

AMENDED IN SENATE SEPTEMBER 11, 2013

AMENDED IN SENATE AUGUST 15, 2013

SENATE BILL

No. 42

Introduced by Senator Wolk

December 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 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 42, as amended, 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 ~~-\$5,600,000,000~~ \$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3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.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.

1 (d) “Department” means the Department of Water Resources.

2 (e) “Director” means the Director of Water Resources.

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

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

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

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

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

17 (k) “Secretary” means the Secretary of the Natural Resources
18 Agency.

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

22 ~~(t)~~

23 (m) “State board” means the State Water Resources Control
24 Board.

25 ~~(m)~~

26 (n) “State General Obligation Bond Law” means the State
27 General Obligation Bond Law (Chapter 4 (commencing with
28 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
29 Code).

30
31 CHAPTER 3. SAFE DRINKING WATER PROJECTS

32
33 79720. (a) It is the intent of the Legislature that this chapter
34 provide funds to address the most critical water needs of the state,
35 including the provision of safe drinking water to all Californians
36 and the improvement of safe drinking water supply reliability.

37 (b) The sum of ~~one billion five hundred million dollars~~
38 ~~(\$1,500,000,000)~~ *two billion dollars (\$2,000,000,000)* shall be
39 available for the purposes of this chapter.

1 79722. From the funds described in Section 79720, five
2 hundred million dollars (\$500,000,000) shall be available to the
3 state board for projects to address immediate safe drinking water
4 needs as follows:

5 (a) The sum of one hundred million dollars (\$100,000,000) shall
6 be available for grants and direct expenditures to finance ~~public~~
7 ~~health emergencies and urgent~~ *urgent public health emergency*
8 actions to ensure that safe drinking water supplies are available to
9 all Californians. Eligible ~~projects~~ *actions* include, but are not
10 limited to, the following:

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

13 (2) Improvements in existing water systems ~~necessary to~~
14 ~~identify, plan, design, and construct projects that will provide safe,~~
15 ~~reliable, accessible, and affordable drinking water, provide other~~
16 ~~sources of safe drinking water, including, but not limited to,~~
17 ~~replacement wells, and prevent contamination, including, but not~~
18 ~~limited to, planning, design, and construction of improvements~~
19 *necessary to resume delivery of safe drinking water.*

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

21 (4) Design, purchase, installation, and ~~initial operating costs for~~
22 *operation and maintenance of interim* water treatment equipment
23 and systems.

24 (b) The sum of four hundred million dollars (\$400,000,000)
25 shall be available for grants *and loans* for public water system
26 infrastructure improvements and related actions to meet safe
27 drinking water standards and ensure affordable drinking water.
28 Priority shall be given to projects that ~~serve small disadvantaged~~
29 ~~communities and to projects that address~~ *provide treatment for*
30 *contamination or access to alternative drinking water sources for*
31 *small water systems or state small water systems serving*
32 *disadvantaged communities whose drinking water source is*
33 *impaired by chemical and nitrate contaminants and other health*
34 *hazards identified by the state board. Eligible recipients* ~~serve~~
35 *either operate small or state small water systems in* disadvantaged
36 communities and are public agencies or incorporated mutual water
37 companies *or are public agencies or nonprofit organizations*
38 *authorized to act on behalf of small or state small water systems*
39 *in disadvantaged communities.* The state board may make grants
40 for the purpose of financing feasibility studies and to meet the

1 eligibility requirements for a construction grant. ~~Priority Eligible~~
2 ~~expenses may include initial operation and maintenance costs for~~
3 ~~systems serving disadvantaged communities. Special consideration~~
4 will be given to projects that provide shared solutions for multiple
5 communities, at least one of which is a disadvantaged community
6 ~~served by a small or state small water system or private well and~~
7 that lacks safe, affordable drinking water. Construction grants shall
8 be limited to five million dollars (\$5,000,000) per project, except
9 that the state board may set a limit of not more than ~~20~~ twenty
10 million dollars (\$20,000,000) for projects that provide regional or
11 shared solutions among multiple entities, at least one of which is
12 a small disadvantaged community. Not more than 25 percent of a
13 grant may be awarded in advance of actual expenditures.

14 (c) The state board may expend up to twenty-five million dollars
15 (\$25,000,000) of the funds allocated in subdivision (b) for technical
16 assistance to eligible communities.

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

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

25 79724. (a) From the funds described in Section 79720, one
26 billion ~~dollars (\$1,000,000,000)~~ five hundred million dollars
27 (\$1,500,000,000) shall be available to the department for ~~allocation~~
28 ~~to regions pursuant to Section 79726 grants~~ for projects that
29 ~~develop, improve, or~~ implement an adopted integrated regional
30 water management plan consistent with Part 2.2 (commencing
31 with Section 10530) of Division 6, as that part may be amended,
32 and improve the quality or supply of safe drinking water, reduce
33 the amount of water imported to the region, or address any of the
34 following other critical water supply reliability issues:

35 (1) Groundwater clean up or pollution prevention in sources of
36 drinking water.

37 (2) Advanced water treatment technology projects to remove
38 contaminants from drinking water, water recycling, and related
39 projects, such as distribution or groundwater recharge
40 infrastructure.

1 (3) Urban and agricultural water conservation and water use
2 efficiency projects.

3 (4) Other integrated water infrastructure projects that address
4 one or more water management activities and improve the
5 reliability or quality of regional water supplies, *including the repair*
6 *or replacement of aging water management infrastructure.*

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

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

14 (1) Have an adopted integrated regional water management plan
15 ~~approved by the department.~~

16 (2) Each urban and agricultural water supplier that would benefit
17 from a project shall adopt and submit an urban or agricultural water
18 management plan in accordance with the Urban Water Management
19 Planning Act (*Part 2.6 (commencing with Section 10610) of*
20 *Division 6*) or the Agricultural Water Management Planning Act
21 (*Part 2.8 (commencing with Section 10800) of Division 6*). ~~That~~
22 ~~urban~~ *Urban or agricultural water management plan shall be*
23 ~~approved plans shall be certified~~ by the department as meeting the
24 requirements of *the Urban Water Management Planning Act (Part*
25 *2.6 (commencing with Section 10610) of Division 6) or the*
26 *Agricultural Water Management Planning Act (Part 2.8*
27 *(commencing with Section 10800) of Division 6), and Sections*
28 *10608.56 and 10631.5.*

29 ~~(3) Have a groundwater management plan for each major~~
30 ~~groundwater basin that meets the requirements of Each local~~
31 ~~agency whose service area includes a groundwater basin that~~
32 ~~would benefit from a groundwater management project shall adopt~~
33 ~~and submit a groundwater management plan in accordance with~~
34 ~~Part 2.75 (commencing with Section 10750) of Division 6.~~

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

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

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

6 79725. *The California Water Commission shall review the*
7 *implementation of Section 79724 and shall certify that requirements*
8 *for grant eligibility pursuant to that section are met prior to the*
9 *department making final grant awards.*

10 79726. ~~Funds~~ *Of the funds available pursuant to Section 79724,*
11 *one billion four hundred million (\$1,400,000,000) shall be allocated*
12 *to each hydrologic ~~region~~ regions identified for purposes of*
13 *integrated regional water management planning by the department*
14 *based 75 percent on population and 25 percent on geographical*
15 *size of the region, in accordance with the following schedule:*

16 (1) *North Coast: \$66,000,000.*

17 (2) *San Francisco Bay: \$196,000,000.*

18 (3) *Central Coast: \$85,000,000.*

19 (4) *Los Angeles subregion: \$267,000,000.*

20 (5) *Santa Ana subregion: \$191,000,000.*

21 (6) *San Diego subregion: \$146,000,000.*

22 (7) *Sacramento River: \$117,000,000.*

23 (8) *San Joaquin River: \$96,000,000.*

24 (9) *Tulare/Kern (Tulare Lake): \$97,000,000.*

25 (10) *North/South Lahontan: \$72,000,000.*

26 (11) *Colorado River Basin: \$67,000,000.*

27 79728. (a) From the funds described in Section 79724, one
28 hundred million dollars (\$100,000,000) shall be available for grants
29 ~~by the department for the development and implementation of~~
30 ~~innovative projects to advance sustainable water management. for~~
31 *projects that significantly advance the application and effectiveness*
32 *of innovative integrated regional water management strategies,*
33 *including, but not limited to, the following:*

34 (1) *Innovative decision support tools to model future regional*
35 *climate change impacts.*

36 (2) *Groundwater management plans and projects that further*
37 *sustainable groundwater management.*

38 (3) *Other projects determined by the department to advance*
39 *innovative strategies for the integration of water management.*

1 (b) *The department shall give priority to projects that address*
 2 *groundwater overdraft and related impacts, including, but not*
 3 *limited to, subsidence.*

4

5 CHAPTER 4. WATER QUALITY AND WATERSHED PROTECTION
 6 PROJECTS

7

8 79730. (a) It is the intent of the Legislature that this chapter
 9 provide funds to protect water quality in the rivers, lakes, streams,
 10 and coastal waters of the state, to assist in meeting the Federal
 11 Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.) and
 12 other state and federal requirements for the protection of water
 13 quality, public health, and endangered species, and to protect or
 14 restore natural systems that contribute to water supply, water
 15 quality, or flood management.

16 (b) The sum of ~~one billion eight hundred million dollars~~
 17 ~~(\$1,800,000,000)~~ *two billion one hundred million dollars*
 18 *(\$2,100,000,000)* shall be available for the purposes of this chapter.

19 79732. (a) From the funds described in Section 79730, four
 20 hundred million dollars (\$400,000,000) shall be available to the
 21 state board for deposit in the Small Communities Grant Subaccount
 22 for grants for wastewater treatment projects to keep contaminants
 23 out of rivers, lakes, streams, groundwater, and coastal waters, and
 24 for other projects to protect the public and fish and wildlife from
 25 contaminated sources of water. Priority shall be given to projects
 26 that serve disadvantaged communities and severely disadvantaged
 27 communities, and to projects that address public health hazards.
 28 Special consideration shall be given to small communities with
 29 limited financial resources. Projects shall include, but not be limited
 30 to, projects that identify, plan, design, and implement regional
 31 mechanisms to consolidate wastewater systems or provide
 32 affordable treatment technologies.

33 (b) From the funds available pursuant to subdivision (a), ~~ten~~
 34 ~~million dollars (\$10,000,000)~~ *twenty million dollars (\$20,000,000)*
 35 shall be allocated to the state board for deposit into the Private
 36 Well and Septic Systems Investment Fund, which is hereby created
 37 in the State Treasury. Moneys in the fund shall be available, upon
 38 appropriation by the Legislature, for the purpose of ~~addressing the~~
 39 ~~needs of private well and septic owners~~ *providing grants and loans*

1 *to private well and septic owners to protect drinking water sources*
2 *and ensure safe and affordable drinking water for all Californians.*

3 79734. From the funds described in Section 79730, ~~nine~~
4 ~~hundred million dollars (\$900,000,000)~~ *one billion one hundred*
5 *million dollars (\$1,100,000,000)* shall be available for water quality
6 and watershed protection projects ~~of statewide significance~~ as
7 follows:

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

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

14 (2) Habitat restoration, *conservation, and enhancement* projects
15 to improve the condition of special status, at risk, endangered, or
16 threatened species in the Delta and the Delta counties, including
17 projects to eradicate invasive species, and projects that support the
18 beneficial reuse of dredged material for habitat restoration and
19 levee improvements.

20 (3) Projects to assist in preserving economically viable and
21 sustainable agriculture and other economic activities in the Delta,
22 including *local infrastructure projects and* projects to mitigate the
23 economic and community impacts of any conversion of agricultural
24 land to habitat funded by this section.

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

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

30 (b) The sum of ~~three hundred million dollars (\$300,000,000)~~
31 *five hundred million dollars (\$500,000,000)* shall be available to
32 ~~the Natural Resources Agency, the Wildlife Conservation Board,~~
33 ~~or to state conservancies,~~ for water quality, river, and watershed
34 protection and restoration projects of statewide importance outside
35 of the Delta. Eligible projects include those that reduce pollution
36 or contamination of major water bodies of the state, assist in the
37 protection or recovery of ~~endangered or threatened~~ *endangered,*
38 *threatened, wetland, or migratory* species, or protect or restore
39 natural system functions that contribute to water supply, water
40 quality, or flood management.

1 79736. (a) From the funds described in Section 79730, ~~five~~
2 ~~hundred six hundred million dollars (\$500,000,000) (\$600,000,000)~~
3 shall be available for ~~regional~~ watershed protection and water
4 quality projects outside the Delta ~~pursuant to Section 79738~~.
5 ~~Eligible projects include those that reduce~~ *that do any of the*
6 *following:*

7 (1) *Reduce* pollution or contamination of rivers, lakes, streams,
8 or coastal waters, including prevention and remediation of mercury
9 contamination from legacy ~~mines~~, *assist mines*.

10 (2) *Assist in the* ~~protection or recovery of endangered or~~
11 ~~threatened species, or protect, threatened, or migratory species by~~
12 *improving watershed health, in-stream flows, fish passage, coastal*
13 *or inland wetland restoration, or other means, including natural*
14 *community conservation plan and habitat conservation plan*
15 *implementation.*

16 (3) *Protect or restore* natural system functions that contribute
17 to water supply, water quality, or flood management.

18 (4) *Restore river parkways throughout the state, including, but*
19 *not limited to, projects supported by the Urban Streams Restoration*
20 *Program established pursuant to Section 7048 and the California*
21 *River Parkway Act of 2004 (Chapter 3.8 (commencing with Section*
22 *5750) of Division 5 of the Public Resources Code).*

23 (5) *Protect and restore aquatic, coastal, wetland, and migratory*
24 *bird ecosystems, including fish and wildlife corridors.*

25 (6) *Implement fuel treatment projects to reduce wildfire risks*
26 *and associated risks to water supply facilities, and post-fire*
27 *restoration projects to improve watershed health, water quality,*
28 *and flood control capacity.*

29 (7) *Implement adaptation projects that improve the ability of*
30 *California's watersheds, wetlands, forests, and floodplains to*
31 *reduce the impacts of climate change on California's communities*
32 *and ecosystems.*

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

38 (c) *In order to guide the expenditure of funds described in this*
39 *section, the Natural Resources Agency shall develop a statewide*
40 *natural resource protection plan to identify priorities consistent*

1 *with the purposes of this section. All expenditures by state*
2 *conservancies and state agencies of funds described in this section*
3 *shall advance the priorities set forth in the statewide natural*
4 *resource protection plan.*

5 *(d) In coordination with the Natural Resources Agency, all state*
6 *conservancies expending funds provided pursuant to subdivision*
7 *(b) shall provide biannual written reports to the Natural Resources*
8 *Agency on expenditures made and how those expenditures advance*
9 *the statewide priorities set forth in the statewide natural resource*
10 *protection plan developed pursuant to subdivision (c). The Natural*
11 *Resources Agency shall produce and make available to the public*
12 *biannual written reports on total expenditures made and progress*
13 *towards meeting statewide priorities.*

14 ~~79738. Funds available pursuant to Section 79736 shall be~~
15 ~~allocated to each hydrologic region identified for purposes of~~
16 ~~integrated regional water management planning by the department~~
17 ~~based on the geographic size and population of the region, giving~~
18 ~~equal weight to each factor. These funds shall be available to state~~
19 ~~conservancies operating within the region or, for areas in which~~
20 ~~no state conservancy operates, to the Wildlife Conservation Board~~
21 ~~for grants or for direct expenditures consistent with the purposes~~
22 ~~of this chapter and consistent with the conservation plans developed~~
23 ~~pursuant to Section 79740.~~

24 ~~79740. The Natural Resources Agency shall develop and adopt~~
25 ~~a statewide resource protection plan to identify priorities for~~
26 ~~expending funds provided in subdivision (b) of Section 79734 that~~
27 ~~includes priorities for the State Coastal Conservancy and the~~
28 ~~Wildlife Conservation Board. Conservation plans developed and~~
29 ~~adopted by state conservancies shall be consistent with statewide~~
30 ~~priorities adopted by the Natural Resources Agency and shall~~
31 ~~govern the expenditure of funds available pursuant to Section~~
32 ~~79736.~~

33

34 CHAPTER 5. FLOOD CONTROL AND STORMWATER MANAGEMENT

35

36 79750. (a) It is the intent of the Legislature that this chapter
37 provide funds for disaster preparedness, flood control, and
38 stormwater management in a manner that leverages the maximum
39 amount of federal and local matching funds and that prioritizes

1 project selection and encourages multibenefit project design to
2 achieve the maximum public benefits.

3 (b) The sum of one billion ~~three hundred million dollars~~
4 ~~(\$1,300,000,000)~~ *three hundred seventy-five million dollars*
5 *(\$1,375,000,000)* shall be available for the purposes of this chapter.

6 79752. From the funds described in Section 79750, five
7 hundred million (\$500,000,000) shall be available to the department
8 to implement the Central Valley Flood Protection Plan, including
9 the following:

10 (a) The evaluation, repair, rehabilitation, or replacement of
11 levees, weirs, bypasses, or other facilities, *and for multiple benefit*
12 *projects. Multiple benefit projects are flood control projects that*
13 *provide water supply, water quality, ecosystem, public access, and*
14 *recreation benefits, or any combination thereof.* Projects of the
15 Central Valley Flood Protection Plan shall be designed for multiple
16 benefits, wherever feasible, ~~in order to maximize water supply,~~
17 ~~water quality, and ecosystem benefits.~~ *Investments necessary to*
18 *achieve multiple benefits shall be eligible expenditures feasible,*
19 *and, for the purposes of implementing this subdivision, priority*
20 *shall be given to multiple benefit projects.* The department shall
21 develop and implement mitigation through regional advance
22 mitigation plans, wherever feasible, to lower the cost, decrease
23 delay, and improve the conservation benefits of mitigation.

24 (b) Increasing the level of flood protection of urban and
25 urbanizing areas including state participation in federal and state
26 authorized flood control projects, feasibility studies, design of
27 federal flood damage reduction, and related projects, and reservoir
28 reoperation and groundwater flood storage projects that improve
29 flood protection.

30 (c) *The development of local maps and technical information*
31 *by Sacramento-San Joaquin Valley cities and counties necessary*
32 *to make a finding consistent with Section 65865.5 of the*
33 *Government Code.*

34 79753. From the funds described in Section 79750, *seventy-five*
35 *million dollars (\$75,000,000)* shall be available to the Natural
36 Resources Agency for flood control projects on public lands that
37 provide critical flood, water quality, and wetland ecosystem
38 benefits to the San Francisco Bay region.

39 79754. From the funds described in Section 79750, ~~four~~
40 ~~hundred million dollars (\$400,000,000)~~ *three hundred seventy-five*

1 million dollars (\$375,000,000) shall be available to the state board
2 for competitive grants and loans for stormwater management
3 projects pursuant to this section.

4 ~~(a) Eligible projects shall assist in compliance with total
5 maximum daily load implementation plans and be consistent with
6 all applicable waste discharge requirements.~~

7 ~~(b) Eligible projects are facilities and infrastructure to reduce,
8 manage, treat, and capture for water supply stormwater, and urban
9 runoff, including, but not limited to:~~

10 ~~(1) Detention and retention basins.~~

11 ~~(2) Dry weather diversion facilities, trash filters, and screens.~~

12 ~~(3) Treatment wetlands creation and enhancement.~~

13 ~~(4) Stormwater runoff reduction projects, including permeable
14 surface installation, cisterns, and collection and treatment facilities
15 for groundwater recharge.~~

16 ~~(5) Other stormwater management infrastructure for low-impact
17 development.~~

18 *(a) Eligible projects shall assist in compliance with total
19 maximum daily load implementation plans or other regional
20 stormwater management plans, or in the development of enhanced
21 watershed management plans designed to achieve integrated,
22 multiple benefit stormwater management objectives. Eligible
23 projects include any of the following:*

24 *(1) Projects that reduce, manage, treat, or capture stormwater
25 to improve water quality and, wherever possible, improve water
26 supply.*

27 *(2) Stormwater resource management plans and related
28 enhanced watershed management plans.*

29 *(3) Decision support tools to evaluate the benefits and costs of
30 multiple benefit stormwater projects.*

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

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

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

1 ~~(d) The state board shall award grants on a competitive basis~~
2 ~~considering the following criteria:~~

- 3 ~~(1) Water quality benefits of the project, such as the project's~~
4 ~~ability to reduce impairment of the receiving water body.~~
- 5 ~~(2) Cost-effectiveness.~~
- 6 ~~(3) Public health benefits of the project.~~
- 7 ~~(4) Flood management benefits.~~
- 8 ~~(5) Water supply benefits.~~
- 9 ~~(6) Demonstrated contribution to reducing reliance on imported~~
10 ~~water.~~

11 ~~(e)~~
12 ~~(d) Eligible recipients shall be local public agencies or nonprofit~~
13 ~~organizations in partnership with local public agencies.~~

14 ~~(f)~~
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. Notwithstanding Section 79754, fifty million dollars~~
19 ~~(\$50,000,000) From the funds described in Section 79750,~~
20 ~~twenty-five million dollars (\$25,000,000) shall be available to the~~
21 ~~Department of Conservation from the funds described in Section~~
22 ~~79754 for competitive grants for resource conservation districts~~
23 ~~and other qualified special districts and nonprofit organizations~~
24 ~~for projects that reduce or manage runoff from irrigated agricultural~~
25 ~~lands for the benefit of surface and groundwater quality.~~

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

- 30 ~~(a) Local assistance under the Delta levee maintenance~~
31 ~~subventions program under Part 9 (commencing with Section~~
32 ~~12980) of Division 6, as that part may be amended.~~
- 33 ~~(b) Special flood protection projects under Chapter 2~~
34 ~~(commencing with Section 12310) of Part 4.8 of Division 6, as~~
35 ~~that chapter may be amended.~~
- 36 ~~(c) Levee improvement projects that increase the resiliency of~~
37 ~~levees within the Delta to withstand earthquake, flooding, or sea~~
38 ~~level rise.~~
- 39 ~~(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 ~~Section 79736~~ *this division* shall use the services of the California
14 Conservation Corps or *certified* community conservation corps,
15 *as defined in Section 14507.5 of the Public Resources Code*,
16 whenever feasible.

17 ~~(i) In implementing Section 79740, the Natural Resources~~
18 ~~Agency shall prioritize existing obligations for state watershed~~
19 ~~restoration investments, including, but not limited to, dam removal~~
20 ~~and related activities on the Klamath River, San Joaquin River~~
21 ~~restoration and restoration, of migratory bird habitat on the Salton~~
22 ~~Sea.~~

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

26 (1) *The February 18, 2010, Klamath Basin Restoration*
27 *Agreement.*

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

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

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

35 (5) *Other state settlements and interstate compacts.*

36 (j) *In implementing Section 79752, the department may authorize*
37 *the establishment of a trust fund, consistent with Section 79044,*
38 *for the purposes of maintaining any lands acquired for the purposes*
39 *of Section 79752.*

1 (k) *It is the intent of the Legislature that California's working*
2 *agricultural landscapes be preserved wherever possible. To the*
3 *extent feasible, watershed objectives included in this division*
4 *should be achieved through use of conservation easements and*
5 *voluntary landowner participation, including, but not limited to,*
6 *the use of easements pursuant to Division 10.4 (commencing with*
7 *Section 10330) and Division 10.2 (commencing with Section*
8 *10200) of the Public Resources Code and voluntary habitat credit*
9 *exchange mechanisms.*

10 (l) *Funds allocated pursuant to subdivision (b) of Section 79734*
11 *to meet California's responsibilities under the bi-state compact*
12 *identified in Title 7.4 (commencing with Section 66800) of the*
13 *Government Code shall be appropriated pursuant to Title 7.42*
14 *(commencing with Section 66905) of the Government Code.*

15 79780. It is the intent of the people ~~that the~~ that:

16 (a) *The investment of public funds pursuant to this division*
17 *result in public benefits.*

18 (b) *Special consideration be given to projects that employ new*
19 *or innovative technology or practices, including decision support*
20 *tools that demonstrate the multiple benefits of integration of*
21 *multiple jurisdictions, including, but not limited to, water supply,*
22 *flood control, land use, and sanitation.*

23 79782. The State Auditor shall annually conduct a
24 programmatic review and an audit of expenditures from the fund.
25 The State Auditor shall report its findings annually on or before
26 March 1 to the Governor and the Legislature, and shall make the
27 findings available to the public.

28 79784. Funds provided by this division shall not be used to
29 support or pay for the costs of environmental mitigation measures
30 or compliance obligations of any party except as part of the
31 environmental mitigation costs of projects financed by this division.
32 Funds provided by this division may be used for environmental
33 enhancements or other public benefits.

34 79786. Funds provided by this division shall not be expended
35 to pay costs associated with design, construction, operation,
36 maintenance, or mitigation of new Delta conveyance facilities.

37 79788. The Legislature may enact legislation necessary to
38 implement programs funded by this division.

39 79790. Eligible applicants under this division are public
40 agencies, nonprofit organizations, public utilities, and mutual water

1 companies. To be eligible for funding under this division, a project
2 proposed by a public utility that is regulated by the Public Utilities
3 Commission or a mutual water company shall have a clear and
4 definite public purpose and shall benefit the customers of the water
5 system.

6 79792. (a) This division does not diminish, impair, or
7 otherwise affect in any manner whatsoever any area of origin,
8 watershed of origin, county of origin, or any other water rights
9 protections, including, but not limited to, rights to water
10 appropriated prior to December 19, 1914, provided under the law.
11 This division does not limit or otherwise affect the application of
12 Article 1.7 (commencing with Section 1215) of Chapter 1 of Part
13 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,
14 11462, and 11463, and Sections 12200 to 12220, inclusive.

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

23 (c) Nothing in this division supersedes, limits, or otherwise
24 modifies the applicability of Chapter 10 (commencing with Section
25 1700) of Part 2 of Division 2, including petitions related to any
26 new conveyance constructed or operated in accordance with
27 Chapter 2 (commencing with Section 85320) of Part 4 of Division
28 35.

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

1 (e) Nothing in this division limits or otherwise affects the
 2 application of Chapter 2 (commencing with Section 85320) of Part
 3 4 of Division 35.

4 (f) *Nothing in this division shall be construed to affect the*
 5 *California Wild and Scenic Rivers Act (Chapter 1.4 (commencing*
 6 *with Section 5093.50) of Division 5 of the Public Resources Code)*
 7 *and funds available pursuant to this division shall not be available*
 8 *for any project that could have an adverse effect on the free flowing*
 9 *condition of a wild and scenic river or any other river afforded*
 10 *protections pursuant to the California Wild and Scenic Rivers Act.*

11
 12 CHAPTER 8. FISCAL PROVISIONS
 13

14 79820. (a) Bonds in the total amount of ~~five billion six~~
 15 ~~hundred million dollars (\$5,600,000,000)~~ *six billion four hundred*
 16 *seventy-five million dollars (\$6,475,000,000)*, or so much thereof
 17 as is necessary, not including the amount of any refunding bonds,
 18 ~~or so much thereof as is necessary~~, *bonds issued in accordance*
 19 *with Section 79840* may be issued and sold to provide a fund to
 20 be used for carrying out the purposes expressed in this division
 21 and to reimburse the General Obligation Bond Expense Revolving
 22 Fund pursuant to Section 16724.5 of the Government Code. The
 23 bonds, when sold, shall be and constitute a valid and binding
 24 obligation of the State of California, and the full faith and credit
 25 of the State of California is hereby pledged for the punctual
 26 payment of both principal of, and interest on, the bonds as the
 27 principal and interest become due and payable.

28 (b) *The Treasurer shall sell the bonds authorized by the*
 29 *committee pursuant to this section. The bonds shall be sold upon*
 30 *the terms and conditions specified in a resolution to be adopted*
 31 *by the committee pursuant to Section 16731 of the Government*
 32 *Code.*

33 79822. The bonds authorized by this ~~chapter~~ *division* shall be
 34 prepared, executed, issued, sold, paid, and redeemed as provided
 35 in the State General Obligation Bond Law (Chapter 4 (commencing
 36 with Section 16720) of Part 3 of Division 4 of Title 2 of the
 37 Government Code), and all of the provisions of that law apply to
 38 the bonds and to this division and are hereby incorporated in this
 39 division as though set forth in full in this division, except
 40 *subdivisions (a) and (b) of Section 16727 of the Government Code*

1 ~~shall not apply to the extent that it is inconsistent with any other~~
2 ~~provision of this division.~~

3 79824. (a) Solely for the purpose of authorizing the issuance
4 and sale pursuant to the State General Obligation Bond Law
5 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
6 4 of Title 2 of the Government Code) of the bonds authorized by
7 this division, the Safe Drinking Water, Water Quality, and Flood
8 Protection Finance Committee is hereby created. For purposes of
9 this division, the Safe Drinking Water, Water Quality, and Flood
10 Protection Finance Committee is “the committee” as that term is
11 used in the State General Obligation Bond Law. The committee
12 consists of the Director of Finance, the Treasurer, the Controller,
13 the Director of Water Resources, and the Secretary of the Natural
14 Resources Agency, or their designated representatives. The
15 Treasurer shall serve as chairperson of the committee. A majority
16 of the committee may act for the committee.

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

19 79826. The committee shall determine whether or not it is
20 necessary or desirable to issue bonds authorized pursuant to this
21 division in order to carry out the actions specified in this division
22 and, if so, the amount of bonds to be issued and sold. Successive
23 issues of bonds may be authorized and sold to carry out those
24 actions progressively, and it is not necessary that all of the bonds
25 authorized to be issued be sold at any one time.

26 79828. There shall be collected each year and in the same
27 manner and at the same time as other state revenue is collected,
28 in addition to the ordinary revenues of the state, a sum in an amount
29 required to pay the principal of, and interest on, the bonds each
30 year. It is the duty of all officers charged by law with any duty in
31 regard to the collection of the revenue to do and perform each and
32 every act that is necessary to collect that additional sum.

33 79830. Notwithstanding Section 13340 of the Government
34 Code, there is hereby appropriated from the General Fund in the
35 State Treasury, for the purposes of this division, an amount that
36 will equal the total of the following:

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

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

3 79832. For the purposes of carrying out this division, the
4 Director of Finance may authorize the withdrawal from the General
5 Fund of an amount not to exceed the amount of the unsold bonds
6 that have been authorized by the committee to be sold for the
7 purpose of carrying out this division *less any amount borrowed*
8 *pursuant to Section 79807*. Any amounts withdrawn shall be
9 deposited in the fund. Any money made available under this section
10 shall be returned to the General Fund from proceeds received from
11 the sale of bonds for the purpose of carrying out this division.

12 79834. All money deposited in the fund that is derived from
13 premium and accrued interest on bonds sold shall be reserved in
14 the fund and shall be available for transfer to the General Fund as
15 a credit to expenditures for bond interest, *except that amounts*
16 *derived from premium may be reserved and used to pay the cost*
17 *of bond issuance prior to any transfer to the General Fund*.

18 79836. Pursuant to Chapter 4 (commencing with Section
19 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
20 the cost of bond issuance shall be paid out of the bond ~~proceeds~~.
21 ~~These costs proceeds, including premium, if any. To the extent the~~
22 ~~cost of bond issuance is not paid from premiums received from~~
23 ~~the sale of bonds, the cost shall be shared proportionally by each~~
24 ~~program funded through this bond act division by the applicable~~
25 ~~bond sale.~~

26 79838. ~~The Department of Water Resources board~~ may request
27 the Pooled Money Investment Board to make a loan from the
28 Pooled Money Investment Account, ~~including other authorized~~
29 ~~forms of interim financing that include, but are not limited to,~~
30 ~~commercial paper,~~ in accordance with Section 16312 of the
31 Government Code, ~~Code for purposes~~ *the purpose* of carrying out
32 this division *less any amount withdrawn pursuant to Section 79832*.
33 The amount of the request shall not exceed the amount of the
34 unsold bonds that the committee, by resolution, has authorized to
35 be sold for the purpose of carrying out this division. The
36 ~~Department of Water Resources board~~ shall execute any
37 documents required by the Pooled Money Investment Board to
38 obtain and repay the loan. Any amounts loaned shall be deposited
39 in the fund to be allocated ~~by the board~~ in accordance with this
40 division.

1 79840. The bonds *issued and sold pursuant to this division*
2 may be refunded in accordance with Article 6 (commencing with
3 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
4 the Government Code, which is a part of the State General
5 Obligation Bond Law. Approval by the voters of the state for the
6 issuance of the bonds ~~described in~~ *under this division* ~~includes~~
7 *shall include* the approval of the issuance of any bonds issued to
8 refund any bonds originally issued under this division or any
9 previously issued refunding bonds.

10 79842. Notwithstanding any other provision of this division,
11 or of the State General Obligation Bond Law, if the Treasurer sells
12 bonds pursuant to this division that include a bond counsel opinion
13 to the effect that the interest on the bonds is excluded from gross
14 income for federal tax purposes, ~~subject to~~ *under* designated
15 conditions *or is otherwise entitled to any federal tax advantage*,
16 the Treasurer may maintain separate accounts for the investment
17 of bond proceeds and for the investment of earnings on those
18 proceeds. The Treasurer may use or direct the use of those proceeds
19 or earnings to pay any rebate, penalty, or other payment required
20 under federal law or take any other action with respect to the
21 investment and use of those bond proceeds required or desirable
22 under federal law to maintain the tax exempt status of those bonds
23 and to obtain any other advantage under federal law on behalf of
24 the funds of this state.

25 79844. ~~The Legislature hereby finds and declares that,~~
26 ~~inasmuch as the~~ *The* proceeds from the sale of bonds authorized
27 by this division are not “proceeds of taxes” as that term is used in
28 Article XIII B of the California Constitution, *and* the disbursement
29 of these proceeds is not subject to the limitations imposed by that
30 article.

31 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
32 Session of the Statutes of 2009, as amended by Section 1 of
33 Chapter 74 of the Statutes of 2012, is repealed.

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

38 SEC. 5. Section 2 of this act shall take effect upon the approval
39 by the voters of the Safe Drinking Water, Water Quality, and Flood

1 Protection Act of 2014, as set forth in that section at the November
2 4, 2014, statewide general election.

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

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

O