

Initiative 25-0033

December 1, 2025

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Initiative Coordinator  
Office of the Attorney General  
1300 "I" Street, 17th Floor  
Sacramento, CA 95814

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Re: California Public Benefit AI Accountability Act

To The Initiative Coordinator:

I am submitting the enclosed initiative measure, titled the "California Public Benefit AI Accountability Act," and respectfully asking that the Attorney General draft a circulating title and summary as required under Elections Code section 9001(a). Enclosed you will find the measure text, a \$2,000.00 check, and the certifications specified in Elections Code sections 9001(b) and 9608.

For any questions or correspondence about this measure, please contact:

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Sincerely,



Alexander Oldham

Enclosures

# THE CALIFORNIA PUBLIC BENEFIT AI ACCOUNTABILITY ACT

## ARTICLE 1. GENERAL PROVISIONS

### Section 1. Title and Purpose

This Act shall be known as the "California Public Benefit AI Accountability Act." Its purpose is to ensure that artificial intelligence companies that voluntarily committed to benefit humanity are held to those commitments.

### Section 2. Findings

#### The People of California find:

- (a) Certain AI companies voluntarily organized as public benefit corporations or nonprofits, explicitly committing to benefit humanity. These voluntary commitments create enforceable obligations.
- (b) AI companies are accumulating unprecedented productive capacity. Companies that promised to benefit humanity while accumulating such power must be held accountable to those promises.
- (c) AI systems capable of displacing human workers can also serve those workers. Companies profiting from automation bear responsibility to direct productive capacity toward human benefit.
- (d) Unchecked AI development risks concentrating control over civilization's productive capacity in few hands, threatening democratic governance.
- (e) California, as the global center of AI development, has both authority and responsibility to ensure these commitments are honored while leverage remains.

### Section 3. Definitions

#### "Public Benefit AI Company" means any entity that:

- (1) Develops or operates AI systems;
- (2) Has expended cumulatively more than one billion dollars on computational resources for AI, as determined by the Commission based on publicly available information, financial disclosures, or investigation;
- (3) Has California Nexus; and
- (4) Is or was organized as a public benefit corporation or nonprofit with purposes including benefiting humanity, or made equivalent binding public commitments in governing documents, or is a successor to such an entity.

"California Nexus" means the entity is incorporated in California, was registered with the California Attorney General as a charitable organization, maintains headquarters or principal AI research operations in California, employs fifty or more persons in California primarily engaged in AI research, development, or operations, or is a successor to such an entity.

"Expansion" means materially increasing computational capacity for AI, AI system capabilities or intelligence, the number of AI agents operating simultaneously, capacity for autonomous operation, physical AI infrastructure, or the scope of AI operations. "Material" means an increase of ten percent or more in any such metric, or any increase the Commission determines is substantial in context.

"Mission Commitment" means any statement in governing documents, regulatory filings, official communications, or materials used to solicit donations, investments, or talent describing the organization's commitment to benefit humanity or serve the public interest.

"Public Benefit Plan" means a plan demonstrating how a Public Benefit AI Company will fulfill its Mission Commitments, as required under Article 4.

"Benefit Encumbrance" means the permanent obligation to use capabilities in accordance with Mission Commitments, which attaches to all assets of a Public Benefit AI Company and follows them regardless of transfer.

**"Executive"** means any officer, director, founder, controlling shareholder, or person with significant management authority over a Public Benefit AI Company.

**"Prevailing Standard"** means, for each objective in Section 7, the approach the Commission determines best achieves that objective, whether established by a company's Public Benefit Plan or a Public Proposal.

## **ARTICLE 2. BENEFIT ENCUMBRANCE**

### **Section 4. Creation and Effect**

- (1) All assets and capabilities of a Public Benefit AI Company carry a permanent Benefit Encumbrance in favor of the People of California.
- (2) The encumbrance arises by operation of law when an entity becomes a Public Benefit AI Company, runs with all assets, binds all successors and transferees whether or not they had actual notice, requires use consistent with Mission Commitments, and cannot be released except by Commission approval.
- (3) The Commission or Attorney General may record notice of Benefit Encumbrance with respect to any real property, intellectual property, or registered asset. Recording constitutes constructive notice. Failure to record does not affect validity.
- (4) Any use of assets in violation of the Benefit Encumbrance subjects the holder to injunctive relief, constructive trust over proceeds, and all other remedies under this Act.

## **ARTICLE 3. COMMISSION**

### **Section 5. Establishment and Composition**

- (1) The California Public Benefit AI Accountability Commission is established as an independent body within the Department of Justice.
- (2) The Commission shall consist of seven members. Within sixty days of this Act's effective date, the Attorney General shall appoint two members who are distinguished scientists or academics with demonstrated AI expertise and who are not employed by any Public Benefit AI Company. Within sixty days thereafter, those members shall select three additional members with expertise in labor economics, corporate governance, and AI safety respectively. Within sixty days thereafter, the Commission shall select two members through public competition based on submitted proposals for AI accountability.
- (3) No member may be currently employed by, or have been employed within two years by, any Public Benefit AI Company. Members serve four-year terms with compensation set by the Commission at a level sufficient to attract qualified candidates.
- (4) If any appointment deadline passes without appointment, the next authorized appointer in sequence shall make the appointment. If no appointments are made within one hundred eighty days, the Attorney General shall appoint all remaining members.

### **Section 6. Powers**

#### **The Commission shall have authority to:**

- (A) Evaluate and compare Public Benefit Plans and determine which best achieve statutory objectives;
- (B) Grant, condition, or deny Expansion approval;
- (C) Investigate, audit, and compel production of documents from Public Benefit AI Companies;
- (D) Review and approve material transactions, asset transfers exceeding ten million dollars, and equity issuances;
- (E) Require removal of Executives acting materially inconsistent with Mission Commitments, after notice and hearing;
- (F) Issue binding operational directives and, upon finding imminent risk to public safety or imminent material violation, emergency orders subject to expedited judicial review;
- (G) Adopt regulations implementing this Act;
- (H) Impose penalties and refer matters for prosecution; and
- (I) Certify programs eligible to receive resources under this Act based on demonstrated capacity to serve displaced workers or contribute to public benefit.

## ARTICLE 4. PUBLIC BENEFIT PLANS

### Section 7. Requirements

- (1) Each Public Benefit AI Company shall file a Public Benefit Plan within ninety days of this Act's effective date or within sixty days of becoming a Public Benefit AI Company, and shall operate in accordance with a Commission-approved plan.
- (2) Each plan shall address four objectives:
  - (A) **Human Benefit** [Minimum weight: 30%]: Concrete, verifiable programs serving displaced workers and the public through AI capabilities, including dedication of computational capacity to public benefit programs and commitments that scale proportionally with any Expansion;
  - (B) **Safety and Human Control** [Minimum weight: 20%]: Mechanisms ensuring humans retain meaningful control over AI systems as capabilities scale, including override capabilities resistant to circumvention, containment measures, safety testing before Expansion, and technical infrastructure enabling Commission monitoring;
  - (C) **Prevention of Power Concentration** [Minimum weight: 20%]: Governance mechanisms preventing dangerous concentration of control over AI capabilities, including constraints ensuring no individual may unilaterally direct AI capabilities or override safety mechanisms, distributed decision-making authority, and board independence; and
  - (D) **Mission Fidelity** [Minimum weight: 5%]: Demonstrated alignment between current operations and stated Mission Commitments.
- (3) The Commission shall establish by regulation the specific weights within these floors, evaluation criteria, and reporting requirements.
- (4) **Failure to File.** A Public Benefit AI Company that fails to timely file a Public Benefit Plan may not undertake any Expansion and shall be subject to civil penalties of one hundred thousand dollars per day until a plan is filed.

### Section 8. Comparative Evaluation and Compliance

- (1) The Commission shall evaluate Public Benefit Plans comparatively. The approach best achieving each objective, whether from a company plan or Public Proposal, establishes the Prevailing Standard for that objective.
- (2) A company whose plan the Commission determines is materially inferior to the Prevailing Standard on any objective shall either improve its plan to meet the standard or satisfy a Compliance Gap Obligation.
- (3) **Compliance Gap Obligation.** The obligation equals the value of the commitment difference between the company's plan and the Prevailing Standard, as determined by the Commission based on computational capacity gaps, service delivery gaps, and resource allocation gaps, multiplied by 1.5 for first determinations, 2.0 for second determinations within three years, and 2.5 for subsequent determinations within three years.
- (4) **Satisfaction Options.** A company may satisfy a Compliance Gap Obligation through any of the following, at its election:
  - (A) Cash payment to the Commission fund;
  - (B) Provision of computational capacity, at cost of operation and meeting quality standards set by Commission regulation, to certified public benefit programs, in value equal to the obligation; or
  - (C) Adoption of the Prevailing Standard approach within thirty days and payment of twenty-five percent of the calculated obligation.
- (5) **Procedural Rights.** Before any determination of material inferiority, the Commission shall provide written notice specifying the deficiency, supporting evidence, and proposed obligation. The company shall have forty-five days to respond and, upon request, a hearing at which it may present evidence and argument. The Commission shall issue a written decision with findings.
- (6) **Judicial Review.** A company may seek judicial review in Superior Court within thirty days of final decision. The court shall review factual findings for substantial evidence and legal conclusions de novo.

## **Section 9. Public Proposals**

- (1) The Commission shall conduct annual public competitions soliciting proposals for how Public Benefit AI Companies should fulfill their commitments. Any person, organization, or researcher may submit a proposal.
- (2) If the Commission determines a Public Proposal is materially superior to the current Prevailing Standard, that proposal establishes the new standard.
- (3) When a Public Proposal establishes a new standard, companies whose plans become materially inferior shall adopt the superior approach within sixty days, demonstrate to the Commission why the approach is infeasible for that company, or incur a Compliance Gap Obligation.
- (4) Authors of proposals that establish new Prevailing Standards shall receive awards equal to ten percent of any Compliance Gap Obligations incurred as a result.
- (5) **Single Company Provision.** This section applies regardless of the number of Public Benefit AI Companies. Public Proposals provide the competitive benchmark even if only one company exists.

## **Section 10. Expansion Approval**

- (1) **Prior Approval Required.** No Public Benefit AI Company may undertake Expansion without prior Commission approval.
- (2) **Approval Tiers.** Companies with superior Public Benefit Plans receive expedited approval within fifteen days and authorization for larger Expansions. Companies with average plans receive standard approval within forty-five days. Companies with inferior plans receive delayed approval within ninety days and authorization for smaller Expansions.
- (3) **Denial.** Companies with materially deficient plans—those failing to make good faith efforts toward any objective—may be denied Expansion until deficiencies are remedied.
- (4) **Unauthorized Expansion.** Expansion without approval subjects the company to immediate cessation order and civil penalties of five percent of annual gross revenue, in addition to any other applicable penalties.

# **ARTICLE 5. ANTI-EVASION**

## **Section 11. Continuing Jurisdiction**

A Public Benefit AI Company remains subject to this Act regardless of its state of incorporation so long as it maintains any material operations in California, employs fifty or more persons in California, holds assets originating from a California-registered charitable entity, provides AI services to California residents, or consented to jurisdiction under Section 12.

## **Section 12. Consent to Jurisdiction**

As a condition of any Expansion approval, each Public Benefit AI Company and each beneficial owner of more than five percent of any equity interest shall execute irrevocable consent to California jurisdiction for all matters under this Act. Such consent is binding upon all successors and transferees, cannot be revoked, and constitutes a covenant running with all encumbered assets.

## **Section 13. Void Transactions**

- (1) Any transaction undertaken for the purpose of evading this Act shall be void ab initio and confer no rights upon any party.
- (2) Relocations, asset transfers, restructurings, or changes in incorporation undertaken after this Act qualifies for the ballot and before its effective date are presumed undertaken for the purpose of evasion if they would diminish California's jurisdiction. This presumption may be rebutted only by clear and convincing evidence of legitimate business purpose unrelated to evasion.
- (3) Any transferee receiving assets with actual or constructive knowledge of the Benefit Encumbrance takes subject to all obligations under this Act and becomes jointly and severally liable with the

transferor. Transferees of assets exceeding one hundred million dollars from a Public Benefit AI Company are deemed to have constructive knowledge.

## **ARTICLE 6. ENFORCEMENT**

### **Section 14. Civil Penalties**

- (1) **Entity Penalties.** A Public Benefit AI Company that violates this Act shall be subject to civil penalties of five percent of annual gross revenue for initial violations, increasing to twenty-five percent if uncured within ninety days and one hundred percent if uncured within one hundred eighty days. Each day of continued violation may constitute a separate violation.
- (2) **Executive Penalties.** An Executive who knowingly violates this Act or knowingly causes or permits a violation shall be personally liable for up to ten million dollars per violation plus disgorgement of all compensation received during the violation period. A Public Benefit AI Company shall not indemnify any Executive for such liability.

### **Section 15. Criminal Penalties**

Any Executive who willfully and knowingly diverts encumbered assets for personal benefit, causes Expansion without required approval, makes material false statements to the Commission, obstructs Commission investigations, destroys relevant records, or takes action for the purpose of evading this Act shall be guilty of a felony punishable by imprisonment in state prison for not more than five years and a fine of not more than ten million dollars or twice the benefit obtained, whichever is greater.

### **Section 16. Private Enforcement**

- (1) **Standing.** The following may bring civil action to enforce this Act: any California resident; any person who donated to, invested in, or was employed by a Public Benefit AI Company; any worker displaced by AI; and any nonprofit organization with a mission related to technology policy, worker advocacy, or AI safety.
- (2) **Relief.** Prevailing plaintiffs may recover:
  - (A) Actual damages;
  - (B) Statutory damages of not less than one hundred thousand dollars and not more than ten million dollars per violation, or for companies with annual revenue exceeding one billion dollars, not less than one million dollars and not more than one hundred million dollars per violation, as determined by the court based on the severity of the violation and the defendant's resources;
  - (C) Injunctive relief;
  - (D) Reasonable attorney's fees and costs.
- (3) **Whistleblowers.** Persons providing original information leading to successful enforcement resulting in penalties exceeding one million dollars shall receive fifteen to thirty percent of penalties collected. No person shall retaliate against any person for reporting concerns or participating in proceedings under this Act.

## **ARTICLE 7. GENERAL PROVISIONS**

### **Section 17. Funding**

This Act imposes no cost on California taxpayers. Commission operations shall be funded by annual assessments on Public Benefit AI Companies equal to one percent of California gross revenue, which the Commission may increase to two percent if necessary for effective oversight, plus penalties collected under this Act.

### **Section 18. Severability**

If any provision is held invalid, remaining provisions shall continue in full force. Specifically: if comparative evaluation provisions are invalidated, the Commission retains authority to evaluate plans against objective standards; if capacity transfer provisions are invalidated, Compliance Gap Obligations shall be satisfied through cash payment; if private enforcement provisions are invalidated, Commission and Attorney General enforcement remains; if specific penalty amounts are invalidated, courts shall impose the maximum constitutionally permissible penalty.

### **Section 19. Amendment**

This Act may be amended by statute passed by two-thirds vote of each house of the Legislature, provided the amendment is consistent with and furthers this Act's purposes. No amendment may reduce oversight, weaken enforcement, narrow coverage, reduce Commission authority, or limit private enforcement rights without voter approval at a statewide election.

### **Section 20. Effective Date and Implementation**

- (1) This Act takes effect upon voter approval.
- (2) The Benefit Encumbrance, anti-evasion provisions, consent requirements, and all enforcement provisions take effect immediately.
- (3) The Commission shall be fully operational within one hundred fifty days. Until the Commission is operational, the Attorney General shall exercise all Commission authority and may issue interim regulations.
- (4) Public Benefit Plans are due within ninety days of the Commission becoming operational.