(c) In order to support the defense of this act in instances where the Governor and 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 43

This amendment proposed by Assembly Constitutional Amendment 22 of the 2025–2026 Regular Session (Resolution Chapter 132, Statutes of 2026) expressly amends the California Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII A

That Section 4.5 is added to Article XIII A thereof, to read:

SEC. 4.5. (a) Beginning on January 1, 2027, and notwithstanding Article II and Article XI, no local government, including the electorate of a local government exercising the initiative power, may impose, extend, or increase any special tax, except as provided in Section 4 of this article, subdivision (d) of Section 2 of Article XIII C, and paragraph (2) of subdivision (a) of Section 3 of Article XIII D, unless and until that tax is submitted to the electorate and approved by a two-thirds vote.

(b) Notwithstanding Article II and Article XI, no local government, including the electorate of a local government exercising the initiative power, may impose ad valorem taxes on real property, except as provided in paragraph (1) of subdivision (a) of Section 3 of Article XIII D.

(c) "Local government" and "special tax" shall have the same meaning as provided in Section 1 of Article XIII C.

PROPOSITION 44

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 Corporations Code, Government Code, and 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

SECTION 1. Title.

This measure shall be known and may be cited as the "Clinic Funding Accountability and Transparency Act."

SEC. 2. Findings and Declarations.

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

(a) Federally Qualified Health Centers (FQHCs) are a form of community clinic that are fundamental to the California health care safety net, as their mission is to provide primary and preventive care to low-income and underserved populations.

(b) Most FQHCs in the state are operated by nonprofit organizations governed by a board whose responsibility is to ensure that the clinic meets its missions as a safety-net health care provider and nonprofit public benefit corporation subject to state and federal tax exemptions.

(c) Clinic boards have significant responsibility and exercise a great deal of authority in decisions on both organization design and compensation, including that of the Chief Executive Officer and other executives.

(d) Though existing state law requires nonprofit boards of directors to review and approve Chief Executive Officer and Chief Financial Officer compensation to ensure that it is just and reasonable, many clinics pay excessive shares of their revenue towards executive compensation, resulting in underinvestment in core patient services.

(e) Since 2018, all nonprofits, including clinics, have been required to report the dollar amount of their mission-related, i.e., "program," expenses, as well as "management and administrative" expenses to the IRS annually. Many clinics in California incur management and administrative expenses that are much higher than average—sometimes 30 to 40 percent of total revenue—while others spend less than 10 percent.

(f) Many clinics are highly profitable, sometimes reporting annual surpluses of as much as 20 percent of total revenue, rather than spending the funds in a manner consistent with their charitable mission.

(g) Worker training, recruitment, and retention are problems for California clinics. Clinic workers report chronic understaffing, high workloads, and staffing turnover, as well as long wait times for patients.

(h) It is the intent of this initiative to create a reasonable minimum standard of mission-directed spending as a proportion of total revenue to ensure clinic patient service delivery and workforce stability is prioritized over management and overhead spending.

SEC. 3. Reporting Requirement.

SEC. 3.1. Section 12586.3 is added to the Government Code, to read:

12586.3. (a) For purposes of this section, the following definitions apply:

(1) "Clinic" means any clinic corporation, as defined at paragraph (3) of subdivision (b) of Section 1200 of the Health and Safety Code, that is a federally qualified health center (FQHC) as that term is defined in Section 1396d of Title 42 of the United States Code. For purposes of this paragraph, FQHCs include organizations that do not receive an FQHC award, but are designated by the federal Health Resources and