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HEALTH AND SAFETY CODE - HSC

DIVISION 106. PERSONAL HEALTH CARE (INCLUDING MATERNAL, CHILD, AND ADOLESCENT) [123100 - 125850] (*Division 106 added by Stats. 1995, Ch. 415, Sec. 8.)*

PART 5. HEREDITARY DISEASES/CONGENITAL DEFECTS [124975 - 125292.10] (*Part 5 added by Stats. 1995, Ch. 415, Sec. 8.)*

CHAPTER 3. California Stem Cell Research and Cures Bond Act [125290.10 - 125292.10] (*Chapter 3 added November 2, 2004, by initiative Proposition 71, Sec. 5, a bond act.)*

ARTICLE 2.5. California Stem Cell Research, Treatments, and Cures Bond Act of 2020 [125291.90 - 125291.165] (*Article 2.5 added November 3, 2020, by initiative Proposition 14, Sec. 24.)*

125291.90. This article shall be known, and may be cited, as the California Stem Cell Research, Treatments, and Cures Bond Act of 2020.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.95. As used in this article, the following terms have the following meanings:

- (a) "Act" means the California Stem Cell Research and Cures Act constituting this chapter, as amended by the California Stem Cell Research, Treatments, and Cures Initiative of 2020.
- (b) "Board" or "institute" means the California Institute for Regenerative Medicine designated in accordance with subdivision (b) of Section 125291.120.
- (c) "Committee" means the California Stem Cell Research and Cures Finance Committee created pursuant to subdivision (a) of Section 125291.40 and designated in accordance with subdivision (a) of Section 125291.120.
- (d) "Fund" means the California Stem Cell Research, Treatments, and Cures Fund of 2020 created pursuant to Section 125291.105.
- (e) "Interim debt" means any interim loans pursuant to Sections 125291.140 and 125291.145, bond anticipation notes, or commercial paper notes issued to make deposits into the fund and that will be paid from the proceeds of bonds issued pursuant to this article.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.100. (a) Notwithstanding Section 13340 of the Government Code or any other provision of law, moneys in the fund are appropriated without regard to fiscal years to the institute for the following purposes:

- (1) Making grants or loans to fund research and construct facilities for research, all as described in and pursuant to Section 125290.70.5.
- (2) Paying general administrative costs of the institute (not to exceed 3.5 percent in accordance with subparagraph (A) of paragraph (2) of subdivision (a) of Section 125290.70.5).
- (3) Paying the annual administration costs of any interim debt or bonds after December 31 of the fifth full calendar year after this section takes effect.
- (4) Paying the costs of issuing interim debt, paying the annual administration costs of the interim debt until and including December 31 of the fifth full calendar year after this section takes effect, and paying interest on interim debt, if such interim debt is incurred or issued on or prior to December 31 of the fifth full calendar year after this section takes effect.
- (5) Paying the costs of issuing bonds, paying the annual administration costs of the bonds until and including December 31 of the fifth full calendar year after this section takes effect, and paying interest on bonds that accrues on or prior to December 31 of the

fifth full calendar year after this section takes effect, except that such limitation does not apply to premium and accrued interest as provided in Section 125291.150.

(b) Moneys in the fund or other proceeds of the sale of bonds authorized by this article may be used to pay principal of, redemption price, including accrued interest, or premium on any interim debt issued prior to the initial issuance of bonds authorized by this article. Moneys deposited in the fund from the proceeds of interim debt may be used to pay general administrative costs of the institute without regard to the 3.5 percent limit set forth in paragraph (2) of subdivision (a), so long as such 3.5 percent limit is satisfied for each issue of bonds.

(c) Repayment of principal and interest on any loans made by the institute pursuant to this article shall be deposited in the fund and used for the purposes of Section 125290.70.5, including the institute's administrative costs, or for paying continuing costs of the annual administration of outstanding bonds.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.105. The proceeds of interim debt and bonds issued and sold pursuant to this article shall be deposited in the State Treasury to the credit of the California Stem Cell Research and Cures Fund of 2020, which is hereby created in the State Treasury, except to the extent that proceeds of the issuance of bonds are used directly to repay interim debt.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.110. Bonds in the total amount of five billion five hundred million dollars (\$5,500,000,000), not including the amount of any refunding bonds issued in accordance with Section 125291.155, or as much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this article, to be used and sold for carrying out the purposes of Section 125291.100, 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 shall constitute a valid and binding obligation of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both the principal of, and interest on, the bonds as the principal and interest become due and payable.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.115. The bonds authorized by this article 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, as amended from time to time, except subdivisions (a) and (b) of Section 16727 apply to the bonds and to this article and are hereby incorporated in this article as though set forth in full in this article.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.120. (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 and interim debt authorized by this article, the California Stem Cell Research and Cures Finance Committee, established pursuant to Section 125291.40, is hereby designated as "the committee" as that term is used in the State General Obligation Bond Law.

(b) For purposes of the State General Obligation Bond Law, the California Institute for Regenerative Medicine Governing Board is designated the "board."

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.125. (a) The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this article in order to carry out the actions specified in this article and, if so, the amount of bonds to be issued and sold. The Treasurer shall use reasonable efforts to sell bonds with pricing at par or better and to pay the issuance costs out of premium if reasonably achievable and in the best interests of the state, at the Treasurer's discretion. 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. The bonds may bear interest, which is includable in gross income for federal income tax purposes if the committee determines that such treatment is necessary in order to provide funds for the purposes of the act. The costs of each bond issue sold on or after the 61st month after this article takes effect shall be at the discretion of the Treasurer and may be amortized over or up to a 40-year period.

(b) The total amount of the bonds authorized by Section 125291.110 that may be issued in any calendar year, commencing in 2021, shall not exceed a cumulative average of five hundred forty million dollars (\$540,000,000). If less than this amount of bonds is issued in any year, the remaining permitted amount may be carried over to one or more subsequent years. Pursuant to Section 125291.140, the Director of Finance may, in the director's discretion, authorize a loan from the General Fund to the institute on or after the effective date of this article.

(c) Until December 31 of the fifth full calendar year after this section becomes effective, all interest on any interim debt or bonds issued under this article will be paid from proceeds from the sale of that interim debt or bonds in accordance with the objective of this initiative of avoiding any debt service payments by the General Fund, both principal and interest, during the initial period of basic research and therapy development following the effective date of this section.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.130. 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 becoming due 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.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.135. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this article, 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 article, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 125291.140, appropriated without regard to fiscal years.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.140. For purposes of carrying out this article, 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 article, excluding any refunding bonds authorized pursuant to Section 125291.155, less any amount loaned pursuant to Section 125291.145 and not yet repaid, and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this article.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.145. The institute 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 purposes of carrying out this article. The amount of the loan shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this article excluding any refunding bonds authorized pursuant to Section 125291.155, less any amount loaned pursuant to this section and not yet repaid, and any amount withdrawn from the General Fund pursuant to Section 125291.140 and not yet returned to the General Fund. The institute shall execute any 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 by the institute in accordance with this article.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.150. All money deposited in the fund that is derived from premium and accrued interest on bonds sold 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 the amounts derived from premium may be reserved and used to pay costs of issuance prior to any transfer to the General Fund.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.155. The bonds issued and sold pursuant to this article 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 voters of the state for the issuance of the bonds described in this article includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this article or any previously issued refunding bonds. Any bond refunded with the proceeds of refunding bonds as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.160. Notwithstanding any provision of this article or 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), if the Treasurer sells bonds pursuant to this article 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, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds

required or desirable under federal law 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.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)

125291.165. The proceeds from the sale of bonds authorized by this article 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.

(Added November 3, 2020, by initiative Proposition 14, Sec. 24. Effective on December 16, 2020.)