

Introduced by Senator WolkDecember 11, 2012

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 2012, relating to a clean, secure water supply and Delta recovery 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

SB 42, as introduced, Wolk. The California Clean, Secure Water Supply and Delta Recovery 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 Clean, Secure Water Supply and Delta Recovery Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a clean, secure water supply and Sacramento-San Joaquin Delta recovery program.

The 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2 of the Water Code is repealed.

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

5
6 DIVISION 26.7. THE CALIFORNIA CLEAN, SECURE
7 WATER SUPPLY AND DELTA RECOVERY ACT OF 2014

8
9 CHAPTER 1. GENERAL PROVISIONS

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11 79700. This division shall be known and may be cited as the
12 California Clean, Secure Water Supply and Delta Recovery Act
13 of 2014.

14 79702. The Legislature finds and declares all of the following:

15 (a) Clean and secure water supplies are critical to sustaining
16 California’s communities, strengthening businesses, and preserving
17 our state’s strong agricultural heritage.

18 (b) The Delta’s agricultural heritage, water supply infrastructure,
19 and ecological resources are vital to California’s economy.

20 (c) Immediate action is necessary to reverse the severe
21 ecosystem decline of the Delta and to safeguard the communities,
22 economy, and vital infrastructure of the Delta.

23 (d) The security of critical state resources within the Delta relies
24 upon the strength and integrity of the levee system.

25 (e) Adequate flood protection is essential to protecting
26 California’s communities.

27 (f) Frequent drought, polluted groundwater aquifers, aging water
28 supply infrastructure, rising water treatment costs, inadequate flood
29 protection, a changing climate, and watershed degradation, among
30 other challenges, threaten California’s ability to sustain and protect
31 its communities, its businesses, and its farms.

1 (g) Improved local, regional, and statewide water resource
2 management ensures California communities are able to efficiently
3 respond to drought and climate change.

4 (h) Funds provided by this division shall not be expended for
5 the design, construction, operation, or maintenance of Delta
6 conveyance projects. These costs are the responsibility of the water
7 agencies that benefit from those facilities.

8 (i) Ecosystem restoration funds provided by this division shall
9 not be expended for environmental mitigation measures except as
10 part of the environmental mitigation costs associated with projects
11 funded by this division.

12 79704. The proceeds of bonds issued and sold pursuant to this
13 division shall be deposited in the Clean, Secure Water Supply and
14 Delta Recovery Program Fund, which is hereby created.

15 79706. As used in this division, the following terms have the
16 following meanings:

17 (a) “Committee” means the Finance Committee created pursuant
18 to Section 79774.

19 (b) “Fund” means the Clean, Secure Water Supply and Delta
20 Recovery Program Fund created pursuant to Section 79704.

21 (c) “Delta” means the Sacramento-San Joaquin Delta.

22
23 CHAPTER 2. DELTA SECURITY AND RECOVERY
24

25 79710. (a) This chapter provides state funding for public
26 benefit projects that assist in recovering and safeguarding the
27 Delta’s resources including agriculture, water quality, water supply,
28 recreation, fish, and wildlife.

29 (b) The sum of ____ dollars (\$____) shall be available, upon
30 appropriation by the Legislature, to the Sacramento-San Joaquin
31 Delta Conservancy for grants and direct expenditures to help ensure
32 economic sustainability, Delta levee integrity, water quality
33 improvements, local water supply reliability, protection of critical
34 infrastructure, and terrestrial and aquatic ecosystem restoration
35 within the Delta and the Suisun Marsh.

36 (c) For purposes of implementing this chapter, the
37 Sacramento-San Joaquin Delta Conservancy shall take into
38 consideration the economic sustainability plan developed by the
39 Delta Protection Commission pursuant to Section 29759 of the

1 Public Resources Code and the Delta Plan developed by the Delta
2 Stewardship Council pursuant to Section 85300.

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4 CHAPTER 3. REGIONAL WATER SUPPLY SECURITY

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6 79720. The sum of ____ dollars (\$____) shall be available,
7 upon appropriation by the Legislature, for projects that help achieve
8 local and regional water management objectives, including, but
9 not limited to, improved drinking water supplies, water quality,
10 water treatment, municipal and agricultural water efficiency,
11 reduced reliance on the Delta, climate change resiliency, and
12 watershed ecosystem stewardship. Projects shall implement
13 adopted integrated regional water management plans in accordance
14 with Part 2.2 (commencing with Section 10530) of Division 6.

15 79722. From the funds described in Section 79720, at least
16 ____ dollars (\$____) shall be available for water recycling and
17 advanced treatment technology projects that improve regional
18 water quality or regional water supply.

19 79724. From the funds described in Section 79720, at least
20 ____ dollars (\$____) shall be available for groundwater
21 management projects that prevent or reduce the contamination of
22 groundwater that serves as a source of drinking water.

23

24 CHAPTER 4. CLEAN DRINKING WATER

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26 79730. The sum of ____ dollars (\$____) shall be available,
27 upon appropriation by the Legislature, for projects that help ensure
28 access to clean, safe, and affordable drinking water for California's
29 communities. Eligible expenditures include, but are not limited
30 to, projects that address the critical and immediate needs of
31 disadvantaged, rural, or small communities and projects that
32 leverage state and federal drinking water quality and wastewater
33 treatment funds.

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35 CHAPTER 5. PROTECTION OF RIVERS, LAKES, AND WATERSHEDS

36

37 79740. The sum of ____ dollars (\$____) shall be available,
38 upon appropriation by the Legislature, to the Wildlife Conservation
39 Board for projects that protect and restore natural hydrologic and

1 ecological systems in watersheds that serve as sources of drinking
2 water.

3 79742. Prior to the expenditure of funds appropriated pursuant
4 to Section 79740, the Wildlife Conservation Board, in coordination
5 with state conservancies and the Natural Resources Agency, shall
6 develop an expenditure plan to guide the expenditure of funds.
7 The expenditure plan shall recognize and address regional and
8 statewide watershed protection and restoration priorities. Projects
9 funded by this chapter shall be selected through a competitive
10 process.

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12 CHAPTER 6. STATEWIDE WATER SUPPLY IMPROVEMENTS
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14 79750. The sum of ____ dollars (\$____) shall be available,
15 upon appropriation by the Legislature, for public benefits
16 associated with water storage and delivery projects that advance
17 adopted state water policies. Priority shall be given to the
18 construction, rehabilitation, or expansion of facilities that enable
19 reduced reliance on Delta exports during ecologically sensitive
20 periods, as well as projects that reoperate existing facilities to
21 maximize water supply or ecosystem benefits. Public benefits
22 eligible for funding under this section are limited to ecosystem
23 restoration, water quality improvements, and flood protection.
24 Projects funded by this chapter shall be selected through a
25 competitive process.

26
27 CHAPTER 7. FLOOD PROTECTION
28

29 79760. The sum of ____ dollars (\$____) shall be available,
30 upon appropriation by the Legislature, to the Department of Water
31 Resources for projects that support integrated flood management
32 in the Sacramento and San Joaquin Valleys, in accordance with
33 the Central Valley Flood Protection Plan described in Section
34 9612.

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36 CHAPTER 8. FISCAL PROVISIONS
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38 79770. Bonds in the total amount of ____ dollars (\$____), or
39 so much thereof as is necessary, not including the amount of any
40 refunding bonds, or so much thereof as is necessary, may be issued

1 and sold to provide a fund to be used for carrying out the purposes
2 expressed in this division and to reimburse the General Obligation
3 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
4 Government Code. The bonds, when sold, shall be and constitute
5 a valid and binding obligation of the State of California, and the
6 full faith and credit of the State of California is hereby pledged
7 for the punctual payment of both principal of, and interest on, the
8 bonds as the principal and interest become due and payable.

9 79772. The bonds authorized by this chapter shall be prepared,
10 executed, issued, sold, paid, and redeemed as provided in the State
11 General Obligation Bond Law (Chapter 4 (commencing with
12 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
13 Code), and all of the provisions of that law apply to the bonds and
14 to this division and are hereby incorporated in this division as
15 though set forth in full in this division, except Section 16727 of
16 the Government Code shall not apply to the extent that it is
17 inconsistent with any other provision of this division.

18 79774. (a) Solely for the purpose of authorizing the issuance
19 and sale pursuant to the State General Obligation Bond Law
20 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
21 4 of Title 2 of the Government Code) of the bonds authorized by
22 this division, the California Clean, Secure Water Supply and Delta
23 Recovery Finance Committee is hereby created. For purposes of
24 this division, the California Clean, Secure Water Supply and Delta
25 Recovery Finance Committee is “the committee” as that term is
26 used in the State General Obligation Bond Law. The committee
27 consists of the Director of Finance, the Treasurer, the Controller,
28 the Director of Water Resources, and the Secretary of the Natural
29 Resources Agency, or their designated representatives. The
30 Treasurer shall serve as chairperson of the committee. A majority
31 of the committee may act for the committee.

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

34 79776. The committee shall determine whether or not it is
35 necessary or desirable to issue bonds authorized pursuant to this
36 division in order to carry out the actions specified in this division
37 and, if so, the amount of bonds to be issued and sold. Successive
38 issues of bonds may be authorized and sold to carry out those
39 actions progressively, and it is not necessary that all of the bonds
40 authorized to be issued be sold at any one time.

1 79778. There shall be collected each year and in the same
2 manner and at the same time as other state revenue is collected,
3 in addition to the ordinary revenues of the state, a sum in an amount
4 required to pay the principal of, and interest on, the bonds each
5 year. It is the duty of all officers charged by law with any duty in
6 regard to the collection of the revenue to do and perform each and
7 every act that is necessary to collect that additional sum.

8 79780. Notwithstanding Section 13340 of the Government
9 Code, there is hereby appropriated from the General Fund in the
10 State Treasury, for the purposes of this division, an amount that
11 will equal the total of the following:

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

15 (b) The sum necessary to carry out Section 79782, appropriated
16 without regard to fiscal years.

17 79782. For the purposes of carrying out this division, the
18 Director of Finance may authorize the withdrawal from the General
19 Fund of an amount not to exceed the amount of the unsold bonds
20 that have been authorized by the committee to be sold for the
21 purpose of carrying out this division. Any amounts withdrawn
22 shall be deposited in the fund. Any money made available under
23 this section shall be returned to the General Fund from proceeds
24 received from the sale of bonds for the purpose of carrying out
25 this division.

26 79784. All money deposited in the fund that is derived from
27 premium and accrued interest on bonds sold shall be reserved in
28 the fund and shall be available for transfer to the General Fund as
29 a credit to expenditures for bond interest.

30 79786. Pursuant to Chapter 4 (commencing with Section
31 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
32 the cost of bond issuance shall be paid out of the bond proceeds.
33 These costs shall be shared proportionally by each program funded
34 through this bond act.

35 79788. The Department of Water Resources may request the
36 Pooled Money Investment Board to make a loan from the Pooled
37 Money Investment Account, including other authorized forms of
38 interim financing that include, but are not limited to, commercial
39 paper, in accordance with Section 16312 of the Government Code,
40 for purposes of carrying out this division. The amount of the

1 request shall not exceed the amount of the unsold bonds that the
2 committee, by resolution, has authorized to be sold for the purpose
3 of carrying out this division. The Department of Water Resources
4 shall execute any documents required by the Pooled Money
5 Investment Board to obtain and repay the loan. Any amounts
6 loaned shall be deposited in the fund to be allocated by the board
7 in accordance with this division.

8 79790. The bonds may be refunded in accordance with Article
9 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
10 Division 4 of Title 2 of the Government Code, which is a part of
11 the State General Obligation Bond Law. Approval by the voters
12 of the state for the issuance of the bonds described in this division
13 includes the approval of the issuance of any bonds issued to refund
14 any bonds originally issued under this division or any previously
15 issued refunding bonds.

16 79792. Notwithstanding any other provision of this division,
17 or of the State General Obligation Bond Law, if the Treasurer sells
18 bonds pursuant to this division that include a bond counsel opinion
19 to the effect that the interest on the bonds is excluded from gross
20 income for federal tax purposes, subject to designated conditions,
21 the Treasurer may maintain separate accounts for the investment
22 of bond proceeds and for the investment of earnings on those
23 proceeds. The Treasurer may use or direct the use of those proceeds
24 or earnings to pay any rebate, penalty, or other payment required
25 under federal law or take any other action with respect to the
26 investment and use of those bond proceeds required or desirable
27 under federal law to maintain the tax exempt status of those bonds
28 and to obtain any other advantage under federal law on behalf of
29 the funds of this state.

30 79794. The Legislature hereby finds and declares that,
31 inasmuch as the proceeds from the sale of bonds authorized by
32 this division are not “proceeds of taxes” as that term is used in
33 Article XIII B of the California Constitution, the disbursement of
34 these proceeds is not subject to the limitations imposed by that
35 article.

36 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
37 Session of the Statutes of 2009, as amended by Section 1 of
38 Chapter 74 of the Statutes of 2012, is repealed.

39 SEC. 4. Section 2 of this act shall be submitted to the voters
40 at the November 4, 2014, statewide general election in accordance

1 with provisions of the Government Code and the Elections Code
2 governing the submission of a statewide measure to the voters.
3 SEC. 5. Section 2 of this act shall take effect upon the approval
4 by the voters of the California Clean, Secure Water Supply and
5 Delta Recovery Act of 2014, as set forth in that section at the
6 November 4, 2014, statewide general election.

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