

**Introduced by Senator Wolk**December 11, 2012

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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2 of the Water Code is repealed.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

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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  
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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

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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.

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27 CHAPTER 7. FLOOD PROTECTION

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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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