is or may be patentable under United States patent laws and regulations.

(h) "Know-how" means conceptions, ideas, innovations, discoveries, inventions, knowledge, processes, machines, manufactures, chemical formulations, product samples, assays, compositions of matter, improvements, enhancements, modifications, technological developments, technology, methods, practices, techniques, systems, designs, artwork, drawings, plans, specifications, gene sequencing, pharmaceuticals, pharmaceutical formulations, mask works, software, documentation, data and information,

irrespective of whether in human or machine readable form, works of authorship, products, trade secrets, skill, experience, motivation based on experience and need, documents, apparatus, clinical and regulatory strategies, test data, including pharmacological, toxicological, and clinical test data, analytical and quality control data, and patent data or descriptions, whether or not any of the foregoing are patentable, copyrightable, or susceptible to any other form of legal protection, and provided that the foregoing satisfy all of the following:

(1) They are conceived, made, reduced to practice, or otherwise existing prior to the expiration or termination of a grant agreement entered into under Section 130353 or 130357.

(2) They have been assigned to the institute, public or nonprofit university, or nonprofit research institution by an inventor, either alone or with others.

(3) They relate, directly or indirectly, to the subject matter of the grant agreement and related funding.

(i) "Patent" means any United States or foreign patent application or related patent document, including any provisional, divisional, continuation, continuation-in-part, substitute, renewal, reissue, extension, confirmation, reexamination, or registration thereof and any patent issuing from any of them, including any substitute, renewal, reissue, extension, confirmation, reexamination, or registration thereof.

(j) "Software" means any machine readable or executable code stored on any tangible medium.

130352. (a) The proceeds of bonds issued and sold pursuant to Chapter 2 (commencing with Section 130370), exclusive of refunding bonds issued pursuant to Section 130383, shall be deposited in the California Immunology and Immunotherapy Medical Research Fund created pursuant to Section 130377.

(b) Moneys in the fund, after payment of any other amounts authorized herein and under 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), shall be allocated to the department for disbursement as follows:

(1) Fifty percent of the moneys shall be disbursed to a single nonprofit medical research institute for the purpose of conducting or directing health science research in the fields of immunology and immunotherapy.

(2) Fifty percent of the moneys shall be disbursed to those public and nonprofit universities and other nonprofit research institutions represented on the council for the purpose of conducting health science research in the fields of immunology and immunotherapy. Moneys disbursed under this paragraph shall be awarded as individualized grants for specific research projects through an application process, with applications reviewed pursuant to Section 130356, and shall not be in the nature of uniform block grants.

130353. (a) The department shall disburse funds pursuant to paragraph (1) of subdivision (b) of Section 130352 in accordance with a funding agreement entered into between the department and a single nonprofit medical research institute selected by the department that satisfies all of the following criteria:

(1) The institute is a medical research institute exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code that was in existence as of January 1, 2025, and that was founded for the primary purpose of, and specializes specifically in, conducting research in the fields of immunology and immunotherapy.

(2) The institute has an affiliation agreement, entered into not later than January 1, 2025, that creates an affiliation relationship with a campus of the University of California that satisfies all of the following:

(A) The campus has a graduate training program in immunology and immunotherapy.

(B) The campus has a public health care system that consists of one or more hospitals and that conducts its own clinical trials of new experimental drugs and therapies.

(C) The campus health care system has a hospital and clinic volume of greater than 35,000 inpatient admissions and 3,500,000 outpatient visits each year.

(3) The institute is governed by a board of directors that is required by the institute's bylaws, adopted not later than January 1, 2025, and by the affiliation agreement described in paragraph (2) to include multiple members who are senior-level representatives of the University of California campus that is a party to the affiliation agreement or the campus's public health care system.

(4) As of January 1, 2026, the institute owns or leases a site that is not less than 200,000 square feet in size and that has an intended purpose of serving as a research facility housing the institute's research activities.

(5) The institute agrees to conduct collaborative medical research in immunology and immunotherapy with other qualified nonprofit California medical research centers, including conducting multiinstitutional clinical trials.

(6) The institute has identified, in the affiliation agreement described in paragraph (2), sources of funding of not less than two hundred fifty million dollars (\$250,000,000) in the form of philanthropic donations or fundraising commitments.

(7) The institute has secured financial commitments of not less than fifty million dollars (\$50,000,000) to support a rapid vaccine development program and not less than fifty million dollars (\$50,000,000) to support a microbiome research program.

(b) (1) Except as provided in paragraph (2), the department shall select and enter into a funding agreement with the institute pursuant to subdivision (a) within 90 days of the effective date of this chapter.

(2) (A) In the event the department is unable to identify a nonprofit medical research institute that both satisfies the criteria specified in subdivision (a) and is willing to enter into a funding agreement pursuant to this section, the department shall modify the criteria specified in subdivision (a) to permit the identification of a nonprofit medical research institute that is eligible for funding under this chapter and willing to enter into a funding agreement pursuant to this section.

(B) Any modification of criteria by the department pursuant to subparagraph (A) shall be the minimum amount of modification necessary to identify an eligible nonprofit medical research institute and shall further the purposes of this chapter.

(C) In the event the department modifies the criteria specified in subdivision (a) pursuant to this paragraph, the department shall select and enter into a funding agreement with the institute within 90 days of the date the modified criteria are adopted by the department.

(c) (1) The department shall review the agreement entered into pursuant to subdivision (b) every five years in order to ensure the institute's compliance with the terms of the agreement and the provisions of this chapter.

(2) Failure of the institute to substantially comply with the terms of the agreement or the provisions of this chapter may constitute grounds for termination of the agreement if the department determines, during a five-year review conducted pursuant to paragraph (1), that the failure substantially and materially frustrates the purposes of this chapter, provided that the institute shall be given notice of any determination made by the department under this paragraph and a reasonable opportunity to remedy the lack of compliance identified.

(d) The funding agreement entered into pursuant to this section shall require that all research and development funded under the agreement shall be conducted under established standards of open scientific exchange, peer review, and public oversight.

(e) (1) Following the effective date of this chapter, there is hereby appropriated from the General Fund, as a source of a start-up loan or loans to the institute, one hundred million dollars (\$100,000,000) for the costs of initial implementation and support of the institute's research program, as described in this chapter. The department shall determine the timing and amount of those loans to the institute not to exceed, in the aggregate, the amount of the above appropriation.

(2) Any loan made to the institute pursuant to paragraph (1) shall be repaid to the General Fund within 12 months, or if not repaid within 12 months, as soon thereafter as is practicable as determined by the Treasurer, of the related loan draw from the proceeds of bonds sold pursuant to Chapter 2 (commencing with Section 130370).

130354. (a) Moneys disbursed pursuant to Section 130352 shall be expended as follows:

(1) (A) The institute shall expend the funds disbursed to it pursuant to paragraph (1) of subdivision (b) of

Section 130352 to conduct immunology and immunotherapy research that is either conducted within the institute by researchers and employees employed or retained directly by the institute or is otherwise directed by the institute.

(B) Not less than two billion one hundred million dollars (\$2,100,000,000) of the funds disbursed pursuant to paragraph (1) of subdivision (b) of Section 130352 shall be expended to conduct immunology and immunotherapy research related to the prevention, treatment, and cure of cancer, heart disease, and Alzheimer's disease.

(2) (A) The funds disbursed pursuant to paragraph (2) of subdivision (b) of Section 130352 shall be expended to conduct immunology and immunotherapy research by those public and nonprofit universities and other nonprofit research institutions represented on the council. Research projects funded under this paragraph shall be selected as provided in Section 130356.

(B) Not less than two billion one hundred million dollars (\$2,100,000,000) of the funds disbursed pursuant to paragraph (2) of subdivision (b) of Section 130352 shall be expended to conduct immunology and immunotherapy research related to the prevention, treatment, and cure of cancer, heart disease, and Alzheimer's disease.

(3) An amount equal to actual costs, excluding any costs authorized under 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), not to exceed 2 percent of all moneys disbursed pursuant to Section 130352, may be expended for the administrative costs of the department, the council, the committee, and the Controller in carrying out their respective responsibilities under this chapter.

(b) Research activities that may be funded under this chapter shall include, but not be limited to, all of the following:

(1) Conducting foundational research investigating disease development mechanisms and possible pathways to intervene in disease progression, including, but not limited to, research to prevent cancer, Alzheimer's disease, Parkinson's disease, cardiovascular disease, and diabetes.

(2) Developing and improving diagnostic tools, including blood biomarkers and imaging, to enable earlier disease detection.

(3) Collecting, studying, and creating banks of tissue specimens and tumor models from representative patient populations to better understand disease formation and test interventions at various stages of disease progression.

(4) Investigating genetics, environmental exposure, and lifestyle factors to better understand their combined contributions to disease development.

(5) Subtyping cancers and other diseases and creating a repository of disease subtypes in order to develop the most effective therapeutics for individual patients.

(6) Testing drugs and therapies against cells, tumors, and organoids and evaluating multiple therapies against cell lines to identify the best therapy candidates for each condition being studied.

(7) Utilizing a good manufacturing practices (GMP) facility to facilitate the creation and evaluation of new cellular and gene therapies.

(8) Coordinating, conducting, and overseeing clinical trials to assess the safety and effectiveness of new therapeutics among a diverse patient population.

(9) Developing treatments that are available and affordable for California patients.

130355. (a) The department shall coordinate and support the establishment of an Advisory and Accountability Research Council.

(b) (1) The council shall include a seven-member executive committee, the members of which shall also serve as general members of the council. The chancellors of the University of California campuses at Berkeley, Davis, Irvine, Los Angeles, Riverside, San Diego, and San Francisco shall each appoint a representative from their respective campuses to serve on the executive committee.

(2) The executive committee, by majority vote, shall appoint to the council not fewer than 10 and not more than 15 additional members who are drawn from the categories described in subparagraphs (A) and (B).

(A) Representatives of California nonprofit universities, excluding the University of California, that have demonstrated success and leadership in immunology and immunotherapy research.

(B) Representatives of California nonprofit academic and research institutions that are not part of the University of California and that have demonstrated success and leadership in immunology and immunotherapy research.

(3) Each member of the council shall be a physician, scientist, or researcher with demonstrated experience in the fields of immunology and immunotherapy and shall satisfy additional criteria as may be established by the executive committee.

(c) (1) The members of the council shall serve four-year terms.

(2) (A) If a vacancy occurs during the term of a member of the executive committee, the appointing authority of that member shall appoint a replacement member within 45 days to serve the remainder of the term.

(B) If a vacancy occurs during the term of a member not on the executive committee, the executive committee, by majority vote, shall appoint a replacement member representing the same organization or institution represented by the vacating member within 45 days to serve the remainder of the term.

(3) (A) When the term of a member of the executive committee expires, the appointing authority of that

member shall reappoint the member or appoint a new member for a new term within 30 days.

(B) When the term of a member not on the executive committee expires, the executive committee, by majority vote, shall reappoint the member or appoint a new member for a new term within 30 days. A member whose term has expired shall serve until a replacement is appointed.

(d) (1) The chairperson and vice chairperson of the council shall each be a member of the executive committee, shall each have a two-year term, and, except as provided in paragraph (2), shall be chosen by a majority vote of the full council.

(2) The appointed representative from the University of California, Los Angeles shall serve as the first chairperson of the council.

(e) A quorum of the council shall consist of a majority of the members then serving.

(f) Council members shall serve without compensation but may receive reimbursement for travel and necessary expenses actually incurred in the performance of their duties.

130356. (a) The council shall determine, in the manner prescribed in subdivision (e), which research projects proposed by those public and nonprofit universities and other nonprofit research institutions represented on the council shall be funded pursuant to paragraph (2) of subdivision (b) of Section 130352, based on the selection criteria and research priorities established under this chapter and the technical merits of the proposals as evaluated pursuant to this section.

(b) (1) The council shall establish selection criteria and research priorities for the awarding of grants under this section based on all of the following:

(A) The scientific merits of a proposal.

(B) The experience of the applicant in conducting methodologically sound medical research.

(C) The potential benefits to the health and well-being of the population.

(D) Other criteria as determined by the council.

(2) In establishing research priorities pursuant to paragraph (1), the council shall give the highest priority to those research projects that have the greatest potential for yielding the most immediate, accessible, and affordable therapies and that seek to enhance patient access to immunotherapy treatments.

(c) (1) The council may establish one or more scientific peer review panels consisting of immunology and immunotherapy experts to review and prioritize proposals on the basis of the selection criteria and research priorities developed by the council pursuant to subdivision (b).

(2) An expert on a scientific peer review panel shall be disqualified from participating in the review of a proposal for funding if the expert has a collaborative or commercial relationship with the applicant.

(d) All grants awarded under this section shall be awarded to researchers or projects primarily located within this state, except that funding for research collaborations between California-based researchers and out-of-state researchers shall be permitted.

(e) (1) The council, by majority vote, shall accept or reject applications for funding received from those public and nonprofit universities and other nonprofit research institutions represented on the council.

(2) The council shall confer with the institute selected by the department pursuant to Section 130353 in making final decisions regarding the funding of grant proposals pursuant to this subdivision.

(f) The council shall develop conflict of interest standards for the consideration of funding proposals based on best practices established by the National Academy of Sciences to prevent conflicts of interest in the award of research funding and shall update those standards not less than every four years to be generally aligned with the standards adopted by the National Academy of Sciences.

130357. (a) The department shall enter into grant agreements with recipients selected by the council pursuant to Section 130356 for the funding of scientific research, development, and clinical trials specifically in the areas of immunology and immunotherapy.

(b) Each grant agreement shall require that all research and development funded under the agreement shall be conducted under established standards of open scientific exchange, peer review, and public oversight.

(c) Each grant agreement shall require that the grant recipient purchase goods and services from California suppliers to the extent reasonably possible, in a good faith effort to achieve a goal of more than 50 percent of those purchases from California suppliers.

(d) Each grant agreement shall require that the grant recipient offer the institute selected by the department pursuant to Section 130353 the opportunity to substantially participate in and collaborate on the funded research.

(e) Each grant agreement shall require that the grant recipient offer the University of California, Los Angeles the opportunity to substantially participate in and collaborate on any clinical trials conducted as part of the funded research.

(f) Each grant agreement shall require that the grant recipient submit to and cooperate with audits conducted pursuant to subdivision (b) of Section 130361.

(g) All grant agreements entered into under this section shall limit indirect costs to 20 percent of a research grant, except that the indirect cost limitation may be increased by that amount by which the grantee provides matching funds in excess of 20 percent of the grant amount.

130358. (a) (1) (A) Any recipient of research funds under this chapter shall pay to the State of California an amount equal to 10 percent of all revenues derived by

the recipient of research funds from the sale, licensing, or any other commercialization or monetization of any intellectual property rights that arise from research funded under this chapter.

(B) Payments made under subparagraph (A) shall be calculated without regard to whether the research that gave rise to the intellectual property rights was funded wholly or only in part by research funds provided under this chapter.

(C) All payments made under this paragraph shall be paid to the state by the recipient of research funds within 30 days of receipt of any derived revenue.

(2) Payments made pursuant to paragraph (1) shall be deposited into the General Fund until the cumulative amount of those payments equals the total cost to the state of the bonds issued pursuant to Chapter 2 (commencing with Section 130370), including interest paid on the bonds, as determined by the California Immunology and Immunotherapy Finance Committee formed pursuant to paragraph (1) of subdivision (a) of Section 130375.

(3) After the cumulative total described in paragraph (2) has been paid to the General Fund, any additional revenues received pursuant to paragraph (1) shall be deposited into the California Immunology and Immunotherapy Medical Research Fund and shall be expended consistent with the purposes of this chapter.

(b) As a condition of receiving research funds under this chapter, any recipient that licenses or sells a technology or drug developed through research funded pursuant to this chapter shall agree that the licensing or sale for the purpose of making that technology or drug available to California patients, hospitals, or insurance companies, including through a government-funded health care program, shall require that the technology or drug is made available to California patients, hospitals, and insurance companies at a price that is at least 20 percent below the national average price, calculated by excluding California, for the same technology or drug, determined as follows:

(1) During the first 12 months of commercial sales of the technology or drug, patients, hospitals, and insurance companies in California purchasing the technology or drug shall not be charged more than the price at which the technology or drug is sold to patients, hospitals, and insurance companies in any part of the United States other than California.

(2) By the date that is one year after the first commercial sale of the technology or drug, data from the first nine months of sales shall be used to calculate a national average cost. Thereafter, the technology or drug shall be made available to patients, hospitals, and insurance companies in California at a price that is at least 20 percent below the calculated national average price, excluding California.

(3) The national average price, excluding California, shall be calculated annually, and pricing for the technology or drug for California shall be adjusted as necessary to ensure that California purchasers receive

savings of at least 20 percent relative to the calculated national average price.

(c) Any recipient of research funds under this chapter shall require that ownership of any intellectual property rights resulting from any funded research is vested in the institute, public or nonprofit university, or nonprofit research institution that received the funding pursuant to subdivision (b) of Section 130352. Steps to require that ownership of any intellectual property rights shall be accomplished via obligations to assign, and actual assignments of, patent and other intellectual property rights by all employees, scientists, researchers, independent contractors, or other individuals receiving funding via grant, contract, or otherwise from funds originating under this chapter to the institute, public or nonprofit university, or nonprofit research institution.

(d) For any intellectual property rights conceived or reduced to practice, patentable or not, based on or resulting from funds disbursed pursuant to subdivision (b) of Section 130352, to the extent that the funding recipient has underlying technology rights, including patents and other intellectual property rights, owned or licensed, that could interfere with the practicing of the new intellectual property rights or otherwise prevent the commercial exploitation of new intellectual property rights, that funding recipient shall grant a worldwide royalty free license to that underlying technology, if that licensee or permitted user has the right to grant sublicenses, or equivalent rights are permitted, specifically limited to the practice of the new intellectual property rights in association with any sale, licensing, or any other commercialization or monetization of new intellectual property rights, that arises from research funded under this chapter.

(e) (1) The institute, in consultation with the department, shall develop a licensing program that achieves all of the following:

(A) Maximizes the revenue derived from the sale, licensing, or any other commercialization or monetization of any intellectual property rights that arise from research funded under this chapter.

(B) Develops standardized licensing terms and negotiation allowances to increase uniformity across all efforts to commercialize or monetize intellectual property rights that arise from research funded under this chapter.

(C) Facilitates repayment of funds to the State of California in accordance with paragraph (1) of subdivision (a) and makes projections for future payments to the State of California based on the totality of licenses resulting from research funded under this chapter.

(2) (A) The institute, in consultation with the department, shall serve as a clearinghouse and approval center for all agreements to sell, license, or otherwise commercialize or monetize intellectual property rights that arise from research funded under this chapter in order to ensure uniformity of critical terms and maximize the revenue derived from those commercialization or monetization efforts.

(B) All agreements to sell, license, or otherwise commercialize or monetize intellectual property rights that arise from research funded under this chapter, before their execution, shall be provided to the institute for its review, and the institute shall be given an opportunity to make recommendations regarding revising the terms of the proposed agreement.

(C) In all cases in which the institute exercises its option to participate in and collaborate on research pursuant to subdivision (d) of Section 130357, the institute shall have the primary responsibility for negotiating any agreement for the sale, licensing, or other commercialization or monetization of intellectual property rights that arise from that research.

(f) (1) (A) Any licensing agreement entered into by a recipient of research funds under this chapter for the licensing of intellectual property rights that arise from research funded under this chapter shall require that the recipient of research funds receives royalties of not less than 10 percent of gross revenues from the sale or other commercialization or monetization of the intellectual property rights that are the subject of the agreement.

(B) Notwithstanding subparagraph (A), a licensing agreement entered into by a recipient of research funds under this chapter for the licensing of intellectual property rights that arise from research funded under this chapter may provide for royalties of less than 10 percent of gross revenues if the department determines, in consultation with the institute, that a royalty rate of less than 10 percent in the case of a particular licensing agreement would further the purposes of this chapter. Determinations under this subparagraph shall be made on a case-by-case basis, and, in any event, the department shall not approve a royalty rate of less than 5 percent.

(2) Any agreement entered into by a recipient of research funds under this chapter for the purpose of establishing a joint venture or other business arrangement for the commercialization or monetization of intellectual property rights that arise from research funded under this chapter shall require that the recipient of research funds receives not less than 25 percent of the gross profits from that joint venture or other business arrangement and any subsequent sale of the joint venture or other business arrangement.

(g) Any institute, public or nonprofit university, or nonprofit research institution that receives funding pursuant to subdivision (b) of Section 130352 shall require all employees, scientists, researchers, independent contractors, or other individuals receiving funding via grant, contract, or otherwise from funds originating under this chapter, who desire to publish the results of research from that funding, to provide a copy of the proposed written publication or an outline of an oral disclosure to the institute, public or nonprofit university, or nonprofit research institution for review at least 30 days prior to any publication or presentation. The reviewing institute, public or nonprofit university, or

nonprofit research institution shall have the right to do both of the following:

(1) Propose modifications to the publication or presentation for patent reasons or other reasons to be specified with reasonable particularity at that time.

(2) Request a reasonable delay in publication or presentation in order to protect patentable information and allow patent applications protecting intellectual property rights to be filed as determined by the reviewing institute, public or nonprofit university, or nonprofit research institution.

130359. (a) The institute shall issue an annual report to the public that sets forth the institute's activities, research accomplishments, and the future direction of the institute's overall program.

(b) Each annual report shall include, but not be limited to, all of the following:

(1) A summary of research findings, including promising new research areas.

(2) A description of progress toward project goals and key scientific findings or milestones.

(3) The number and type of peer-reviewed publications, patents filed, or clinical trials initiated.

(4) A summary of the institute's administrative expenses.

(5) A report of the institute's strategic research and financial plans.

(c) The annual report shall be published on the institute's internet website.

130360. (a) The council shall issue an annual report to the public that sets forth the grants awarded, grants in progress, research accomplishments, and the future direction of the council's overall grant funding program.

(b) Each annual report shall include, but not be limited to, all of the following:

(1) A summary of research findings by prior grantees, including promising new research areas.

(2) The number and dollar amount of research grants allocated that year.

(3) The grantees for the prior year and a report of their research progress and accomplishments to date.

(4) An assessment of the relationship between the council's grants and the overall strategy of its research program.

(5) A report of the council's strategic research and financial plans.

(6) A summary of the council's administrative expenses.

(c) The annual report shall be published on the department's internet website.

130361. (a) The institute shall annually commission from a certified public accounting firm an independent financial audit of its activities that shall be provided to the Controller. The Controller shall review the audit and annually issue a public report of that review. The

Controller shall hold a public meeting with appropriate notice and a formal public comment period. The Controller shall evaluate public comments and shall include appropriate summaries in the annual report.

(b) The council shall annually commission from one or more certified public accounting firms independent financial audits of its activities and the activities of 10 percent of grantees, selected at random, that have made expenditures with grant funding under this chapter during the audit period. Those independent financial audits shall be provided to the Controller, who shall review the audits and annually issue a public report of that review. The Controller shall hold a public meeting with appropriate notice and a formal public comment period. The Controller shall evaluate public comments and shall include appropriate summaries in the annual report.

130362. (a) (1) There shall be a Citizens' Financial Accountability Oversight Committee consisting of six members.

(2) The California State Auditor, the Treasurer, the President pro Tempore of the Senate, the Speaker of the Assembly, and the chairperson of the council shall each appoint a public member of the committee.

(3) The Controller, or the Controller's designee, shall serve as the chairperson of the committee.

(b) The committee shall do all of the following:

(1) Review the annual financial audits prepared pursuant to Section 130361, the Controller's reports on those audits, and the financial practices of the institute and the council.

(2) Issue an annual report that includes recommendations on the financial practices and performance of the institute and the council.

(3) Evaluate public comments and include appropriate summaries in its annual report.

(c) The committee shall hold public meetings, with appropriate notice, and with a formal public comment period.

(d) The Controller shall furnish the committee with staff support.

130363. (a) Notwithstanding any other provision of law, the institute shall not be deemed a public agency for any purpose under state law, including, but not limited to, Division 10 (commencing with Section 7920.000) of Title 1 of, Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, and Title 9 (commencing with Section 81000) of, the Government Code.

(b) The Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code) shall apply to the council, except as provided in this section.

(1) A member of the council shall not make, participate in making, or in any way attempt to use their official position to influence a decision to approve or award a grant or contract to their employer, but a member may

participate in a decision to approve or award a grant or contract to an entity in the same field as their employer.

(2) A member of the council may participate in a decision to approve or award a grant or contract to an entity for the purpose of research involving a disease from which the member or a person in their family suffers.

(3) The adoption of general standards regarding selection criteria and research priorities are not decisions subject to conflict of interest prohibitions.

(c) (1) Service as a member of the council by a member of the faculty or administration of any system of the University of California shall not, by itself, be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of the council member as a member of the faculty or administration of any system of the University of California and shall not result in the automatic vacation of either office.

(2) Service as a member of the council by a representative or employee of a nonprofit academic or research institution shall not be deemed to be inconsistent, incompatible, in conflict with, or inimical to the duties of the council member as a representative or employee of that organization or institution.

(d) Section 1090 of the Government Code shall not apply to any grant or contract made by the council except where both of the following conditions are met:

(1) The grant or contract directly relates to services to be provided by any member of the council or the entity the member represents, or financially benefits the member or the entity the member represents.

(2) The member fails to recuse themselves from making, participating in making, or in any way attempting to use their official position to influence a decision on the grant or contract.

130364. The department may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of this chapter.

CHAPTER 2. CALIFORNIA IMMUNOLOGY AND IMMUNOTHERAPY BOND ACT OF 2026

130370. This chapter shall be known, and may be cited, as the "California Immunology and Immunotherapy Bond Act of 2026."

130371. For purposes of this chapter, the following terms have the following meanings:

(a) "Board" means the State Department of Public Health, designated pursuant to subdivision (b) of Section 130375.

(b) "Committee" means the California Immunology and Immunotherapy Finance Committee created pursuant to subdivision (a) of Section 130375.

(c) "Fund" means the California Immunology and Immunotherapy Medical Research Fund created pursuant to Section 130377.

(d) "State General Obligation Bond Law" means the State General Obligation Bond Law codified in Chapter 4 (commencing with Section 16720) of Part 3 of

Division 4 of Title 2 of the Government Code, as amended from time to time.

130372. (a) Bonds in the total amount of eight billion four hundred million dollars (\$8,400,000,000), not including the amount of any refunding bonds issued in accordance with Section 130383, or as much thereof as is necessary, may be issued and sold to provide funding to carry 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.

(b) 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 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.

(c) The Treasurer shall issue and sell the bonds authorized in subdivision (a) in the amount determined by the committee to be necessary or desirable pursuant to Section 130376. 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 130376.

130373. Notwithstanding Section 13340 of the Government Code or any other provision of law, moneys in the fund are appropriated without regard to fiscal years for the following purposes:

(a) Conducting medical research in the fields of immunology and immunotherapy, as described in Chapter 1 (commencing with Section 130350), including any costs incurred in supporting and administering that research.

(b) Paying the costs of issuing bonds.

(c) Paying any other costs described in this division and in the State General Obligation Bond Law.

130374. The bonds authorized by this chapter 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 apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except that subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply.

130375. (a) (1) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the California Immunology and Immunotherapy Finance Committee is hereby created. For purposes of this chapter, the California Immunology and Immunotherapy Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law.

(2) The committee shall consist of the Treasurer, the Controller, and the Director of Finance.

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

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

(5) Notwithstanding any other law, a member of the committee may designate a representative to act as that member in the member's place, for all purposes, as though the member were personally present.

(b) The State Department of Public Health is designated as the "board" for purposes of the State General Obligation Bond Law.

130376. (a) Upon written request by the research institute selected by the State Department of Public Health pursuant to Section 130353, stating that funds are needed to carry out the purposes of Chapter 1 (commencing with Section 130350), the board shall request the committee to issue bonds pursuant to this chapter. Upon receiving that request from the board, the committee shall determine by resolution whether or not it is necessary or desirable to issue and sell the bonds authorized pursuant to this chapter in order to carry out the actions specified in this chapter and, if so, the amount of bonds to be issued and sold.

(b) Successive issues of bonds may be authorized and sold to carry out the purposes of Chapter 1 (commencing with Section 130350) progressively, and it is not necessary that all of the bonds be issued or sold at any one time.

(c) The bonds may bear interest which is includable in gross income for federal income tax purposes if the committee determines that this treatment is necessary or desirable in order to provide funds for the purposes of Chapter 1 (commencing with Section 130350).

130377. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State Treasury to the credit of the California Immunology and Immunotherapy Medical Research Fund, which is hereby created in the State Treasury.

130378. There shall be collected each year, 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 each year. It is the duty of all officers charged by law with any duty in regard to the collection of revenue to do and perform each and every act that is necessary to collect that additional sum.

130379. 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 chapter and without regard to fiscal years, 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 130380.

130380. 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 that have been authorized by the committee to be sold for the purpose of carrying out this chapter, excluding any refunding bonds authorized pursuant to Section 130383, less any amount loaned pursuant to Section 130381 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 amount withdrawn shall be deposited in the fund. 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 money received from the sale of bonds for the purpose of carrying out this chapter.

130381. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account 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 committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter, excluding any refunding bonds authorized pursuant to Section 130383, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn from the General Fund pursuant to Section 130380 and not yet returned to the General Fund. The 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 fund to be allocated by the board in accordance with this chapter.

130382. All moneys deposited in the 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 that amounts derived from premium may be reserved and used to pay costs of bond issuance prior to any transfer to the General Fund.

130383. (a) 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.

(b) 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.

(c) 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.

130384. Notwithstanding any provision of this chapter or 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 of 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.

130385. 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.

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 part thereof, is held to be invalid, such invalidity shall not affect any other provision of this act that can be given effect without the invalid provision.

SEC. 6. Liberal Construction.

This act shall be liberally construed and applied in order to fully promote its underlying purposes.

SEC. 7. Amendment.

The provisions of this act may be amended by a statute that is passed by a two-thirds vote of the members of each house of the Legislature and signed by the Governor, provided that such amendments further the purposes of this act, except no such statute shall amend the provisions of this act regarding the allocation and disbursement of bond proceeds or the purposes for which bond proceeds may be expended.

PROPOSITION 39

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 a section to the California Constitution; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Findings and Purposes.

To enforce existing voter qualifications, including US citizenship, established by California's Constitution, the people hereby amend the California Constitution: (A) to promote public confidence and trust in the electoral process, which encourages civic participation and supports a healthy democracy; (B) to deter and detect voter fraud by maintaining accurate voter registration records and confirming eligibility to vote; and (C) to minimize the risk of voter impersonation by requiring proof of identity to vote.

SEC. 2. California Voter Identification Reforms.

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