

AMENDED IN SENATE SEPTEMBER 11, 2013

AMENDED IN SENATE AUGUST 26, 2013

[PROPOSED CHANGES INCLUDED](#)

AMENDED IN ASSEMBLY MAY 21, 2013

AMENDED IN ASSEMBLY APRIL 23, 2013

AMENDED IN ASSEMBLY APRIL 01, 2013

CALIFORNIA LEGISLATURE— 2013–2014 REGULAR SESSION

ASSEMBLY BILL No. 1331

Introduced by Committee on Water, Parks and Wildlife (Assembly Members Rendon (Chair), Blumenfield, Bocanegra, Fong, Frazier, Gatto, Gomez, Gray, and Yamada) Assembly Member Rendon

February 22, 2013

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Committee on Water, Parks and Wildlife Rendon. Climate Change Response for Clean and Safe Drinking Water Act of 2014.

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

This bill would repeal these provisions.

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

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

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

DIGEST KEY

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

BILL TEXT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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

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

DIVISION 26.7. The Climate Change Response for Clean and Safe Drinking Water Act of 2014.

CHAPTER 1. Short Title

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

CHAPTER 2. Definitions

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

(a) Safeguarding supplies of clean and safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

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

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

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

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

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

(f) [Based on 50 year projections for sea level rise, reduced Sierra snowpack, increased evapotranspiration, and the increased severity of drought conditions, California needs to expand its use of ocean desalination. Promising new technologies such as Flow Through Electrode Capacitance Desalination can provide reliable water supplies for less cost than the conventional reverse osmosis technology.](#)

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

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

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

(b) Responding to climate change, ensuring clean and safe drinking water, and preparing for California's continued growth will require a diversified portfolio of [water storage](#) strategies and investments [in the watersheds](#) to address the many water challenges facing California.

(c) Improving water quality offers one of the most immediate steps to ensuring a clean and safe drinking water supply. California needs water quality improvements at all parts of the hydrologic cycle, from [source-head](#) water in the watersheds where the state's drinking water supplies originate to wastewater treatment to improve surface water quality for those who live downstream.

(d) Addressing the challenges to the sustainability of the Delta [and its watershed](#), the heart of the California water system, will help resolve some of the conflicts that impede progress in improving the statewide water system.

(e) Enhancing regional water self-reliance offers a key strategy for addressing climate change and improving water supply reliability. It helps the Delta and it helps local communities to address their own water challenges. [Improving water use efficiency best management practices](#), ~~Water conservation and,~~ water recycling, [and improved building industry standards for water use](#), form one part of the regional water self-reliance strategy and are commonsense methods to make more efficient use of existing water supplies.

CHAPTER 3. Definitions

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

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

(b) "Commission" means the California Water Commission.

(c) "Committee" means the Climate Change Response for Clean and Safe Drinking Water Finance Committee created by Section 79802.

(d) "Delta" means the Sacramento-San Joaquin Delta, as defined in Section 85058.

(e) "Delta conveyance facilities" means facilities that convey water directly from the Sacramento River to the State Water Project or the federal Central Valley Project pumping facilities in the south Delta.

(f) "Delta counties" means the Counties of Solano, Yolo, Sacramento, Contra Costa, and San Joaquin.

(g) "Department" means the Department of Water Resources.

(h) "Director" means the Director of Water Resources.

(i) "Disadvantaged community" has the meaning set forth in subdivision (a) of Section 79505.5.

(j) “Economically distressed area” means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:

(1) Financial hardship.

(2) Unemployment rate at least 2 percent higher than the statewide average.

(3) Low population density.

(k) “Fund” means the Climate Change Response for Clean and Safe Drinking Water Fund of 2014 created by Section 79717.

(l) “Integrated regional water management plan” has the meaning set forth in Section 10534.

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

(n) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(o) “Rainwater” has the meaning set forth in subdivision (c) of Section 10573.

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

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

(r)

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

(q)

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

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

CHAPTER 4. General Provisions

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

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

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

79708. (a) Prior to disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded.

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

79709. It is the intent of the people that:

(a) The investment of public funds pursuant to this division will result in public benefits that address the most urgent needs for public funding.

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

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

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

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

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

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

(h) Projects funded with proceeds from this division shall be consistent with Section 65041.1 of the Government Code and any adopted, approved sustainable communities strategy consistent with subparagraph (B) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code.

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

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

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

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

79711. Funds provided by this division shall not be expended to support or pay for the costs of environmental mitigation measures or environmental compliance obligations of any party except as part of the environmental mitigation costs of projects financed by this division. Funds provided by this division may be used for environmental enhancements or other public benefits.

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

79713. (a) This division does not diminish, impair, or otherwise affect in any manner whatsoever any area of origin, watershed of origin, county of origin, or any other water rights [statutes and contract](#) protections, including, but not limited to, rights to water appropriated prior to December 19, 1914, provided under the law, [nor will Implementation of BDCP result in adverse effects on the water rights of those in the watershed of the Delta, nor will it impose any obligations on water users upstream of the Delta to supplement flows in and through the Delta.](#) This division does not limit or affect the application of Article 1.7 (commencing with Section 1215) of Chapter 1 of Part 2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and 11463, and Sections 12200 to 12220, inclusive

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

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

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

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

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

79714. Eligible applicants under this division are public agencies, agencies and nonprofit organizations, public utilities, and mutual water companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system. organizations. A public agency may use funding authorized by this division to benefit recipients of water from public utilities or mutual water companies that operate a public water system if the funding provides public benefits.

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

79716. (a) Unless otherwise specified, any state agency may be eligible for appropriations from the funding made available by this division.

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

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

CHAPTER 5. Water Quality and Clean and Safe Drinking Water

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

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

(a) Reduce contaminants in drinking water supplies regardless of the source of the water or the contamination, including the assessment and prioritization of the risk to the safety of drinking water supplies.

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

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

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

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

(f) Prevent further contamination of drinking water supplies.

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

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

79722. (a) A project that receives funding under this chapter shall be selected by a competitive grant or loan process with added consideration for those projects that leverage private, federal, or local funding. Special consideration shall also be given to a project focused on groundwater clean up. This subdivision shall not apply to projects for the purposes of Section 79727 that address a public health priority for which no other source of funding can be identified.

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

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

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

79724. The contaminants that may be addressed with funding pursuant to this chapter may include, but shall not be limited to, nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic, salinity selenium, hexavalent chromium, mercury, PCE (perchloroethylene), TCE (trichloroethylene), DCE (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP (trichloropropane), and carbon tetrachloride.

79725. (a) Of the funds authorized in Section 79720, up to not less than one hundred million dollars (\$100,000,000) shall be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund created pursuant to Section 13477.6 for grants for wastewater treatment projects. Priority shall be given to projects that serve disadvantaged communities and severely disadvantaged communities, and to projects that address public health hazards. Special consideration shall be given to small communities with limited financial resources. Projects shall include, but not be limited to, projects that identify, plan, design, and implement regional mechanisms to consolidate wastewater systems or provide affordable treatment technologies.

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

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

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

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

(3) Establishing connections to an adjacent water system.

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

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

79727. (a) Of the funds authorized in Section 79720, four hundred million dollars (\$400,000,000) shall be available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both. Priority shall be given to projects that provide treatment for contamination or access to an alternate drinking water source or sources for small community water systems or state small water systems in disadvantaged communities

whose drinking water source is impaired by chemical and nitrate contaminants and other health hazards identified by the implementing agency. Eligible recipients serve disadvantaged communities and are public agencies or incorporated mutual water companies. The implementing agency may make grants for the purpose of financing feasibility studies and to meet the eligibility requirements for a construction grant. Eligible expenses may include initial operation and maintenance costs for systems serving disadvantaged communities. Special consideration shall be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community that lacks safe, affordable drinking water and is served by a small community water system, state small water system, or a private well. Construction grants shall be limited to five million dollars (\$5,000,000) per project, except that the implementing agency may set a limit of not more than twenty million dollars (\$20,000,000) for projects that provide regional or shared among multiple entities, at least one of which shall be a small disadvantaged community. Not more than 25 percent of a grant may be awarded in advance of actual expenditures.

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

79728. Of the funds authorized in Section 79720, two hundred fifty million dollars (\$250,000,000) shall be available for improving groundwater quality.

79726. For

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

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

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

CHAPTER 6. Protecting Rivers, Lakes, Streams, and Watersheds

79730. The sum of ~~one-two~~ billion five hundred million dollars (\$~~21~~,500,000,000) shall be available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for ecosystem and watershed protection and restoration projects, prioritized and weighted by statewide water supply significance, including, but not limited to, for all of the following watersheds:

(a) The San Joaquin River watershed.

(b) The Kern River and Tulare Basin watersheds.

- (c) The Salton Sea and Colorado River watersheds.
- (d) The Los Angeles River watershed.
- (e) The San Gabriel River watershed.
- (f) The Santa Ana River watershed.
- (g) The Klamath River watershed, including the Trinity, Scott, and Shasta Rivers and watersheds.
- (h) The North Coast watersheds.
- (i) The San Francisco Bay watersheds.
- (j) The Central Coast watersheds.
- (k) The South Coast watersheds.
- (l) The Lake Tahoe Basin watershed.
- (m) The Sacramento River watershed, including the Yolo Bypass.
- (n) The San Diego County coastal watersheds.
- (o) The Ventura River watershed.
- (p) The Sierra Nevada Mountain watersheds.
- (q) The Mojave River watershed.
- (r) The Owens River watershed.
- (s) The Santa Monica Bay watershed.
- (t) The watersheds of Marin County.
- (u) The watersheds of Orange County.

79731. In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:

- ~~(a) Protect and increase water yield, the economic benefits arising~~ from healthy watersheds
- ~~(b) Improve headwater and watershed resiliency from wildfire~~
- ~~(c) Protect and increase economic benefit arising from healthy watersheds~~
- ~~(a) improve~~ fishery resources, and instream flow.
- ~~(b)(d)~~ ~~(b)~~ Help watershed ecosystems adapt to climate change.

~~(c) Restore river parkways throughout the state, including, but not limited to, projects pursuant to the California River Parkways Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the~~

~~Public Resources Code), in the Urban Streams Restoration Program established pursuant to Section 7048, and urban river greenways.~~

(d) Protect and restore [native](#) aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow pursuant to Section 1707.

(e) Fulfill the obligations of the State of California in complying with the terms of multi-party multiparty settlement agreements related to water resources.

(f) Remove barriers to [native](#) fish passage.

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

(h) Implement [aggressive](#) fuel treatment projects to reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.

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

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

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

79732. For restoration and ecosystem protection projects under this chapter, the services of the California Conservation Corps or community a local conservation corps certified by the California Conservation Corps shall be used whenever feasible.

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

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

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

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

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

(b) Of the funds authorized in Section 79730, two hundred fifty million dollars (\$250,000,000) shall be available to the Natural Resources Agency to support [water supply and water quality](#) projects of a state conservancy as provided in the conservancy's strategic plan.

79734. For the purposes of this chapter, the terms "protection" and "restoration" have the meanings set forth in Section 75005 of the Public Resources Code.

CHAPTER 7. Climate Change Preparedness for Regional Water Security

79740. The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures and competitive grants and loans to eligible projects that are included in, and implement an adopted integrated regional water management plan consistent with Part 2.2 (commencing with Section 10530) of Division 6.

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

- (a) Help [natural and manmade](#) water infrastructure systems adapt to climate change, including, but not limited to, sea-level rise.
- (b) Incentivize water agencies throughout each watershed to collaborate in managing the region's water resources and setting regional priorities for water infrastructure.
- (c) Improve regional water self-reliance, including projects that reduce reliance on the Delta in meeting California's future water supply needs, consistent with Section 85021.
- (d) Fund the increment of project costs related to the project's public benefits.

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

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

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

(d) A local agency that does not prepare, adopt, and submit its groundwater management plan in accordance with Part 2.75 (commencing with Section 10750) of Division 6 is ineligible to apply for funds made available pursuant to this chapter until the plan is prepared and submitted in accordance with the requirements of that part.

(d)

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

(e)

(f) Not less than 2510 percent of the funds authorized by this chapter shall be allocated to projects that directly benefit disadvantaged communities.

(f)

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

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

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

(a) Water re-use reuse and recycling.

(b) Water-use efficiency and water conservation.

(c) Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects.

(d) Regional water conveyance facilities that improve integration of separate water systems.

(e) Watershed protection, restoration, and management projects.

(f) Stormwater resource management, including, but not limited to, the following:

(1) Projects to reduce, manage, treat, or capture rainwater or stormwater.

(2) Projects that provide multiple benefits such as water quality, water supply, flood control, or open space.

(3) Decision support tools that evaluate the benefits and costs of multi-benefit multibenefit stormwater projects.

(4) Projects to implement a stormwater resource plan developed in accordance with Part 2.3 (commencing with Section 10560) of Division 6.

(g) Conjunctive use of surface and groundwater storage facilities.

(h) Water desalination projects, including projects that incorporate renewable energy generation and reduce Delta exports.

(i) Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections.

79744. [This chapter provides state funding for public benefits associated with headwater projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.](#)

(a) Of the funds authorized in Section 79740, one billion, [three hundred million](#) dollars (\$1,~~300~~[300](#),000,000) shall be allocated to the hydrologic regions as identified in the California Water Plan in accordance with this section. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. For purposes of this subdivision, the Sacramento River hydrologic region does not include the Delta. For purposes of this subdivision, the Mountain Counties Overlay is ~~not~~[not](#) eligible for funds from the Sacramento River hydrologic region ~~under~~[under](#) the San Joaquin River hydrologic region. Multiple integrated regional water management plans may be recognized in each of the areas allocated funding.

(b) Funds made available by this chapter shall be allocated as follows:

(1) North Coast: \$45,000,000.

(2) San Francisco Bay: \$132,000,000.

(3) Central Coast: \$58,000,000.

(4) Los Angeles subregion: \$198,000,000.

(5) Santa Ana subregion: \$128,000,000.

(6) San Diego subregion: \$87,000,000.

(7) Sacramento River: ~~\$~~[1](#)76,000,000.

(8) San Joaquin River: ~~\$~~[1](#)64,000,000.

(9) Tulare/Kern: \$70,000,000.

(10) North/South Lahontan: \$51,000,000.

(11) Colorado River Basin: \$47,000,000.

(12) Mountain Counties Overlay: \$144,000,000.

79745. (a) Of the funds authorized by 79740 up to two hundred fifty million dollars (\$250,000,000) may be used for direct expenditures, grants, and loans for water conservation and water use efficiency plans, projects, and programs, including either of the following:

(1) Urban water conservation plans, projects, and programs, including regional projects and programs, implemented to achieve urban water use targets developed pursuant to Section 10608.20. Priority for funding shall be given to programs that do any of the following:

(A) Assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective.

(B) Support water supplier and regional efforts to implement programs targeted to enhance water use efficiency for commercial, industrial, and institutional water users.

(C) Assist water suppliers and regions with programs and measures targeted toward realizing the conservation benefits of implementation of the provisions of the state landscape model ordinance.

(2) Agricultural water management plans or agricultural water use efficiency projects and programs developed pursuant to Part 2.8 (commencing with Section 10800) of Division 6.

(b) Section 1011 applies to all conservation measures that an agricultural water supplier or an urban water supplier implements with funding under this chapter. This subdivision does not limit the application of Section 1011 to any other measures or projects implemented by a water supplier.

79746. Of the funds authorized by 79740, the sum of five hundred million dollars (\$500,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and loans for water [supply](#), [water quality](#), recycling and advanced treatment technology projects [with regional and/or statewide benefit](#), including all of the following:

(a) Water recycling projects.

(b) Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination.

(c) Dedicated distribution infrastructure for recycled water and commercial and industrial end-user retrofit projects to allow use of recycled water.

(d) Pilot projects for new salt and contaminant removal technology.

(e) Groundwater recharge infrastructure related to recycled water.

(f) Technical assistance and grant writing assistance for disadvantaged communities.

(g) For projects funded pursuant to this section, at least a 50 percent local cost share shall be required; [25% for disadvantaged communities](#). That cost share may be suspended or reduced for disadvantaged communities and economically distressed areas.

(h) Projects funded pursuant to this section shall be selected on a competitive basis, considering all of the following criteria:

(1) [Improve w](#)Water supply reliability [improvement](#).

(2) Water quality and ecosystem benefits related to decreased reliance on diversions from the Delta or instream flows.

(3) Public health benefits from improved drinking water quality.

(4) Cost effectiveness.

(5) Energy efficiency and greenhouse gas emission impacts.

(i) For the purposes of this section, a plan or strategy by one or more regional water agencies to incorporate water recycling into the region's water supplies shall satisfy the requirements for an integrated regional water management plan, consistent with Part 2.2 (commencing with Section 10530) of Division 6.

79747. In order to receive funding authorized by this chapter to address groundwater quality or supply in an aquifer, the applicant shall demonstrate that a public agency has authority to manage the water resources in that aquifer. A groundwater management plan adopted and approved pursuant to Part 2.75 (commencing with Section 10750) of Division 6 shall be deemed sufficient to satisfy the requirements of this section.

CHAPTER 8. Sacramento-San Joaquin Delta Sustainability

79750. (a) The sum of one billion (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and direct expenditures to improve the sustainability of the Delta.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79751. In order to promote the sustainability and resiliency of the Delta, the purposes of this chapter are to:

(a) Protect, restore, and enhance the Delta ecosystem.

(b) Maintain and improve existing Delta levees.

(c) Promote the sustainability of the Delta.

79752. The funds authorized in Section 79750 shall not be used to pay the costs of exercising eminent domain.

79753. Any project funded by this chapter shall include a partner that is a resident, landowner, public agency, or organization from one or more of the five Delta counties. For the purposes of this chapter, a partner from a Delta county shall have a significant role in the development and implementation of the funded project.

79754. Funding authorized by this chapter for the purpose of subdivision (a) of Section 79751 may include, but is not limited to, the following:

(a) Projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including improvement of aquatic or terrestrial habitat or the removal or reduction of undesirable invasive species.

(b) Projects to reduce greenhouse gas emissions from exposed Delta soils.

(c) Scientific studies and assessments that support the projects authorized under this section.

[\(d\) Upstream supply projects to improve Delta flows](#)

79755. (a) Funding authorized by this chapter for the purpose of subdivision (b) of Section 79751 shall reduce the risk of levee failure and flood in the Delta and may be expended, consistent with the Delta levee investment priorities recommended pursuant to Section 85306, for any of the following:

(a)

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

(b)

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

(c)

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

(d)

(4) Emergency response and repair projects.

(b) All projects funded pursuant to this section shall be subject to Section 79050.

CHAPTER 9. Water Storage for Climate Change

79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum of one billion five hundred million dollars (\$1,500,000,000) is hereby continuously appropriated from the fund, without regard to fiscal years, to the commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and expended only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79761. In order to expand the state's water storage capacity to address the impacts of climate change on the snow pack in the Sierra Nevada Mountains and water storage resources, the purposes of this chapter are to:

(a) Construct new surface water storage projects.

(b) Restore and expand groundwater aquifer storage capacity.

(c) Restore [and expand](#) water storage capacity of existing surface water storage reservoirs.

79762. Projects for which the public benefits are eligible for funding under this chapter consist of only the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program, except for projects prohibited by Chapter 1.4 (commencing with Section 5093.50) of Division 5 of the Public Resources Code.

(b) Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits.

(c) Conjunctive use and reservoir reoperation projects.

(d) [Physical modifications to dam structures to improve the timing or quality of reservoir releases.](#)

[\(ed\)](#) Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits.

[\(fe\)](#) Projects that remove sediment, improve dam stability in seismic events or otherwise restore water storage capacity in existing water storage reservoirs.

[\(g\) Projects that expand existing capacity in existing reservoirs above the rim dams to provide drought tolerance and expand cold water pool for native fish downstream](#)

[\(h\) expenditures and grants for ecosystem and watershed protection and restoration projects, prioritized and weighted by statewide water supply significance.](#)

79763. A project shall not be funded pursuant to this chapter unless it provides [or can be off-set by the same](#) measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

79764. (a) Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

(1) Ecosystem improvements, including changing the timing of water diversions, improvement in flow conditions, temperature, or other benefits that contribute to restoration of aquatic ecosystems and native fish and wildlife, including those ecosystems and fish and wildlife in the Delta or the Delta tributaries.

(2) [Water supply or w-](#)Water quality improvements in the Delta, or in other [tributary](#) river systems, that provide significant public trust resources, or that clean up and restore groundwater resources.

(3) Flood control benefits, including, but not limited to, increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system.

(4) Emergency response, including, but not limited to, securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism.

~~[\(5\) Recreational purposes, including, but not limited to, those recreational pursuits generally associated with the outdoors.](#)~~

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

79765. In consultation with the Department of Fish and Game, the State Water Resources Control Board, and the department, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79764 by December 15, 2014. The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Game and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

79766. (a) Except as provided in subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2014, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79765 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The department has entered into a contract with each party that will derive benefits, other than public benefits, as defined in Section 79764, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The department has entered into a contract with each public agency identified in Section 79765 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to ensure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

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

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

(B) The commission has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria identified in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79767. (a) The public benefit cost share of a project funded pursuant to this chapter, other than a project described in subdivision (c) of Section 79762, may not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79764 that are at least 50 percent of total public benefits of the project funded under this chapter [or are off-set by the same in another project](#).

(c) In order to receive funding authorized by this chapter to improve groundwater storage in an aquifer, the applicant shall demonstrate that a public agency has authority to manage the water resources in that aquifer.

79768. (a) A project is not eligible for funding under this chapter unless, ~~by January 1, 2018,~~ all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the commission for a time period that is equal to the time period of the delay, and funding under this chapter that has been dedicated to the project shall be encumbered until the time at which the litigation is completed or the regulations have been promulgated.

CHAPTER 10. Fiscal Provisions

79800. (a) Bonds in the total amount of ~~six~~ seven billion ~~five~~ eight hundred million dollars (\$~~76,8500,000,000~~), or so much thereof as is necessary, not including the amount of any refunding bonds issued in accordance with Section 79812, or so much thereof as is necessary, 79812 may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

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

79801. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division, except subdivisions (a) and (b) of Section 16727 of the Government Code shall not apply to the extent that it is inconsistent with any other provision of this division.

79802. (a) Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) of the bonds authorized by this division, the Climate Change Response for Clean and Safe Drinking Water Finance Committee is hereby created. For purposes of this division, the Climate Change Response for Clean and Safe Drinking Water Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of Water Resources, and the Secretary of the Natural Resources Agency. Notwithstanding any other provision of law, any member may designate a deputy representative to act as that member in his or her place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as chairperson of the committee.

(d) A majority of the committee may act for the committee.

79803. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79804. For purposes of the State General Obligation Bond Law, “board,” as defined in Section 16722 of the Government Code, means the Department of Water Resources.

79805. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

79806. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

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

(b) The sum that is necessary to carry out the provisions of Section 79809, appropriated without regard to fiscal years.

79807. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purpose of carrying out this division less any amount withdrawn pursuant to Section 79809. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution,

authorized to be sold for the purpose of carrying out this division. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated in accordance with this division.

79808. Notwithstanding any other provision of this division, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions or is otherwise entitled to any federal tax advantage, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

79809. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this division less any amount borrowed pursuant to Section 79807. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account, from proceeds received from the sale of bonds for the purpose of carrying out this division.

79810. All money deposited in the fund that is derived from premiums premium and accrued interest on bonds sold pursuant to this division shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest, except that amounts derived from premium may be reserved and used to pay the cost of bond issuance prior to any transfer to the General Fund.

79811. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds, including premium, if any. To the extent the cost of bond issuance is not paid from premiums received from the sale of bonds, these costs shall be shared proportionately by each program funded through this division by the applicable bond sale.

79812. The bonds issued and sold pursuant to this division may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the electors voters of the state for the issuance of the bonds under this division shall include approval of the issuance of any bonds issued to refund any bonds originally issued under this division or any previously issued refunding bonds.

79813. The proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, and the disbursement of these proceeds is not subject to the limitations imposed by that article.

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

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

SEC. 5. Section 2 of this act shall take effect upon the approval by the voters of the Climate Change Response for Clean and Safe Drinking Water Act of 2014, as set forth in that section at the November 4, 2014, statewide general election.