

AMENDED IN SENATE MARCH 11, 2013

**SENATE BILL**

**No. 32**

---

---

**Introduced by Senator Price**

December 3, 2012

---

---

An act to add ~~Section 66024.5 to the Education Code, relating to public postsecondary education~~ *Division 3.5 (commencing with Section 28960) to Title 4 of, and to repeal Section 28968 of, the Corporations Code, and to add and repeal Sections 12211, 17053.50, and 23650 of the Revenue and Taxation Code, relating to business investment.*

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as amended, Price. ~~Public postsecondary education: student costs.~~ *Business investment: tax credits.*

*Existing laws governing the taxation of insurers, the Personal Income Tax Law, and the Corporation Tax Law, allow various credits against the taxes imposed by those laws. The Capital Access Company Law provides for licensing and regulation by the Commissioner of Corporations of capital access companies, which provide risk capital and management assistance to business entities.*

*This bill would enact the California Jobs Act, which would require the Treasurer to sell tax credits to taxpayers in an auction designed and supervised by the Treasurer, as specified. This bill would require the proceeds from the sale of the tax credits to be deposited in the California Jobs Act Investment Fund, created by the bill. This bill would, for taxable years beginning on or after January 1, 2015, and before January 1, 2023, allow a credit against the tax imposed upon insurers and against the taxes imposed under the Personal Income Tax Law and the Corporation Tax Law, equal to the amount stated on the written*

*instrument used by the Treasurer to evidence the sale of tax credits, as provided.*

*This bill would create the California Jobs Act Board, as specified, and would require the board to designate capital access companies as qualified capital access companies, as specified. This bill would authorize capital access companies to apply to the board for designation, as specified. This bill would require revenues deposited in the California Jobs Act Investment Fund to be available, upon appropriation by the Legislature, for allocation by the board, as specified, to qualified capital access companies for the purpose of making investments in qualified businesses, as defined. This bill would authorize the board to charge certain fees to cover the board's costs in carrying out its responsibilities. This bill would impose certain duties upon qualified capital access companies, including a duty to make specified investments in qualified businesses, as specified. This bill would authorize the board to revoke any designation as a qualified access company and to assess a penalty, as specified, for any qualified capital access company that fails to perform any duty. This bill would require the board to report to the Legislature the results of the act, as provided.*

~~Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.~~

~~This bill would require the Trustees of the California State University, and would request the Regents of the University of California, to explore innovative ways of offering a bachelor's degree to an individual student at a cost, as specified, in an amount of no more than \$10,000.~~

Vote: majority. 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 3.5 (commencing with Section 28960)*
- 2 *is added to Title 4 of the Corporations Code, to read:*

DIVISION 3.5. CALIFORNIA JOBS ACT

28960. *This division shall be known and may be cited as the California Jobs Act.*

28961. *For purposes of this division, all of the following definitions shall apply:*

(a) *“Board” means the California Jobs Act Board established pursuant to Section 28962.*

(b) *“Capital access company” means a capital access company licensed under the Capital Access Company Law (Chapter 1 commencing with Section 28000) of Division 3).*

(c) *“Fund manager” means a person or entity that manages a qualified capital access company.*

(d) *“Investment” means an investment of cash by a qualified capital access company in a qualified business for the purchase of equity, equity options, warrants, or debt convertible to equity. An investment in a debt instrument whose terms are substantially equivalent to terms typically found in debt financing provided by banks to profitable companies, including security interests in tangible assets with readily discernible orderly liquidation value in excess of the loan amount or personal guarantees, shall not be deemed as a qualified investment.*

(e) *“Investor” means any investor in a capital access company that invests in a qualified business.*

(f) *“Percentage interest” means the ratio of each investor’s investment in a qualified capital access company to the total investments by all investors.*

(g) *“Qualified business” means a business that satisfied the requirement specified in subdivision (c) of Section 28966.*

(h) *“Qualified capital access company” means a capital access company designated as a qualified capital access company pursuant to Section 28964.*

(i) *“Tax credit capital” means amounts paid by taxpayers to the Treasurer in exchange for tax credits pursuant to Section 28963, and allocated by the board to qualified capital access companies for investment in qualified businesses pursuant to Section 28966.*

(j) *“Total capital” means the sum of the tax credit capital and the capital invested or committed by investors of a qualified capital access company.*

1 28962. (a) *There is in the state government the California*  
2 *Jobs Act Board.*

3 (b) *The board shall consist of seven members, appointed on or*  
4 *before July 1, 2014, for a term of one year, as follows:*

5 (1) *Three members, who shall have at least five years of*  
6 *experience in managing or consulting with emerging growth*  
7 *companies, appointed by the Governor.*

8 (2) *Two members, who shall have at least five years of*  
9 *experience in investing in emerging growth companies, appointed*  
10 *by the Senate Committee on Rules.*

11 (3) *Two members, who shall have at least five years of*  
12 *experience in investing in emerging growth companies, appointed*  
13 *by the Speaker of the Assembly.*

14 (c) *A majority of the members of the board shall be empowered*  
15 *to act for the board.*

16 (d) *Each member of the board shall do both of the following:*

17 (1) *File a Form 700 annually with the Fair Political Practices*  
18 *Commission. Each member of the board shall be considered a*  
19 *reportable public official for purposes of the Political Reform Act*  
20 *of 1974 (Title 9 (commencing with Section 81000) of the*  
21 *Government Code).*

22 (2) *Serve on the board without compensation.*

23 (e) *The board may do all of the following:*

24 (1) (A) *Employ an executive officer or any other persons as*  
25 *are necessary to enable the board to properly perform the duties*  
26 *imposed upon it by this division.*

27 (B) *The executive officer shall serve at the pleasure of the board*  
28 *and shall receive compensation as shall be fixed by the board.*

29 (2) *By resolution, delegate to its executive officer, or any other*  
30 *employee of the board, including, but not limited to, the power to*  
31 *enter into contracts on behalf of the board.*

32 (3) (A) *Adopt, amend, or repeal all rules and regulations*  
33 *necessary to carry out this division as emergency regulations in*  
34 *accordance with the rulemaking provisions of the Administrative*  
35 *Procedure Act (Division 3.5 (commencing with Section 11340) of*  
36 *Part 1 of Division 3 of Title 2 of the Government Code).*

37 (B) *The adoption, amendment, or repeal of the regulations*  
38 *pursuant to subparagraph (A) is conclusively presumed to be*  
39 *necessary for the immediate preservation of the public peace,*

1 *health, safety, or general welfare within the meaning of Section*  
2 *11346.1 of the Government Code.*

3 *(4) Adopt an official seal.*

4 *(5) Sue and be sued in its own name.*

5 *(6) Employ any necessary measures to collect any allocations*  
6 *of tax credit capital made to qualified capital access companies*  
7 *for which the board revokes designation.*

8 28963. *(a) The Treasurer shall sell tax credits to taxpayers in*  
9 *an auction process designed and supervised by the Treasurer to*  
10 *obtain the highest price for each allocation of tax credits. The*  
11 *aggregate amount of tax credits sold to all taxpayers shall not*  
12 *exceed two hundred million dollars (\$200,000,000). The Treasurer*  
13 *shall sell tax credits in amounts not less than ten million dollars*  
14 *(\$10,000,000), but not more than twenty million dollars*  
15 *(\$20,000,000), per taxpayer.*

16 *(b) The Treasurer shall evidence the sale of tax credits using*  
17 *any written instrument the Treasurer deems fit for the purpose,*  
18 *and provide that instrument to the taxpayer within 30 days of sale.*  
19 *The instrument shall include, but not be limited to, the total amount*  
20 *of tax credits purchased by the taxpayer, and the tax against which*  
21 *the taxpayer will claim the credit.*

22 *(c) The proceeds from the sale of tax credits shall be deposited*  
23 *in the California Jobs Act Investment Fund, which is hereby*  
24 *established in the State Treasury. Revenues in the fund shall be*  
25 *available, upon appropriation by the Legislature, for allocation*  
26 *by the board to qualified capital access companies for the purpose*  
27 *of making investments in qualified businesses.*

28 *(d) The Treasurer shall notify both of the following:*

29 *(1) The Franchise Tax Board, in the form and manner as*  
30 *prescribed by the Franchise Tax Board, of the names, identification*  
31 *numbers, and amount of tax credits purchased by taxpayers that*  
32 *will claim a credit against the personal income tax or the corporate*  
33 *income tax.*

34 *(2) The Department of Insurance, in the form and manner as*  
35 *prescribed by the Department of Insurance, of the names and*  
36 *amount of tax credits purchased by taxpayers that will claim a*  
37 *credit against the tax on insurers.*

38 28964. *(a) On or before September 1, 2014, capital access*  
39 *companies may apply to the board for designation as qualified*  
40 *capital access companies.*

1 (b) (1) The board shall develop and provide application forms  
2 for use by capital access companies seeking designation as  
3 qualified capital access companies. The board shall adopt uniform  
4 procedures for the submission and review of applications. The  
5 application shall include, but not be limited to, the business name  
6 and address of the qualified business or qualified businesses that  
7 the qualified capital access company will invest in using tax credit  
8 capital allocated by the board.

9 (2) Within 180 days of the sale of tax credits by the Treasurer  
10 pursuant to Section 28963, the board shall publish notice of the  
11 availability of applications for allocations of tax credit capital  
12 and deadlines for submission of applications

13 (c) (1) The board shall designate as a qualified capital access  
14 company only those capital access companies that satisfy all of  
15 the following requirements:

16 (A) Submit an audited balance sheet that contains an unqualified  
17 opinion of an independent certified public accountant issued not  
18 more than 60 days before the application date that states that the  
19 capital access company applying for designation has an equity  
20 capitalization of at least five million dollars (\$5,000,000) in the  
21 form of unencumbered cash, marketable securities, and other liquid  
22 assets.

23 (B) Directly employ at least two managers with five or more  
24 years of investment experience primarily in California-domiciled  
25 companies.

26 (C) Have its principal office in California for the last five years.

27 (D) Have a proposed investment strategy for achieving  
28 transformational economic development outcomes through focused  
29 investment of capital in seed or early stage companies with  
30 high-growth potential.

31 (E) Have a demonstrated ability to lead investment rounds,  
32 advise and mentor entrepreneurs, facilitate follow-on investments,  
33 and execute investment exits.

34 (2) The board may require a capital access company applying  
35 for designation to provide any information necessary for the board  
36 to designate the capital access company as a qualified capital  
37 access company.

38 (d) On or before January 1, 2015, at a duly noticed public  
39 hearing, the board shall designate capital access companies  
40 selected as qualified capital access companies. The board shall

1 *notify qualified capital access companies of the designation on or*  
2 *before February 1, 2015.*

3 *(e) (1) The board may charge fees as are reasonably necessary*  
4 *to cover the board's costs in carrying out its responsibilities under*  
5 *this division.*

6 *(2) Until the time that sufficient revenue is received by the board*  
7 *pursuant to paragraph (1), the board may borrow any money as*  
8 *may be required for the purpose of meeting the necessary expenses*  
9 *of the operation of the board. Any loan made to the board pursuant*  
10 *to this subdivision shall be repayable solely from revenue received*  
11 *pursuant to paragraph (1) and shall not constitute a general*  
12 *obligation for which the faith and credit of the state are pledged.*

13 *28965. (a) To retain its designation as a qualified capital*  
14 *access company, the qualified capital access company shall do all*  
15 *of the following:*

16 *(1) Make investments of no less than 50 percent of its allocation*  
17 *of tax credit capital in qualified businesses within two years of the*  
18 *allocation date.*

19 *(2) Make investments of no less than 70 percent of its allocation*  
20 *of tax credit capital in qualified businesses within three years of*  
21 *the allocation date.*

22 *(3) Make investments of no less than 80 percent of its allocation*  
23 *of tax credit capital in qualified businesses within four years of*  
24 *the allocation date.*

25 *(4) Make investments of no less than 90 percent of its allocation*  
26 *of tax credit capital in qualified businesses within six years of the*  
27 *allocation date.*

28 *(b) A qualified capital access company shall not do either of*  
29 *the following:*

30 *(1) Invest more than 10 percent of its total tax credit capital in*  
31 *any one qualified business.*

32 *(2) Sell any interest in the qualified business without approval*  
33 *from the board.*

34 *(c) The board may audit any qualified capital access company*  
35 *to ensure its compliance with this division.*

36 *(d) (1) The board may revoke any designation as a qualified*  
37 *capital access company at any duly noticed public hearing for*  
38 *both of the following reasons:*

39 *(A) The qualified capital access company has misrepresented*  
40 *any information required by this division.*

1 (B) *The qualified capital access company fails to perform any*  
2 *duty required by this division.*

3 (2) *Any qualified capital access company that loses its license*  
4 *as a capital access company shall be deemed to have lost its*  
5 *designation as a qualified access company.*

6 (3) *Any tax credit capital allocated from the California Jobs*  
7 *Act Investment Fund to the capital access company for which*  
8 *designation is revoked shall become immediately due and payable*  
9 *for the company to the State of California. Any amounts collected*  
10 *shall be deposited in the General Fund.*

11 (e) *The board may assess a penalty of 10 percent or two hundred*  
12 *fifty thousand dollars (\$250,000), whichever is less, of any qualified*  
13 *capital access company's total capital, for any qualified capital*  
14 *access company that fails to perform any duty under this division.*  
15 *Proceeds of penalties shall be deposited in the General Fund.*

16 28966. (a) *Within 180 days of publishing the notice required*  
17 *by paragraph (2) of subdivision (b) of Section 28964, the board*  
18 *shall allocate tax credit capital to qualified capital access*  
19 *companies for the purpose of making investments in qualified*  
20 *businesses.*

21 (b) *The board shall allocate tax credit capital to qualified capital*  
22 *access companies in amounts of not less than ten million dollars*  
23 *(\$10,000,000), but not more than twenty million dollars*  
24 *(\$20,000,000), to any one qualified capital access company at the*  
25 *discretion of the board. Any revenues remaining in the California*  
26 *Jobs Act Investment Fund when the board has completed*  
27 *allocations of the tax credit capital shall be deposited in the*  
28 *General Fund.*

29 (c) (1) *The board shall allocate tax credit capital to qualified*  
30 *capital access companies to make investments in qualified*  
31 *businesses that meet all of the following criteria:*

32 (A) *It is a small business concern or a smaller business concern*  
33 *as defined by the Capital Access Company Law (Chapter 1*  
34 *(commencing with Section 28000) of Division 3).*

35 (B) *Its business headquarters is located in California.*

36 (C) *Its principal business activity is located in California.*

37 (D) *It does not employ more than 100 persons, directly or*  
38 *indirectly.*

39 (E) *It is not engaged in professional services provided by*  
40 *accountants, physicians, dentists, or lawyers, or banking, lending,*

1 *real estate development, insurance, oil, gas exploration, or direct*  
2 *gambling activities.*

3 *(F) It is not a franchise of, and has no financial relationship*  
4 *with, and is not part of the commonly controlled group, as defined*  
5 *in paragraph (3) of subdivision (b) of Section 25106.5 of Title 18*  
6 *of the California Code of Regulations, of the qualified capital*  
7 *access company.*

8 *(2) The criteria specified in paragraph (1) shall be deemed*  
9 *satisfied if the qualified capital access company represents in its*  
10 *application that the qualified business will meet the criteria upon*  
11 *closing.*

12 *(d) The qualified capital access company receiving tax credit*  
13 *capital may request the board to certify any business as a qualified*  
14 *business. The board shall notify the qualified capital access*  
15 *company within 10 days of its determination of the business as a*  
16 *qualified business.*

17 *(e) The board shall allocate tax credit capital to qualified capital*  
18 *access companies to make investments only in qualified businesses*  
19 *in which the qualified capital access company has a contract with*  
20 *an investor or investors unrelated to the qualified capital access*  
21 *company to make an irrevocable investment of cash or cash*  
22 *equivalents in qualified businesses in a total amount identical to*  
23 *the aggregate amount of proceeds allocated by the board.*

24 *(f) Any allocation of tax credit capital made to a qualified*  
25 *capital access company not yet invested in a qualified business*  
26 *shall be held in an escrow account maintained by the board. Any*  
27 *allocations of tax credit capital made to a qualified capital access*  
28 *company but not invested in a qualified business is forfeited eight*  
29 *years from the date the board allocates the tax credit capital to*  
30 *the qualified capital access company, and any such proceeds shall*  
31 *be recovered and deposited in the General Fund.*

32 28967. *(a) A fund manager may, with the approval of the*  
33 *board, charge a qualified capital access company any of the*  
34 *following fees and expenses:*

35 *(1) Organizational costs and expenses of forming, syndicating,*  
36 *and organizing the qualified capital access company, including*  
37 *fees paid for professional services, provided that the startup and*  
38 *offering costs shall not exceed 2 percent of the total capital of the*  
39 *qualified capital access company or five hundred thousand dollars*  
40 *(\$500,000), whichever is less. In addition, brokerage commissions*

1 for raising capital from investors may not exceed 10 percent of  
2 the capital received by the qualified capital access company.

3 (2) An annual management fee to manage and operate a  
4 qualified capital access company. The fee shall be paid in the  
5 following manner:

6 (A) For the first five years following the date of allocation of  
7 tax credit capital, the fee shall not exceed 3 percent of the qualified  
8 capital access company's total capital per annum.

9 (B) After the first five years following the date of allocation of  
10 tax credit capital, the fee shall not exceed 2 percent of the qualified  
11 capital access company's total capital per annum.

12 (3) Reasonable and necessary fees charged in accordance with  
13 industry custom for ongoing professional services, including, but  
14 not limited to, legal and accounting services related to the  
15 operation of a qualified capital access company, but not including  
16 any lobbying or government relations.

17 (b) Qualified capital access companies may make distributions  
18 of cash resulting from gains from investments in qualified  
19 businesses at any time on or before January 1, 2023. In the event  
20 that a qualified capital access company makes that distribution,  
21 it shall do so in the following manner:

22 (1) First, 75 percent to investors in the qualified capital access  
23 company and 25 percent to the state, to be deposited in the General  
24 Fund, until all investors have received cumulative distributions  
25 equal to 100 percent of his or her investment.

26 (2) Second, 100 percent to the state, to be deposited in the  
27 General Fund, until the state has received cumulative distributions  
28 equal to 100 percent of the board's allocation of tax credit capital  
29 to that qualified access company.

30 (3) Third, 20 percent to the manager of the qualified capital  
31 access company, 40 percent to all investors according to their  
32 respective percentage interest, and 40 percent to the state, to be  
33 deposited in the General Fund.

34 (c) On or before January 1, 2023, the qualified access company  
35 shall liquidate its investments made with tax credit capital and  
36 distribute all remaining cash or assets in kind gained from  
37 investments in accordance with subdivision (b).

38 28968. (a) On or before January 1, 2023, the board shall  
39 report to the Legislature the results of the California Jobs Act.  
40 The report shall include all of the following:

1 (1) *The number and amounts of investments made.*

2 (2) *An estimate of the number of jobs created by the investments.*

3 (3) *The number of qualified access companies designated.*

4 (4) *The amount of allocations made to each qualified capital*  
5 *access company.*

6 (5) *The amount of cash distributed to the state and deposited*  
7 *in the General Fund.*

8 (b) (1) *The report required pursuant to subdivision (a) shall*  
9 *be submitted in compliance with Section 9795 of the Government*  
10 *Code.*

11 (2) *Pursuant to Section 10231.5 of the Government Code, this*  
12 *section is repealed on January 1, 2027.*

13 SEC. 2. *Section 12211 is added to the Revenue and Taxation*  
14 *Code, to read:*

15 12211. (a) *For each year beginning on or after January 1,*  
16 *2015, and before January 1, 2023, there shall be allowed as a*  
17 *credit against the amount of tax, as defined in Section 28 of Article*  
18 *XIII of the California Constitution, equal to the total amount stated*  
19 *on the written instrument used by the Treasurer to evidence the*  
20 *sale of the tax credit as required by Section 28968 of the*  
21 *Corporations Code. The taxpayer may only claim the credit in the*  
22 *following amounts in the following taxable years:*

23 (1) *For taxable years 2015 to 2018, inclusive, an amount equal*  
24 *to 15 percent of the total amount stated on the written instrument*  
25 *issued by the Treasurer.*

26 (2) *For taxable years 2019 to 2022, inclusive, an amount equal*  
27 *to 10 percent of the total amount stated on the written instrument*  
28 *issued by the Treasurer.*

29 (b) *For purposes of determining any tax that may be imposed*  
30 *under Section 685 of the Insurance Code on a taxpayer not*  
31 *organized under the laws of this state, the amount of the credit*  
32 *allowed by subdivision (a) shall be treated as a tax paid under*  
33 *Section 12201 or Section 28 of Article XIII of the California*  
34 *Constitution.*

35 (c) *A credit shall not be allowed by this section unless the*  
36 *taxpayer provides satisfactory substantiation to, and in the form*  
37 *and manner as requested by, the Department of Insurance, or any*  
38 *successor thereof, of the written instrument used by the Treasurer*  
39 *to evidence the sale of the tax credit as required by Section 28963*  
40 *of the Corporations Code.*

1 (d) In the case where the credit allowed by this section exceeds  
2 the “tax,” the excess may be carried over to reduce the “tax” for  
3 the next four years, or until the credit has been exhausted,  
4 whichever occurs first.

5 (e) This section shall remain in effect only until December 1,  
6 2023, and as of that date is repealed.

7 SEC. 3. Section 17053.50 is added to the Revenue and Taxation  
8 Code, to read:

9 17053.50. (a) For each taxable year beginning on or after  
10 January 1, 2015, and before January 1, 2023, there shall be  
11 allowed as a credit against the “net tax,” as defined in Section  
12 17039, an amount equal to the total amount stated on the written  
13 instrument used by the Treasurer to evidence the sale of tax credits  
14 as required by Section 28968 of the Corporations Code. The  
15 taxpayer may only claim the credit in the following amounts in the  
16 following taxable years:

17 (1) For taxable years 2015 to 2018, inclusive, an amount equal  
18 to 15 percent of the total amount stated on the written instrument  
19 issued by the Treasurer.

20 (2) For taxable years 2019 to 2022, inclusive, an amount equal  
21 to 10 percent of the total amount stated on the written instrument  
22 issued by the Treasurer.

23 (b) A credit shall not be allowed by this section unless the  
24 taxpayer provides satisfactory substantiation to, and in the form  
25 and manner as requested by, the Franchise Tax Board, or any  
26 successor thereof, of the written instrument used by the Treasurer  
27 to evidence the sale of tax credits as required by Section 28963 of  
28 the Corporations Code.

29 (c) In the case where the credit allowed by this section exceeds  
30 the “net tax,” the excess may be carried over to reduce the “net  
31 tax” for the next four taxable years, or until the credit has been  
32 exhausted, whichever occurs first.

33 (d) This section shall remain in effect only until December 1,  
34 2023, and as of that date is repealed.

35 SEC. 4. Section 23650 is added to the Revenue and Taxation  
36 Code, to read:

37 23650. (a) For each taxable year beginning on or after  
38 January 1, 2015, and before January 1, 2023, there shall be  
39 allowed as a credit against the “tax,” as defined in Section 23036,  
40 an amount equal to the total amount stated on the written

1 *instrument used by the Treasurer to evidence the sale of tax credits*  
2 *as required by Section 28968 of the Corporations Code. The*  
3 *taxpayer may only claim the credit in the following amounts in the*  
4 *following taxable years:*

5 *(1) For taxable years 2015 to 2018, inclusive, an amount equal*  
6 *to 15 percent of the total amount stated on the written instrument*  
7 *issued by the Treasurer.*

8 *(2) For taxable years 2019 to 2022, inclusive, an amount equal*  
9 *to 10 percent of the total amount stated on the written instrument*  
10 *issued by the Treasurer.*

11 *(b) A credit shall not be allowed by this section unless the*  
12 *taxpayer provides satisfactory substantiation to, and in the form*  
13 *and manner as requested by, the Franchise Tax Board, or any*  
14 *successor thereof, of the written instrument used by the Treasurer*  
15 *to evidence the sale of tax credits as required by Section 28963 of*  
16 *the Corporations Code.*

17 *(c) In the case where the credit allowed by this section exceeds*  
18 *the “tax,” the excess may be carried over to reduce the “tax” for*  
19 *the next four taxable years, or until the credit has been exhausted,*  
20 *whichever occurs first.*

21 *(d) This section shall remain in effect only until December 1,*  
22 *2023, and as of that date is repealed.*

23 ~~SECTION 1. Section 66024.5 is added to the Education Code,~~  
24 ~~to read:~~

25 ~~66024.5. The Trustees of the California State University shall,~~  
26 ~~and the Regents of the University of California are requested to,~~  
27 ~~explore innovative ways of offering a bachelor’s degree at a cost~~  
28 ~~to an individual student in an amount of no more than ten thousand~~  
29 ~~dollars (\$10,000). For purposes of this section, these costs shall~~  
30 ~~include only systemwide fees and text books.~~