

**SOLANO COUNTY
Legislative Committee Meeting**

Committee
Supervisor Erin Hannigan (Chair)
Supervisor Linda J. Seifert

Staff
Michelle Heppner

**February 3, 2014
1:30 p.m. to 3:30 p.m.**

**Solano County Administration Center
Sixth Floor Conference Center, Room 6003
675 Texas Street
Fairfield, CA 94533**

AGENDA

- I. Public Comment** (Items not on the agenda)
- II. Discussion of Federal Bills and consider making a recommendation (Waterman & Associates)**

Action Item(s):

- NACo Action Alert: Homeowners Flood Insurance Affordability Act, S. 1926

Update(s):

- Federal Legislative Update

- III. Report on State Budget and Legislation and consider making a recommendation for a position on legislation (Paul Yoder)**

Updates:

Environmental

- SB 270 (Padilla) Single Use Plastic Bags – bill language not yet available
- [AB 158 \(Levine D\)](#) Solid waste: single-use carryout bags.
Current Analysis: 01/28/2014 [Assembly Floor Analysis \(text 1/27/2014\)](#)

Water Bond

- [SB 848 \(Wolk D\)](#) Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.
- [AB 1331 \(Rendon D\)](#) Clean and Safe Drinking Water Act of 2014.
- [AB 1445 \(Logue R\)](#) California Water Infrastructure Act of 2014.

General

- Governor's FY 14/15 Budget Proposal
- Legislative Update

- IV. Next Meeting – March 17, 2013**

- V. Adjourn**

Calendar No. 294

113TH CONGRESS
2D SESSION

S. 1926

To delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 and to reform the National Association of Registered Agents and Brokers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 14, 2014

Mr. MENENDEZ (for himself, Mr. ISAKSON, Mr. VITTER, and Ms. LANDRIEU)
introduced the following bill; which was read the first time

JANUARY 15, 2014

Read the second time and placed on the calendar

A BILL

To delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 and to reform the National Association of Registered Agents and Brokers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TABLE OF CONTENTS.**

4 The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—HOMEOWNER FLOOD INSURANCE AFFORDABILITY ACT

- Sec. 101. Short title.
 Sec. 102. Definitions.
 Sec. 103. Delayed implementation of flood insurance rate increases; draft affordability framework.
 Sec. 104. Affordability study and report.
 Sec. 105. Affordability study funding.
 Sec. 106. Funds to reimburse homeowners for successful map appeals.
 Sec. 107. Flood protection systems.
 Sec. 108. Treatment of floodproofed residential basements.
 Sec. 109. Designation of flood insurance advocate.

TITLE II—NATIONAL ASSOCIATION OF REGISTERED AGENTS AND
 BROKERS

- Sec. 201. Short Title.
 Sec. 202. Reestablishment of the National Association of Registered Agents and Brokers.

1 **TITLE I—HOMEOWNER FLOOD**
 2 **INSURANCE AFFORDABILITY**
 3 **ACT**

4 **SEC. 101. SHORT TITLE.**

5 This title may be cited as the “Homeowner Flood In-
 6 surance Affordability Act of 2014”.

7 **SEC. 102. DEFINITIONS.**

8 As used in this title, the following definitions shall
 9 apply:

10 (1) **ADJUSTED BASE FLOOD ELEVATION.**—For
 11 purposes of rating a floodproofed covered structure,
 12 the term “adjusted base flood elevation” means the
 13 base flood elevation for a covered structure on the
 14 applicable effective flood insurance rate map, plus 1
 15 foot.

1 (2) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the Federal
3 Emergency Management Agency.

4 (3) AFFORDABILITY STUDY.—The term “af-
5 fordability study” means the study required under
6 section 100236 of the Biggert-Waters Flood Insur-
7 ance Reform Act of 2012 (Public Law 112–141; 126
8 Stat. 957).

9 (4) APPLICABLE FLOOD PLAIN MANAGEMENT
10 MEASURES.—The term “applicable flood plain man-
11 agement measures” means flood plain management
12 measures adopted by a community under section
13 60.3(c) of title 44, Code of Federal Regulations.

14 (5) COVERED STRUCTURE.—The term “covered
15 structure” means a residential structure—

16 (A) that is located in a community that
17 has adopted flood plain management measures
18 that are approved by the Federal Emergency
19 Management Agency and that satisfy the re-
20 quirements for an exception for floodproofed
21 residential basements under section 60.6(c) of
22 title 44, Code of Federal Regulations; and

23 (B) that was built in compliance with the
24 applicable flood plain management measures.

1 (6) DRAFT AFFORDABILITY FRAMEWORK.—The
 2 term “draft affordability framework” means the
 3 draft programmatic and regulatory framework re-
 4 quired to be prepared by the Administrator and sub-
 5 mitted to Congress under section 103(d) addressing
 6 the issues of affordability of flood insurance sold
 7 under the National Flood Insurance Program, in-
 8 cluding issues identified in the affordability study.

9 (7) FLOODPROOFED ELEVATION.—The term
 10 “floodproofed elevation” means the height of
 11 floodproofing on a covered structure, as identified on
 12 the Residential Basement Floodproofing Certificate
 13 for the covered structure.

14 (8) NATIONAL FLOOD INSURANCE PROGRAM.—
 15 The term “National Flood Insurance Program”
 16 means the program established under the National
 17 Flood Insurance Act of 1968 (42 U.S.C. 4001 et
 18 seq.).

19 **SEC. 103. DELAYED IMPLEMENTATION OF FLOOD INSUR-**
 20 **ANCE RATE INCREASES; DRAFT AFFORD-**
 21 **ABILITY FRAMEWORK.**

22 (a) DELAYED IMPLEMENTATION OF FLOOD INSUR-
 23 ANCE RATE INCREASES.—

24 (1) GRANDFATHERED PROPERTIES.—Beginning
 25 on the date of enactment of this Act, the Adminis-

1 trator may not implement section 1308(h) of the
2 National Flood Insurance Act of 1968 (42 U.S.C.
3 4015(h)).

4 (2) PRE-FIRM PROPERTIES.—Beginning on the
5 date of enactment of this Act, the Administrator
6 may not implement—

7 (A) section 1307(g)(1) of the National
8 Flood Insurance Act of 1968 (42 U.S.C.
9 4014(g)(1)); or

10 (B) section 1307(g)(3) of the National
11 Flood Insurance Act of 1968 (42 U.S.C.
12 4014(g)(3)) with respect to any policy described
13 in that section, provided that the decision of the
14 policy holder to permit a lapse in flood insur-
15 ance coverage was as a result of the property
16 covered by the policy no longer being required
17 to retain such coverage.

18 (3) EXPIRATION.—The prohibitions set forth
19 under paragraphs (1) and (2) shall expire 6 months
20 after the later of—

21 (A) the date on which the Administrator
22 proposes the draft affordability framework; or

23 (B) the date on which the Administrator
24 certifies in writing to Congress that the Federal
25 Emergency Management Agency has imple-

1 mented a flood mapping approach that, when
2 applied, results in technically credible flood haz-
3 ard data in all areas where Flood Insurance
4 Rate Maps are prepared or updated.

5 (b) PROPERTY SALE TRIGGER.—

6 (1) IN GENERAL.—Section 1307(g)(2) of the
7 National Flood Insurance Act of 1968 (42 U.S.C.
8 4014(g)(2)) is amended to read as follows:

9 “(2) any property purchased after the expira-
10 tion of the 6-month period set forth under section
11 103(a)(3) of the Homeowner Flood Insurance Af-
12 fordability Act of 2014;”.

13 (2) PROTECTION OF SUBSIDY FOR PROPERTIES
14 PURCHASED ON OR BEFORE EXPIRATION DATE.—
15 Notwithstanding paragraph (1) or (3) of section
16 1307(g) of the National Flood Insurance Act of
17 1968 (42 U.S.C. 4014(g)(1) and (3)), the Adminis-
18 trator may not reduce the risk premium rate subsidy
19 for flood insurance for a property purchased on or
20 before the expiration of the 6-month period set forth
21 under subsection (a)(3) of this section based on the
22 fact that—

23 (A) the property was not insured by the
24 flood insurance program as of the date of en-
25 actment of the Biggert-Waters Flood Insurance

1 Reform Act of 2012 (Public Law 112–141; 126
2 Stat. 916); or

3 (B) on or before the expiration of that 6-
4 month period, the policy for the property had
5 lapsed in coverage as a result of the deliberate
6 choice of the policy holder, provided that the
7 decision of the policy holder to permit a lapse
8 in coverage was as a result of the property no
9 longer being required to retain such coverage.

10 (c) TREATMENT OF PRE-FIRM PROPERTIES.—Be-
11 ginning on the date of enactment of this Act and ending
12 upon the expiration of the 6-month period set forth under
13 subsection (a)(3), the Administrator shall restore the risk
14 premium rate subsidies for flood insurance estimated
15 under section 1307(a)(2) of the National Flood Insurance
16 Act of 1968 (42 U.S.C. 4014(a)(2)) for any property—

17 (1) with respect to which the Administrator
18 may not, under subsection (a)(2)(A) of this section,
19 implement section 1307(g)(1) of the National Flood
20 Insurance Act of 1968;

21 (2) with respect to which the Administrator
22 may not, under subsection (a)(2)(B) of this section,
23 implement section 1307(g)(3) of the National Flood
24 Insurance Act of 1968; or

1 (3) described in section 1307(g)(2) of the Na-
2 tional Flood Insurance Act of 1968 (42 U.S.C.
3 4014(g)(2)), as in effect on the day before the date
4 of enactment of this Act.

5 (d) DRAFT AFFORDABILITY FRAMEWORK.—

6 (1) IN GENERAL.—The Administrator shall pre-
7 pare a draft affordability framework that proposes
8 to address, via programmatic and regulatory
9 changes, the issues of affordability of flood insur-
10 ance sold under the National Flood Insurance Pro-
11 gram, including issues identified in the affordability
12 study.

13 (2) CRITERIA.—In carrying out the require-
14 ments under paragraph (1), the Administrator shall
15 consider the following criteria:

16 (A) Accurate communication to consumers
17 of the flood risk associated with their property.

18 (B) Targeted assistance to flood insurance
19 policy holders based on their financial ability to
20 continue to participate in the National Flood
21 Insurance Program.

22 (C) Individual or community actions to
23 mitigate the risk of flood or lower the cost of
24 flood insurance.

1 (D) The impact of increases in risk pre-
2 mium rates on participation in the National
3 Flood Insurance Program.

4 (E) The impact flood insurance rate map
5 updates have on the affordability of flood insur-
6 ance.

7 (3) DEADLINE FOR SUBMISSION.—Not later
8 than 18 months after the date on which the Admin-
9 istrator submits the affordability study, the Admin-
10 istrator shall submit to the full Committee on Bank-
11 ing, Housing, and Urban Affairs and the full Com-
12 mittee on Appropriations of the Senate and the full
13 Committee on Financial Services and the full Com-
14 mittee on Appropriations of the House of Represent-
15 atives the draft affordability framework.

16 (e) INTERAGENCY AGREEMENTS.—The Adminis-
17 trator may enter into an agreement with another Federal
18 agency to—

19 (1) complete the affordability study; or

20 (2) prepare the draft affordability framework.

21 (f) CLEAR COMMUNICATIONS.—The Administrator
22 shall clearly communicate full flood risk determinations to
23 individual property owners regardless of whether their pre-
24 mium rates are full actuarial rates.

1 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
2 tion shall be construed to provide the Administrator with
3 the authority to provide assistance to homeowners based
4 on affordability that was not available prior to the enact-
5 ment of the Biggert-Waters Flood Insurance Reform Act
6 of 2012 (Public Law 112–141; 126 Stat. 916).

7 **SEC. 104. AFFORDABILITY STUDY AND REPORT.**

8 Notwithstanding the deadline under section
9 100236(c) of the Biggert-Waters Flood Insurance Reform
10 Act of 2012 (Public Law 112–141; 126 Stat. 957), not
11 later than 2 years after the date of enactment of this Act,
12 the Administrator shall submit to the full Committee on
13 Banking, Housing, and Urban Affairs and the full Com-
14 mittee on Appropriations of the Senate and the full Com-
15 mittee on Financial Services and the full Committee on
16 Appropriations of the House of Representatives the af-
17 fordability study and report required under such section.

18 **SEC. 105. AFFORDABILITY STUDY FUNDING.**

19 Section 100236(d) of the Biggert-Waters Flood In-
20 surance Reform Act of 2012 (Public Law 112–141; 126
21 Stat. 957) is amended by striking “not more than
22 \$750,000” and inserting “such amounts as may be nec-
23 essary”.

1 **SEC. 106. FUNDS TO REIMBURSE HOMEOWNERS FOR SUCCESSFUL MAP APPEALS.**
 2

3 (a) IN GENERAL.—Section 1363(f) of the National
 4 Flood Insurance Act of 1968 (42 U.S.C. 4104(f)) is
 5 amended by striking the second sentence and inserting the
 6 following: “The Administrator may use such amounts
 7 from the National Flood Insurance Fund established
 8 under section 1310 as may be necessary to carry out this
 9 subsection.”.

10 (b) CONFORMING AMENDMENT.—Section 1310(a) of
 11 the National Flood Insurance Act of 1968 (42 U.S.C.
 12 4017(a)) is amended—

13 (1) in paragraph (6), by striking “and” at the
 14 end;

15 (2) in paragraph (7), by striking the period at
 16 the end and inserting “; and”; and

17 (3) by adding at the end the following:
 18 “(8) for carrying out section 1363(f).”.

19 **SEC. 107. FLOOD PROTECTION SYSTEMS.**

20 (a) ADEQUATE PROGRESS ON CONSTRUCTION OF
 21 FLOOD PROTECTION SYSTEMS.—Section 1307(e) of the
 22 National Flood Insurance Act of 1968 (42 U.S.C.
 23 4014(e)) is amended—

24 (1) in the first sentence, by inserting “or recon-
 25 struction” after “construction”;

1 (2) by striking the second sentence and insert-
2 ing the following: “The Administrator shall find that
3 adequate progress on the construction or reconstruc-
4 tion of a flood protection system, based on the
5 present value of the completed flood protection sys-
6 tem, has been made only if (1) 100 percent of the
7 cost of the system has been authorized, (2) at least
8 60 percent of the cost of the system has been appro-
9 priated, (3) at least 50 percent of the cost of the
10 system has been expended, and (4) the system is at
11 least 50 percent completed.”; and

12 (3) by adding at the end the following: “Not-
13 withstanding any other provision of law, in deter-
14 mining whether a community has made adequate
15 progress on the construction, reconstruction, or im-
16 provement of a flood protection system, the Adminis-
17 trator shall consider all sources of funding, including
18 Federal, State, and local funds.”.

19 (b) COMMUNITIES RESTORING DISACCREDITED
20 FLOOD PROTECTION SYSTEMS.—Section 1307(f) of the
21 National Flood Insurance Act of 1968 (42 U.S.C.
22 4014(f)) is amended by striking the first sentence and in-
23 serting the following: “Notwithstanding any other provi-
24 sion of law, this subsection shall apply to riverine and
25 coastal levees that are located in a community which has

1 been determined by the Administrator of the Federal
2 Emergency Management Agency to be in the process of
3 restoring flood protection afforded by a flood protection
4 system that had been previously accredited on a Flood In-
5 surance Rate Map as providing 100-year frequency flood
6 protection but no longer does so, and shall apply without
7 regard to the level of Federal funding of or participation
8 in the construction, reconstruction, or improvement of the
9 flood protection system.”.

10 **SEC. 108. TREATMENT OF FLOODPROOFED RESIDENTIAL**
11 **BASEMENTS.**

12 In implementing section 1308(h) of the National
13 Flood Insurance Act of 1968 (42 U.S.C. 4015(h)), the Ad-
14 ministrator shall rate a covered structure using the ele-
15 vation difference between the floodproofed elevation of the
16 covered structure and the adjusted base flood elevation of
17 the covered structure.

18 **SEC. 109. DESIGNATION OF FLOOD INSURANCE ADVOCATE.**

19 (a) IN GENERAL.—The Administrator shall designate
20 a Flood Insurance Advocate to advocate for the fair treat-
21 ment of policy holders under the National Flood Insurance
22 Program and property owners in the mapping of flood
23 hazards, the identification of risks from flood, and the im-
24 plementation of measures to minimize the risk of flood.

1 (b) DUTIES AND RESPONSIBILITIES.—The duties
2 and responsibilities of the Flood Insurance Advocate des-
3 ignated under subsection (a) shall be to—

4 (1) educate property owners and policyholders
5 under the National Flood Insurance Program on—

6 (A) individual flood risks;

7 (B) flood mitigation;

8 (C) measures to reduce flood insurance
9 rates through effective mitigation; and

10 (D) the flood insurance rate map review
11 and amendment process;

12 (2) assist policy holders under the National
13 Flood Insurance Program and property owners to
14 understand the procedural requirements related to
15 appealing preliminary flood insurance rate maps and
16 implementing measures to mitigate evolving flood
17 risks;

18 (3) assist in the development of regional capac-
19 ity to respond to individual constituent concerns
20 about flood insurance rate map amendments and re-
21 visions;

22 (4) coordinate outreach and education with
23 local officials and community leaders in areas im-
24 pacted by proposed flood insurance rate map amend-
25 ments and revisions; and

1 (5) aid potential policy holders under the Na-
 2 tional Flood Insurance Program in obtaining and
 3 verifying accurate and reliable flood insurance rate
 4 information when purchasing or renewing a flood in-
 5 surance policy.

6 (c) AUTHORIZATION OF APPROPRIATIONS.—There
 7 are authorized to be appropriated for each fiscal year such
 8 sums as may be necessary to carry out the duties and re-
 9 sponsibilities of the Flood Insurance Advocate.

10 **TITLE II—NATIONAL ASSOCIA-**
 11 **TION OF REGISTERED**
 12 **AGENTS AND BROKERS**

13 **SEC. 201. SHORT TITLE.**

14 This title may be cited as the “National Association
 15 of Registered Agents and Brokers Reform Act of 2014”.

16 **SEC. 202. REESTABLISHMENT OF THE NATIONAL ASSOCIA-**
 17 **TION OF REGISTERED AGENTS AND BRO-**
 18 **KERS.**

19 (a) IN GENERAL.—Subtitle C of title III of the
 20 Gramm-Leach-Bliley Act (15 U.S.C. 6751 et seq.) is
 21 amended to read as follows:

1 **“Subtitle C—National Association**
 2 **of Registered Agents and Brokers**

3 **“SEC. 321. NATIONAL ASSOCIATION OF REGISTERED**
 4 **AGENTS AND BROKERS.**

5 “(a) ESTABLISHMENT.—There is established the Na-
 6 tional Association of Registered Agents and Brokers (re-
 7 ferred to in this subtitle as the Association).

8 “(b) STATUS.—The Association shall—

9 “(1) be a nonprofit corporation;

10 “(2) not be an agent or instrumentality of the
 11 Federal Government;

12 “(3) be an independent organization that may
 13 not be merged with or into any other private or pub-
 14 lic entity; and

15 “(4) except as otherwise provided in this sub-
 16 title, be subject to, and have all the powers conferred
 17 upon, a nonprofit corporation by the District of Co-
 18 lumbia Nonprofit Corporation Act (D.C. Code, sec.
 19 29–301.01 et seq.) or any successor thereto.

20 **“SEC. 322. PURPOSE.**

21 “The purpose of the Association shall be to provide
 22 a mechanism through which licensing, continuing edu-
 23 cation, and other nonresident insurance producer quali-
 24 fication requirements and conditions may be adopted and
 25 applied on a multi-state basis without affecting the laws,

1 rules, and regulations, and preserving the rights of a
2 State, pertaining to—

3 “(1) licensing, continuing education, and other
4 qualification requirements of insurance producers
5 that are not members of the Association;

6 “(2) resident or nonresident insurance producer
7 appointment requirements;

8 “(3) supervising and disciplining resident and
9 nonresident insurance producers;

10 “(4) establishing licensing fees for resident and
11 nonresident insurance producers so that there is no
12 loss of insurance producer licensing revenue to the
13 State; and

14 “(5) prescribing and enforcing laws and regula-
15 tions regulating the conduct of resident and non-
16 resident insurance producers.

17 **“SEC. 323. MEMBERSHIP.**

18 “(a) **ELIGIBILITY.**—

19 “(1) **IN GENERAL.**—Any insurance producer li-
20 censed in its home State shall, subject to paragraphs
21 (2) and (4), be eligible to become a member of the
22 Association.

23 “(2) **INELIGIBILITY FOR SUSPENSION OR REV-**
24 **OCATION OF LICENSE.**—Subject to paragraph (3),
25 an insurance producer is not eligible to become a

1 member of the Association if a State insurance regu-
2 lator has suspended or revoked the insurance license
3 of the insurance producer in that State.

4 “(3) RESUMPTION OF ELIGIBILITY.—Paragraph
5 (2) shall cease to apply to any insurance producer
6 if—

7 “(A) the State insurance regulator reissues
8 or renews the license of the insurance producer
9 in the State in which the license was suspended
10 or revoked, or otherwise terminates or vacates
11 the suspension or revocation; or

12 “(B) the suspension or revocation expires
13 or is subsequently overturned by a court of
14 competent jurisdiction.

15 “(4) CRIMINAL HISTORY RECORD CHECK RE-
16 QUIRED.—

17 “(A) IN GENERAL.—An insurance pro-
18 ducer who is an individual shall not be eligible
19 to become a member of the Association unless
20 the insurance producer has undergone a crimi-
21 nal history record check that complies with reg-
22 ulations prescribed by the Attorney General of
23 the United States under subparagraph (K).

24 “(B) CRIMINAL HISTORY RECORD CHECK
25 REQUESTED BY HOME STATE.—An insurance

1 producer who is licensed in a State and who has
2 undergone a criminal history record check dur-
3 ing the 2-year period preceding the date of sub-
4 mission of an application to become a member
5 of the Association, in compliance with a re-
6 quirement to undergo such criminal history
7 record check as a condition for such licensure
8 in the State, shall be deemed to have undergone
9 a criminal history record check for purposes of
10 subparagraph (A).

11 “(C) CRIMINAL HISTORY RECORD CHECK
12 REQUESTED BY ASSOCIATION.—

13 “(i) IN GENERAL.—The Association
14 shall, upon request by an insurance pro-
15 ducer licensed in a State, submit identi-
16 fication information obtained from the in-
17 surance producer, and a request for a
18 criminal history record check of the insur-
19 ance producer, to the Federal Bureau of
20 Investigation.

21 “(ii) PROCEDURES.—The board of di-
22 rectors of the Association (referred to in
23 this subtitle as the Board) shall prescribe
24 procedures for obtaining and utilizing iden-
25 tification information and criminal history

1 record information, including the establish-
2 ment of reasonable fees required to per-
3 form a criminal history record check and
4 appropriate safeguards for maintaining
5 confidentiality and security of the informa-
6 tion.

7 “(D) FORM OF REQUEST.—A submission
8 under subparagraph (C)(i) shall include such
9 identification information as is required by the
10 Attorney General concerning the person about
11 whom the criminal history record check is re-
12 quested, and a statement signed by the person
13 authorizing the Attorney General to provide the
14 information to the Association and for the As-
15 sociation to receive the information.

16 “(E) PROVISION OF INFORMATION BY AT-
17 TORNEY GENERAL.—Upon receiving a submis-
18 sion under subparagraph (C)(i) from the Asso-
19 ciation, the Attorney General shall search all
20 criminal history records of the Federal Bureau
21 of Investigation, including records of the Crimi-
22 nal Justice Information Services Division of the
23 Federal Bureau of Investigation, that the At-
24 torney General determines appropriate for
25 criminal history records corresponding to the

1 identification information provided under sub-
2 paragraph (D) and provide all criminal history
3 record information included in the request to
4 the Association.

5 “(F) LIMITATION ON PERMISSIBLE USES
6 OF INFORMATION.—Any information provided
7 to the Association under subparagraph (E) may
8 only—

9 “(i) be used for purposes of deter-
10 mining compliance with membership cri-
11 teria established by the Association;

12 “(ii) be disclosed to State insurance
13 regulators, or Federal or State law en-
14 forcement agencies, in conformance with
15 applicable law; or

16 “(iii) be disclosed, upon request, to
17 the insurance producer to whom the crimi-
18 nal history record information relates.

19 “(G) PENALTY FOR IMPROPER USE OR
20 DISCLOSURE.—Whoever knowingly uses any in-
21 formation provided under subparagraph (E) for
22 a purpose not authorized in subparagraph (F),
23 or discloses any such information to anyone not
24 authorized to receive it, shall be fined under

1 title 18, United States Code, imprisoned for not
2 more than 2 years, or both.

3 “(H) RELIANCE ON INFORMATION.—Nei-
4 ther the Association nor any of its Board mem-
5 bers, officers, or employees shall be liable in
6 any action for using information provided under
7 subparagraph (E) as permitted under subpara-
8 graph (F) in good faith and in reasonable reli-
9 ance on its accuracy.

10 “(I) FEES.—The Attorney General may
11 charge a reasonable fee for conducting the
12 search and providing the information under
13 subparagraph (E), and any such fee shall be
14 collected and remitted by the Association to the
15 Attorney General.

16 “(J) RULE OF CONSTRUCTION.—Nothing
17 in this paragraph shall be construed as—

18 “(i) requiring a State insurance regu-
19 lator to perform criminal history record
20 checks under this section; or

21 “(ii) limiting any other authority that
22 allows access to criminal history records.

23 “(K) REGULATIONS.—The Attorney Gen-
24 eral shall prescribe regulations to carry out this
25 paragraph, which shall include—

1 “(i) appropriate protections for ensur-
2 ing the confidentiality of information pro-
3 vided under subparagraph (E); and

4 “(ii) procedures providing a reason-
5 able opportunity for an insurance producer
6 to contest the accuracy of information re-
7 garding the insurance producer provided
8 under subparagraph (E).

9 “(L) INELIGIBILITY FOR MEMBERSHIP.—

10 “(i) IN GENERAL.—The Association
11 may, under reasonably consistently applied
12 standards, deny membership to an insur-
13 ance producer on the basis of criminal his-
14 tory record information provided under
15 subparagraph (E), or where the insurance
16 producer has been subject to disciplinary
17 action, as described in paragraph (2).

18 “(ii) RIGHTS OF APPLICANTS DENIED
19 MEMBERSHIP.—The Association shall no-
20 tify any insurance producer who is denied
21 membership on the basis of criminal his-
22 tory record information provided under
23 subparagraph (E) of the right of the insur-
24 ance producer to—

1 “(I) obtain a copy of all criminal
2 history record information provided to
3 the Association under subparagraph
4 (E) with respect to the insurance pro-
5 ducer; and

6 “(II) challenge the denial of
7 membership based on the accuracy
8 and completeness of the information.

9 “(M) DEFINITION.—For purposes of this
10 paragraph, the term criminal history record
11 check means a national background check of
12 criminal history records of the Federal Bureau
13 of Investigation.

14 “(b) AUTHORITY TO ESTABLISH MEMBERSHIP CRI-
15 TERIA.—The Association may establish membership cri-
16 teria that bear a reasonable relationship to the purposes
17 for which the Association was established.

18 “(c) ESTABLISHMENT OF CLASSES AND CATEGORIES
19 OF MEMBERSHIP.—

20 “(1) CLASSES OF MEMBERSHIP.—The Associa-
21 tion may establish separate classes of membership,
22 with separate criteria, if the Association reasonably
23 determines that performance of different duties re-
24 quires different levels of education, training, experi-
25 ence, or other qualifications.

1 “(2) BUSINESS ENTITIES.—The Association
2 shall establish a class of membership and member-
3 ship criteria for business entities. A business entity
4 that applies for membership shall be required to des-
5 ignate an individual Association member responsible
6 for the compliance of the business entity with Asso-
7 ciation standards and the insurance laws, rules, and
8 regulations of any State in which the business entity
9 seeks to do business on the basis of Association
10 membership.

11 “(3) CATEGORIES.—

12 “(A) SEPARATE CATEGORIES FOR INSUR-
13 ANCE PRODUCERS PERMITTED.—The Associa-
14 tion may establish separate categories of mem-
15 bership for insurance producers and for other
16 persons or entities within each class, based on
17 the types of licensing categories that exist
18 under State laws.

19 “(B) SEPARATE TREATMENT FOR DEPOSI-
20 TORY INSTITUTIONS PROHIBITED.—No special
21 categories of membership, and no distinct mem-
22 bership criteria, shall be established for mem-
23 bers that are depository institutions or for em-
24 ployees, agents, or affiliates of depository insti-
25 tutions.

1 “(d) MEMBERSHIP CRITERIA.—

2 “(1) IN GENERAL.—The Association may estab-
3 lish criteria for membership which shall include
4 standards for personal qualifications, education,
5 training, and experience. The Association shall not
6 establish criteria that unfairly limit the ability of a
7 small insurance producer to become a member of the
8 Association, including imposing discriminatory mem-
9 bership fees.

10 “(2) QUALIFICATIONS.—In establishing criteria
11 under paragraph (1), the Association shall not adopt
12 any qualification less protective to the public than
13 that contained in the National Association of Insur-
14 ance Commissioners (referred to in this subtitle as
15 the NAIC) Producer Licensing Model Act in effect
16 as of the date of enactment of the National Associa-
17 tion of Registered Agents and Brokers Reform Act
18 of 2014, and shall consider the highest levels of in-
19 surance producer qualifications established under
20 the licensing laws of the States.

21 “(3) ASSISTANCE FROM STATES.—

22 “(A) IN GENERAL.—The Association may
23 request a State to provide assistance in inves-
24 tigating and evaluating the eligibility of a pro-

1 spective member for membership in the Associa-
2 tion.

3 “(B) AUTHORIZATION OF INFORMATION
4 SHARING.—A submission under subsection
5 (a)(4)(C)(i) made by an insurance producer li-
6 censed in a State shall include a statement
7 signed by the person about whom the assistance
8 is requested authorizing—

9 “(i) the State to share information
10 with the Association; and

11 “(ii) the Association to receive the in-
12 formation.

13 “(C) RULE OF CONSTRUCTION.—Subpara-
14 graph (A) shall not be construed as requiring or
15 authorizing any State to adopt new or addi-
16 tional requirements concerning the licensing or
17 evaluation of insurance producers.

18 “(4) DENIAL OF MEMBERSHIP.—The Associa-
19 tion may, based on reasonably consistently applied
20 standards, deny membership to any State-licensed
21 insurance producer for failure to meet the member-
22 ship criteria established by the Association.

23 “(e) EFFECT OF MEMBERSHIP.—

24 “(1) AUTHORITY OF ASSOCIATION MEMBERS.—
25 Membership in the Association shall—

1 “(A) authorize an insurance producer to
2 sell, solicit, or negotiate insurance in any State
3 for which the member pays the licensing fee set
4 by the State for any line or lines of insurance
5 specified in the home State license of the insur-
6 ance producer, and exercise all such incidental
7 powers as shall be necessary to carry out such
8 activities, including claims adjustments and set-
9 tlement to the extent permissible under the laws
10 of the State, risk management, employee bene-
11 fits advice, retirement planning, and any other
12 insurance-related consulting activities;

13 “(B) be the equivalent of a nonresident in-
14 surance producer license for purposes of author-
15 izing the insurance producer to engage in the
16 activities described in subparagraph (A) in any
17 State where the member pays the licensing fee;
18 and

19 “(C) be the equivalent of a nonresident in-
20 surance producer license for the purpose of sub-
21 jecting an insurance producer to all laws, regu-
22 lations, provisions or other action of any State
23 concerning revocation, suspension, or other en-
24 forcement action related to the ability of a
25 member to engage in any activity within the

1 scope of authority granted under this subsection
2 and to all State laws, regulations, provisions,
3 and actions preserved under paragraph (5).

4 “(2) VIOLENT CRIME CONTROL AND LAW EN-
5 FORCEMENT ACT OF 1994.—Nothing in this subtitle
6 shall be construed to alter, modify, or supercede any
7 requirement established by section 1033 of title 18,
8 United States Code.

9 “(3) AGENT FOR REMITTING FEES.—The Asso-
10 ciation shall act as an agent for any member for
11 purposes of remitting licensing fees to any State
12 pursuant to paragraph (1).

13 “(4) NOTIFICATION OF ACTION.—

14 “(A) IN GENERAL.—The Association shall
15 notify the States (including State insurance
16 regulators) and the NAIC when an insurance
17 producer has satisfied the membership criteria
18 of this section. The States (including State in-
19 surance regulators) shall have 10 business days
20 after the date of the notification in order to
21 provide the Association with evidence that the
22 insurance producer does not satisfy the criteria
23 for membership in the Association.

24 “(B) ONGOING DISCLOSURES REQUIRED.—

25 On an ongoing basis, the Association shall dis-

1 close to the States (including State insurance
2 regulators) and the NAIC a list of the States
3 in which each member is authorized to operate.
4 The Association shall immediately notify the
5 States (including State insurance regulators)
6 and the NAIC when a member is newly author-
7 ized to operate in one or more States, or is no
8 longer authorized to operate in one or more
9 States on the basis of Association membership.

10 “(5) PRESERVATION OF CONSUMER PROTEC-
11 TION AND MARKET CONDUCT REGULATION.—

12 “(A) IN GENERAL.—No provision of this
13 section shall be construed as altering or affect-
14 ing the applicability or continuing effectiveness
15 of any law, regulation, provision, or other action
16 of any State, including those described in sub-
17 paragraph (B), to the extent that the State law,
18 regulation, provision, or other action is not in-
19 consistent with the provisions of this subtitle re-
20 lated to market entry for nonresident insurance
21 producers, and then only to the extent of the in-
22 consistency.

23 “(B) PRESERVED REGULATIONS.—The
24 laws, regulations, provisions, or other actions of
25 any State referred to in subparagraph (A) in-

1 clude laws, regulations, provisions, or other ac-
2 tions that—

3 “(i) regulate market conduct, insur-
4 ance producer conduct, or unfair trade
5 practices;

6 “(ii) establish consumer protections;
7 or

8 “(iii) require insurance producers to
9 be appointed by a licensed or authorized
10 insurer.

11 “(f) BIENNIAL RENEWAL.—Membership in the Asso-
12 ciation shall be renewed on a biennial basis.

13 “(g) CONTINUING EDUCATION.—

14 “(1) IN GENERAL.—The Association shall es-
15 tablish, as a condition of membership, continuing
16 education requirements which shall be comparable to
17 the continuing education requirements under the li-
18 censing laws of a majority of the States.

19 “(2) STATE CONTINUING EDUCATION REQUIRE-
20 MENTS.—A member may not be required to satisfy
21 continuing education requirements imposed under
22 the laws, regulations, provisions, or actions of any
23 State other than the home State of the member.

24 “(3) RECIPROCITY.—The Association shall not
25 require a member to satisfy continuing education re-

1 requirements that are equivalent to any continuing
2 education requirements of the home State of the
3 member that have been satisfied by the member dur-
4 ing the applicable licensing period.

5 “(4) LIMITATION ON THE ASSOCIATION.—The
6 Association shall not directly or indirectly offer any
7 continuing education courses for insurance pro-
8 ducers.

9 “(h) PROBATION, SUSPENSION AND REVOCATION.—

10 “(1) DISCIPLINARY ACTION.—The Association
11 may place an insurance producer that is a member
12 of the Association on probation or suspend or revoke
13 the membership of the insurance producer in the As-
14 sociation, or assess monetary fines or penalties, as
15 the Association determines to be appropriate, if—

16 “(A) the insurance producer fails to meet
17 the applicable membership criteria or other
18 standards established by the Association;

19 “(B) the insurance producer has been sub-
20 ject to disciplinary action pursuant to a final
21 adjudicatory proceeding under the jurisdiction
22 of a State insurance regulator;

23 “(C) an insurance license held by the in-
24 surance producer has been suspended or re-
25 voked by a State insurance regulator; or

1 “(D) the insurance producer has been con-
 2 victed of a crime that would have resulted in
 3 the denial of membership pursuant to sub-
 4 section (a)(4)(L)(i) at the time of application,
 5 and the Association has received a copy of the
 6 final disposition from a court of competent ju-
 7 risdiction.

8 “(2) VIOLATIONS OF ASSOCIATION STAND-
 9 ARDS.—The Association shall have the power to in-
 10 vestigate alleged violations of Association standards.

11 “(3) REPORTING.—The Association shall imme-
 12 diately notify the States (including State insurance
 13 regulators) and the NAIC when the membership of
 14 an insurance producer has been placed on probation
 15 or has been suspended, revoked, or otherwise termi-
 16 nated, or when the Association has assessed mone-
 17 tary fines or penalties.

18 “(i) CONSUMER COMPLAINTS.—

19 “(1) IN GENERAL.—The Association shall—

20 “(A) refer any complaint against a mem-
 21 ber of the Association from a consumer relating
 22 to alleged misconduct or violations of State in-
 23 surance laws to the State insurance regulator
 24 where the consumer resides and, when appro-
 25 priate, to any additional State insurance regu-

1 lator, as determined by standards adopted by
2 the Association; and

3 “(B) make any related records and infor-
4 mation available to each State insurance regu-
5 lator to whom the complaint is forwarded.

6 “(2) TELEPHONE AND OTHER ACCESS.—The
7 Association shall maintain a toll-free number for
8 purposes of this subsection and, as practicable, other
9 alternative means of communication with consumers,
10 such as an Internet webpage.

11 “(3) FINAL DISPOSITION OF INVESTIGATION.—
12 State insurance regulators shall provide the Associa-
13 tion with information regarding the final disposition
14 of a complaint referred pursuant to paragraph
15 (1)(A), but nothing shall be construed to compel a
16 State to release confidential investigation reports or
17 other information protected by State law to the As-
18 sociation.

19 “(j) INFORMATION SHARING.—The Association
20 may—

21 “(1) share documents, materials, or other infor-
22 mation, including confidential and privileged docu-
23 ments, with a State, Federal, or international gov-
24 ernmental entity or with the NAIC or other appro-
25 priate entity referenced in paragraphs (3) and (4),

1 provided that the recipient has the authority and
2 agrees to maintain the confidentiality or privileged
3 status of the document, material, or other informa-
4 tion;

5 “(2) limit the sharing of information as re-
6 quired under this subtitle with the NAIC or any
7 other non-governmental entity, in circumstances
8 under which the Association determines that the
9 sharing of such information is unnecessary to fur-
10 ther the purposes of this subtitle;

11 “(3) establish a central clearinghouse, or utilize
12 the NAIC or another appropriate entity, as deter-
13 mined by the Association, as a central clearinghouse,
14 for use by the Association and the States (including
15 State insurance regulators), through which members
16 of the Association may disclose their intent to oper-
17 ate in 1 or more States and pay the licensing fees
18 to the appropriate States; and

19 “(4) establish a database, or utilize the NAIC
20 or another appropriate entity, as determined by the
21 Association, as a database, for use by the Associa-
22 tion and the States (including State insurance regu-
23 lators) for the collection of regulatory information
24 concerning the activities of insurance producers.

1 “(k) EFFECTIVE DATE.—The provisions of this sec-
2 tion shall take effect on the later of—

3 “(1) the expiration of the 2-year period begin-
4 ning on the date of enactment of the National Asso-
5 ciation of Registered Agents and Brokers Reform
6 Act of 2014; and

7 “(2) the date of incorporation of the Associa-
8 tion.

9 **“SEC. 324. BOARD OF DIRECTORS.**

10 “(a) ESTABLISHMENT.—There is established a board
11 of directors of the Association, which shall have authority
12 to govern and supervise all activities of the Association.

13 “(b) POWERS.—The Board shall have such of the
14 powers and authority of the Association as may be speci-
15 fied in the bylaws of the Association.

16 “(c) COMPOSITION.—

17 “(1) IN GENERAL.—The Board shall consist of
18 13 members who shall be appointed by the Presi-
19 dent, by and with the advice and consent of the Sen-
20 ate, in accordance with the procedures established
21 under Senate Resolution 116 of the 112th Congress,
22 of whom—

23 “(A) 8 shall be State insurance commis-
24 sioners appointed in the manner provided in
25 paragraph (2), 1 of whom shall be designated

1 by the President to serve as the chairperson of
2 the Board until the Board elects one such State
3 insurance commissioner Board member to serve
4 as the chairperson of the Board;

5 “(B) 3 shall have demonstrated expertise
6 and experience with property and casualty in-
7 surance producer licensing; and

8 “(C) 2 shall have demonstrated expertise
9 and experience with life or health insurance
10 producer licensing.

11 “(2) STATE INSURANCE REGULATOR REP-
12 RESENTATIVES.—

13 “(A) RECOMMENDATIONS.—Before making
14 any appointments pursuant to paragraph
15 (1)(A), the President shall request a list of rec-
16 ommended candidates from the States through
17 the NAIC, which shall not be binding on the
18 President. If the NAIC fails to submit a list of
19 recommendations not later than 15 business
20 days after the date of the request, the President
21 may make the requisite appointments without
22 considering the views of the NAIC.

23 “(B) POLITICAL AFFILIATION.—Not more
24 than 4 Board members appointed under para-

1 graph (1)(A) shall belong to the same political
2 party.

3 “(C) FORMER STATE INSURANCE COMMIS-
4 SIONERS.—

5 “(i) IN GENERAL.—If, after offering
6 each currently serving State insurance
7 commissioner an appointment to the
8 Board, fewer than 8 State insurance com-
9 missioners have accepted appointment to
10 the Board, the President may appoint the
11 remaining State insurance commissioner
12 Board members, as required under para-
13 graph (1)(A), of the appropriate political
14 party as required under subparagraph (B),
15 from among individuals who are former
16 State insurance commissioners.

17 “(ii) LIMITATION.—A former State
18 insurance commissioner appointed as de-
19 scribed in clause (i) may not be employed
20 by or have any present direct or indirect fi-
21 nancial interest in any insurer, insurance
22 producer, or other entity in the insurance
23 industry, other than direct or indirect own-
24 ership of, or beneficial interest in, an in-

1 surance policy or annuity contract written
2 or sold by an insurer.

3 “(D) SERVICE THROUGH TERM.—If a
4 Board member appointed under paragraph
5 (1)(A) ceases to be a State insurance commis-
6 sioner during the term of the Board member,
7 the Board member shall cease to be a Board
8 member.

9 “(3) PRIVATE SECTOR REPRESENTATIVES.—In
10 making any appointment pursuant to subparagraphs
11 (B) and (C) of paragraph (1), the President may
12 seek recommendations for candidates from groups
13 representing the category of individuals described,
14 which shall not be binding on the President.

15 “(4) STATE INSURANCE COMMISSIONER DE-
16 FINED.—For purposes of this subsection, the term
17 State insurance commissioner means a person who
18 serves in the position in State government, or on the
19 board, commission, or other body that is the primary
20 insurance regulatory authority for the State.

21 “(d) TERMS.—

22 “(1) IN GENERAL.—Except as provided under
23 paragraph (2), the term of service for each Board
24 member shall be 2 years.

25 “(2) EXCEPTIONS.—

1 “(A) 1-YEAR TERMS.—The term of service
2 shall be 1 year, as designated by the President
3 at the time of the nomination of the subject
4 Board members for—

5 “(i) 4 of the State insurance commis-
6 sioner Board members initially appointed
7 under paragraph (1)(A), of whom not more
8 than 2 shall belong to the same political
9 party;

10 “(ii) 1 of the Board members initially
11 appointed under paragraph (1)(B); and

12 “(iii) 1 of the Board members initially
13 appointed under paragraph (1)(C).

14 “(B) EXPIRATION OF TERM.—A Board
15 member may continue to serve after the expira-
16 tion of the term to which the Board member
17 was appointed for the earlier of 2 years or until
18 a successor is appointed.

19 “(C) MID-TERM APPOINTMENTS.—A
20 Board member appointed to fill a vacancy oc-
21 ccurring before the expiration of the term for
22 which the predecessor of the Board member
23 was appointed shall be appointed only for the
24 remainder of that term.

1 “(3) SUCCESSIVE TERMS.—Board members
2 may be reappointed to successive terms.

3 “(e) INITIAL APPOINTMENTS.—The appointment of
4 initial Board members shall be made no later than 90 days
5 after the date of enactment of the National Association
6 of Registered Agents and Brokers Reform Act of 2014.

7 “(f) MEETINGS.—

8 “(1) IN GENERAL.—The Board shall meet—

9 “(A) at the call of the chairperson;

10 “(B) as requested in writing to the chair-
11 person by not fewer than 5 Board members; or

12 “(C) as otherwise provided by the bylaws
13 of the Association.

14 “(2) QUORUM REQUIRED.—A majority of all
15 Board members shall constitute a quorum.

16 “(3) VOTING.—Decisions of the Board shall re-
17 quire the approval of a majority of all Board mem-
18 bers present at a meeting, a quorum being present.

19 “(4) INITIAL MEETING.—The Board shall hold
20 its first meeting not later than 45 days after the
21 date on which all initial Board members have been
22 appointed.

23 “(g) RESTRICTION ON CONFIDENTIAL INFORMA-
24 TION.—Board members appointed pursuant to subpara-
25 graphs (B) and (C) of subsection (c)(1) shall not have ac-

1 cess to confidential information received by the Associa-
 2 tion in connection with complaints, investigations, or dis-
 3 ciplinary proceedings involving insurance producers.

4 “(h) ETHICS AND CONFLICTS OF INTEREST.—The
 5 Board shall issue and enforce an ethical conduct code to
 6 address permissible and prohibited activities of Board
 7 members and Association officers, employees, agents, or
 8 consultants. The code shall, at a minimum, include provi-
 9 sions that prohibit any Board member or Association offi-
 10 cer, employee, agent or consultant from—

11 “(1) engaging in unethical conduct in the
 12 course of performing Association duties;

13 “(2) participating in the making or influencing
 14 the making of any Association decision, the outcome
 15 of which the Board member, officer, employee,
 16 agent, or consultant knows or had reason to know
 17 would have a reasonably foreseeable material finan-
 18 cial effect, distinguishable from its effect on the pub-
 19 lic generally, on the person or a member of the im-
 20 mediate family of the person;

21 “(3) accepting any gift from any person or enti-
 22 ty other than the Association that is given because
 23 of the position held by the person in the Association;

24 “(4) making political contributions to any per-
 25 son or entity on behalf of the Association; and

1 “(5) lobbying or paying a person to lobby on
2 behalf of the Association.

3 “(i) COMPENSATION.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), no Board member may receive any com-
6 pensation from the Association or any other person
7 or entity on account of Board membership.

8 “(2) TRAVEL EXPENSES AND PER DIEM.—

9 Board members may be reimbursed only by the As-
10 sociation for travel expenses, including per diem in
11 lieu of subsistence, at rates consistent with rates au-
12 thorized for employees of Federal agencies under
13 subchapter I of chapter 57 of title 5, United States
14 Code, while away from home or regular places of
15 business in performance of services for the Associa-
16 tion.

17 **“SEC. 325. BYLAWS, STANDARDS, AND DISCIPLINARY AC-**
18 **TIONS.**

19 “(a) ADOPTION AND AMENDMENT OF BYLAWS AND
20 STANDARDS.—

21 “(1) PROCEDURES.—The Association shall
22 adopt procedures for the adoption of bylaws and
23 standards that are similar to procedures under sub-
24 chapter II of chapter 5 of title 5, United States

1 Code (commonly known as the Administrative Proce-
2 dure Act).

3 “(2) COPY REQUIRED TO BE FILED.—The
4 Board shall submit to the President, through the
5 Department of the Treasury, and the States (includ-
6 ing State insurance regulators), and shall publish on
7 the website of the Association, all proposed bylaws
8 and standards of the Association, or any proposed
9 amendment to the bylaws or standards of the Asso-
10 ciation, accompanied by a concise general statement
11 of the basis and purpose of such proposal.

12 “(3) EFFECTIVE DATE.—Any proposed bylaw
13 or standard of the Association, and any proposed
14 amendment to the bylaws or standards of the Asso-
15 ciation, shall take effect, after notice under para-
16 graph (2) and opportunity for public comment, on
17 such date as the Association may designate, unless
18 suspended under section 329(c).

19 “(4) RULE OF CONSTRUCTION.—Nothing in
20 this section shall be construed to subject the Board
21 or the Association to the requirements of subchapter
22 II of chapter 5 of title 5, United States Code (com-
23 monly known as the Administrative Procedure Act).

24 “(b) DISCIPLINARY ACTION BY THE ASSOCIATION.—

1 “(1) SPECIFICATION OF CHARGES.—In any pro-
2 ceeding to determine whether membership shall be
3 denied, suspended, revoked, or not renewed, or to
4 determine whether a member of the Association
5 should be placed on probation (referred to in this
6 section as a disciplinary action) or whether to assess
7 fines or monetary penalties, the Association shall
8 bring specific charges, notify the member of the
9 charges, give the member an opportunity to defend
10 against the charges, and keep a record.

11 “(2) SUPPORTING STATEMENT.—A determina-
12 tion to take disciplinary action shall be supported by
13 a statement setting forth—

14 “(A) any act or practice in which the mem-
15 ber has been found to have been engaged;

16 “(B) the specific provision of this subtitle
17 or standard of the Association that any such
18 act or practice is deemed to violate; and

19 “(C) the sanction imposed and the reason
20 for the sanction.

21 “(3) INELIGIBILITY OF PRIVATE SECTOR REP-
22 RESENTATIVES.—Board members appointed pursu-
23 ant to section 324(c)(3) may not—

1 “(A) participate in any disciplinary action
2 or be counted toward establishing a quorum
3 during a disciplinary action; and

4 “(B) have access to confidential informa-
5 tion concerning any disciplinary action.

6 **“SEC. 326. POWERS.**

7 “In addition to all the powers conferred upon a non-
8 profit corporation by the District of Columbia Nonprofit
9 Corporation Act, the Association shall have the power to—

10 “(1) establish and collect such membership fees
11 as the Association finds necessary to impose to cover
12 the costs of its operations;

13 “(2) adopt, amend, and repeal bylaws, proce-
14 dures, or standards governing the conduct of Asso-
15 ciation business and performance of its duties;

16 “(3) establish procedures for providing notice
17 and opportunity for comment pursuant to section
18 325(a);

19 “(4) enter into and perform such agreements as
20 necessary to carry out the duties of the Association;

21 “(5) hire employees, professionals, or special-
22 ists, and elect or appoint officers, and to fix their
23 compensation, define their duties and give them ap-
24 propriate authority to carry out the purposes of this
25 subtitle, and determine their qualification;

1 “(6) establish personnel policies of the Associa-
2 tion and programs relating to, among other things,
3 conflicts of interest, rates of compensation, where
4 applicable, and qualifications of personnel;

5 “(7) borrow money; and

6 “(8) secure funding for such amounts as the
7 Association determines to be necessary and appro-
8 priate to organize and begin operations of the Asso-
9 ciation, which shall be treated as loans to be repaid
10 by the Association with interest at market rate.

11 **“SEC. 327. REPORT BY THE ASSOCIATION.**

12 “(a) IN GENERAL.—As soon as practicable after the
13 close of each fiscal year, the Association shall submit to
14 the President, through the Department of the Treasury,
15 and the States (including State insurance regulators), and
16 shall publish on the website of the Association, a written
17 report regarding the conduct of its business, and the exer-
18 cise of the other rights and powers granted by this sub-
19 title, during such fiscal year.

20 “(b) FINANCIAL STATEMENTS.—Each report sub-
21 mitted under subsection (a) with respect to any fiscal year
22 shall include audited financial statements setting forth the
23 financial position of the Association at the end of such
24 fiscal year and the results of its operations (including the
25 source and application of its funds) for such fiscal year.

1 **“SEC. 328. LIABILITY OF THE ASSOCIATION AND THE**
 2 **BOARD MEMBERS, OFFICERS, AND EMPLOY-**
 3 **EES OF THE ASSOCIATION.**

4 “(a) IN GENERAL.—The Association shall not be
 5 deemed to be an insurer or insurance producer within the
 6 meaning of any State law, rule, regulation, or order regu-
 7 lating or taxing insurers, insurance producers, or other en-
 8 tities engaged in the business of insurance, including pro-
 9 visions imposing premium taxes, regulating insurer sol-
 10 vency or financial condition, establishing guaranty funds
 11 and levying assessments, or requiring claims settlement
 12 practices.

13 “(b) LIABILITY OF BOARD MEMBERS, OFFICERS,
 14 AND EMPLOYEES.—No Board member, officer, or em-
 15 ployee of the Association shall be personally liable to any
 16 person for any action taken or omitted in good faith in
 17 any matter within the scope of their responsibilities in con-
 18 nection with the Association.

19 **“SEC. 329. PRESIDENTIAL OVERSIGHT.**

20 “(a) REMOVAL OF BOARD.—If the President deter-
 21 mines that the Association is acting in a manner contrary
 22 to the interests of the public or the purposes of this sub-
 23 title or has failed to perform its duties under this subtitle,
 24 the President may remove the entire existing Board for
 25 the remainder of the term to which the Board members
 26 were appointed and appoint, in accordance with section

1 324 and with the advice and consent of the Senate, in
 2 accordance with the procedures established under Senate
 3 Resolution 116 of the 112th Congress, new Board mem-
 4 bers to fill the vacancies on the Board for the remainder
 5 of the terms.

6 “(b) REMOVAL OF BOARD MEMBER.—The President
 7 may remove a Board member only for neglect of duty or
 8 malfeasance in office.

9 “(c) SUSPENSION OF BYLAWS AND STANDARDS AND
 10 PROHIBITION OF ACTIONS.—Following notice to the
 11 Board, the President, or a person designated by the Presi-
 12 dent for such purpose, may suspend the effectiveness of
 13 any bylaw or standard, or prohibit any action, of the Asso-
 14 ciation that the President or the designee determines is
 15 contrary to the purposes of this subtitle.

16 **“SEC. 330. RELATIONSHIP TO STATE LAW.**

17 “(a) PREEMPTION OF STATE LAWS.—State laws,
 18 regulations, provisions, or other actions purporting to reg-
 19 ulate insurance producers shall be preempted to the extent
 20 provided in subsection (b).

21 “(b) PROHIBITED ACTIONS.—

22 “(1) IN GENERAL.—No State shall—

23 “(A) impede the activities of, take any ac-
 24 tion against, or apply any provision of law or
 25 regulation arbitrarily or discriminatorily to, any

1 insurance producer because that insurance pro-
2 ducer or any affiliate plans to become, has ap-
3 plied to become, or is a member of the Associa-
4 tion;

5 “(B) impose any requirement upon a mem-
6 ber of the Association that it pay fees different
7 from those required to be paid to that State
8 were it not a member of the Association; or

9 “(C) impose any continuing education re-
10 quirements on any nonresident insurance pro-
11 ducer that is a member of the Association.

12 “(2) STATES OTHER THAN A HOME STATE.—
13 No State, other than the home State of a member
14 of the Association, shall—

15 “(A) impose any licensing, personal or cor-
16 porate qualifications, education, training, expe-
17 rience, residency, continuing education, or
18 bonding requirement upon a member of the As-
19 sociation that is different from the criteria for
20 membership in the Association or renewal of
21 such membership;

22 “(B) impose any requirement upon a mem-
23 ber of the Association that it be licensed, reg-
24 istered, or otherwise qualified to do business or
25 remain in good standing in the State, including

1 any requirement that the insurance producer
2 register as a foreign company with the sec-
3 retary of state or equivalent State official;

4 “(C) require that a member of the Associa-
5 tion submit to a criminal history record check
6 as a condition of doing business in the State; or

7 “(D) impose any licensing, registration, or
8 appointment requirements upon a member of
9 the Association, or require a member of the As-
10 sociation to be authorized to operate as an in-
11 surance producer, in order to sell, solicit, or ne-
12 gotiate insurance for commercial property and
13 casualty risks to an insured with risks located
14 in more than one State, if the member is li-
15 censed or otherwise authorized to operate in the
16 State where the insured maintains its principal
17 place of business and the contract of insurance
18 insures risks located in that State.

19 “(3) PRESERVATION OF STATE DISCIPLINARY
20 AUTHORITY.—Nothing in this section may be con-
21 strued to prohibit a State from investigating and
22 taking appropriate disciplinary action, including sus-
23 pension or revocation of authority of an insurance
24 producer to do business in a State, in accordance
25 with State law and that is not inconsistent with the

1 provisions of this section, against a member of the
 2 Association as a result of a complaint or for any al-
 3 leged activity, regardless of whether the activity oc-
 4 curred before or after the insurance producer com-
 5 menced doing business in the State pursuant to As-
 6 sociation membership.

7 **“SEC. 331. COORDINATION WITH FINANCIAL INDUSTRY**
 8 **REGULATORY AUTHORITY.**

9 “The Association shall coordinate with the Financial
 10 Industry Regulatory Authority in order to ease any admin-
 11 istrative burdens that fall on members of the Association
 12 that are subject to regulation by the Financial Industry
 13 Regulatory Authority, consistent with the requirements of
 14 this subtitle and the Federal securities laws .

15 **“SEC. 332. RIGHT OF ACTION.**

16 “(a) RIGHT OF ACTION.—Any person aggrieved by
 17 a decision or action of the Association may, after reason-
 18 ably exhausting available avenues for resolution within the
 19 Association, commence a civil action in an appropriate
 20 United States district court, and obtain all appropriate re-
 21 lief.

22 “(b) ASSOCIATION INTERPRETATIONS.—In any ac-
 23 tion under subsection (a), the court shall give appropriate
 24 weight to the interpretation of the Association of its by-
 25 laws and standards and this subtitle.

1 **“SEC. 333. FEDERAL FUNDING PROHIBITED.**

2 “The Association may not receive, accept, or borrow
3 any amounts from the Federal Government to pay for, or
4 reimburse the Association for, the costs of establishing or
5 operating the Association.

6 **“SEC. 334. DEFINITIONS.**

7 “For purposes of this subtitle, the following defini-
8 tions shall apply:

9 “(1) BUSINESS ENTITY.—The term business
10 entity means a corporation, association, partnership,
11 limited liability company, limited liability partner-
12 ship, or other legal entity.

13 “(2) DEPOSITORY INSTITUTION.—The term de-
14 pository institution has the meaning as in section 3
15 of the Federal Deposit Insurance Act (12 U.S.C.
16 1813).

17 “(3) HOME STATE.—The term home State
18 means the State in which the insurance producer
19 maintains its principal place of residence or business
20 and is licensed to act as an insurance producer.

21 “(4) INSURANCE.—The term insurance means
22 any product, other than title insurance or bail
23 bonds, defined or regulated as insurance by the ap-
24 propriate State insurance regulatory authority.

25 “(5) INSURANCE PRODUCER.—The term insur-
26 ance producer means any insurance agent or broker,

1 excess or surplus lines broker or agent, insurance
2 consultant, limited insurance representative, and any
3 other individual or entity that sells, solicits, or nego-
4 tiates policies of insurance or offers advice, counsel,
5 opinions or services related to insurance.

6 “(6) INSURER.—The term insurer has the
7 meaning as in section 313(e)(2)(B) of title 31,
8 United States Code .

9 “(7) PRINCIPAL PLACE OF BUSINESS.—The
10 term principal place of business means the State in
11 which an insurance producer maintains the head-
12 quarters of the insurance producer and, in the case
13 of a business entity, where high-level officers of the
14 entity direct, control, and coordinate the business
15 activities of the business entity.

16 “(8) PRINCIPAL PLACE OF RESIDENCE.—The
17 term principal place of residence means the State in
18 which an insurance producer resides for the greatest
19 number of days during a calendar year.

20 “(9) STATE.—The term State includes any
21 State, the District of Columbia, any territory of the
22 United States, and Puerto Rico, Guam, American
23 Samoa, the Trust Territory of the Pacific Islands,
24 the Virgin Islands, and the Northern Mariana Is-
25 lands.

1 “(10) STATE LAW.—

2 “(A) IN GENERAL.—The term State law
3 includes all laws, decisions, rules, regulations,
4 or other State action having the effect of law,
5 of any State.

6 “(B) LAWS APPLICABLE IN THE DISTRICT
7 OF COLUMBIA.—A law of the United States ap-
8 plicable only to or within the District of Colum-
9 bia shall be treated as a State law rather than
10 a law of the United States.”.

11 (b) TECHNICAL AMENDMENT.—The table of contents
12 for the Gramm-Leach-Bliley Act is amended by striking
13 the items relating to subtitle C of title III and inserting
14 the following new items:

“Subtitle C—National Association of Registered Agents and Brokers

“Sec. 321. National Association of Registered Agents and Brokers.

“Sec. 322. Purpose.

“Sec. 323. Membership.

“Sec. 324. Board of directors.

“Sec. 325. Bylaws, standards, and disciplinary actions.

“Sec. 326. Powers.

“Sec. 327. Report by the Association.

“Sec. 328. Liability of the Association and the Board members, officers, and
employees of the Association.

“Sec. 329. Presidential oversight.

“Sec. 330. Relationship to State law.

“Sec. 331. Coordination with Financial Industry Regulatory Authority.

“Sec. 332. Right of action.

“Sec. 333. Federal funding prohibited.

“Sec. 334. Definitions.”.

Calendar No. 294

113TH CONGRESS
2^D SESSION
S. 1926

A BILL

To delay the implementation of certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 and to reform the National Association of Registered Agents and Brokers, and for other purposes.

JANUARY 15, 2014

Read the second time and placed on the calendar

Calif. Senator Padilla Announces Key Support for Statewide Single-Use Plastic Bag Ban – SB 270

By **Christopher Simmons** on Fri, 24 Jan 2014

SACRAMENTO, Calif. /California Newswire/ — Today, Calif. Senator Alex Padilla (D-Pacoima), Senator Kevin de Leon (D-Los Angeles) and Senator Ricardo Lara (D-Huntington Park/Long Beach) were joined by representatives of the United Food and Commercial Workers, the California Grocers Association, Environment California, Friends of the L.A. River, Mujeres de La Tierra, Californians Against Waste, and Heal the Bay to announce support for new legislation to ban single-use plastic bags in California grocery stores, convenience stores, and liquor stores.



CaliforniaNewswire.com

Last year a similar bill by Senator Padilla fell 3 votes short of the 21 votes needed for passage in the State Senate. At the time, Padilla pledged to redouble his efforts and seek passage of a single-use plastic bag ban this year.

The new bill will be SB 270, which is pending in the Assembly Labor Committee. SB 270 will include language to address concerns regarding potential job losses at manufacturing facilities such as Command Packaging in Vernon where today's press conference took place. Senator Kevin de Leon and Senator Ricardo Lara will be added as joint authors of the bill.

"This bill strikes the right balance. It will not only protect the environment, it will also protect jobs as California transitions to re-usable bags," said Senator Alex Padilla. "Is the bill in the bag? Not yet, but this is a huge step forward," Padilla added.

"SB 270 reflects the hard work and commitment of a broad coalition of business, labor and environmental groups to do the right thing for our economy and environment," said Senator Alex Padilla. "Working with both Senator De Leon and Senator Lara was key to moving this new bill forward. I took their concerns seriously and I believe the language in the bill is responsive to their concerns," Padilla said.

"This plastic bag ban is a win-win for the environment, for California manufacturing and for jobs," said Senator De Leon. "We need to balance the health of the planet with the preservation of people's livelihoods and recognize the economic conditions faced by businesses in California. This compromise will bridge the gap and help move the economy forward into a green future."

"Through this proposal we've proven that sound environmental policy does not have to come at the expense of good manufacturing jobs – we can have both. I am proud to join my colleagues in supporting this bill because it protects our environment by phasing out plastic bags while also protecting workers in my district and throughout California," said Senator Ricardo Lara.

"As the largest private sector union in the Grocery Food Retail Industry representing over 150,000 workers in California, we strongly support the efforts of our legislative leaders to ban plastic bags and re-invest its projected long-term savings in workers training programs and food safety initiatives for consumers," declared Jim Araby, Executive Director, United Food and Commercial Workers Western States Council.

"It is a monumental day for California. Three great leaders have come together to support a measure to foster innovation, safeguard businesses and protect California's treasured natural resources. We are

grateful to Sens. Padilla, De Le?n and Lara for listening to the concerns of Californians and for bravely standing up for California. They have crafted a measure that will foster a market for innovation and enact consistent rules to protect cities, counties and businesses from the existing patchwork of compliance standards. This measure has the support of labor, business and the environmental community. California's grocers stand ready to do our part to make California a global leader in the shift away from single-use plastic grocery bags. There is no reason whatsoever now that California cannot finally make this measure a reality," said Ronald Fong, President & CEO, California Grocers Association.

A coalition of environmental, labor, and business groups are supporting SB 270 (Padilla, De Leon, Lara), including Californians Against Waste, Environment California, Heal the Bay, Clean Seas Coalition, California League of Conservation Voters, Coastkeepers, Surfrider, United Food and Commercial Workers (UFCW) Western States Council, California Grocers Association, and the California Retailers Association. "SB 270 will help protect our environment by phasing out single-use bags in California. Single-use plastic bags fill our landfills, clog inland waterways, littler our coastline, and kill thousands of fish, marine mammals and seabirds," said Senator Padilla.

The new bill, SB 270 will:

- Prohibit, beginning July 1, 2015, grocery stores and pharmacies from making available single-use plastic bags. If paper bags are offered to customers, they would have to include recycled content. Prohibit, beginning July 1, 2016, convenience stores and liquor stores from making available single-use plastic bags.
- Not pre-empt local ordinances already in place.
- Provide competitive loans and grants for the conversion to reusable bag manufacturing on the condition that workers are retained and retrained during the phase-out of single-use plastic bags.

Senator Padilla authored SB 405 last year in order to phase out the more than 14 billion single-use plastic bags that are handed out by retailers. According to the US EPA, 88% of plastic bags and sacks are not recycled. In California, only 5% are recycled, according to CalRecycle. Single-use plastic bags increase costs to local governments for clean-up because so few of the bags are recycled. There is also a very real environmental cost to marine life, birds and other wildlife. Based on the experience of local jurisdictions that have enacted ordinances a statewide policy would save local governments millions of dollars annually. The combined cost of single-use plastic bags to California consumers and state and local government for use, clean-up and disposal is estimated to be in the tens of millions of dollars annually. Ninety California communities have already enacted ordinances banning plastic bags. In doing so, many of these communities have eliminated the significant costs associated with plastic bags, as well as substantially reduced the volume of bags entering their landfills.

"It is encouraging to see plastic bag manufacturers such as Command Packaging already transitioning to producing re-usable bags which contain recycled content. They recently opened Encore Recycling in Salinas, California which uses plastic agricultural film to produce re-usable bags. This type of innovation and job creation is critical to transitioning California to a greener economy," added Padilla.

Senator Alex Padilla, 40, graduated from MIT with a degree in Mechanical Engineering. He currently serves on the Board of MIT and is President of the National Association of Latino Elected and Appointed Officials. He is Chair of the Senate Energy, Utilities and Communications Committee and represents the more than 1,100,000 residents of the 20th State Senate District in Los Angeles. More info: <http://senate.ca.gov/> .

AMENDED IN ASSEMBLY JANUARY 27, 2014

AMENDED IN ASSEMBLY APRIL 9, 2013

AMENDED IN ASSEMBLY MARCH 20, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 158

Introduced by Assembly Member Levine
(Coauthors: Assembly Members Ammiano, Chesbro, Gordon, and
Lowenthal)
(Coauthor: Senator Hill)

January 22, 2013

An act to add Chapter 5.3 (commencing with Section 42280) to Part 3 of Division 30 of, and to repeal Section 42289 of, the Public Resources Code, relating to solid waste.

LEGISLATIVE COUNSEL'S DIGEST

AB 158, as amended, Levine. Solid waste: single-use carryout bags.

Existing law, until January 1, 2020, requires an operator of a store, as defined, to establish an at-store recycling program that provides to customers the opportunity to return clean plastic carryout bags to that store.

With specified exceptions, this bill, as of January 1, 2015, would prohibit stores that have a specified amount of dollar sales or retail floor space from providing a single-use carryout bag to a customer. The bill would require these stores to meet other specified requirements regarding providing recycled paper bags and compostable bags to customers. The bill would require these stores to make reusable grocery bags available to customers.

The bill would, on and after July 1, 2016, additionally impose these prohibitions and requirements on convenience food stores, foodmarts, and certain other specified stores.

The bill, beginning January 1, 2016, would require reusable grocery bags to that are sold or provided to a store by a reusable grocery bag producer meet specified requirements, *and would require a producer to provide an independent certification to the Department of Resources Recycling and Recovery that the bags meet the requirements, and to pay a specified fee.* The bill would require the department to deposit all penalties collected for violations of these requirements into the Reusable Bag Account, which would be established by the bill in the Integrated Waste Management Fund. The bill would require that moneys in the account be expended by the department, upon appropriation by the Legislature, to implement these requirements.

~~The bill would require the department, by January 1, 2017, to submit a report to the Legislature regarding the implementation of the bill's provisions. The bill would repeal this report requirement on January 1, 2018.~~

The bill would allow a city, county, or city and county, or the state to impose civil penalties for a violation of the bill's requirements, except for the certification requirements. The bill would require these civil penalties to be paid to the office of the city attorney, city prosecutor, district attorney, or Attorney General, whichever office brought the action, and would allow the penalties collected by the Attorney General to be expended by the Attorney General, upon appropriation by the Legislature, to enforce the bill's provisions. The bill would provide that these remedies are not exclusive, as specified.

This bill would prohibit enforcement and implementation of local ordinances and other local regulations on this subject that were enacted on or after January 1, 2014, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 5.3 (commencing with Section 42280)
- 2 is added to Part 3 of Division 30 of the Public Resources Code, to
- 3 read:

CHAPTER 5.3. SINGLE-USE CARRYOUT BAGS

Article 1. Definitions

42280. For purposes of this chapter, the following definitions shall apply:

(a) "Department" means the Department of Resources Recycling and Recovery.

(b) "Postconsumer recycled material" means a material that would otherwise be destined for solid waste disposal, having completed its intended end use and product life cycle. Postconsumer recycled material does not include materials and byproducts generated from, and commonly reused within, an original manufacturing and fabrication process.

(c) "Recycled paper bag" means a paper carryout bag provided by a store to a customer at the point of sale that meets all of the following requirements:

(1) (A) Contains a minimum of 40 percent postconsumer recycled materials, except as provided in subparagraph (B).

(B) An eight pound or smaller recycled paper bag shall contain a minimum of 20 percent postconsumer recycled material.

(2) Is accepted for recycling in curbside programs in a majority of households that have access to curbside recycling programs in the state.

(3) Has printed on the bag the name of the manufacturer, the location (country) where the bag was manufactured, and the minimum percentage of postconsumer content.

(d) (1) "Reusable grocery bag" on or before June 30, 2016, means either of the following:

(A) A bag made of cloth or other machine washable fabric that has handles.

(B) A durable plastic bag with handles that is at least 2.25 mils thick and specifically designed for multiple reuses.

(2) "Reusable grocery bag" on and after July 1, 2016, means a bag that meets the requirements of Section 42287.

(e) "Reusable grocery bag producer" means a person or entity that does any of the following:

(1) Manufactures reusable grocery bags for sale or distribution to a store.

1 (2) Imports reusable grocery bags into this state, for sale or
2 distribution to a store.

3 (3) Sells or distributes reusable bags to a store.

4 (f) (1) “Single-use carryout bag” means a bag made of plastic,
5 paper, or other material, that is provided by a store to a customer
6 at the point of sale and that is not a recycled paper bag or a reusable
7 grocery bag that meets the requirements of subdivision (b) of
8 Section 42287.

9 (2) A single-use carryout bag does not include either of the
10 following:

11 (A) A bag provided by a pharmacy pursuant to Chapter 9
12 (commencing with Section 4000) of Division 2 of the Business
13 and Professions Code to a customer purchasing a prescription
14 medication.

15 (B) A nonhandled bag used to protect a purchased item from
16 damaging or contaminating other purchased items when placed in
17 a recycled paper bag or reusable grocery bag.

18 (g) “Store” means a retail establishment that meets any of the
19 following requirements:

20 (1) A full-line, self-service retail store with gross annual sales
21 of two million dollars (\$2,000,000), or more, and that sells a line
22 of dry grocery items, canned goods, or nonfood items, and some
23 perishable items.

24 (2) Has at least 10,000 square feet of retail space that generates
25 sales or use tax pursuant to the Bradley-Burns Uniform Local Sales
26 and Use Tax Law (Part 1.5 (commencing with Section 7200) of
27 Division 2 of the Revenue and Taxation Code) and has a pharmacy
28 licensed pursuant to Chapter 9 (commencing with Section 4000)
29 of Division 2 of the Business and Professions Code.

30 (3) Is a convenience food store, foodmart, or other entity that
31 is engaged in the retail sale of a limited line of goods, generally
32 including milk, bread, soda, and snack foods, and that holds a Type
33 20 or Type 21 license issued by the Department of Alcoholic
34 Beverage Control.

35

36 Article 2. Carryout Bags

37

38 42281. (a) (1) On or before June 30, 2016, the requirements
39 of this section shall apply only to a store that is defined in
40 paragraph (1) or (2) of subdivision (g) of Section 42280.

1 (2) On and after July 1, 2016, the requirements of this section
2 shall apply to a store, as defined in subdivision (g) of Section
3 42280.

4 (b) (1) On and after January 1, 2015, a store shall not provide
5 a single-use carryout bag to a customer at the point of sale, except
6 as provided in this section.

7 (2) On January 1, 2015, until June 30, 2016, a store may provide
8 to a customer a reusable grocery bag, as defined in paragraph (1)
9 of subdivision (d) of Section 42280.

10 (3) On and after July 1, 2016, a store shall only provide to a
11 customer at the point of sale a reusable grocery bag, as defined in
12 paragraph (2) of subdivision (d) of Section 42280, that meets the
13 requirements of Section 42287.

14 (c) A store shall make reusable grocery bags available for
15 purchase by a customer.

16 (d) Notwithstanding subdivision (b), a store may make available
17 for purchase at the point of sale a recycled paper bag.

18 (e) Notwithstanding subdivision (b), a store may make available
19 for purchase at the point of sale a compostable bag that, at a
20 minimum, meets the American Society for Testing and Materials
21 (ASTM) Standard Specification for Compostable Plastics D6400
22 if in the jurisdiction where the compostable bag is sold both of the
23 following requirements are met:

24 (1) A majority of the residential households in the jurisdiction
25 have access to curbside collection of food waste for composting.

26 (2) The governing authority for the jurisdiction has voted to
27 allow stores in the jurisdiction to sell to a consumer at the point
28 of sale a compostable bag at a cost not less than the actual cost of
29 the bag.

30 (f) Notwithstanding any other law, on and after January 1, 2015,
31 a store shall provide a customer participating in the California
32 Special Supplemental Food Program for Women, Infants, and
33 Children pursuant to Article 2 (commencing with Section 123275)
34 of Chapter 1 of Part 2 of Division 106 of the Health and Safety
35 Code and a customer participating in the Supplemental Food
36 Program pursuant to Chapter 10 (commencing with Section 15500)
37 of Part 3 of Division 9 of the Welfare and Institutions Code, with
38 a reusable grocery bag or a recycled paper bag at no cost at the
39 point of sale.

Article 3. Reusable Grocery Bags

1 Article 3. Reusable Grocery Bags
2
3 42287. (a) On and after July 1, 2016, a reusable grocery bag
4 sold or provided to a store by a reusable grocery bag producer for
5 purposes of this chapter shall meet all of the following
6 requirements:
7 (1) (A) Be designed and manufactured to withstand, at a
8 minimum, 125 uses.
9 (B) For purposes of this paragraph, “125 uses” means the
10 capability of carrying a minimum of 22 pounds 125 times over a
11 distance of at least 175 feet.
12 (2) Is machine washable or made from a material that can be
13 cleaned and disinfected.
14 (3) Has printed on the bag, or on a tag attached to the bag that
15 is not intended to be removed, and in a manner visible to the
16 consumer the following information:
17 (A) The name of the manufacturer.
18 (B) The location (country) where the bag was manufactured.
19 (C) The appropriate recycling symbol or end-of-life management
20 instructions.
21 (D) The percentage of postconsumer recycled material, if any.
22 (4) Does not contain lead, cadmium, or any other heavy metal
23 in toxic amounts. This requirement shall not affect any authority
24 of the Department of Toxic Substances Control pursuant to Article
25 14 (commencing with Section 25251) of Chapter 6.5 of Division
26 20 of the Health and Safety Code and, notwithstanding subdivision
27 (c) of Section 25257.1 of the Health and Safety Code, the reusable
28 grocery bag shall not be considered as a product category already
29 regulated or subject to regulation.
30 (5) If the reusable grocery bag producer makes a claim that it
31 is recyclable, the producer shall comply with the requirements of
32 Part 260 of Title 16 of the Code of Federal Regulations relating
33 to environmental marketing claims.
34 (b) In addition to the requirements in subdivision (a), a reusable
35 grocery bag made from plastic shall meet both of the following
36 requirements:
37 (1) On and after July 1, 2017, be made from a minimum of 20
38 percent postconsumer recycled material, except as provided in
39 subdivision ~~(d)~~ (c).

1 (2) In addition to the information required to be printed on the
2 bag or on a tag, pursuant to paragraph (3) of subdivision (a), all
3 of the following information shall be printed on the bag, or on a
4 tag that complies with that paragraph:

5 (A) A statement that the bag is a reusable bag and designed for
6 at least 125 uses.

7 (B) Instructions to return the bag to the store for recycling or
8 to another appropriate recycling location.

9 (c) (1) If, after making a reasonable effort to identify
10 postconsumer recycled material, a plastic reusable grocery bag
11 producer is unable to obtain sufficient amounts of postconsumer
12 recycled material to comply with this article because of
13 unavailability, upon the request of the department, the producer
14 shall demonstrate to the department the actions taken by that plastic
15 reusable grocery bag producer to find that postconsumer recycled
16 material.

17 (2) A plastic reusable grocery bag producer subject to paragraph
18 (1) shall include the greatest amount of postconsumer recycled
19 material possible in the reusable grocery bag, even if this amount
20 is less than required by paragraph (1) of subdivision (b) and shall
21 indicate the percentage that is postconsumer recycled material.

22 *42288. (a) On or before January 1, 2016, and on January 1*
23 *every two years thereafter, in a manner determined by the*
24 *department, a reusable grocery bag producer shall provide to the*
25 *department a certification, as conducted by a third-party certifier*
26 *approved by the department, for each type of reusable grocery*
27 *bag that is manufactured, imported, sold, or distributed in the state*
28 *and that is provided by the grocery bag producer to a store for*
29 *sale or distribution. The certification shall certify that the bag*
30 *meets the requirements of Section 42287.*

31 *(b) The department shall enable certification to be submitted*
32 *online.*

33 *(c) On and after July 1, 2016, the department shall publish a*
34 *list on its Internet Web site that includes both of the following:*

35 *(1) The name, location, and appropriate contact information*
36 *of each reusable grocery bag producer that is in compliance with*
37 *this article.*

38 *(2) The reusable grocery bags that are in compliance with this*
39 *article.*

1 (d) A reusable grocery bag producer shall submit a fee, as
 2 established pursuant to subdivision (e), to the department to cover
 3 the costs of being listed. The fee may be submitted by the
 4 third-party certifier on behalf of the reusable grocery bag
 5 producer.

6 (e) The department shall establish a certification fee schedule
 7 that will generate fee revenues sufficient to cover, but not to exceed,
 8 all of the department’s costs to enforce this article.

9 ~~42288.~~

10 42288.5. (a) The department may inspect and audit a reusable
 11 grocery bag producer subject to this article, with all costs associated
 12 with the inspection or audit being paid for by the reusable grocery
 13 bag producer.

14 (b) The department may test any reusable grocery bag
 15 manufactured by a reusable grocery bag producer and provided to
 16 a store for sale or distribution for compliance with this article and
 17 the regulations adopted pursuant to this article. All costs associated
 18 with the test shall be paid for by the reusable grocery bag producer.

19 (c) The department may enter into an agreement with other state
 20 entities that conduct inspections to provide necessary enforcement
 21 of this article.

22 (d) Notwithstanding Section 42289.5, a violation of this article
 23 by a reusable grocery bag producer shall be subject to an
 24 administrative civil penalty assessed by the department in an
 25 amount not to exceed five hundred dollars (\$500) for the first
 26 violation. A subsequent violation may be subject to an increased
 27 penalty of up to five hundred dollars (\$500) per violation, not to
 28 exceed five thousand dollars (\$5,000) per violation.

29 (e) The department shall deposit all penalties paid pursuant to
 30 this article into the Reusable Bag Account, which is hereby created
 31 in the Integrated Waste Management Fund in the State Treasury.
 32 The moneys deposited in the Reusable Bag Account shall be
 33 expended by the department, upon appropriation by the Legislature,
 34 to assist the department with its costs of implementing this article.

35

36 ~~Article 4. Reporting Requirements~~

37

38 ~~42289. (a) On or before January 1, 2017, the department shall~~
 39 ~~submit a report to the Legislature in accordance with Section 9795~~
 40 ~~of the Government Code, regarding the effectiveness of this chapter~~

1 and recommendations for statutory changes to increase
2 effectiveness, which shall include all of the following:

3 (1) A compilation of state cleanup data to evaluate pollution
4 reduction.

5 (2) Recommendations to further encourage the use of reusable
6 grocery bags by customers and stores.

7 (3) An evaluation of the requirements for reusable bags specified
8 in Section 42287.

9 (4) Distribution of recycled paper bags.

10 (5) Number and type of violations.

11 (b) The department shall coordinate with other state and local
12 agencies in compiling this report to maximize existing efforts and
13 resources in the areas of litter reduction, water quality, and
14 environmental protection.

15 (c) Pursuant to Section 110231.5 of the Government Code, this
16 section is repealed on January 1, 2018.

17
18 Article 5-4. Enforcement

19
20 42289.5. (a) A city, a county, a city and county, or the state
21 may impose civil liability in the amount of five hundred dollars
22 (\$500) for the first violation of this chapter, one thousand dollars
23 (\$1,000) for the second violation, and two thousand dollars
24 (\$2,000) for the third and subsequent violations.

25 (b) Any civil penalties collected pursuant to subdivision (a)
26 shall be paid to the office of the city attorney, city prosecutor,
27 district attorney, or Attorney General, whichever office brought
28 the action. The penalties collected pursuant to this section by the
29 Attorney General may be expended by the Attorney General, upon
30 appropriation by the Legislature, to enforce this chapter.

31 (c) Subdivisions (a) and (b) shall not apply to a violation of
32 Article 3 (commencing with Section 42287).

33 (d) This chapter shall not be exclusive and shall not limit the
34 ability of a city, county, city and county, or the state to pursue
35 enforcement pursuant to Chapter 5 (commencing with Section
36 17200) of Part 2 of Division 7 of the Business and Professions
37 Code.

38
39 Article 5. Preemption

40

1 42289.7. (a) A city, county, or other local public agency shall
2 not enforce or otherwise implement against a store an ordinance,
3 resolution, regulation, or rule adopted on or after January 1, 2014,
4 relating to reusable grocery bags, single-use carryout bags, or
5 recycled paper bags.

6 (b) A city, county, or other local public agency that has adopted,
7 prior to January 1, 2014, an ordinance, resolution, regulation, or
8 rule relating to reusable grocery bags, single-use carryout bags,
9 or recycled paper bags may continue to enforce or otherwise
10 implement that ordinance, resolution, regulation, or rule that was
11 in effect before that date. However, any amendment to that
12 ordinance, resolution, regulation, or rule on or after January 1,
13 2014, shall be subject to subdivision (a).

O

ASSEMBLY THIRD READING
AB 158 (Levine)
As Amended January 27, 2014
Majority vote

NATURAL RESOURCES 6-3

APPROPRIATIONS 11-4

Ayes: Chesbro, Garcia, Muratsuchi,
Skinner, Stone, Williams

Ayes: Gatto, Bocanegra, Bradford,
Ian Calderon, Campos, Eggman,
Gomez, Holden, Pan, Ridley-Thomas,
Weber

Nays: Grove, Bigelow, Patterson

Nays: Bigelow, Allen, Linder, Wagner

SUMMARY: Generally prohibits retail stores from providing single-use plastic bags to customers. Requires retailers to make reusable grocery bags, as defined, available for purchase by customers. Specifically, this bill:

- 1) Prohibits stores from providing single-use carryout bags at the point of sale beginning January 1, 2015. This includes bags made of plastic, paper, or other material that is not reusable, as defined.
- 2) Requires stores to provide reusable grocery bags after January 1, 2016. The store may charge the customer for the reusable bags, which include washable fabric and other bags designed for at least 125 uses. After July 1, 2017, reusable grocery bags may also include plastic bags with at least 20% recycled material designed for at least 125 uses.
- 3) Authorizes stores to make recyclable paper bags and compostable reusable bags available for purchase.
- 4) Delays implementation of the bill until July 1, 2016, for convenience food stores and foodmarts that hold a liquor license.
- 5) Requires stores to provide reusable grocery bags to customers participating in the California Special Supplemental Food Program for Women, Infants, and Children at no cost.
- 6) On or before January 1, 2016, and every two years thereafter, requires a reusable bag producer to provide to the California Department of Resources Recycling and Recovery (CalRecycle) a certification, conducted by a third-party entity, for each type of reusable bag that is manufactured, imported, sold, or distributed in the state, which certifies that the bag meets the requirements of the bill.
- 7) Requires CalRecycle to publish specified information about reusable bags that are in compliance with the requirements of the bill.
- 8) Authorizes a certification process for CalRecycle to:
 - a) Test, inspect, audit grocery bag producers and recover costs from the producer; and,

- b) Impose civil administrative penalties up to \$500 for first-time violations and up to \$5,000 for subsequent violations to be deposited in the Reusable Bag Account, created by this bill.
- 9) Authorizes local governments and the state to impose civil penalties up to \$500 for first-time offenders, \$1,000 for second violations, and \$2,000 for subsequent violations. These penalties do not apply to the CalRecycle certification requirements. Proceeds from these penalties shall be paid to the city attorney, city prosecutor, district attorney or Attorney General that brought the action.
- 10) Requires CalRecycle to report to the Legislature by January 1, 2017, on the following:
 - a) Data to evaluate pollution reduction;
 - b) Recommendations to further encourage the use of reusable bags;
 - c) An evaluation including recommendations to improve the requirements of the bill;
 - d) The distribution of recycled paper bags; and,
 - e) The number and type of violations.
- 11) Preempts a local government from enforcing any ordinance, resolution, regulation, or rule adopted after January 1, 2014, against a store, as defined in the bill, relating to reusable grocery bags, single-use carryout bags, or recycled paper bags.

FISCAL EFFECT: According to the Assembly Appropriations Committee, reimbursable costs to CalRecycle to implement third party verification.

COMMENTS:

- 1) Purpose of the bill. According to the author:

Nearly one-third of Californians [live in] cities and counties [that] have taken action on single-use bags by passing local ordinances that ban the use of these bags. Seven chain grocers, including Whole Foods and Trader Joe's, have also made a business decision to use only paper or reusable bags.

The environmental impact of single-use plastic bags is well-documented, plastic bags comprise 10 percent of marine debris and take more than 1,000 years to break down... Reusable bags have a lower overall impact than single-use bags.

- 2) Background. Every year California taxpayers spend around \$25 million disposing of the 19 billion plastic bags used annually. Although plastic represents a relatively small fraction of the overall waste stream in California by weight, plastic is the most prevalent form of marine debris. Plastics are estimated to compose 60%-80% of all marine debris and 90% of all floating debris. According to the California Coastal Commission, the primary source of marine debris is urban runoff, of which lightweight plastic bags and plastic film are particularly susceptible. Due to the interplay of ocean currents, marine debris tends to

accumulate in certain areas of the ocean. The North Pacific Central Gyre is where much of the marine debris originating from the California coast ends up. A study by the Algalita Marine Research Foundation found an average of more than 300,000 plastic pieces per square mile of the Gyre and that the mass of plastic was six times greater than zooplankton floating on the water's surface.

Most plastic marine debris exists as small plastic particles due to excessive UV radiation exposure and subsequent photo-degradation. These plastic pieces are ingested by marine organisms and have been proven to negatively affect over 250 animal species worldwide. In addition, hydrophobic chemicals present in the ocean in trace amounts (e.g., from contaminated runoff and oil and chemical spills) have an affinity for, and can bind to, plastic particles and may also enter and accumulate in the food chain through the same mechanism.

- 3) Local bag responses. Nearly 70 cities and counties throughout California have adopted ordinances banning plastic bags including San Francisco, San Jose, Long Beach, Los Angeles County, Santa Clara County, and Alameda County. Many of these local governments also require stores to charge a fee for a paper carryout bag, and a few have banned both single-use plastic and paper carryout bags.

Analysis Prepared by: Elizabeth MacMillan / NAT. RES. / (916) 319-2092

FN: 0003032

Introduced by Senator Wolk
(Coauthors: Senators DeSaulnier, Hancock, and Steinberg)
(Coauthor: Assembly Member Bonilla)

January 9, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a safe drinking water, water quality, and flood protection program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 848, as introduced, Wolk. Safe Drinking Water, Water Quality, and Flood Protection Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014, which, if adopted by the voters, would

authorize the issuance of bonds in the amount of \$6,475,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water, water quality, and flood protection program.

The bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. THE SAFE DRINKING WATER, WATER
8 QUALITY, AND FLOOD PROTECTION ACT OF 2014

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known and may be cited as the
13 Safe Drinking Water, Water Quality, and Flood Protection Act of
14 2014.

15
16 CHAPTER 2. DEFINITIONS

17
18 79710. Unless the context otherwise requires, the definitions
19 set forth in this section govern the construction of this division, as
20 follows:

- 21 (a) "Commission" means the California Water Commission.
- 22 (b) "Committee" means the Safe Drinking Water, Water Quality,
23 and Flood Protection Finance Committee created by Section 79824.
- 24 (c) "Delta" means the Sacramento-San Joaquin Delta as defined
25 in Section 12220.
- 26 (d) "Department" means the Department of Water Resources.
- 27 (e) "Director" means the Director of Water Resources.

1 (f) “Disadvantaged community” has the same meaning as set
2 forth in subdivision (a) of Section 79505.5.

3 (g) “Fund” means the Safe Drinking Water, Water Quality, and
4 Flood Protection Fund of 2014 created by Section 79770.

5 (h) “Integrated regional water management plan” means a
6 comprehensive plan for a defined geographic area that meets the
7 requirements of Part 2.2 (commencing with Section 10530) of
8 Division 6, as that part may be amended.

9 (i) “Nonprofit organization” means an organization qualified
10 to do business in California and qualified under Section 501(c)(3)
11 of Title 26 of the United States Code.

12 (j) “Public agency” means a state agency or department, public
13 water system, special district, joint powers authority, city, county,
14 city and county, or other political subdivision of the state.

15 (k) “Secretary” means the Secretary of the Natural Resources
16 Agency.

17 (l) “Severely disadvantaged community” has the same meaning
18 as set forth in subdivision (n) of Section 116760.20 of the Health
19 and Safety Code.

20 (m) “State board” means the State Water Resources Control
21 Board.

22 (n) “State General Obligation Bond Law” means the State
23 General Obligation Bond Law (Chapter 4 (commencing with
24 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
25 Code).

26
27 CHAPTER 3. SAFE DRINKING WATER PROJECTS
28

29 79720. (a) It is the intent of the Legislature that this chapter
30 provide funds to address the most critical water needs of the state,
31 including the provision of safe drinking water to all Californians
32 and the improvement of safe drinking water supply reliability.

33 (b) The sum of two billion dollars (\$2,000,000,000) shall be
34 available for the purposes of this chapter.

35 79722. From the funds described in Section 79720, five
36 hundred million dollars (\$500,000,000) shall be available to the
37 state board for projects to address immediate safe drinking water
38 needs as follows:

39 (a) The sum of one hundred million dollars (\$100,000,000) shall
40 be available for grants and direct expenditures to finance urgent

1 public health emergency actions to ensure that safe drinking water
2 supplies are available to all Californians. Eligible actions include,
3 but are not limited to, the following:

4 (1) Providing interim water supplies, including, but not limited
5 to, bottled water, where necessary to protect public health.

6 (2) Improvements in existing water systems, including, but not
7 limited to, planning, design, and construction of improvements
8 necessary to resume delivery of safe drinking water.

9 (3) Establishing connections to an adjacent water system.

10 (4) Design, purchase, installation, and operation and
11 maintenance of interim water treatment equipment and systems.

12 (b) The sum of four hundred million dollars (\$400,000,000)
13 shall be available for grants and loans for public water system
14 infrastructure improvements and related actions to meet safe
15 drinking water standards and ensure affordable drinking water.
16 Priority shall be given to projects that provide treatment for
17 contamination or access to alternative drinking water sources for
18 small water systems or state small water systems serving
19 disadvantaged communities whose drinking water source is
20 impaired by chemical and nitrate contaminants and other health
21 hazards identified by the state board. Eligible recipients either
22 operate small or state small water systems in disadvantaged
23 communities and are public agencies or incorporated mutual water
24 companies or are public agencies or nonprofit organizations
25 authorized to act on behalf of small or state small water systems
26 in disadvantaged communities. The state board may make grants
27 for the purpose of financing feasibility studies and to meet the
28 eligibility requirements for a construction grant. Eligible expenses
29 may include initial operation and maintenance costs for systems
30 serving disadvantaged communities. Special consideration will be
31 given to projects that provide shared solutions for multiple
32 communities, at least one of which is a disadvantaged community
33 served by a small or state small water system or private well and
34 that lacks safe, affordable drinking water. Construction grants shall
35 be limited to five million dollars (\$5,000,000) per project, except
36 that the state board may set a limit of not more than twenty million
37 dollars (\$20,000,000) for projects that provide regional or shared
38 solutions among multiple entities, at least one of which is a small
39 disadvantaged community. Not more than 25 percent of a grant
40 may be awarded in advance of actual expenditures.

1 (c) The state board may expend up to twenty-five million dollars
2 (\$25,000,000) of the funds allocated in subdivision (b) for technical
3 assistance to eligible communities.

4 (d) At least 10 percent of the funds available pursuant to this
5 section shall be allocated for projects serving severely
6 disadvantaged communities.

7 (e) Of the funds available pursuant to subdivision (b), the state
8 board may expend up to ten million dollars (\$10,000,000) to
9 finance development and demonstration of new technologies and
10 related facilities for water contaminant removal and treatment
11 appropriate for use by small and state small water systems.

12 79724. (a) From the funds described in Section 79720, one
13 billion five hundred million dollars (\$1,500,000,000) shall be
14 available to the department for grants for projects that develop,
15 improve, or implement an adopted integrated regional water
16 management plan consistent with Part 2.2 (commencing with
17 Section 10530) of Division 6, as that part may be amended, and
18 improve the quality or supply of safe drinking water, reduce the
19 amount of water imported to the region, or address any of the
20 following other critical water supply reliability issues:

21 (1) Groundwater clean up or pollution prevention in sources of
22 drinking water.

23 (2) Advanced water treatment technology projects to remove
24 contaminants from drinking water, water recycling, and related
25 projects, such as distribution or groundwater recharge
26 infrastructure.

27 (3) Urban and agricultural water conservation and water use
28 efficiency projects.

29 (4) Other integrated water infrastructure projects that address
30 one or more water management activities and improve the
31 reliability or quality of regional water supplies, including the repair
32 or replacement of aging water management infrastructure.

33 (b) Projects funded pursuant to this section shall require a local
34 match of not less than 50 percent of project costs, except the
35 department may suspend or reduce cost share requirements for
36 projects serving disadvantaged communities or that result in a
37 direct reduction in water imported from the Delta.

38 (c) To be eligible for funding under this section, a region shall
39 comply with the following requirements:

1 (1) Have an adopted integrated regional water management
2 plan.

3 (2) Each urban and agricultural water supplier that would benefit
4 from a project shall adopt and submit an urban or agricultural water
5 management plan in accordance with the Urban Water Management
6 Planning Act (Part 2.6 (commencing with Section 10610) of
7 Division 6) or the Agricultural Water Management Planning Act
8 (Part 2.8 (commencing with Section 10800) of Division 6). Urban
9 or agricultural water management plans shall be certified by the
10 department as meeting the requirements of the Urban Water
11 Management Planning Act (Part 2.6 (commencing with Section
12 10610) of Division 6) or the Agricultural Water Management
13 Planning Act (Part 2.8 (commencing with Section 10800) of
14 Division 6), and Sections 10608.56 and 10631.5.

15 (3) Each local agency whose service area includes a groundwater
16 basin that would benefit from a groundwater management project
17 shall adopt and submit a groundwater management plan in
18 accordance with Part 2.75 (commencing with Section 10750) of
19 Division 6.

20 (4) Have a water budget that describes local and imported water
21 supplies and uses in sufficient detail to inform long-term efforts
22 towards sustainable water management, and, where applicable,
23 include a description of any measures anticipated to reduce the
24 amount of water imported to the region in the future.

25 (5) Where applicable, an integrated water management plan
26 shall be consistent with and implement Section 85021.

27 (d) Where applicable, funding pursuant to this section shall be
28 made available to water agencies to assist in directly reducing the
29 amount of water imported from the Delta.

30 79725. The California Water Commission shall review the
31 implementation of Section 79724 and shall certify that requirements
32 for grant eligibility pursuant to that section are met prior to the
33 department making final grant awards.

34 79726. Of the funds available pursuant to Section 79724, one
35 billion four hundred million dollars (\$1,400,000,000) shall be
36 allocated to hydrologic regions identified for purposes of integrated
37 regional water management planning in accordance with the
38 following schedule:

39 (a) North Coast: \$66,000,000.

40 (b) San Francisco Bay: \$196,000,000.

- 1 (c) Central Coast: \$85,000,000.
- 2 (d) Los Angeles subregion: \$267,000,000.
- 3 (e) Santa Ana subregion: \$191,000,000.
- 4 (f) San Diego subregion: \$146,000,000.
- 5 (g) Sacramento River: \$117,000,000.
- 6 (h) San Joaquin River: \$96,000,000.
- 7 (i) Tulare/Kern (Tulare Lake): \$97,000,000.
- 8 (j) North/South Lahontan: \$72,000,000.
- 9 (k) Colorado River Basin: \$67,000,000.

10 79728. (a) From the funds described in Section 79724, one
11 hundred million dollars (\$100,000,000) shall be available for grants
12 for projects that significantly advance the application and
13 effectiveness of innovative integrated regional water management
14 strategies, including, but not limited to, the following:

15 (1) Innovative decision support tools to model future regional
16 climate change impacts.

17 (2) Groundwater management plans and projects that further
18 sustainable groundwater management.

19 (3) Other projects determined by the department to advance
20 innovative strategies for the integration of water management.

21 (b) The department shall give priority to projects that address
22 groundwater overdraft and related impacts, including, but not
23 limited to, subsidence.

24

25 CHAPTER 4. WATER QUALITY AND WATERSHED PROTECTION
26 PROJECTS

27

28 79730. (a) It is the intent of the Legislature that this chapter
29 provide funds to protect water quality in the rivers, lakes, streams,
30 and coastal waters of the state, to assist in meeting the Federal
31 Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and
32 other state and federal requirements for the protection of water
33 quality, public health, and endangered species, and to protect or
34 restore natural systems that contribute to water supply, water
35 quality, or flood management.

36 (b) The sum of two billion one hundred million dollars
37 (\$2,100,000,000) shall be available for the purposes of this chapter.

38 79732. (a) From the funds described in Section 79730, four
39 hundred million dollars (\$400,000,000) shall be available to the
40 state board for deposit in the Small Communities Grant Subaccount

1 for grants for wastewater treatment projects to keep contaminants
2 out of rivers, lakes, streams, groundwater, and coastal waters, and
3 for other projects to protect the public and fish and wildlife from
4 contaminated sources of water. Priority shall be given to projects
5 that serve disadvantaged communities and severely disadvantaged
6 communities, and to projects that address public health hazards.
7 Special consideration shall be given to small communities with
8 limited financial resources. Projects shall include, but not be limited
9 to, projects that identify, plan, design, and implement regional
10 mechanisms to consolidate wastewater systems or provide
11 affordable treatment technologies.

12 (b) From the funds available pursuant to subdivision (a), twenty
13 million dollars (\$20,000,000) shall be allocated to the state board
14 for deposit into the Private Well and Septic Systems Investment
15 Fund, which is hereby created in the State Treasury. Moneys in
16 the fund shall be available, upon appropriation by the Legislature,
17 for the purpose of providing grants and loans to private well and
18 septic owners to protect drinking water sources and ensure safe
19 and affordable drinking water for all Californians.

20 79734. From the funds described in Section 79730, one billion
21 one hundred million dollars (\$1,100,000,000) shall be available
22 for water quality and watershed protection projects as follows:

23 (a) The sum of six hundred million dollars (\$600,000,000) shall
24 be available to the Delta Conservancy for water quality, ecosystem
25 restoration, and community sustainability projects that benefit the
26 Delta, including, but not limited to, the following:

27 (1) Projects to improve water quality facilities or projects that
28 contribute to improvements in water quality in the Delta.

29 (2) Habitat restoration, conservation, and enhancement projects
30 to improve the condition of special status, at risk, endangered, or
31 threatened species in the Delta and the Delta counties, including
32 projects to eradicate invasive species, and projects that support the
33 beneficial reuse of dredged material for habitat restoration and
34 levee improvements.

35 (3) Projects to assist in preserving economically viable and
36 sustainable agriculture and other economic activities in the Delta,
37 including local infrastructure projects and projects to mitigate the
38 economic and community impacts of any conversion of agricultural
39 land to habitat funded by this section.

1 (4) Multibenefit recycled water projects that improve
2 groundwater management and Delta tributary ecosystems.

3 (5) Scientific studies and assessments that support the Delta
4 Science Program as described in Section 85280 or projects
5 authorized under this section.

6 (b) The sum of five hundred million dollars (\$500,000,000)
7 shall be available for water quality, river, and watershed protection
8 and restoration projects of statewide importance outside of the
9 Delta. Eligible projects include those that reduce pollution or
10 contamination of major water bodies of the state, assist in the
11 protection or recovery of endangered, threatened, wetland, or
12 migratory species, or protect or restore natural system functions
13 that contribute to water supply, water quality, or flood management.

14 79736. (a) From the funds described in Section 79730, six
15 hundred million dollars (\$600,000,000) shall be available for
16 watershed protection and water quality projects outside the Delta
17 that do any of the following:

18 (1) Reduce pollution or contamination of rivers, lakes, streams,
19 or coastal waters, including prevention and remediation of mercury
20 contamination from legacy mines.

21 (2) Assist in the recovery of endangered, threatened, or
22 migratory species by improving watershed health, in-stream flows,
23 fish passage, coastal or inland wetland restoration, or other means,
24 including natural community conservation plan and habitat
25 conservation plan implementation.

26 (3) Protect or restore natural system functions that contribute
27 to water supply, water quality, or flood management.

28 (4) Restore river parkways throughout the state, including, but
29 not limited to, projects supported by the Urban Streams Restoration
30 Program established pursuant to Section 7048 and the California
31 River Parkway Act of 2004 (Chapter 3.8 (commencing with Section
32 5750) of Division 5 of the Public Resources Code).

33 (5) Protect and restore aquatic, coastal, wetland, and migratory
34 bird ecosystems, including fish and wildlife corridors.

35 (6) Implement fuel treatment projects to reduce wildfire risks
36 and associated risks to water supply facilities, and post-fire
37 restoration projects to improve watershed health, water quality,
38 and flood control capacity.

39 (7) Implement adaptation projects that improve the ability of
40 California's watersheds, wetlands, forests, and floodplains to

1 reduce the impacts of climate change on California’s communities
2 and ecosystems.

3 (b) Of the funds described in subdivision (a), at least five
4 hundred million dollars (\$500,000,000) shall be available for water
5 quality, flood control, watershed restoration, or other watershed
6 improvement projects implemented by state conservancies.

7 (c) In order to guide the expenditure of funds described in this
8 section, the Natural Resources Agency shall develop a statewide
9 natural resource protection plan to identify priorities consistent
10 with the purposes of this section. All expenditures by state
11 conservancies and state agencies of funds described in this section
12 shall advance the priorities set forth in the statewide natural
13 resource protection plan.

14 (d) In coordination with the Natural Resources Agency, all state
15 conservancies expending funds provided pursuant to subdivision
16 (b) shall provide biannual written reports to the Natural Resources
17 Agency on expenditures made and how those expenditures advance
18 the statewide priorities set forth in the statewide natural resource
19 protection plan developed pursuant to subdivision (c). The Natural
20 Resources Agency shall produce and make available to the public
21 biannual written reports on total expenditures made and progress
22 towards meeting statewide priorities.

23

24 CHAPTER 5. FLOOD CONTROL AND STORMWATER MANAGEMENT

25

26 79750. (a) It is the intent of the Legislature that this chapter
27 provide funds for disaster preparedness, flood control, and
28 stormwater management in a manner that leverages the maximum
29 amount of federal and local matching funds and that prioritizes
30 project selection and encourages multibenefit project design to
31 achieve the maximum public benefits.

32 (b) The sum of one billion three hundred seventy-five million
33 dollars (\$1,375,000,000) shall be available for the purposes of this
34 chapter.

35 79752. From the funds described in Section 79750, five
36 hundred million dollars (\$500,000,000) shall be available to the
37 department to implement the Central Valley Flood Protection Plan,
38 including the following:

39 (a) The evaluation, repair, rehabilitation, or replacement of
40 levees, weirs, bypasses, or other facilities, and for multiple benefit

1 projects. Multiple benefit projects are flood control projects that
2 provide water supply, water quality, ecosystem, public access, and
3 recreation benefits, or any combination thereof. Projects of the
4 Central Valley Flood Protection Plan shall be designed for multiple
5 benefits, wherever feasible, and, for the purposes of implementing
6 this subdivision, priority shall be given to multiple benefit projects.
7 The department shall develop and implement mitigation through
8 regional advance mitigation plans, wherever feasible, to lower the
9 cost, decrease delay, and improve the conservation benefits of
10 mitigation.

11 (b) Increasing the level of flood protection of urban and
12 urbanizing areas including state participation in federal and state
13 authorized flood control projects, feasibility studies, design of
14 federal flood damage reduction, and related projects, and reservoir
15 reoperation and groundwater flood storage projects that improve
16 flood protection.

17 (c) The development of local maps and technical information
18 by Sacramento-San Joaquin Valley cities and counties necessary
19 to make a finding consistent with Section 65865.5 of the
20 Government Code.

21 79753. From the funds described in Section 79750, seventy-five
22 million dollars (\$75,000,000) shall be available to the Natural
23 Resources Agency for flood control projects on public lands that
24 provide critical flood, water quality, and wetland ecosystem
25 benefits to the San Francisco Bay region.

26 79754. From the funds described in Section 79750, three
27 hundred seventy-five million dollars (\$375,000,000) shall be
28 available to the state board for competitive grants and loans for
29 stormwater management projects pursuant to this section.

30 (a) Eligible projects shall assist in compliance with total
31 maximum daily load implementation plans or other regional
32 stormwater management plans, or in the development of enhanced
33 watershed management plans designed to achieve integrated,
34 multiple benefit stormwater management objectives. Eligible
35 projects include any of the following:

36 (1) Projects that reduce, manage, treat, or capture stormwater
37 to improve water quality and, wherever possible, improve water
38 supply.

39 (2) Stormwater resource management plans and related enhanced
40 watershed management plans.

1 (3) Decision support tools to evaluate the benefits and costs of
2 multiple benefit stormwater projects.

3 (4) Projects that, in addition to improving water quality, provide
4 public benefits, such as augmentation of water supply, flood
5 control, open space and recreation, and projects designed to mimic
6 or restore natural watershed functions.

7 (b) The state board shall grant special consideration to plans or
8 projects that provide multiple benefits such as water quality, water
9 supply, flood control, natural lands, or recreation.

10 (c) The state board shall require not less than a 50-percent local
11 cost share for grant funds, but may suspend or reduce the matching
12 requirements for disadvantaged communities.

13 (d) Eligible recipients shall be local public agencies or nonprofit
14 organizations in partnership with local public agencies.

15 (e) Eligible projects must be outside of the area of the Central
16 Valley Flood Protection Plan and must be consistent with an
17 applicable integrated regional water management plan.

18 79756. From the funds described in Section 79750, twenty-five
19 million dollars (\$25,000,000) shall be available to the Department
20 of Conservation for competitive grants for qualified special districts
21 and nonprofit organizations for projects that reduce or manage
22 runoff from agricultural lands for the benefit of surface and
23 groundwater quality.

24 79758. From the funds described in Section 79750, four
25 hundred million dollars (\$400,000,000) shall be available to reduce
26 the risk of levee failure and flood in the Delta for any of the
27 following:

28 (a) Local assistance under the Delta levee maintenance
29 subventions program under Part 9 (commencing with Section
30 12980) of Division 6, as that part may be amended.

31 (b) Special flood protection projects under Chapter 2
32 (commencing with Section 12310) of Part 4.8 of Division 6, as
33 that chapter may be amended.

34 (c) Levee improvement projects that increase the resiliency of
35 levees within the Delta to withstand earthquake, flooding, or sea
36 level rise.

37 (d) Emergency response and repair projects.

1 CHAPTER 6. WATER SYSTEM OPERATIONAL IMPROVEMENTS

2
3 79760. The sum of one billion dollars (\$1,000,000,000) shall
4 be available to the commission for water system operational
5 improvements that meet the requirements of this section, including
6 all of the following:

7 (a) Projects shall be selected by the commission through a
8 competitive public process that ranks projects based on the
9 expected public benefits received for public investment.

10 (b) Eligible projects consist only of the following:

11 (1) Surface storage projects identified in the CALFED Bay-Delta
12 Programmatic Record of Decision, dated August 28, 2000, except
13 that projects at Lake Shasta shall not be eligible.

14 (2) Groundwater storage projects and groundwater
15 contamination prevention or remediation projects that augment
16 groundwater supplies, and improve the long-term sustainability
17 of groundwater resources, including reducing overdraft.

18 (3) Conjunctive use and reservoir reoperation projects including
19 associated infrastructure.

20 (4) Projects that restore the capacity of reservoirs currently
21 impaired by sediment buildup or other impairment.

22 (5) Projects that result in a permanent reduction of water
23 exported from the Delta and a transfer of the equivalent water right
24 to instream flow pursuant to Section 1707. Priority shall be given
25 to projects that also result in the permanent elimination of irrigation
26 runoff contributing to salinity in the San Joaquin Valley.

27 (6) Recycled water storage facilities.

28 (c) A project shall not be funded unless it provides measurable
29 improvements to the Delta ecosystem.

30 (d) Funds allocated pursuant to this section may be expended
31 solely for the following public benefits:

32 (1) Ecosystem improvements, including, but not limited to,
33 changing timing of diversions, improvement in flow conditions,
34 temperature, or other benefits that contribute to restoration of
35 aquatic ecosystems and native fish and wildlife.

36 (2) Water quality improvements in the Delta or in other river
37 systems that provide significant public trust resources or that clean
38 up and restore groundwater resources.

1 (3) Flood control benefits, including, but not limited to, increases
2 in flood reservation space in existing reservoirs by exchange for
3 existing or increased water storage benefits.

4 (e) The commission, in consultation with the Department of
5 Fish and Wildlife, the state board, and the department, shall
6 develop and adopt, by regulation, methods for quantification and
7 management of public benefits. The regulations shall include
8 priorities and relative environmental value of ecosystem benefits
9 provided by the Department of Fish and Wildlife and the priorities
10 and relative environmental value of water quality benefits as
11 provided by the state board.

12 (f) Funds shall not be expended pursuant to this chapter for the
13 costs of environmental mitigation measures or compliance
14 obligations except for those associated with providing the public
15 benefits as described in subdivision (d).

16 79762. No funds available pursuant to Section 79760 may be
17 allocated to a project until the commission approves the project
18 based on the following determinations:

19 (a) The commission has adopted the regulations specified in
20 Section 79760 and specifically quantified and made public the cost
21 of the public benefits associated with the project.

22 (b) The department has entered into a contract with each party
23 that will derive benefits, other than public benefits, from the project
24 that ensures the party will pay its share of the total costs of the
25 project. The benefits available to a party shall be consistent with
26 that party's share of total project costs.

27 (c) The department has entered into a contract with the
28 Department of Fish and Wildlife and the state board, after those
29 agencies have made a finding that the public benefits of the project
30 for which that agency is responsible meet all the requirements of
31 this chapter, to ensure that public contributions of funds pursuant
32 to this chapter achieve the public benefits identified for the project.

33 (d) The commission has held a public hearing for the purposes
34 of providing an opportunity for the public to review and comment
35 on the information required to be prepared pursuant to this section.

36 (e) All of the following conditions are met:

37 (1) Feasibility studies have been completed.

38 (2) The commission has found and determined that the project
39 is feasible, is consistent with all applicable laws and regulations,
40 and will advance the long-term objectives of restoring ecological

1 health and improving water management, including the beneficial
2 uses of the Delta.

3 (3) All environmental documentation has been completed and
4 all other federal, state, and local approvals, certifications, and
5 agreements required to be completed have been obtained.

6 (f) The commission shall submit to the fiscal committees and
7 the appropriate policy committees of the Legislature its findings
8 for each criteria identified in this section for any project funded
9 pursuant to this chapter.

10 79764. (a) The public benefit cost share of a project funded
11 pursuant to this chapter may not exceed 50 percent of the total cost
12 of the project.

13 (b) No project may be funded unless it provides ecosystem
14 improvements that are at least 50 percent of the public benefits of
15 the project funded under this chapter.

16

17

CHAPTER 7. GENERAL PROVISIONS

18

19 79770. The proceeds of bonds issued and sold pursuant to this
20 division shall be deposited in the Safe Drinking Water, Water
21 Quality, and Flood Protection Fund of 2014, which is hereby
22 created in the State Treasury. Moneys in the fund shall be available,
23 upon appropriation by the Legislature, in the manner and for the
24 purposes set forth in this division.

25 79772. An amount that equals not more than 5 percent of the
26 funds allocated for a program pursuant to this division may be
27 used to pay the administrative costs of that program.

28 79774. Up to 10 percent of funds allocated for each program
29 funded by this division may be used to finance planning and
30 monitoring necessary for the successful design, selection, and
31 implementation of the projects authorized under that program.
32 This section shall not otherwise restrict funds ordinarily used by
33 an agency for “preliminary plans,” “working drawings,” and
34 “construction” as defined in the annual Budget Act for a capital
35 outlay project or grant project. Water quality monitoring shall be
36 integrated into the surface water ambient monitoring program
37 administered by the state board.

38 79776. Chapter 3.5 (commencing with Section 11340) of Part
39 1 of Division 3 of Title 2 of the Government Code does not apply
40 to the development or implementation of programs or projects

1 authorized or funded under this division other than Chapter 6
2 (commencing with Section 79760).

3 79778. (a) Prior to disbursing grants pursuant to this division,
4 each state agency that is required to administer a competitive grant
5 program under this division shall develop project solicitation and
6 evaluation guidelines. The guidelines may include a limitation on
7 the dollar amount of grants to be awarded.

8 (b) Prior to disbursing grants, the state agency shall conduct
9 three public meetings to consider public comments prior to
10 finalizing the guidelines. The state agency shall publish the draft
11 solicitation and evaluation guidelines on its Internet Web site at
12 least 30 days before the public meetings. One meeting shall be
13 conducted at a location in northern California, one meeting shall
14 be conducted at a location in the central valley of California, and
15 one meeting shall be conducted at a location in southern California.
16 Upon adoption, the state agency shall transmit copies of the
17 guidelines to the fiscal committees and the appropriate policy
18 committees of the Legislature.

19 (c) Projects funded with proceeds from this division shall
20 promote state planning priorities consistent with the provisions of
21 Section 65041.1 of the Government Code and sustainable
22 communities strategies consistent with the provisions of
23 subparagraph (B) of paragraph (2) of subdivision (b) of Section
24 65080 of the Government Code.

25 (d) To the extent feasible, in implementing subdivision (a) of
26 Section 79734, the Delta Conservancy shall seek to achieve wildlife
27 conservation objectives through projects on public lands or
28 voluntary projects on private lands. Funds available pursuant to
29 subdivision (a) of Section 79734 may be used, in consultation with
30 the Department of Fish and Wildlife, for payments to landowners
31 for the creation of measurable habitat improvements or other
32 improvements to the condition of endangered or threatened species.
33 The Delta Conservancy may develop and implement a competitive
34 habitat credit exchange mechanism in order to maximize voluntary
35 landowner participation in projects that provide measurable habitat
36 or species improvements in the Delta. These funds shall not be
37 used to subsidize or decrease the mitigation obligations of any
38 party.

39 (e) In implementing subdivision (a) of Section 79734, the Delta
40 Conservancy shall coordinate, cooperate, and consult with the city

1 or county in which a grant is proposed to be expended or an interest
2 in real property is proposed to be acquired and with the Delta
3 Protection Commission. Acquisitions pursuant to subdivision (a)
4 of Section 79734 shall be from willing sellers only.

5 (f) In implementing subdivision (a) of Section 79734, the Delta
6 Conservancy shall require grantees to demonstrate how local
7 economic impacts, including impacts related to the loss of
8 agricultural lands, will be mitigated.

9 (g) Funds provided by this division shall not be used to acquire
10 land via eminent domain. Funds from this division may be used
11 to acquire property from willing sellers.

12 (h) Restoration and ecosystem protection projects funded by
13 this division shall use the services of the California Conservation
14 Corps or certified community conservation corps, as defined in
15 Section 14507.5 of the Public Resources Code, whenever feasible.

16 (i) In implementing subdivision (b) of Section 79734, priority
17 shall be given to projects that fulfill the obligations of the State of
18 California in complying with the terms of any of the following:

19 (1) The February 18, 2010, Klamath Basin Restoration
20 Agreement.

21 (2) Quantification Settlement Agreement, as defined in
22 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

23 (3) The San Joaquin River Restoration Settlement, as described
24 in Part I of Subtitle A of Title X of Public Law 111-11.

25 (4) Refuge water supply acquisition pursuant to the Central
26 Valley Project Improvement Act, as defined in Section 3404(d)(3)
27 of Title 34 of Public Law 102-575.

28 (5) Other state settlements and interstate compacts.

29 (j) In implementing Section 79752, the department may
30 authorize the establishment of a trust fund, consistent with Section
31 79044, for the purpose of maintaining any lands acquired for the
32 purposes of Section 79752.

33 (k) It is the intent of the Legislature that California's working
34 agricultural landscapes be preserved wherever possible. To the
35 extent feasible, watershed objectives included in this division
36 should be achieved through use of conservation easements and
37 voluntary landowner participation, including, but not limited to,
38 the use of easements pursuant to Division 10.4 (commencing with
39 Section 10330) and Division 10.2 (commencing with Section

1 10200) of the Public Resources Code and voluntary habitat credit
2 exchange mechanisms.

3 (l) Funds allocated pursuant to subdivision (b) of Section 79734
4 to meet California’s responsibilities under the bi-state compact
5 identified in Title 7.4 (commencing with Section 66800) of the
6 Government Code shall be appropriated pursuant to Title 7.42
7 (commencing with Section 66905) of the Government Code.

8 79780. It is the intent of the people that:

9 (a) The investment of public funds pursuant to this division
10 result in public benefits.

11 (b) Special consideration be given to projects that employ new
12 or innovative technology or practices, including decision support
13 tools that demonstrate the multiple benefits of integration of
14 multiple jurisdictions, including, but not limited to, water supply,
15 flood control, land use, and sanitation.

16 79782. The State Auditor shall annually conduct a
17 programmatic review and an audit of expenditures from the fund.
18 The State Auditor shall report its findings annually on or before
19 March 1 to the Governor and the Legislature, and shall make the
20 findings available to the public.

21 79784. Funds provided by this division shall not be used to
22 support or pay for the costs of environmental mitigation measures
23 or compliance obligations of any party except as part of the
24 environmental mitigation costs of projects financed by this division.
25 Funds provided by this division may be used for environmental
26 enhancements or other public benefits.

27 79786. Funds provided by this division shall not be expended
28 to pay costs associated with design, construction, operation,
29 maintenance, or mitigation of new Delta conveyance facilities.

30 79788. The Legislature may enact legislation necessary to
31 implement programs funded by this division.

32 79790. Eligible applicants under this division are public
33 agencies, nonprofit organizations, public utilities, and mutual water
34 companies. To be eligible for funding under this division, a project
35 proposed by a public utility that is regulated by the Public Utilities
36 Commission or a mutual water company shall have a clear and
37 definite public purpose and shall benefit the customers of the water
38 system.

39 79792. (a) This division does not diminish, impair, or
40 otherwise affect in any manner whatsoever any area of origin,

1 watershed of origin, county of origin, or any other water rights
2 protections, including, but not limited to, rights to water
3 appropriated prior to December 19, 1914, provided under the law.
4 This division does not limit or otherwise affect the application of
5 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part
6 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,
7 11462, and 11463, and Sections 12200 to 12220, inclusive.

8 (b) For the purposes of this division, an area that utilizes water
9 that has been diverted and conveyed from the Sacramento River
10 hydrologic region, for use outside the Sacramento River hydrologic
11 region or the Delta, shall not be deemed to be immediately adjacent
12 thereto or capable of being conveniently supplied with water
13 therefrom by virtue or on account of the diversion and conveyance
14 of that water through facilities that may be constructed for that
15 purpose after January 1, 2014.

16 (c) Nothing in this division supersedes, limits, or otherwise
17 modifies the applicability of Chapter 10 (commencing with Section
18 1700) of Part 2 of Division 2, including petitions related to any
19 new conveyance constructed or operated in accordance with
20 Chapter 2 (commencing with Section 85320) of Part 4 of Division
21 35.

22 (d) Unless otherwise expressly provided, nothing in this division
23 supersedes, reduces, or otherwise affects existing legal protections,
24 both procedural and substantive, relating to the state board's
25 regulation of diversion and use of water, including, but not limited
26 to, water right priorities, the protection provided to municipal
27 interests by Sections 106 and 106.5, and changes in water rights.
28 Nothing in this division expands or otherwise alters the state
29 board's existing authority to regulate the diversion and use of water
30 or the courts' existing concurrent jurisdiction over California water
31 rights.

32 (e) Nothing in this division limits or otherwise affects the
33 application of Chapter 2 (commencing with Section 85320) of Part
34 4 of Division 35.

35 (f) Nothing in this division shall be construed to affect the
36 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
37 with Section 5093.50) of Division 5 of the Public Resources Code)
38 and funds available pursuant to this division shall not be available
39 for any project that could have an adverse effect on the free flowing

1 condition of a wild and scenic river or any other river afforded
 2 protections pursuant to the California Wild and Scenic Rivers Act.

3

4

CHAPTER 8. FISCAL PROVISIONS

5

6 79820. (a) Bonds in the total amount of six billion four hundred
 7 seventy-five million dollars (\$6,475,000,000), or so much thereof
 8 as is necessary, not including the amount of any refunding bonds
 9 issued in accordance with Section 79840 may be issued and sold
 10 to provide a fund to be used for carrying out the purposes expressed
 11 in this division and to reimburse the General Obligation Bond
 12 Expense Revolving Fund pursuant to Section 16724.5 of the
 13 Government Code. The bonds, when sold, shall be and constitute
 14 a valid and binding obligation of the State of California, and the
 15 full faith and credit of the State of California is hereby pledged
 16 for the punctual payment of both principal of, and interest on, the
 17 bonds as the principal and interest become due and payable.

18 (b) The Treasurer shall sell the bonds authorized by the
 19 committee pursuant to this section. The bonds shall be sold upon
 20 the terms and conditions specified in a resolution to be adopted
 21 by the committee pursuant to Section 16731 of the Government
 22 Code.

23 79822. The bonds authorized by this division shall be prepared,
 24 executed, issued, sold, paid, and redeemed as provided in the State
 25 General Obligation Bond Law (Chapter 4 (commencing with
 26 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
 27 Code), and all of the provisions of that law apply to the bonds and
 28 to this division and are hereby incorporated in this division as
 29 though set forth in full in this division, except subdivisions (a) and
 30 (b) of Section 16727 of the Government Code.

31 79824. (a) Solely for the purpose of authorizing the issuance
 32 and sale pursuant to the State General Obligation Bond Law
 33 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
 34 4 of Title 2 of the Government Code) of the bonds authorized by
 35 this division, the Safe Drinking Water, Water Quality, and Flood
 36 Protection Finance Committee is hereby created. For purposes of
 37 this division, the Safe Drinking Water, Water Quality, and Flood
 38 Protection Finance Committee is “the committee” as that term is
 39 used in the State General Obligation Bond Law. The committee
 40 consists of the Director of Finance, the Treasurer, the Controller,

1 the Director of Water Resources, and the Secretary of the Natural
2 Resources Agency, or their designated representatives. The
3 Treasurer shall serve as chairperson of the committee. A majority
4 of the committee may act for the committee.

5 (b) For purposes of the State General Obligation Bond Law, the
6 Department of Water Resources is designated the “board.”

7 79826. The committee shall determine whether or not it is
8 necessary or desirable to issue bonds authorized pursuant to this
9 division in order to carry out the actions specified in this division
10 and, if so, the amount of bonds to be issued and sold. Successive
11 issues of bonds may be authorized and sold to carry out those
12 actions progressively, and it is not necessary that all of the bonds
13 authorized to be issued be sold at any one time.

14 79828. There shall be collected each year and in the same
15 manner and at the same time as other state revenue is collected,
16 in addition to the ordinary revenues of the state, a sum in an amount
17 required to pay the principal of, and interest on, the bonds each
18 year. It is the duty of all officers charged by law with any duty in
19 regard to the collection of the revenue to do and perform each and
20 every act that is necessary to collect that additional sum.

21 79830. Notwithstanding Section 13340 of the Government
22 Code, there is hereby appropriated from the General Fund in the
23 State Treasury, for the purposes of this division, an amount that
24 will equal the total of the following:

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

28 (b) The sum necessary to carry out Section 79832, appropriated
29 without regard to fiscal years.

30 79832. For the purposes of carrying out this division, the
31 Director of Finance may authorize the withdrawal from the General
32 Fund of an amount not to exceed the amount of the unsold bonds
33 that have been authorized by the committee to be sold for the
34 purpose of carrying out this division less any amount borrowed
35 pursuant to Section 79807. Any amounts withdrawn shall be
36 deposited in the fund. Any money made available under this section
37 shall be returned to the General Fund from proceeds received from
38 the sale of bonds for the purpose of carrying out this division.

39 79834. All money deposited in the fund that is derived from
40 premium and accrued interest on bonds sold shall be reserved in

1 the fund and shall be available for transfer to the General Fund as
2 a credit to expenditures for bond interest, except that amounts
3 derived from premium may be reserved and used to pay the cost
4 of bond issuance prior to any transfer to the General Fund.

5 79836. Pursuant to Chapter 4 (commencing with Section
6 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
7 the cost of bond issuance shall be paid out of the bond proceeds,
8 including premium, if any. To the extent the cost of bond issuance
9 is not paid from premiums received from the sale of bonds, the
10 cost shall be shared proportionally by each program funded through
11 this division by the applicable bond sale.

12 79838. The board may request the Pooled Money Investment
13 Board to make a loan from the Pooled Money Investment Account,
14 in accordance with Section 16312 of the Government Code for the
15 purpose of carrying out this division less any amount withdrawn
16 pursuant to Section 79832. The amount of the request shall not
17 exceed the amount of the unsold bonds that the committee, by
18 resolution, has authorized to be sold for the purpose of carrying
19 out this division. The board shall execute any documents required
20 by the Pooled Money Investment Board to obtain and repay the
21 loan. Any amounts loaned shall be deposited in the fund to be
22 allocated in accordance with this division.

23 79840. The bonds issued and sold pursuant to this division
24 may be refunded in accordance with Article 6 (commencing with
25 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
26 the Government Code, which is a part of the State General
27 Obligation Bond Law. Approval by the voters of the state for the
28 issuance of the bonds under this division shall include the approval
29 of the issuance of any bonds issued to refund any bonds originally
30 issued under this division or any previously issued refunding bonds.

31 79842. Notwithstanding any other provision of this division,
32 or of the State General Obligation Bond Law, if the Treasurer sells
33 bonds pursuant to this division that include a bond counsel opinion
34 to the effect that the interest on the bonds is excluded from gross
35 income for federal tax purposes, under designated conditions or
36 is otherwise entitled to any federal tax advantage, the Treasurer
37 may maintain separate accounts for the investment of bond
38 proceeds and for the investment of earnings on those proceeds.
39 The Treasurer may use or direct the use of those proceeds or
40 earnings to pay any rebate, penalty, or other payment required

1 under federal law or take any other action with respect to the
2 investment and use of those bond proceeds required or desirable
3 under federal law to maintain the tax exempt status of those bonds
4 and to obtain any other advantage under federal law on behalf of
5 the funds of this state.

6 79844. The proceeds from the sale of bonds authorized by this
7 division are not “proceeds of taxes” as that term is used in Article
8 XIII B of the California Constitution, and the disbursement of
9 these proceeds is not subject to the limitations imposed by that
10 article.

11 SEC. 3. Section 1 of Chapter 74 of the Statutes of 2012 is
12 repealed.

13 ~~SECTION 1. Section 2 of Chapter 3 of the Statutes of 2009,~~
14 ~~Seventh Extraordinary Session, as amended by Section 7 of Chapter~~
15 ~~126 of the Statutes of 2010, is amended to read:~~

16 ~~Sec. 2. Section 1 of this act shall be submitted to the voters at~~
17 ~~the November 4, 2014, statewide general election, instead of the~~
18 ~~November 6, 2012, statewide general election, in accordance with~~
19 ~~provisions of the Government Code and the Elections Code~~
20 ~~governing the submission of a statewide measure to the voters.~~

21 SEC. 4. Section 2 of this act shall be submitted to the voters
22 at the November 4, 2014, statewide general election in accordance
23 with provisions of the Government Code and the Elections Code
24 governing the submission of a statewide measure to the voters.

25 SEC. 5. Section 2 of this act shall take effect upon the approval
26 by the voters of the Safe Drinking Water, Water Quality, and Flood
27 Protection Act of 2014, as set forth in that section at the November
28 4, 2014, statewide general election.

29 SEC. 6. This act is an urgency statute necessary for the
30 immediate preservation of the public peace, health, or safety within
31 the meaning of Article IV of the Constitution and shall go into
32 immediate effect. The facts constituting the necessity are:

33 In order to fund safe drinking water, water quality, and flood
34 protection at the earliest possible date, it is necessary that this act
35 take effect immediately.

O

AMENDED IN SENATE JANUARY 7, 2014
AMENDED IN SENATE SEPTEMBER 11, 2013
AMENDED IN SENATE AUGUST 26, 2013
AMENDED IN ASSEMBLY MAY 21, 2013
AMENDED IN ASSEMBLY APRIL 23, 2013
AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1331

Introduced by Assembly Member Rendon

February 22, 2013

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a ~~climate change response~~ for clean and safe drinking water program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Rendon. ~~Climate Change Response for Clean and Safe Drinking Water Act of 2014.~~

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the

bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the ~~Climate Change Response~~ for Clean and Safe Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$6,500,000,000 pursuant to the State General Obligation Bond Law to finance a ~~climate change response~~ for clean and safe drinking water program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.

4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. ~~THE CLIMATE CHANGE RESPONSE~~
8 ~~FOR CLEAN AND SAFE DRINKING WATER ACT OF 2014.~~

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known, and may be cited, as the
13 ~~Climate Change Response~~ for Clean and Safe Drinking Water Act
14 of 2014.

15
16 CHAPTER 2. ~~DEFINITIONS~~ FINDINGS

17
18 79701. The people of California find and declare all of the
19 following:

20 (a) Safeguarding supplies of clean and safe drinking water to
21 California’s homes, businesses, and farms is an essential

1 responsibility of government, and critical to protecting the quality
2 of life for Californians.

3 (b) Every Californian should have access to clean, safe, and
4 reliable drinking water, consistent with the human right to water
5 and Section 106.3. Providing adequate supplies of clean, safe, and
6 reliable drinking water is vital to keeping California's economy
7 growing and strong.

8 (c) Climate change has impaired California's capacity to ensure
9 clean, safe, and reliable drinking water, as droughts have become
10 more frequent and more severe, and ecosystems have become
11 stressed. Higher temperatures mean less snow pack, which is the
12 state's largest water reservoir. Scientists project a loss of at least
13 25 percent of the snow pack in the Sierra Nevada Mountains by
14 2050. The Colorado River basin, which provides drinking water
15 to southern California, has experienced prolonged drought and the
16 federal government projects a continuing decline in water
17 availability.

18 (d) California's water infrastructure continues to age and
19 deteriorate. More than 50 years ago, Californians approved the
20 construction of the State Water Project. In the decades that
21 followed, California's water leaders developed the most
22 sophisticated system of state, federal, regional, and local water
23 infrastructure anywhere in the world. In recent decades, however,
24 that water infrastructure and the water environment on which it
25 depends have deteriorated.

26 (e) In the years since the voters approved the ~~state water project~~
27 *State Water Project*, California's population has continued to grow,
28 from less than 16 million in 1960 to more than 37 million in 2010.
29 A growing population and a growing economy have put greater
30 stress on California's natural resources, including water.
31 ~~Contamination of groundwater aquifers from a vibrant economy~~
32 ~~has threatened vital drinking water supplies.~~ The Department of
33 Finance projects that California's population will reach 50 million
34 by 2049.

35 (f) A growing population and a growing economy have put
36 greater stress on California's natural resources, including water.
37 Contamination of groundwater aquifers from economic activity
38 in the agricultural and industrial sectors has threatened vital
39 drinking water supplies.

1 (g) As California and its water infrastructure have grown,
2 increasing demands on California’s limited water supplies and
3 deteriorating aquatic ecosystems have led to intense conflict,
4 further threatening the reliability of clean and safe drinking water.

5 79702. The people of California find and declare all of the
6 following:

7 (a) A sustainable water future can provide the means for
8 California to maintain vibrant communities, globally competitive
9 agriculture, and healthy ecosystems, which are all a part of the
10 quality of life that attracts so many to live in California.

11 (b) Responding to climate change, ensuring clean and safe
12 drinking water, and preparing for California’s continued growth
13 will require a diversified portfolio of strategies and investments
14 to address the many water challenges facing California.

15 (c) Improving water quality offers one of the most immediate
16 steps to ensuring a clean and safe drinking water supply. California
17 needs water quality improvements at all parts of the hydrologic
18 cycle, from source water in the watersheds where the state’s
19 drinking water supplies originate to wastewater treatment to
20 improve surface water quality for those who live downstream.

21 (d) Addressing the challenges to the sustainability of the Delta,
22 the heart of the California water system, will help resolve some
23 of the conflicts that impede progress in improving the statewide
24 water system.

25 (e) Enhancing regional water self-reliance offers a key strategy
26 for addressing climate change and improving water supply
27 reliability. It helps the Delta and it helps local communities to
28 address their own water challenges. Water conservation and water
29 recycling form one part of the regional water self-reliance strategy
30 and are commonsense methods to make more efficient use of
31 existing water supplies.

32
33 CHAPTER 3. DEFINITIONS
34

35 79703. Unless the context otherwise requires, the definitions
36 set forth in this section govern the construction of this division, as
37 follows:

38 (a) “CALFED Bay-Delta Program” means the program
39 described in the Record of Decision dated August 28, 2000.

40 (b) “Commission” means the California Water Commission.

- 1 (c) “Committee” means the ~~Climate Change Response for Clean~~
2 and Safe Drinking Water Finance Committee created by Section
3 79802.
- 4 (d) “Delta” means the Sacramento-San Joaquin Delta, as defined
5 in Section 85058.
- 6 (e) “Delta conveyance facilities” means facilities that convey
7 water directly from the Sacramento River to the State Water Project
8 or the federal Central Valley Project pumping facilities in the south
9 Delta.
- 10 (f) “Delta counties” means the Counties of ~~Solano, Yolo,~~
11 ~~Sacramento, Contra Costa, and San Joaquin~~ *Contra Costa,*
12 *Sacramento, San Joaquin, Solano, and Yolo.*
- 13 (g) “Department” means the Department of Water Resources.
- 14 (h) “Director” means the Director of Water Resources.
- 15 (i) “Disadvantaged community” has the meaning set forth in
16 subdivision (a) of Section 79505.5.
- 17 (j) “Economically distressed area” means a municipality with
18 a population of 20,000 persons or less, a rural county, or a
19 reasonably isolated and divisible segment of a larger municipality
20 where the segment of the population is 20,000 persons or less,
21 with an annual median household income that is less than 85
22 percent of the statewide median household income, and with one
23 or more of the following conditions as determined by the
24 department:
- 25 (1) Financial hardship.
 - 26 (2) Unemployment rate at least 2 percent higher than the
27 statewide average.
 - 28 (3) Low population density.
- 29 (k) “Fund” means the ~~Climate Change Response for Clean and~~
30 ~~Safe Drinking Water Fund of 2014~~ created by Section 79717.
- 31 (l) “Integrated regional water management plan” has the
32 meaning set forth in Section 10534.
- 33 (m) “Nonprofit organization” means an organization qualified
34 to do business in California and qualified under Section 501(c)(3)
35 of Title 26 of the United States Code.
- 36 (n) “Public agency” means a state agency or department, district,
37 joint powers authority, city, county, city and county, or other
38 political subdivision of the state.
- 39 (o) “Rainwater” has the meaning set forth in subdivision (c) of
40 Section 10573.

1 (p) “Severely disadvantaged community” has the meaning set
2 forth in subdivision (n) of Section 116760.20 of the Health and
3 Safety Code.

4 (q) “Small community water system” means a community water
5 system that serves no more than 3,300 service connections or a
6 yearlong population of no more than 10,000 persons.

7 (r) “State General Obligation Bond Law” means the State
8 General Obligation Bond Law (Chapter 4 (commencing with
9 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
10 Code).

11 (s) “State small water system” has the meaning set forth in
12 subdivision (n) of Section 116275 of the Health and Safety Code.

13 (t) “Stormwater” has the meaning set forth in subdivision (e)
14 of Section 10573.

15

16 CHAPTER 4. GENERAL PROVISIONS

17

18 79705. An amount that equals not more than 5 percent of the
19 funds allocated for a grant program pursuant to this division may
20 be used to pay the administrative costs of that program.

21 79706. ~~Up~~ *Unless otherwise specified, up to 10 percent of*
22 *funds allocated for each program funded by this division may be*
23 *expended for planning and monitoring necessary for the successful*
24 *design, selection, and implementation of the projects authorized*
25 *under that program. This section shall not otherwise restrict funds*
26 *ordinarily used by an agency for “preliminary plans,” “working*
27 *drawings,” and “construction” as defined in the annual Budget Act*
28 *for a capital outlay project or grant project. Water quality*
29 *monitoring shall be integrated into the surface water ambient*
30 *monitoring program administered by the State Water Resources*
31 *Control Board. Watershed monitoring shall be integrated into the*
32 *statewide watershed program administered by the Department of*
33 *Conservation.*

34 79707. Chapter 3.5 (commencing with Section 11340) of Part
35 1 of Division 3 of Title 2 of the Government Code does not apply
36 to the development or implementation of programs or projects
37 authorized or funded under this division other than Chapter 9
38 (commencing with Section 79760).

39 79708. (a) Prior to disbursing grants or loans pursuant to this
40 division, each state agency that receives an appropriation from the

1 funding made available by this division to administer a competitive
2 grant or loan program under this division shall develop and adopt
3 project solicitation and evaluation guidelines. The guidelines shall
4 include monitoring and reporting requirements and may include
5 a limitation on the dollar amount of grants or loans to be awarded.

6 (b) Prior to disbursing grants or loans, the state agency shall
7 conduct three public meetings to consider public comments prior
8 to finalizing the guidelines. The state agency shall publish the draft
9 solicitation and evaluation guidelines on its Internet Web site at
10 least 30 days before the public meetings. One meeting shall be
11 conducted at a location in northern California, one meeting shall
12 be conducted at a location in the central valley of California, and
13 one meeting shall be conducted at a location in southern California.
14 Upon adoption, the state agency shall transmit copies of the
15 guidelines to the fiscal committees and the appropriate policy
16 committees of the Legislature.

17 79709. It is the intent of the people that:

18 (a) The investment of public funds pursuant to this division will
19 result in public benefits that address the most urgent *statewide*
20 needs *and priorities* for public funding.

21 (b) Beneficiaries pay for the benefits they receive from projects
22 funded pursuant to this division.

23 (c) Any relevant statute enacted before voters approve this bond
24 shall be considered in the appropriation and expenditure of the
25 funding authorized by this division.

26 (d) In the appropriation and expenditure of funding authorized
27 by this division, priority shall be given to projects that leverage
28 private, federal, or local funding or produce the greatest public
29 benefit.

30 (e) A funded project advances the purposes of the chapter from
31 which the project received funding.

32 (f) In making decisions regarding water resources, state and
33 local water agencies use the best available science to inform those
34 decisions.

35 (g) Special consideration will be given to projects that employ
36 new or innovative technology or practices, including decision
37 support tools that demonstrate the multiple benefits of integrating
38 multiple jurisdictions, including, but not limited to, water supply,
39 flood control, land use, and sanitation.

1 (h) Projects funded with proceeds from this division shall be
 2 consistent with Section 65041.1 of the Government Code and any
 3 adopted, approved sustainable communities strategy consistent
 4 with subparagraph (B) of paragraph (2) of subdivision (b) of
 5 Section 65080 of the Government Code *contribute to improving*
 6 *the sustainability of local communities.*

7 (i) *Except as provided in Sections 79726 and 79727, the costs*
 8 *of stewardship, operation, and maintenance of the projects funded*
 9 *by this division shall be paid from other sources of revenue that*
 10 *are sustainable over the long term.*

11 (j) *Evaluation of projects considered for funding pursuant to*
 12 *this division shall include review by professionals in the fields*
 13 *relevant to the proposed project.*

14 (k) *To the extent practicable, a project supported by funds made*
 15 *available by this division shall include signage informing the public*
 16 *that the project received funds from the Clean and Safe Drinking*
 17 *Water Act of 2014.*

18 (l) *Projects funded with proceeds from this division shall be*
 19 *consistent with Division 7 (commencing with Section 13000) of*
 20 *this code and Section 13100 of the Government Code.*

21 79710. (a) The California State Auditor shall annually conduct
 22 a programmatic review and an audit of expenditures from the fund.

23 (b) Notwithstanding Section 10231.5 of the Government Code,
 24 the California State Auditor shall report its findings annually on
 25 or before March 1 to the Governor and the Legislature, and shall
 26 make the findings available to the public.

27 (c) If an audit, *required by statute*, of a public agency that
 28 receives funding authorized by this division is conducted pursuant
 29 to state law and reveals any impropriety, the California State
 30 Auditor or the Controller may conduct a full audit of any or all of
 31 the activities of the public agency.

32 (d) The state agency issuing any grant or loan with funding
 33 authorized by this division shall require adequate reporting of the
 34 expenditures of the funding from the grant or loan.

35 79711. (a) Funds provided by this division shall not be
 36 expended to support or pay for the costs of environmental
 37 mitigation measures or environmental compliance obligations of
 38 any party except as part of the environmental mitigation costs of
 39 projects financed by this division. Funds provided by this division

1 may be used for environmental enhancements or other public
2 benefits.

3 *(b) Funds provided by this division shall not be expended for*
4 *the acquisition or transfer of water rights except for a permanent*
5 *dedication of water approved in accordance with Section 1707*
6 *where the state board specifies that the water is in addition to*
7 *water that is required for regulatory requirements as provided in*
8 *subdivision (c) of Section 1707. The requirement that a dedication*
9 *of water be permanent shall not preclude the expenditure of funds*
10 *provided by this division for the initiation of the dedication as a*
11 *short-term or temporary urgency change, that is approved in*
12 *accordance with Section 1707 and either Chapter 6.6 (commencing*
13 *with Section 1435) of, or Chapter 10.5 (commencing with Section*
14 *1725) of, Part 2 of Division 2, during the period required to*
15 *prepare any environmental documentation and for approval of*
16 *permanent dedication.*

17 79712. Funds provided by this division shall not be expended
18 to pay the costs of the design, construction, operation, *mitigation*,
19 or maintenance of Delta conveyance facilities. Those costs shall
20 be the responsibility of the water agencies that benefit from the
21 design, construction, operation, or maintenance of those facilities.

22 79713. (a) This division does not diminish, impair, or
23 otherwise affect in any manner whatsoever any area of origin,
24 watershed of origin, county of origin, or any other water rights
25 protections, including, but not limited to, rights to water
26 appropriated prior to December 19, 1914, provided under the law.
27 This division does not limit or affect the application of Article 1.7
28 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
29 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
30 11463, and Sections 12200 to 12220, inclusive.

31 (b) For the purposes of this division, an area that utilizes water
32 that has been diverted and conveyed from the Sacramento River
33 hydrologic region, for use outside the Sacramento River hydrologic
34 region or the Delta, shall not be deemed to be immediately adjacent
35 thereto or capable of being conveniently supplied with water
36 therefrom by virtue or on account of the diversion and conveyance
37 of that water through facilities that may be constructed for that
38 purpose after January 1, 2014.

39 (c) Nothing in this division supersedes, limits, or otherwise
40 modifies the applicability of Chapter 10 (commencing with Section

1 1700) of Part 2 of Division 2, including petitions related to any
 2 new conveyance constructed or operated in accordance with
 3 Chapter 2 (commencing with Section 85320) of Part 4 of Division
 4 35.

5 (d) Unless otherwise expressly provided, nothing in this division
 6 supersedes, reduces, or otherwise affects existing legal protections,
 7 both procedural and substantive, relating to the state board’s
 8 regulation of diversion and use of water, including, but not limited
 9 to, water right priorities, the protection provided to municipal
 10 interests by Sections 106 and 106.5, and changes in water rights.
 11 Nothing in this division expands or otherwise alters the state
 12 board’s existing authority to regulate the diversion and use of water
 13 or the courts’ existing concurrent jurisdiction over California water
 14 rights.

15 ~~(e) Nothing in this division shall be construed to affect any~~
 16 ~~contract entered into before January 1, 2013, between the State of~~
 17 ~~California and one or more of the delta water agencies pursuant~~
 18 ~~to the authority granted under Chapter 283 of the Statutes of 1973,~~
 19 ~~Chapter 1089 of the Statutes of 1973, or Chapter 1133 of the~~
 20 ~~Statutes of 1973, as those chapters may have been amended.~~

21 (f)
 22 (e) Nothing in this division shall be construed to affect the
 23 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
 24 with Section 5093.50) of Division 5 of the Public Resources Code)
 25 and funds authorized pursuant to this division shall not be available
 26 for any project that could have an adverse effect on the free flowing
 27 condition of a wild and scenic river *or any other river afforded*
 28 *protections pursuant to the California Wild and Scenic Rivers Act.*

29 (f) *Nothing in this division supersedes, limits, or otherwise*
 30 *modifies the Sacramento-San Joaquin Delta Reform Act of 2009*
 31 *(Division 35 (commencing with Section 85000)).*

32 79714. Eligible applicants under this division are public
 33 agencies, *federally recognized Indian tribes*, and nonprofit
 34 organizations. A public agency may use funding authorized by
 35 this division to benefit recipients of water from public utilities or
 36 mutual water companies that operate a public water system if the
 37 funding provides public benefits.

38 79715. The Legislature may enact legislation necessary to
 39 implement programs funded by this division.

1 79716. (a) Unless otherwise specified, any state agency *that*
2 *has the statutory authority to implement one or more of the*
3 *purposes specified in this bond* may be eligible for appropriations
4 from the funding made available by this division.

5 ~~(b) Funds authorized in this division may be expended to pay~~
6 ~~for the services of the California Conservation Corps in~~
7 ~~implementation of funded projects.~~

8 *(b) Funding made available by this division shall not be*
9 *appropriated to a specific project.*

10 *(c) Projects funded pursuant to this division shall use the*
11 *services of the California Conservation Corps or certified*
12 *community conservation corps, as defined in Section 14507.5 of*
13 *the Public Resources Code, whenever feasible.*

14 79717. The proceeds of bonds issued and sold pursuant to this
15 division shall be deposited in the ~~Climate Change Response for~~
16 Clean and Safe Drinking Water Fund of 2014, which is hereby
17 created in the State Treasury.

18 79718. (a) *The funding authorized by this division shall be*
19 *subject to the oversight of a state agency established by statute for*
20 *that purpose.*

21 *(b) Each state agency that receives an appropriation of funding*
22 *made available by this division shall be responsible for establishing*
23 *metrics of success and reporting the status of projects and all uses*
24 *of the funding on the state’s bond accountability Internet Web site,*
25 *as provided by statute.*

26
27 CHAPTER 5. ~~WATER QUALITY AND CLEAN AND SAFE DRINKING~~
28 WATER
29

30 79720. The sum of one billion dollars (\$1,000,000,000) shall
31 be available, upon appropriation by the Legislature from the fund,
32 for expenditures, grants, and loans for projects that improve water
33 quality or help provide clean and safe drinking water to all
34 Californians.

35 79721. The projects eligible for funding pursuant to this chapter
36 shall help improve water quality for a beneficial use. The purposes
37 of this chapter are to:

38 (a) Reduce contaminants in drinking water supplies regardless
39 of the source of the water or the contamination, including the

1 assessment and prioritization of the risk to the safety of drinking
2 water supplies.

3 (b) Address the critical and immediate needs of disadvantaged,
4 rural, or small communities that suffer from contaminated drinking
5 water supplies, including, but not limited to, projects that address
6 a public health emergency.

7 (c) Leverage other private, federal, state, and local drinking
8 water quality and wastewater treatment funds.

9 (d) Reduce contaminants in discharges to, and improve the
10 quality of, surface water streams.

11 (e) Improve water quality of surface water streams, including
12 multibenefit stormwater quality projects.

13 (f) Prevent further contamination of drinking water supplies.

14 (g) Provide disadvantaged communities with public drinking
15 water infrastructure that provides clean and safe drinking water
16 supplies that the community can sustain over the long term.

17 (h) Ensure access to clean, safe, and affordable drinking water
18 for California's communities.

19 79722. (a) A project that receives funding under this chapter
20 shall be selected by a competitive grant or loan process with added
21 consideration for those projects that leverage private, federal, or
22 local funding. This subdivision shall not apply to projects for the
23 purposes of Section 79727 that address a public health priority for
24 which no other source of funding can be identified.

25 (b) An agency administering grants or loans for the purposes
26 of this chapter shall assess the capacity of a community to pay for
27 the operation and maintenance of the facility to be funded.

28 (c) A project that receives funding authorized by this chapter
29 may be implemented by any public water system or other public
30 water agency.

31 79723. An applicant for a project to clean up a groundwater
32 aquifer shall demonstrate that a public agency has authority to
33 manage the water resources in that aquifer in order to be eligible
34 for funding pursuant to this chapter. This section does not apply
35 to projects that install treatment facilities at the wellhead, customer
36 connection, or the tap.

37 79724. The contaminants that may be addressed with funding
38 pursuant to this chapter may include, but shall not be limited to,
39 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
40 selenium, hexavalent chromium, mercury, PCE

1 (perchloroethylene), TCE (trichloroethylene), DCE
2 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP
3 (trichloropropane),—and carbon tetrachloride, *1,4-dioxane*,
4 *1,4-dioxacyclohexane*, *nitrosodimethylamine*, *bromide*, *iron*,
5 *manganese*, and *uranium*.

6 79725. ~~(a)~~ Of the funds authorized in Section 79720, not less
7 than ~~one hundred million dollars (\$100,000,000)~~ *four hundred*
8 *million dollars (\$400,000,000)* shall be available for deposit in the
9 State Water Pollution Control Revolving Fund Small Community
10 Grant Fund created pursuant to Section 13477.6 for grants for
11 wastewater treatment projects. Priority shall be given to projects
12 that serve disadvantaged communities and severely disadvantaged
13 communities, and to projects that address public health hazards.
14 Projects shall include, but not be limited to, projects that identify,
15 plan, design, and implement regional mechanisms to consolidate
16 wastewater systems or provide affordable treatment technologies.

17 ~~(b)~~ ~~Of the funds authorized in Section 79720, up to two hundred~~
18 ~~fifty million dollars (\$250,000,000) shall be available to support~~
19 ~~projects that address the management of stormwater quality,~~
20 ~~including projects described in subdivision (f) of Section 79743.~~

21 79726. (a) Of the funds authorized in Section 79720, one
22 hundred million dollars (\$100,000,000) shall be available for
23 deposit in the Emergency Clean Water Grant Fund, established
24 pursuant to Section 116475 of the Health and Safety Code, for
25 grants and direct expenditures to finance public health emergencies
26 and urgent actions, as may be determined by the Legislature, to
27 ensure that safe drinking water supplies are available to all
28 Californians. Eligible projects include, but are not limited to, the
29 following:

30 (1) Providing interim water supplies, including, but not limited
31 to, bottled water, where necessary to protect public health.

32 (2) Identifying, planning, designing, and constructing projects
33 that improve existing water systems to provide safe, reliable,
34 accessible, and affordable drinking water, provide other sources
35 of safe drinking water, including, but not limited to, replacement
36 wells, and prevent contamination.

37 (3) Establishing connections to an adjacent water system.

38 (4) The design, purchase, installation, and initial operating costs
39 for interim water treatment equipment and systems.

1 (b) The administering entity may expend up to ten million
 2 dollars (\$10,000,000) for grants and loans to address the water
 3 quality needs of private well owners that have no other source of
 4 funding and serve members of a disadvantaged community.

5 79727. (a) Of the funds authorized in Section 79720, four
 6 hundred million dollars (\$400,000,000) shall be available for grants
 7 and loans for public water system infrastructure improvements
 8 and related actions to meet safe drinking water standards, ensure
 9 affordable drinking water, or both. Priority shall be given to
 10 projects that provide treatment for contamination or access to an
 11 alternate drinking water source or sources for small community
 12 water systems or state small water systems in disadvantaged
 13 communities whose drinking water source is impaired by chemical
 14 and nitrate contaminants and other health hazards identified by
 15 the implementing agency. Eligible recipients serve disadvantaged
 16 communities and are public agencies or incorporated mutual water
 17 companies. The implementing agency may make grants for the
 18 purpose of financing feasibility studies and to meet the eligibility
 19 requirements for a construction grant. Eligible expenses may
 20 include initial operation and maintenance costs for systems serving
 21 disadvantaged communities. Special consideration shall be given
 22 to projects that provide shared solutions for multiple communities,
 23 at least one of which is a disadvantaged community that lacks safe,
 24 affordable drinking water and is served by a small community
 25 water system, state small water system, or a private well.
 26 Construction grants shall be limited to five million dollars
 27 (\$5,000,000) per project, except that the implementing agency
 28 may set a limit of not more than twenty million dollars
 29 (\$20,000,000) for projects that provide regional *benefits* or *are*
 30 shared among multiple entities, at least one of which shall be a
 31 small disadvantaged community. Not more than 25 percent of a
 32 grant may be awarded in advance of actual expenditures.

33 (b) The administering entity may expend up to twenty-five
 34 million dollars (\$25,000,000) of the funds allocated in subdivision
 35 (a) for technical assistance to eligible communities.

36 79728. Of the funds authorized in Section 79720, ~~two up to~~
 37 ~~one hundred fifty million dollars (\$250,000,000)~~ (\$100,000,000)
 38 shall be available for improving groundwater quality, *including,*
 39 *but not limited to, the costs of planning, design, and construction*

1 of improvements necessary to resume delivery of safe drinking
2 water.

3 79729. (a) For the purposes of awarding funding under this
4 chapter, a local cost share of not less than 50 percent of the total
5 costs of the project shall be required. The cost-sharing requirement
6 may be waived or reduced for projects that directly benefit a
7 disadvantaged community or an economically distressed area.

8 (b) At least 10 percent of the funds available pursuant to this
9 chapter shall be allocated for projects serving severely
10 disadvantaged communities.

11 (c) Funding authorized pursuant to this chapter shall include
12 funding for technical assistance to disadvantaged communities.
13 The agency administering this funding shall operate a
14 multidisciplinary technical assistance program for small and
15 disadvantaged communities.

16 (d) Funding for planning activities, including technical
17 assistance, to benefit disadvantaged communities may exceed 10
18 percent of the funds allocated, subject to the determination of the
19 need for additional planning funding by the state agency
20 administering the funding.

21

22 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
23 WATERS, AND WATERSHEDS
24

25 79730. (a) The sum of one billion five hundred million dollars
26 (\$1,500,000,000) shall be available, upon appropriation by the
27 Legislature from the fund, in accordance with this chapter, for
28 expenditures and grants for *multibenefit* ecosystem and watershed
29 protection and restoration projects, including, but not limited to,
30 for all of the following watersheds: projects in accordance with
31 statewide priorities.

- 32 (a) ~~The San Joaquin River watershed.~~
- 33 (b) ~~The Kern River and Tulare Basin watersheds.~~
- 34 (c) ~~The Salton Sea and Colorado River watersheds.~~
- 35 (d) ~~The Los Angeles River watershed.~~
- 36 (e) ~~The San Gabriel River watershed.~~
- 37 (f) ~~The Santa Ana River watershed.~~
- 38 (g) ~~The Klamath River watershed, including the Trinity, Scott,~~
39 ~~and Shasta Rivers and watersheds.~~
- 40 (h) ~~The North Coast watersheds.~~

- 1 ~~(i) The San Francisco Bay watersheds.~~
- 2 ~~(j) The Central Coast watersheds.~~
- 3 ~~(k) The South Coast watersheds.~~
- 4 ~~(l) The Lake Tahoe Basin watershed.~~
- 5 ~~(m) The Sacramento River watershed, including the Yolo~~
- 6 ~~Bypass.~~
- 7 ~~(n) The San Diego County coastal watersheds.~~
- 8 ~~(o) The Ventura River watershed.~~
- 9 ~~(p) The Sierra Nevada Mountain watersheds.~~
- 10 ~~(q) The Mojave River watershed.~~
- 11 ~~(r) The Owens River watershed.~~
- 12 ~~(s) The Santa Monica Bay watershed.~~
- 13 ~~(t) The watersheds of Marin County.~~
- 14 ~~(u) The watersheds of Orange County.~~
- 15 *(b) Of the funds made available by this section, the following*
- 16 *specified amounts shall be made available to the specified regions,*
- 17 *with consideration of the population of each region:*
- 18 *(1) _____ million dollars (\$_____) for the North Coast region.*
- 19 *(2) _____ million dollars (\$_____) for the San Francisco Bay*
- 20 *Area.*
- 21 *(3) _____ million dollars (\$_____) for the Sierra Nevada and*
- 22 *Cascade Range region.*
- 23 *(4) _____ million dollars (\$_____) for the Central Coast region.*
- 24 *(5) _____ million dollars (\$_____) for the Central Valley region.*
- 25 *(6) _____ million dollars (\$_____) for the Southern California*
- 26 *region.*
- 27 79731. In protecting and restoring California rivers, lakes,
- 28 streams, and watersheds, the purposes of this chapter are to:
- 29 (a) Protect and increase the economic benefits arising from
- 30 healthy watersheds, fishery resources, and instream flow.
- 31 ~~(b) Help watershed ecosystems adapt to climate change.~~
- 32 *(b) Implement watershed adaptation projects in order to reduce*
- 33 *the impacts of climate change on California’s communities and*
- 34 *ecosystems.*
- 35 (c) Restore river parkways throughout the state, including, but
- 36 not limited to, projects pursuant to the California River Parkways
- 37 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of
- 38 Division 5 of the Public Resources Code), in the Urban Streams
- 39 Restoration Program established pursuant to Section 7048, and
- 40 urban river greenways.

1 (d) Protect and restore aquatic, wetland, and migratory bird
2 ecosystems, including fish and wildlife corridors and the
3 acquisition of water rights for instream flow pursuant to Section
4 1707.

5 (e) Fulfill the obligations of the State of California in complying
6 with the terms of multiparty settlement agreements related to water
7 resources.

8 (f) Remove barriers to fish passage.

9 (g) Collaborate with federal agencies in the protection of fish
10 native to California and wetlands in the central valley of California.

11 (h) Implement fuel treatment projects to reduce wildfire risks,
12 protect watersheds tributary to water storage facilities, and promote
13 watershed health.

14 (i) Protect and restore rural and urban watershed health to
15 improve watershed storage capacity, forest health, protection of
16 life and property, stormwater resource management, and
17 greenhouse gas reduction.

18 (j) Promote access and recreational opportunities to watersheds
19 and waterways that are compatible with habitat values and water
20 quality objectives.

21 (k) Promote educational opportunities to instruct and inform
22 Californians, including young people, about the value of
23 watersheds.

24 *(l) Protect and restore coastal watersheds, including, but not*
25 *limited to, bays, marine estuaries, and nearshore ecosystems.*

26 *(m) Reduce pollution or contamination of rivers, lakes, streams,*
27 *or coastal waters, prevent and remediate mercury contamination*
28 *from legacy mines, and protect or restore natural system functions*
29 *that contribute to water supply, water quality, or flood*
30 *management.*

31 *(n) Assist in the recovery of endangered, threatened, or*
32 *migratory species by improving watershed health, instream flows*
33 *pursuant to Section 1707, fish passage, coastal or inland wetland*
34 *restoration, or other means, such as natural community*
35 *conservation plan and habitat conservation plan implementation.*

36 *(o) Promote urban forestry pursuant to the Urban Forest Act*
37 *of 1978 (Chapter 2 (commencing with Section 4799.06) of Division*
38 *4 of the Public Resources Code).*

39 79732. For restoration and ecosystem protection projects under
40 this chapter, the services of the California Conservation Corps or

1 a local conservation corps certified by the California Conservation
 2 Corps shall be used whenever feasible.

3 79733. (a) Notwithstanding Section 79711, of the funds
 4 authorized in Section 79730, five hundred million dollars
 5 (\$500,000,000) shall be available to fulfill the obligations of the
 6 State of California in complying with the terms of any of the
 7 following:

8 (1) The February 18, 2010, Klamath Basin Restoration
 9 Agreement.

10 (2) The Quantification Settlement Agreement, as defined in
 11 subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

12 (3) The San Joaquin River Restoration Settlement, as described
 13 in Part I of Subtitle A of Title X of Public Law 111-11.

14 (4) Section 3406(d) of Title 34 of Public Law 102-575.

15 (5) *Other multiparty settlement agreements in effect as of*
 16 *January 1, 2014, including the Tahoe Regional Planning Compact*
 17 *set forth in Section 66801 of the Government Code.*

18 (b) Of the funds authorized in Section 79730, two hundred fifty
 19 million dollars (\$250,000,000) shall be available to the Natural
 20 Resources Agency to support projects of a state conservancy as
 21 provided in the conservancy’s strategic plan.

22 (c) *In order to guide the expenditure of funds described in this*
 23 *chapter, the Natural Resources Agency shall develop a statewide*
 24 *natural resource protection plan to identify priorities consistent*
 25 *with the purposes of this section. All expenditures by state*
 26 *conservancies and state agencies of funds described in this section*
 27 *shall advance the priorities set forth in the statewide natural*
 28 *resource protection plan.*

29 (d) *In coordination with the Natural Resources Agency, all state*
 30 *conservancies expending funds provided pursuant to subdivision*
 31 *(b) shall provide biannual written reports to the Natural Resources*
 32 *Agency on expenditures made and how those expenditures advance*
 33 *the statewide priorities set forth in the statewide natural resource*
 34 *protection plan developed pursuant to subdivision (c). The Natural*
 35 *Resources Agency shall produce and make available to the public*
 36 *biannual written reports on total expenditures made and progress*
 37 *toward meeting statewide priorities.*

38 79734. For the purposes of this chapter, the terms “protection”
 39 and “restoration” have the meanings set forth in Section 75005 of
 40 the Public Resources Code.

1 CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL
2 WATER SECURITY

3
4 79740. The sum of one billion five hundred million dollars
5 (\$1,500,000,000) shall be available, upon appropriation by the
6 Legislature from the fund, for expenditures and competitive grants
7 and loans to ~~eligible projects that are included in, and implement~~
8 ~~an adopted integrated regional water management plan consistent~~
9 ~~with Part 2.2 (commencing with Section 10530) of Division 6~~
10 *respond to climate change and contribute to regional water*
11 *security as provided in this chapter.*

12 79741. In order to improve regional water self-reliance security
13 and adapt to the effects on water supply arising out of climate
14 change, the purposes of this chapter are to:

15 (a) Help water infrastructure systems adapt to climate change,
16 including, but not limited to, sea level rise.

17 (b) Incentivize water agencies throughout each watershed to
18 collaborate in managing the region's water resources and setting
19 regional priorities for water infrastructure.

20 (c) Improve regional water self-reliance, including projects that
21 reduce *future* reliance on the Delta *watershed* in meeting
22 California's future water supply needs, consistent with Section
23 85021.

24 (d) Fund the increment of project costs related to the project's
25 public benefits.

26 79742. (a) In selecting among proposed projects in a
27 watershed, the scope of the adopted integrated regional water
28 management plan may be considered by the administering state
29 agency, with priority going to projects in plans that cover a greater
30 portion of the watershed. If a plan covers substantially all of the
31 watershed, then the plan's project priorities shall be given
32 deference.

33 (b) An urban water supplier that does not prepare, adopt, and
34 submit its urban water management plan in accordance with the
35 Urban Water Management Planning Act (Part 2.6 (commencing
36 with Section 10610) of Division 6) is ineligible to apply for funds
37 made available pursuant to this chapter until the urban water
38 management plan is prepared and submitted in accordance with
39 the requirements of that act.

1 (c) An agricultural water supplier that does not prepare, adopt,
2 and submit its agricultural water management plan in accordance
3 with the Agricultural Water Management Planning Act (Part 2.8
4 (commencing with Section 10800) of Division 6) is ineligible to
5 apply for funds made available pursuant to this chapter until the
6 agricultural water management plan is prepared and submitted in
7 accordance with the requirements of that act.

8 (d) A local agency that does not prepare, adopt, and submit its
9 groundwater management plan in accordance with Part 2.75
10 (commencing with Section 10750) of Division 6 is ineligible to
11 apply for funds made available pursuant to this chapter until the
12 plan is prepared and submitted in accordance with the requirements
13 of that part. *The groundwater management plan requirement shall*
14 *not apply to a water replenishment district formed pursuant to*
15 *Division 18 (commencing with Section 60000) or to a local agency*
16 *that serves or has authority to manage an adjudicated groundwater*
17 *basin.*

18 (e) For the purposes of awarding funding under this chapter, a
19 cost share from nonstate sources of not less than 50 percent of the
20 total costs of the project shall be required. The cost sharing
21 requirement may be waived or reduced for projects that directly
22 benefit a disadvantaged community or an economically distressed
23 area.

24 (f) Not less than 10 percent of the funds authorized by this
25 chapter shall be allocated to projects that directly benefit
26 disadvantaged communities.

27 (g) For the purposes of awarding a grant under this chapter, the
28 applicant shall demonstrate that the integrated regional water
29 management plan the applicant's project implements addresses
30 the risks in the region to water supply and water infrastructure
31 arising from climate change.

32 (h) Projects that achieve multiple benefits shall receive special
33 consideration.

34 79743. Subject to the determination of regional priorities by
35 the regional water management group, eligible projects may
36 include, but are not limited to, projects that promote any of the
37 following:

38 (a) Water reuse and recycling.

39 (b) Water-use efficiency and water conservation.

- 1 (c) Local and regional surface and underground water storage,
2 including groundwater aquifer cleanup or recharge projects.
- 3 (d) Regional water conveyance facilities that improve integration
4 of separate water systems.
- 5 (e) Watershed protection, restoration, and management projects.
- 6 (f) Stormwater resource management, including, but not limited
7 to, the following:
- 8 (1) Projects to reduce, manage, treat, or capture rainwater or
9 stormwater.
- 10 (2) Projects that provide multiple benefits such as water quality,
11 water supply, flood control, or open space.
- 12 (3) Decision support tools that evaluate the benefits and costs
13 of multibenefit stormwater projects.
- 14 (4) Projects to implement a stormwater resource plan developed
15 in accordance with Part 2.3 (commencing with Section 10560) of
16 Division 6.
- 17 (g) Conjunctive use of surface and groundwater storage
18 facilities.
- 19 (h) Water desalination projects, including projects that
20 incorporate renewable energy generation and reduce ~~Delta exports~~
21 *regional reliance on water from the Delta watershed to meet*
22 *California's future water supply needs pursuant to Section 85021.*
- 23 (i) Decision support tools to model regional water management
24 strategies to account for climate change and other changes in
25 regional demand and supply projections.
- 26 79744. (a) Of the funds authorized in Section 79740, one
27 billion dollars (\$1,000,000,000) shall be allocated to the hydrologic
28 regions as identified in the California Water Plan in accordance
29 with this section. For the South Coast hydrologic region, the
30 department shall establish three funding areas that reflect the
31 watersheds of San Diego County (designated as the San Diego
32 subregion), the Santa Ana River watershed and southern Orange
33 County (designated as the Santa Ana subregion), and the Los
34 Angeles and Ventura County watersheds (designated as the Los
35 Angeles subregion), and shall allocate funds to those areas in
36 accordance with this subdivision. The North and South Lahontan
37 hydrologic regions shall be treated as one area for the purpose of
38 allocating funds. For purposes of this subdivision, the Sacramento
39 River hydrologic region does not include the Delta. For purposes
40 of this subdivision, the Mountain Counties Overlay is not eligible

1 for funds from the Sacramento River hydrologic region or the San
2 Joaquin River hydrologic region. Multiple integrated regional
3 water management plans may be recognized in each of the areas
4 allocated funding.

5 (b) Funds made available by this chapter shall be allocated as
6 follows:

- 7 (1) North Coast: \$45,000,000.
- 8 (2) San Francisco Bay: \$132,000,000.
- 9 (3) Central Coast: \$58,000,000.
- 10 (4) Los Angeles subregion: \$198,000,000.
- 11 (5) Santa Ana subregion: \$128,000,000.
- 12 (6) San Diego subregion: \$87,000,000.
- 13 (7) Sacramento River: \$76,000,000.
- 14 (8) San Joaquin River: \$64,000,000.
- 15 (9) Tulare/Kern: \$70,000,000.
- 16 (10) North/South Lahontan: \$51,000,000.
- 17 (11) Colorado River Basin: \$47,000,000.
- 18 (12) Mountain Counties Overlay: \$44,000,000.

19 79745. (a) Of the funds authorized by *Section 79740* up to
20 two hundred fifty million dollars (\$250,000,000) may be used for
21 direct expenditures, grants, and loans for water conservation and
22 water use efficiency plans, projects, and programs, including either
23 of the following:

24 (1) Urban water conservation plans, projects, and programs,
25 including regional projects and programs, implemented to achieve
26 urban water use targets developed pursuant to *Section 10608.20*.
27 Priority for funding shall be given to programs that do any of the
28 following:

29 (A) Assist water suppliers and regions to implement
30 conservation programs and measures that are not locally
31 cost-effective.

32 (B) Support water supplier and regional efforts to implement
33 programs targeted to enhance water use efficiency for commercial,
34 industrial, and institutional water users.

35 (C) Assist water suppliers and regions with programs and
36 measures targeted toward realizing the conservation benefits of
37 implementation of the provisions of the state landscape model
38 ordinance.

1 (2) Agricultural water management plans or agricultural water
2 use efficiency projects and programs developed pursuant to Part
3 2.8 (commencing with Section 10800) of Division 6.

4 (b) Section 1011 applies to all conservation measures that an
5 agricultural water supplier or an urban water supplier implements
6 with funding under this chapter. This subdivision does not limit
7 the application of Section 1011 to any other measures or projects
8 implemented by a water supplier.

9 79746. Of the funds authorized by *Section 79740*, the sum of
10 five hundred million dollars (\$500,000,000) shall be available,
11 upon appropriation by the Legislature from the fund, for grants
12 and loans for water recycling and advanced treatment technology
13 projects, including all of the following:

14 (a) Water recycling projects.

15 (b) Contaminant and salt removal projects, including, but not
16 limited to, groundwater and seawater desalination.

17 (c) Dedicated distribution infrastructure for recycled water and
18 commercial and industrial end-user retrofit projects to allow use
19 of recycled water.

20 (d) Pilot projects for new salt and contaminant removal
21 technology.

22 (e) Groundwater recharge infrastructure related to recycled
23 water.

24 (f) Technical assistance and grant writing assistance for
25 disadvantaged communities.

26 (g) For projects funded pursuant to this section, at least a 50
27 percent local cost share shall be required. That cost share may be
28 suspended or reduced for disadvantaged communities and
29 economically distressed areas.

30 (h) Projects funded pursuant to this section shall be selected on
31 a competitive basis, considering all of the following criteria:

32 (1) Water supply reliability improvement.

33 (2) Water quality and ecosystem benefits related to decreased
34 reliance on diversions from the Delta or instream flows.

35 (3) Public health benefits from improved drinking water quality.

36 (4) Cost effectiveness.

37 (5) Energy efficiency and greenhouse gas emission impacts.

38 (i) For the purposes of this section, *eligible projects shall*
39 *implement* a plan or strategy by one or more regional water
40 agencies *or integrated regional water management groups* to

1 incorporate water recycling into the region’s water supplies ~~shall~~
2 ~~satisfy the requirements for an integrated regional water~~
3 ~~management plan, consistent with Part 2.2 (commencing with~~
4 ~~Section 10530) of Division 6.~~

5 79747. (a) *Of the funds authorized by Section 79740, up to*
6 *two hundred fifty million dollars (\$250,000,000) may be available*
7 *for grants and loans for multibenefit stormwater management*
8 *projects.*

9 (b) *Eligible projects may include, but shall not be limited to,*
10 *green infrastructure, rainwater and stormwater capture projects,*
11 *and stormwater treatment facilities.*

12 (c) *Development of plans for stormwater projects shall address*
13 *the entire watershed and incorporate the perspectives of*
14 *communities adjacent to the affected waterways, especially*
15 *disadvantaged communities.*

16 79747.

17 79748. In order to receive funding authorized by this chapter
18 to address groundwater quality or supply in an aquifer, the
19 applicant shall demonstrate that a public agency has authority to
20 manage the water resources in that aquifer. A groundwater
21 management plan adopted and approved pursuant to Part 2.75
22 (commencing with Section 10750) of Division 6 shall be deemed
23 sufficient to satisfy the requirements of this section.

24

25 CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA
26 SUSTAINABILITY

27

28 79750. (a) The sum of one billion *dollars* (\$1,000,000,000)
29 shall be available, upon appropriation by the Legislature from the
30 fund, for grants and direct expenditures to improve the
31 sustainability of the Delta.

32 (b) This chapter provides state funding for public benefits
33 associated with projects needed to assist in the Delta’s
34 sustainability as a vital resource for fish, wildlife, water quality,
35 water supply, agriculture, and recreation.

36 79751. In order to promote the sustainability and resiliency of
37 the Delta, the purposes of this chapter are to:

38 (a) Protect, restore, and enhance the Delta ecosystem.

39 (b) Maintain and improve existing Delta levees.

40 (c) Promote the sustainability of the Delta.

1 79752. The funds authorized in Section 79750 shall not be
2 used to pay the costs of a *public agency* exercising eminent domain
3 *to acquire or use property. All property acquired with moneys*
4 *available pursuant to this chapter shall be acquired from willing*
5 *sellers.*

6 ~~79753. Any project funded by this chapter shall include a~~
7 ~~partner that is a resident, landowner, public agency, or organization~~
8 ~~from one or more of the five Delta counties. For the purposes of~~
9 ~~this chapter, a partner from a Delta county shall have a significant~~
10 ~~role in the development and implementation of the funded project.~~

11 79754. Funding authorized by this chapter for the purpose of
12 subdivision (a) of Section 79751 may include, but is not limited
13 to, the following:

14 (a) Projects to protect and restore native fish and wildlife
15 dependent on the Delta ecosystem, including improvement of
16 aquatic or terrestrial habitat or the removal or reduction of
17 undesirable invasive species.

18 (b) Projects to reduce greenhouse gas emissions from exposed
19 Delta soils.

20 (c) Scientific studies and assessments that support the projects
21 authorized under this section.

22 79755. (a) Funding authorized by this chapter for the purpose
23 of subdivision (b) of Section 79751 shall reduce the risk of levee
24 failure and flood in the Delta and may be expended, consistent
25 with the Delta levee investment priorities recommended pursuant
26 to Section 85306, for any of the following:

27 (1) Local assistance under the Delta levee maintenance
28 subventions program under Part 9 (commencing with Section
29 12980) of Division 6, as that part may be amended.

30 (2) Special flood protection projects under Chapter 2
31 (commencing with Section 12310) of Part 4.8 of Division 6, as
32 that chapter may be amended.

33 (3) Levee improvement projects that increase the resiliency of
34 levees within the Delta to withstand earthquake, flooding, or sea
35 level rise.

36 (4) Emergency response and repair projects.

37 (b) All projects funded pursuant to this section shall be subject
38 to Section 79050.

1 CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE

2
3 79760. (a) Notwithstanding Section 162, the commission may
4 make the determinations, findings, and recommendations required
5 of it by this chapter independent of the views of the director. All
6 final actions by the commission in implementing this chapter shall
7 be taken by a majority of the members of the commission at a
8 public meeting noticed and held pursuant to the Bagley-Keene
9 Open Meeting Act (Article 9 (commencing with Section 11120)
10 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
11 Code).

12 ~~(b) Notwithstanding Section 13340 of the Government Code,~~
13 ~~the sum of one billion five hundred million dollars~~
14 ~~(\$1,500,000,000) is hereby continuously appropriated from the~~
15 ~~fund, without regard to fiscal years, to the commission for public~~
16 ~~benefits associated with water storage projects that improve the~~
17 ~~operation of the state water system, are cost effective, and provide~~
18 ~~a net improvement in ecosystem and water quality conditions, in~~
19 ~~accordance with this chapter. Funds authorized for, or made~~
20 ~~available to, the commission pursuant to this chapter shall be~~
21 ~~available and expended only for the purposes provided in this~~
22 ~~chapter, and shall not be subject to appropriation or transfer by the~~
23 ~~Legislature or the Governor for any other purpose.~~

24 *(b) (1) The commission shall submit its project selections to*
25 *any state agency created by statute for the purpose of oversight*
26 *of bond acts for confirmation of compliance with applicable legal*
27 *requirements.*

28 *(2) The commission shall submit project status reports as*
29 *requested to the Department of Finance or the state agency created*
30 *by statute described in paragraph (1).*

31 (c) Projects shall be selected by the commission through a
32 competitive public process that ranks potential projects based on
33 the expected return for public investment as measured by the
34 magnitude of the public benefits provided, pursuant to criteria
35 established under this chapter.

36 ~~(d) Any project constructed with funds provided by this chapter~~
37 ~~shall be subject to Section 11590.~~

38 *(d) Only projects selected by the commission shall be eligible*
39 *for funding authorized by this chapter. Funding authorized by this*
40 *chapter shall be appropriated to the commission.*

1 (e) The commission shall, to the extent feasible, maximize the
2 following:

3 (1) Leveraging of the funding made available in this chapter
4 with funds from federal, local, and private sources.

5 (2) Statewide storage benefits or regional storage benefits that
6 promote regional self-reliance.

7 79761. (a) The sum of one billion five hundred million dollars
8 (\$1,500,000,000) shall be available from the fund to the
9 commission, for expenditures, competitive grants, and loans for
10 public benefits associated with projects that expand the state's
11 water storage capacity.

12 (b) (1) Three hundred million dollars (\$300,000,000) is hereby
13 appropriated to the commission from the moneys available
14 pursuant to subdivision (a) for the purposes of this chapter during
15 each of the fiscal years from the 2015–16 fiscal year to the 2019–20
16 fiscal year, inclusive, unless the moneys in the fund available for
17 this chapter pursuant to subdivision (a) are exhausted.

18 (2) Funds appropriated pursuant to this subdivision shall be
19 available for encumbrance for three years in accordance with
20 Section 16304 of the Government Code.

21 (3) The Legislature may augment the appropriations made
22 pursuant to this subdivision until the funds are exhausted.

23 (c) The Legislature shall retain authority and responsibility for
24 oversight of the commission and expenditure of the funding
25 authorized by this chapter.

26 ~~79761.~~

27 79762. In order to expand the state's water storage capacity to
28 address the impacts of climate change on the snow pack in the
29 Sierra Nevada Mountains and water storage resources, the purposes
30 of this chapter are to:

31 (a) Construct new surface water storage projects.

32 (b) Restore and expand groundwater aquifer storage capacity.

33 (c) Restore water storage capacity of existing surface water
34 storage reservoirs.

35 (d) Remediate or prevent contamination of groundwater
36 aquifers.

37 (e) Construct and expand stormwater retention facilities.

38 ~~79762.~~

39 79763. Projects for which the public benefits are eligible for
40 funding under this chapter consist of only the following:

1 (a) Surface storage projects identified in the CALFED Bay-Delta
2 Program, except for projects prohibited by Chapter 1.4
3 (commencing with Section 5093.50) of Division 5 of the Public
4 Resources Code.

5 (b) Groundwater storage projects and groundwater
6 contamination prevention or remediation projects that provide
7 water storage benefits.

8 (c) Conjunctive use and reservoir reoperation projects.

9 (d) Local and regional surface storage projects that improve the
10 operation of water systems in the state ~~and provide public benefits.~~

11 (e) Projects that remove sediment, improve dam stability in
12 seismic events, or otherwise restore water storage capacity in
13 existing water storage reservoirs.

14 *(f) Projects that the United States Bureau of Reclamation*
15 *develops through its Water SMART storage program.*

16 ~~79763.~~

17 ~~79764.~~ *A project in the Delta watershed or an area that*
18 *receives water from the Delta watershed shall not be funded*
19 *pursuant to this chapter unless it provides measurable*
20 *improvements to the Delta ecosystem or to the tributaries to the*
21 *Delta watershed.*

22 ~~79764.~~

23 ~~79765.~~ (a) Funds allocated pursuant to this chapter may be
24 expended solely for the following public benefits associated with
25 water storage projects:

26 (1) Ecosystem improvements, including changing the timing of
27 water diversions, improvement in flow conditions, temperature,
28 or other benefits that contribute to restoration of aquatic ecosystems
29 and native fish and wildlife, including those ecosystems and fish
30 and wildlife in the Delta or the Delta tributaries.

31 (2) Water quality improvements in the Delta, or in other river
32 systems, that provide significant public trust *fish and wildlife*
33 resources, or that clean up and restore groundwater resources.

34 (3) Flood control benefits, including, but not limited to, increases
35 in flood reservation space in existing reservoirs by exchange for
36 existing or increased water storage capacity in response to the
37 effects of changing hydrology and decreasing snow pack on
38 California's water and flood management system.

1 ~~(4) Emergency response, including, but not limited to, securing~~
2 ~~emergency water supplies and flows for dilution and salinity~~
3 ~~repulsion following a natural disaster or act of terrorism.~~

4 ~~(5) Recreational purposes, including, but not limited to, those~~
5 ~~recreational pursuits generally associated with the outdoors.~~

6 ~~(4) Regional water storage benefits for more than one drinking~~
7 ~~water supplier or more than three million people.~~

8 (b) Funds shall not be expended pursuant to this chapter for the
9 costs of environmental mitigation measures or compliance
10 obligations ~~except for those associated with providing public~~
11 ~~benefits as described in subdivision (a).~~

12 ~~79765.~~

13 79766. In consultation with the Department of Fish and ~~Game~~
14 ~~Wildlife~~, the State Water Resources Control Board, and the
15 department, the commission shall develop and adopt, by regulation,
16 methods for quantification and management of public benefits
17 described in Section ~~79764~~ 79765 by December 15, 2014. The
18 regulations shall include the priorities and relative environmental
19 value of ecosystem benefits as provided by the Department of Fish
20 and ~~Game Wildlife~~ and the priorities and relative environmental
21 value of water quality benefits as provided by the State Water
22 Resources Control Board.

23 ~~79766.~~

24 79767. (a) Except as provided in subdivision (c), no funds
25 allocated pursuant to this chapter may be allocated for a project
26 before December 15, 2014, and until the commission approves the
27 project based on the commission's determination that all of the
28 following have occurred:

29 (1) The commission has adopted the regulations specified in
30 Section ~~79765~~ 79766 and specifically quantified and made public
31 the cost of the public benefits associated with the project.

32 (2) The department has entered into a contract with each party
33 that will derive benefits, other than public benefits, as defined in
34 Section ~~79764~~ 79765, from the project that ensures the party will
35 pay its share of the total costs of the project. The benefits available
36 to a party shall be consistent with that party's share of total project
37 costs.

38 (3) The department has entered into a contract with each public
39 agency identified in Section ~~79765~~ 79766 that administers the
40 public benefits, after that agency makes a finding that the public

1 benefits of the project for which that agency is responsible meet
 2 all the requirements of this chapter, to ensure that the public
 3 contribution of funds pursuant to this chapter achieves the public
 4 benefits identified for the project.

5 (4) The commission has held a public hearing for the purposes
 6 of providing an opportunity for the public to review and comment
 7 on the information required to be prepared pursuant to this
 8 subdivision.

9 (5) All of the following additional conditions are met:

10 (A) Feasibility studies have been completed.

11 (B) The commission has found and determined that the project
 12 is feasible, is consistent with all applicable laws and regulations,
 13 and, *if the project is in the Delta watershed or an area that receives*
 14 *water from the Delta watershed, will advance the long-term*
 15 *objectives of restoring ecological health and improving water*
 16 *management for beneficial uses of the Delta policy objectives*
 17 *specified in Section 85020.*

18 (C) All environmental documentation associated with the project
 19 has been completed, and all other federal, state, and local approvals,
 20 certifications, and agreements required to be completed have been
 21 obtained.

22 (b) The commission shall submit to the Legislature its findings
 23 for each of the criteria identified in subdivision (a) for a project
 24 funded pursuant to this chapter.

25 (c) Notwithstanding subdivision (a), funds may be made
 26 available under this chapter for the completion of environmental
 27 documentation and permitting of a project.

28 ~~79767.~~

29 79768. (a) The public benefit cost share of a project funded
 30 pursuant to this chapter, ~~other than a project described in~~
 31 ~~subdivision (c) of Section 79762,~~ may not exceed 50 percent of
 32 the total costs of any project funded under this chapter.

33 ~~(b) No project may be funded unless it provides ecosystem~~
 34 ~~improvements as described in paragraph (1) of subdivision (a) of~~
 35 ~~Section 79764 that are at least 50 percent of total public benefits~~
 36 ~~of the project funded under this chapter.~~

37 ~~(e)~~

38 (b) In order to receive funding authorized by this chapter to
 39 improve groundwater storage in an aquifer, the applicant shall

1 demonstrate that a public agency has authority to manage the water
2 resources in that aquifer.

3 ~~79768.~~

4 79769. (a) A project is not eligible for funding under this
5 chapter unless, by January 1, 2018, all of the following conditions
6 are met:

7 (1) All feasibility studies are complete and draft environmental
8 documentation is available for public review.

9 (2) The commission makes a finding that the project is feasible,
10 and will advance the long-term objectives of restoring ecological
11 health and improving water management for beneficial uses ~~of the~~
12 ~~Delta.~~

13 (3) The director receives commitments for not less than 75
14 percent of the nonpublic benefit cost share of the project.

15 (b) If compliance with subdivision (a) is delayed by litigation
16 or failure to promulgate regulations, the date in subdivision (a)
17 shall be extended by the commission for a time period that is equal
18 to the time period of the delay, and funding under this chapter that
19 has been dedicated to the project shall be encumbered until the
20 time at which the litigation is completed or the regulations have
21 been promulgated.

22 79770. (a) *Funding authorized by this chapter shall not be*
23 *used to pay any share of the costs of remediation attributed to*
24 *parties responsible for the contamination of a groundwater storage*
25 *aquifer, but may be used to pay costs that cannot be recovered*
26 *from responsible parties. Parties that receive funding for*
27 *remediating groundwater storage aquifers shall exercise their best*
28 *efforts to recover the costs of groundwater cleanup from the parties*
29 *responsible for the contamination.*

30 (b) *Projects that leverage funding from local agencies and*
31 *responsible parties to the maximum extent possible shall receive*
32 *priority consideration in groundwater storage project selection.*

33

34 CHAPTER 10. FISCAL PROVISIONS

35

36 79800. (a) Bonds in the total amount of six billion five hundred
37 million dollars (\$6,500,000,000), or so much thereof as is
38 necessary, not including the amount of any refunding bonds issued
39 in accordance with Section 79812 may be issued and sold to
40 provide a fund to be used for carrying out the purposes expressed

1 in this division and to reimburse the General Obligation Bond
 2 Expense Revolving Fund pursuant to Section 16724.5 of the
 3 Government Code. The bonds, when sold, shall be and constitute
 4 a valid and binding obligation of the State of California, and the
 5 full faith and credit of the State of California is hereby pledged
 6 for the punctual payment of both principal of, and interest on, the
 7 bonds as the principal and interest become due and payable.

8 (b) The Treasurer shall sell the bonds authorized by the
 9 committee pursuant to this section. The bonds shall be sold upon
 10 the terms and conditions specified in a resolution to be adopted
 11 by the committee pursuant to Section 16731 of the Government
 12 Code.

13 79801. The bonds authorized by this division shall be prepared,
 14 executed, issued, sold, paid, and redeemed as provided in the State
 15 General Obligation Bond Law (Chapter 4 (commencing with
 16 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
 17 Code), and all of the provisions of that law apply to the bonds and
 18 to this division and are hereby incorporated in this division as
 19 though set forth in full in this division, except subdivisions (a) and
 20 (b) of Section 16727 of the Government Code.

21 79802. (a) Solely for the purpose of authorizing the issuance
 22 and sale pursuant to the State General Obligation Bond Law
 23 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
 24 4 of Title 2 of the Government Code) of the bonds authorized by
 25 this division, the ~~Climate Change Response for Clean and Safe~~
 26 ~~Drinking Water Finance Committee~~ is hereby created. For purposes
 27 of this division, the ~~Climate Change Response for Clean and Safe~~
 28 ~~Drinking Water Finance Committee~~ is “the committee” as that
 29 term is used in the State General Obligation Bond Law.

30 (b) The committee consists of the Director of Finance, the
 31 Treasurer, the Controller, the Director of Water Resources, and
 32 the Secretary of the Natural Resources Agency. Notwithstanding
 33 any other provision of law, any member may designate a
 34 representative to act as that member in his or her place for all
 35 purposes, as though the member were personally present.

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

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

38 79803. The committee shall determine whether or not it is
 39 necessary or desirable to issue bonds authorized pursuant to this
 40 division in order to carry out the actions specified in this division

1 and, if so, the amount of bonds to be issued and sold. Successive
2 issues of bonds may be authorized and sold to carry out those
3 actions progressively, and it is not necessary that all of the bonds
4 authorized to be issued be sold at any one time.

5 79804. For purposes of the State General Obligation Bond
6 Law, “board,” as defined in Section 16722 of the Government
7 Code, means the Department of Water Resources.

8 79805. There shall be collected each year and in the same
9 manner and at the same time as other state revenue is collected,
10 in addition to the ordinary revenues of the state, a sum in an amount
11 required to pay the principal of, and interest on, the bonds each
12 year. It is the duty of all officers charged by law with any duty in
13 regard to the collection of the revenue to do and perform each and
14 every act that is necessary to collect that additional sum.

15 79806. Notwithstanding Section 13340 of the Government
16 Code, there is hereby appropriated from the General Fund in the
17 State Treasury, for the purposes of this division, an amount that
18 will equal the total of the following:

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

22 (b) The sum that is necessary to carry out the provisions of
23 Section 79809, appropriated without regard to fiscal years.

24 79807. The board may request the Pooled Money Investment
25 Board to make a loan from the Pooled Money Investment Account
26 in accordance with Section 16312 of the Government Code for the
27 purpose of carrying out this division less any amount withdrawn
28 pursuant to Section 79809. The amount of the request shall not
29 exceed the amount of the unsold bonds that the committee has, by
30 resolution, authorized to be sold for the purpose of carrying out
31 this division. The board shall execute those documents required
32 by the Pooled Money Investment Board to obtain and repay the
33 loan. Any amounts loaned shall be deposited in the fund to be
34 allocated in accordance with this division.

35 79808. Notwithstanding any other provision of this division,
36 or of the State General Obligation Bond Law, if the Treasurer sells
37 bonds that include a bond counsel opinion to the effect that the
38 interest on the bonds is excluded from gross income for federal
39 tax purposes under designated conditions or is otherwise entitled
40 to any federal tax advantage, the Treasurer may maintain separate

1 accounts for the bond proceeds invested and for the investment
 2 earnings on those proceeds, and may use or direct the use of those
 3 proceeds or earnings to pay any rebate, penalty, or other payment
 4 required under federal law or take any other action with respect
 5 to the investment and use of those bond proceeds, as may be
 6 required or desirable under federal law in order to maintain the
 7 tax-exempt status of those bonds and to obtain any other advantage
 8 under federal law on behalf of the funds of this state.

9 79809. For the purposes of carrying out this division, the
 10 Director of Finance may authorize the withdrawal from the General
 11 Fund of an amount or amounts not to exceed the amount of the
 12 unsold bonds that have been authorized by the committee to be
 13 sold for the purpose of carrying out this division less any amount
 14 borrowed pursuant to Section 79807. Any amounts withdrawn
 15 shall be deposited in the fund. Any money made available under
 16 this section shall be returned to the General Fund, with interest at
 17 the rate earned by the money in the Pooled Money Investment
 18 Account, from proceeds received from the sale of bonds for the
 19 purpose of carrying out this division.

20 79810. All money deposited in the fund that is derived from
 21 premium and accrued interest on bonds sold pursuant to this
 22 division shall be reserved in the fund and shall be available for
 23 transfer to the General Fund as a credit to expenditures for bond
 24 interest, except that amounts derived from premium may be
 25 reserved and used to pay the cost of bond issuance prior to any
 26 transfer to the General Fund.

27 79811. Pursuant to Chapter 4 (commencing with Section
 28 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
 29 the cost of bond issuance shall be paid out of the bond proceeds,
 30 including premium, if any. To the extent the cost of bond issuance
 31 is not paid from premiums received from the sale of bonds, these
 32 costs shall be shared proportionately by each program funded
 33 through this division by the applicable bond sale.

34 79812. The bonds issued and sold pursuant to this division
 35 may be refunded in accordance with Article 6 (commencing with
 36 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
 37 the Government Code, which is a part of the State General
 38 Obligation Bond Law. Approval by the voters of the state for the
 39 issuance of the bonds under this division shall include approval

1 of the issuance of any bonds issued to refund any bonds originally
2 issued under this division or any previously issued refunding bonds.

3 79813. The proceeds from the sale of bonds authorized by this
4 division are not “proceeds of taxes” as that term is used in Article
5 XIII B of the California Constitution, and the disbursement of
6 these proceeds is not subject to the limitations imposed by that
7 article.

8 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
9 Session of the Statutes of 2009, as amended by Section 1 of
10 Chapter 74 of the Statutes of 2012, is repealed.

11 SEC. 4. Section 2 of this act shall be submitted to the voters
12 at the November 4, 2014, statewide general election in accordance
13 with provisions of the Government Code and the Elections Code
14 governing the submission of a statewide measure to the voters.

15 SEC. 5. Section 2 of this act shall take effect upon the approval
16 by the voters of the ~~Climate Change Response for Clean and Safe~~
17 Drinking Water Act of 2014, as set forth in that section at the
18 November 4, 2014, statewide general election.

O

ASSEMBLY BILL

No. 1445

Introduced by Assembly Member Logue

January 6, 2014

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a public benefits associated with water storage projects program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1445, as introduced, Logue. California Water Infrastructure Act of 2014.

(1) Existing law creates the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the California Water Infrastructure Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds

in the amount of \$5,800,000,000 pursuant to the State General Obligation Bond Law to finance a public benefits associated with water storage projects program.

This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 26.7 (commencing with Section 79700)
2 of the Water Code, as added by Section 1 of Chapter 3 of the
3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.
4 SEC. 2. Division 26.7 (commencing with Section 79700) is
5 added to the Water Code, to read:

6
7 DIVISION 26.7. THE CALIFORNIA WATER
8 INFRASTRUCTURE ACT OF 2014

9
10 CHAPTER 1. SHORT TITLE

11
12 79700. This division shall be known, and may be cited, as the
13 California Water Infrastructure Act of 2014.

14
15 CHAPTER 2. DEFINITIONS

16
17 79702. Unless the context otherwise requires, the definitions
18 set forth in this section govern the construction of this division, as
19 follows:

- 20 (a) "CALFED Bay-Delta Program" means the program
21 described in the Record of Decision dated August 28, 2000.
22 (b) "Commission" means the California Water Commission.
23 (c) "Committee" means the California Water Infrastructure
24 Finance Committee created by Section 79812.
25 (d) "Delta" means the Sacramento-San Joaquin Delta, as defined
26 in Section 12220.
27 (e) "Delta conveyance facilities" means facilities that convey
28 water directly from the Sacramento River to the State Water Project

1 or the federal Central Valley Project pumping facilities in the south
2 Delta.

3 (f) “Department” means the Department of Water Resources.

4 (g) “Director” means the Director of Water Resources.

5 (h) “Fund” means the California Water Infrastructure Fund of
6 2014 created by Section 79716.

7 (i) “Nonprofit organization” means an organization qualified
8 to do business in California and qualified under Section 501(c)(3)
9 of Title 26 of the United States Code.

10 (j) “Public agency” means a state agency or department, district,
11 joint powers authority, city, county, city and county, or other
12 political subdivision of the state.

13 (k) “Secretary” means the Secretary of the Natural Resources
14 Agency.

15 (l) “State General Obligation Bond Law” means the State
16 General Obligation Bond Law (Chapter 4 (commencing with
17 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
18 Code).

19
20 CHAPTER 3. GENERAL PROVISIONS
21

22 79705. An amount that equals not more than 5 percent of the
23 funds allocated for a grant program pursuant to this division may
24 be used to pay the administrative costs of that program.

25 79706. Up to 10 percent of funds allocated for each program
26 funded by this division may be expended for planning and
27 monitoring necessary for the successful design, selection, and
28 implementation of the projects authorized under that program.
29 This section shall not otherwise restrict funds ordinarily used by
30 an agency for “preliminary plans,” “working drawings,” and
31 “construction” as defined in the annual Budget Act for a capital
32 outlay project or grant project. Water quality monitoring shall be
33 integrated into the surface water ambient monitoring program
34 administered by the State Water Resources Control Board.

35 79709. It is the intent of the people that the investment of public
36 funds pursuant to this division will result in public benefits.

37 79710. The California State Auditor shall annually conduct a
38 programmatic review and an audit of expenditures from the fund.
39 The California State Auditor shall report its findings annually on

1 or before March 1 to the Governor and the Legislature, and shall
2 make the findings available to the public.

3 79711. Funds provided by this division shall not be expended
4 to support or pay for the costs of environmental mitigation
5 measures or compliance obligations of any party except as part of
6 the environmental mitigation costs of projects financed by this
7 division. Funds provided by this division may be used for
8 environmental enhancements or other public benefits.

9 79712. Funds provided by this division shall not be expended
10 to pay the costs of the design, construction, operation, or
11 maintenance of Delta conveyance facilities. Those costs shall be
12 the responsibility of the water agencies that benefit from the design,
13 construction, operation, or maintenance of those facilities.

14 79713. (a) This division does not diminish, impair, or
15 otherwise affect in any manner whatsoever any area of origin,
16 watershed of origin, county of origin, or any other water rights
17 protections, including, but not limited to, rights to water
18 appropriated prior to December 19, 1914, provided under the law.
19 This division does not limit or otherwise affect the application of
20 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part
21 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,
22 11462, and 11463, and Sections 12200 to 12220, inclusive.

23 (b) For purposes of this division, an area that utilizes water that
24 has been diverted and conveyed from the Sacramento River
25 hydrologic region, for use outside the Sacramento River hydrologic
26 region or the Delta, shall not be deemed to be immediately adjacent
27 thereto or capable of being conveniently supplied with water
28 therefrom by virtue or on account of the diversion and conveyance
29 of that water through facilities that may be constructed for that
30 purpose after January 1, 2015.

31 (c) Nothing in this division supersedes, limits, or otherwise
32 modifies the applicability of Chapter 10 (commencing with Section
33 1700) of Part 2 of Division 2, including petitions related to any
34 new conveyance constructed or operated in accordance with
35 Chapter 2 (commencing with Section 85320) of Part 4 of Division
36 35.

37 (d) Unless otherwise expressly provided, nothing in this division
38 supersedes, reduces, or otherwise affects existing legal protections,
39 both procedural and substantive, relating to the state board's
40 regulation of diversion and use of water, including, but not limited

1 to, water right priorities, the protection provided to municipal
2 interests by Sections 106 and 106.5, and changes in water rights.
3 Nothing in this division expands or otherwise alters the state
4 board's existing authority to regulate the diversion and use of water
5 or the courts' existing concurrent jurisdiction over California water
6 rights.

7 79714. Eligible applicants under this division are public
8 agencies, nonprofit organizations, public utilities, and mutual water
9 companies. To be eligible for funding under this division, a project
10 proposed by a public utility that is regulated by the Public Utilities
11 Commission or a mutual water company shall have a clear and
12 definite public purpose and shall benefit the customers of the water
13 system.

14 79716. The proceeds of bonds issued and sold pursuant to this
15 division shall be deposited in the California Water Infrastructure
16 Fund of 2014, which is hereby created in the State Treasury.

17
18 CHAPTER 4. CALIFORNIA WATER INFRASTRUCTURE

19
20 79740. (a) Notwithstanding Section 162, the commission may
21 make the determinations, findings, and recommendations required
22 of it by this chapter independent of the views of the director. All
23 final actions by the commission in implementing this chapter shall
24 be taken by a majority of the members of the commission at a
25 public meeting noticed and held pursuant to the Bagley-Keene
26 Open Meeting Act (Article 9 (commencing with Section 11120)
27 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
28 Code).

29 (b) Notwithstanding Section 13340 of the Government Code,
30 the sum of five billion eight hundred million dollars
31 (\$5,800,000,000) is hereby continuously appropriated from the
32 fund, without regard to fiscal years, to the commission for public
33 benefits associated with water storage projects that improve the
34 operation of the state water system, are cost effective, and provide
35 a net improvement in ecosystem and water quality conditions, in
36 accordance with this chapter. Funds authorized for, or made
37 available to, the commission pursuant to this chapter shall be
38 available and expended only for the purposes provided in this
39 chapter, and shall not be subject to appropriation or transfer by the
40 Legislature or the Governor for any other purpose.

1 (c) Projects shall be selected by the commission through a
2 competitive public process that ranks potential projects based on
3 the expected return for public investment as measured by the
4 magnitude of the public benefits provided, pursuant to criteria
5 established under this chapter.

6 (d) Any project constructed with funds provided by this chapter
7 shall be subject to Section 11590.

8 79741. Projects for which the public benefits are eligible for
9 funding under this chapter consist of only the following:

10 (a) Surface storage projects identified in the CALFED Bay-Delta
11 Program Record of Decision, dated August 28, 2000, except for
12 projects prohibited by Chapter 1.4 (commencing with Section
13 5093.50) of Division 5 of the Public Resources Code.

14 (b) Groundwater storage projects and groundwater
15 contamination prevention or remediation projects that provide
16 water storage benefits.

17 (c) Conjunctive use and reservoir reoperation projects.

18 (d) Local and regional surface storage projects that improve the
19 operation of water systems in the state and provide public benefits.

20 79742. A project shall not be funded pursuant to this chapter
21 unless it provides measurable improvements to the Delta ecosystem
22 or to the tributaries to the Delta.

23 79743. (a) Funds allocated pursuant to this chapter may be
24 expended solely for the following public benefits associated with
25 water storage projects:

26 (1) Ecosystem improvements, including changing the timing of
27 water diversions, improvement in flow conditions, temperature,
28 or other benefits that contribute to restoration of aquatic ecosystems
29 and native fish and wildlife, including those ecosystems and fish
30 and wildlife in the Delta.

31 (2) Water quality improvements in the Delta, or in other river
32 systems, that provide significant public trust resources, or that
33 clean up and restore groundwater resources.

34 (3) Flood control benefits, including, but not limited to, increases
35 in flood reservation space in existing reservoirs by exchange for
36 existing or increased water storage capacity in response to the
37 effects of changing hydrology and decreasing snow pack on
38 California's water and flood management system.

1 (4) Emergency response, including, but not limited to, securing
2 emergency water supplies and flows for dilution and salinity
3 repulsion following a natural disaster or act of terrorism.

4 (5) Recreational purposes, including, but not limited to, those
5 recreational pursuits generally associated with the outdoors.

6 (b) Funds shall not be expended pursuant to this chapter for the
7 costs of environmental mitigation measures or compliance
8 obligations except for those associated with providing the public
9 benefits as described in this section.

10 79744. In consultation with the Department of Fish and
11 Wildlife, the State Water Resources Control Board, and the
12 department, the commission shall develop and adopt, by regulation,
13 methods for quantification and management of public benefits
14 described in Section 79743 by December 15, 2016. The regulations
15 shall include the priorities and relative environmental value of
16 ecosystem benefits as provided by the Department of Fish and
17 Wildlife and the priorities and relative environmental value of
18 water quality benefits as provided by the State Water Resources
19 Control Board.

20 79745. (a) Except as provided in subdivision (c), no funds
21 allocated pursuant to this chapter may be allocated for a project
22 before December 15, 2016, and until the commission approves the
23 project based on the commission's determination that all of the
24 following have occurred:

25 (1) The commission has adopted the regulations specified in
26 Section 79744 and specifically quantified and made public the cost
27 of the public benefits associated with the project.

28 (2) The department has entered into a contract with each party
29 that will derive benefits, other than public benefits, as defined in
30 Section 79743, from the project that ensures the party will pay its
31 share of the total costs of the project. The benefits available to a
32 party shall be consistent with that party's share of total project
33 costs.

34 (3) The department has entered into a contract with each public
35 agency identified in Section 79744 that administers the public
36 benefits, after that agency makes a finding that the public benefits
37 of the project for which that agency is responsible meet all the
38 requirements of this chapter, to ensure that the public contribution
39 of funds pursuant to this chapter achieves the public benefits
40 identified for the project.

1 (4) The commission has held a public hearing for the purposes
2 of providing an opportunity for the public to review and comment
3 on the information required to be prepared pursuant to this
4 subdivision.

5 (5) All of the following additional conditions are met:

6 (A) Feasibility studies have been completed.

7 (B) The commission has found and determined that the project
8 is feasible, is consistent with all applicable laws and regulations,
9 and will advance the long-term objectives of restoring ecological
10 health and improving water management for beneficial uses of the
11 Delta.

12 (C) All environmental documentation associated with the project
13 has been completed, and all other federal, state, and local approvals,
14 certifications, and agreements required to be completed have been
15 obtained.

16 (b) The commission shall submit to the Legislature its findings
17 for each of the criteria identified in subdivision (a) for a project
18 funded pursuant to this chapter.

19 (c) Notwithstanding subdivision (a), funds may be made
20 available under this chapter for the completion of environmental
21 documentation and permitting of a project.

22 79746. (a) The public benefit cost share of a project funded
23 pursuant to this chapter, other than a project described in
24 subdivision (c) of Section 79741, may not exceed 50 percent of
25 the total costs of any project funded under this chapter.

26 (b) A project shall not be funded unless it provides ecosystem
27 improvements as described in paragraph (1) of subdivision (a) of
28 Section 79743 that are at least 50 percent of total public benefits
29 of the project funded under this chapter.

30 79747. (a) A project is not eligible for funding under this
31 chapter unless, by January 1, 2022, all of the following conditions
32 are met:

33 (1) All feasibility studies are complete and draft environmental
34 documentation is available for public review.

35 (2) The commission makes a finding that the project is feasible,
36 and will advance the long-term objectives of restoring ecological
37 health and improving water management for beneficial uses of the
38 Delta.

39 (3) The director receives commitments for not less than 75
40 percent of the nonpublic benefit cost share of the project.

1 (b) If compliance with subdivision (a) is delayed by litigation
2 or failure to promulgate regulations, the date in subdivision (a)
3 shall be extended by the commission for a time period that is equal
4 to the time period of the delay, and funding under this chapter that
5 has been dedicated to the project shall be encumbered until the
6 time at which the litigation is completed or the regulations have
7 been promulgated.

8 79748. Surface storage projects funded pursuant to this chapter
9 and described in subdivision (a) of Section 79741 may be made a
10 unit of the Central Valley Project as provided in Section 11290
11 and may be financed, acquired, constructed, operated, and
12 maintained pursuant to Part 3 (commencing with Section 11100)
13 of Division 6.

14 79749. (a) The funds allocated for the design, acquisition, and
15 construction of surface storage projects identified in the CALFED
16 Bay-Delta Record of Decision, dated August 28, 2000, pursuant
17 to this chapter may be provided for those purposes to local joint
18 powers authorities formed by irrigation districts and other local
19 water districts and local governments within the applicable
20 hydrologic region to design, acquire, and construct those projects.

21 (b) The joint powers authorities described in subdivision (a)
22 may include in their membership governmental partners that are
23 not located within their respective hydrologic regions in financing
24 the surface storage projects, including, as appropriate, cost-share
25 participation or equity participation. Notwithstanding Section 6525
26 of the Government Code, the joint powers authorities described
27 in subdivision (a) shall not include in their membership any
28 for-profit corporation, or any mutual water company whose
29 shareholders and members include a for-profit corporation or any
30 other private entity. The department shall be an ex officio member
31 of each joint powers authority subject to this section, but the
32 department shall not control the governance, management, or
33 operation of the surface water storage projects.

34 (c) A joint powers authority subject to this section shall own,
35 govern, manage, and operate a surface water storage project,
36 subject to the requirement that the ownership, governance,
37 management, and operation of the surface water storage project
38 shall advance the purposes set forth in this chapter.

39 79749.5. (a) In approving the California Water Infrastructure
40 Act of 2014, the people were informed and hereby declare that the

1 provisions of this chapter are necessary, integral, and essential to
2 meeting the single object or work of the California Water
3 Infrastructure Act of 2014. As such, any amendment of the
4 provisions of this chapter by the Legislature without voter approval
5 would frustrate the scheme and design that induced voter approval
6 of this act. The people therefore find and declare that any
7 amendment of the provisions of this chapter by the Legislature
8 shall require an affirmative vote of two-thirds of the membership
9 in each house of the Legislature and voter approval.

10 (b) This section shall not govern or be used as authority for
11 determining whether the amendment of any other provision of this
12 act not contained in this chapter would constitute a substantial
13 change in the scheme and design of this act requiring voter
14 approval.

15
16
17

CHAPTER 5. FISCAL PROVISIONS

18 79810. (a) Bonds in the total amount of five billion eight
19 hundred million dollars (\$5,800,000,000), not including the amount
20 of any refunding bonds issued in accordance with Section 79822,
21 or so much thereof as is necessary, may be issued and sold to
22 provide a fund to be used for carrying out the purposes expressed
23 in this division and to reimburse the General Obligation Bond
24 Expense Revolving Fund pursuant to Section 16724.5 of the
25 Government Code. The bonds, when sold, shall be and constitute
26 valid and binding obligations of the State of California, and the
27 full faith and credit of the State of California is hereby pledged
28 for the punctual payment of both the principal of, and interest on,
29 the bonds as the principal and interest become due and payable.

30 (b) The Treasurer shall sell the bonds authorized by the
31 committee pursuant to this section. The bonds shall be sold upon
32 the terms and conditions specified in a resolution to be adopted
33 by the committee pursuant to Section 16731 of the Government
34 Code.

35 79811. The bonds authorized by this division shall be prepared,
36 executed, issued, sold, paid, and redeemed as provided in the State
37 General Obligation Bond Law, and all of the provisions of that
38 law apply to the bonds and to this division and are hereby
39 incorporated in this division as though set forth in full in this
40 division, except that Section 16727 of the Government Code shall

1 not apply to the extent that it is inconsistent with any other
2 provision of this division.

3 79812. (a) Solely for the purpose of authorizing the issuance
4 and sale, pursuant to the State General Obligation Bond Law, of
5 the bonds authorized by this division, the California Water
6 Infrastructure Committee is hereby created. For purposes of this
7 division, the California Water Infrastructure Committee is “the
8 committee” as that term is used in the State General Obligation
9 Bond Law.

10 (b) The committee consists of the Director of Finance, the
11 Treasurer, the Controller, the Director of Water Resources, and
12 the Secretary of the Natural Resources Agency. Notwithstanding
13 any other law, any member may designate a deputy to act as that
14 member in his or her place for all purposes, as though the member
15 were personally present.

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

17 (d) A majority of the members of the committee shall constitute
18 a quorum of the committee, and may act for the committee.

19 79813. The committee shall determine whether or not it is
20 necessary or desirable to issue bonds authorized pursuant to this
21 division to carry out the actions specified in this division and, if
22 so, the amount of bonds to be issued and sold. Successive issues
23 of bonds may be authorized and sold to carry out those actions
24 progressively, and it is not necessary that all of the bonds
25 authorized to be issued be sold at any one time.

26 79814. “Board,” as defined in Section 16722 of the Government
27 Code for the purposes of compliance with the State General
28 Obligation Bond Law, means the department.

29 79815. There shall be collected each year and in the same
30 manner and at the same time as other state revenue is collected,
31 in addition to the ordinary revenues of the state, a sum in an amount
32 required to pay the principal of, and interest on, the bonds each
33 year, and it is the duty of all officers charged by law with any duty
34 in regard to the collection of the revenue to do and perform each
35 and every act that is necessary to collect that additional sum.

36 79816. Notwithstanding Section 13340 of the Government
37 Code, there is hereby appropriated from the General Fund in the
38 State Treasury, for the purposes of this division, an amount that
39 will equal the total of the following:

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

4 (b) The sum that is necessary to carry out the provisions of
5 Section 79819, appropriated without regard to fiscal years.

6 79817. The board may request the Pooled Money Investment
7 Board to make a loan from the Pooled Money Investment Account
8 in accordance with Section 16312 of the Government Code for the
9 purpose of carrying out this division. The amount of the request
10 shall not exceed the amount of the unsold bonds that the committee
11 has, by resolution, authorized to be sold for the purpose of carrying
12 out this division. The board shall execute those documents required
13 by the Pooled Money Investment Board to obtain and repay the
14 loan. Any amounts loaned shall be deposited in the fund to be
15 allocated in accordance with this division.

16 79818. Notwithstanding any other provision of this division,
17 or of the State General Obligation Bond Law, if the Treasurer sells
18 bonds that include a bond counsel opinion to the effect that the
19 interest on the bonds is excluded from gross income for federal
20 tax purposes under designated conditions, the Treasurer may
21 maintain separate accounts for the bond proceeds invested and for
22 the investment earnings on those proceeds, and may use or direct
23 the use of those proceeds or earnings to pay any rebate, penalty,
24 or other payment required under federal law or take any other
25 action with respect to the investment and use of those bond
26 proceeds, as may be required or desirable under federal law in
27 order to maintain the tax-exempt status of those bonds and to obtain
28 any other advantage under federal law on behalf of the funds of
29 this state.

30 79819. For purposes of carrying out this division, the Director
31 of Finance may authorize the withdrawal from the General Fund
32 of an amount or amounts not to exceed the amount of the unsold
33 bonds that have been authorized by the committee to be sold for
34 the purpose of carrying out this division. Any amounts withdrawn
35 shall be deposited in the fund. Any money made available under
36 this section shall be returned to the General Fund, with interest at
37 the rate earned by the money in the Pooled Money Investment
38 Account, from proceeds received from the sale of bonds for the
39 purpose of carrying out this division.

1 79820. All money deposited in the fund that is derived from
2 premiums and accrued interest on bonds sold pursuant to this
3 division shall be reserved in the fund and shall be available for
4 transfer to the General Fund as a credit to expenditures for bond
5 interest.

6 79821. Pursuant to Chapter 4 (commencing with Section
7 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
8 the cost of bond issuance shall be paid out of the bond proceeds.
9 These costs shall be shared proportionately by each program funded
10 through this division.

11 79822. The bonds issued and sold pursuant to this division
12 may be refunded in accordance with Article 6 (commencing with
13 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
14 the Government Code, which is a part of the State General
15 Obligation Bond Law. Approval by the electors of the state for the
16 issuance of the bonds under this division shall include approval
17 of the issuance of any bonds issued to refund any bonds originally
18 issued under this division or any previously issued refunding bonds.

19 79823. The proceeds from the sale of bonds authorized by this
20 division are not “proceeds of taxes” as that term is used in Article
21 XIII B of the California Constitution, and the disbursement of
22 these proceeds is not subject to the limitations imposed by that
23 article.

24 79824. Of the five billion eight hundred million dollars
25 (\$5,800,000,000) in bonds authorized in this division, no more
26 than two billion nine hundred million dollars (\$2,900,000,000)
27 shall be sold by the Treasurer before July 1, 2019.

28 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
29 Session, of the Statutes of 2009, as amended by Section 1 of
30 Chapter 74 of the Statutes of 2012, is repealed.

31 ~~Sec. 2. Section 1 of this act shall be submitted to the voters at~~
32 ~~the November 4, 2014, statewide general election, instead of the~~
33 ~~November 6, 2012, statewide general election, in accordance with~~
34 ~~provisions of the Government Code and the Elections Code~~
35 ~~governing the submission of a statewide measure to the voters.~~

36 SEC. 4. Section 2 of this act shall be submitted to the voters
37 at the November 4, 2014, statewide general election in accordance
38 with provisions of the Government Code and the Elections Code
39 governing the submission of a statewide measure to the voters.

1 SEC. 5. Section 2 of this act shall take effect upon the approval
2 by the voters of the California Water Infrastructure Act of 2014
3 as set forth in that section at the November 4, 2014, statewide
4 general election.

5 SEC. 6. This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety within
7 the meaning of Article IV of the Constitution and shall go into
8 immediate effect. The facts constituting the necessity are:

9 In order to ensure that the Safe, Clean, and Reliable Drinking
10 Water Supply Act of 2012 is removed from the November 4, 2014,
11 statewide general election, and to ensure that the California Water
12 Infrastructure Act of 2014 is placed on the November 4, 2014,
13 statewide general election, it is necessary that this act take effect
14 immediately.

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