

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

REGULATES CERTAIN NONPROFIT RESEARCH ORGANIZATIONS AND ASSOCIATED FOR-PROFIT ENTITIES. INITIATIVE STATUTE. Creates new state agency, the Charitable Trust Oversight Board, comprised of seven appointed members with specified expertise, to regulate (1) certain nonprofit research organizations that have converted to for-profit status or transferred charitable assets to a for-profit entity and (2) those for-profit entities. Authorizes Board to define regulated entities' ongoing charitable obligations. Requires nonprofits that control converted for-profit entities to appoint independent directors to their board and prioritize "public benefit" over profit. Requires regulated entities developing advanced artificial intelligence technologies to obtain Board approval before materially expanding technological capabilities. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: **Increased state costs that would likely range from the millions of dollars to the tens of millions of dollars annually—but could reach into the low hundreds of millions of dollars annually—to increase oversight of certain nonprofit charities and related entities engaged in research and technology creation. These costs would generally be paid for by a similar amount of revenues from new fees and penalties paid by entities subject to the increased oversight.** (25-0032A1)