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and Constitutional Amendment passed by the
California Legislature

2005–06 Regular Session
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CHAPTER 539

An act to amend Section 13957 of the Government Code, relating to victims' compensation.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13957 of the Government Code is amended to read:

13957. (a) The board may grant for pecuniary loss, when the board determines it will best aid the person seeking compensation, as follows:

(1) Subject to the limitations set forth in Section 13957.2, reimburse the amount of medical or medical-related expenses incurred by the victim, including, but not limited to, eyeglasses, hearing aids, dentures, or any prosthetic device taken, lost, or destroyed during the commission of the crime, or the use of which became necessary as a direct result of the crime.

(2) Subject to the limitations set forth in Section 13957.2, reimburse the amount of outpatient psychiatric, psychological, or other mental health counseling related expenses incurred by the victim or derivative victim, including peer counseling services provided by a rape crisis center as defined by Section 13837 of the Penal Code, and including family psychiatric, psychological, or mental health counseling for the successful treatment of the victim provided to family members of the victim in the presence of the victim, whether or not the family member relationship existed at the time of the crime, that became necessary as a direct result of the crime, subject to the following conditions:

(A) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed ten thousand dollars ($10,000):

(i) A victim.

(ii) A derivative victim who is the surviving parent, sibling, child, spouse, fiancé, or fianceé of a victim of a crime that directly resulted in the death of the victim.

(iii) A derivative victim, as described in paragraphs (1) to (4), inclusive, of subdivision (c) of Section 13955, who is the primary caretaker of a minor victim whose claim is not denied or reduced pursuant to Section 13956 in a total amount not to exceed ten thousand dollars ($10,000) for not more than two derivative victims.

(B) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed three thousand dollars ($3,000):

(i) A derivative victim not eligible for reimbursement pursuant to subparagraph (A), provided that mental health counseling of a derivative victim described in paragraph (5) of subdivision (c) of Section 13955, shall be reimbursed only if that counseling is necessary for the treatment of the victim.

(ii) A victim of a crime of unlawful sexual intercourse with a minor committed in violation of subdivision (d) of Section 261.5 of the Penal Code. A derivative victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code shall not be eligible for reimbursement of mental health counseling expenses. The total award to or on behalf of a victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code may not exceed three thousand dollars ($3,000) for mental health counseling expenses only.

(C) The board may reimburse a victim or derivative victim for outpatient mental health counseling in excess of that authorized by subparagraphs (A) or (B) or for inpatient psychiatric, psychological, or other mental health counseling if the claim is based on dire or exceptional circumstances that require more extensive treatment, as approved by the board.

(D) Expenses for psychiatric, psychological, or other mental health counseling related services may be reimbursed only if the services were provided by either of the following individuals:

(i) A person who would have been authorized to provide those services pursuant to the provisions of former Article 1 (commencing with Section 13959) as it read on January 1, 2002.

(ii) A person who is licensed by the state to provide those services, or who is properly supervised by a person who is so licensed, subject to the board's approval and subject to the limitations and restrictions the board may impose.

(3) Reimburse the expenses of nonmedical remedial care and treatment rendered in accordance with a religious method of healing recognized by state law.

(4) Subject to the limitations set forth in Section 13957.5, authorize compensation equal to the loss of income or loss of support, or both, that a victim or derivative victim incurs as a direct result of the victim's or derivative victim's injury or the victim's death. If the victim or derivative victim requests that the board give priority to reimbursement of loss of income or support, the board may not pay medical expenses, or mental health counseling expenses, except upon the request of the victim or derivative victim or after determining that payment of these

expenses will not decrease the funds available for payment of loss of income or support.

(5) Authorize a cash payment to or on behalf of the victim for job retraining or similar employment-oriented services.

(6) Reimburse the expense for installing or increasing residential security, not to exceed one thousand dollars ($1,000), with respect to a crime that occurred in the victim's residence, upon verification by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim. Installing or increasing residential security may include, but need not be limited to, both of the following:

(A) Home security device or system.

(B) Replacing or increasing the number of locks.

(7) Reimburse the expense of renovating or retrofitting a victim's residence or a vehicle, or both, to make the residence, the vehicle, or both, accessible or the vehicle operational by a victim upon verification that the expense is medically necessary for a victim who is permanently disabled as a direct result of the crime, whether the disability is partial or total.

(8) (A) Authorize a cash payment or reimbursement not to exceed two thousand dollars ($2,000) to a victim for expenses incurred in relocating, if the expenses are determined by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim.

(B) The cash payment or reimbursement made under this paragraph shall only be awarded to one victim per crime giving rise to the relocation. The board may authorize more than one relocation per crime if necessary for the personal safety or emotional well-being of the victim. However, the total cash payment or reimbursement for all relocations due to the same crime shall not exceed two thousand dollars ($2,000).

(C) The board may, under compelling circumstances, award a second cash payment or reimbursement to a victim for another crime if both of the following conditions are met:

(i) The crime occurs more than three years from the date of the crime giving rise to the initial relocation cash payment or reimbursement.

(ii) The crime does not involve the same offender.

(D) When a relocation payment or reimbursement is provided to a victim of sexual assault or domestic violence and the identity of the offender is known to the victim, the victim shall agree not to inform the offender of the location of the victim's new residence and not to allow the offender on the premises at any time, or shall agree to seek a restraining order against the offender.

(9) When a victim dies as a result of a crime, the board may reimburse any individual who voluntarily, and without anticipation of personal gain, pays or assumes the obligation to pay any of the following expenses:

(A) The medical expenses incurred as a direct result of the crime in an amount not to exceed the rates or limitations established by the board.

(B) When the crime occurs in a residence, the reasonable costs to clean the scene of the crime in an amount not to exceed one thousand dollars ($1,000). Services reimbursed pursuant to this subdivision shall be performed by persons registered with the State Department of Health Services as trauma scene waste practitioners in accordance with Chapter 9.5 (commencing with Section 118321) of Part 14 of Division 104 of the Health and Safety Code.

(C) The funeral and burial expenses incurred as a direct result of the crime, not to exceed seven thousand five hundred dollars ($7,500).

(b) The total award to or on behalf of each victim or derivative victim may not exceed thirty-five thousand dollars ($35,000), except that this amount may be increased to seventy thousand dollars ($70,000) if federal funds for that increase are available.

CHAPTER 540

An act to amend Section 2684 of, and to add Article 6.5 (commencing with Section 2676) to Chapter 5.7 of Division 2 of, the Business and Professions Code, relating to physical therapy, and making an appropriation therefor.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 6.5 (commencing with Section 2676) is added to Chapter 5.7 of Division 2 of the Business and Professions Code, to read:

Article 6.5. Continuing Education and Competency

2676. (a) A person renewing his or her license or approval shall submit proof satisfactory to the board that, during the preceding two years, he or she has completed the required number of continuing education hours established by regulation by the board, or such other proof of continuing competency as the board may establish by regulation.

Required continuing education shall not exceed 30 hours every two years.

(b) The board shall adopt and administer regulations including, but not limited to, continuing education intended to ensure the continuing competency of persons licensed or approved pursuant to this chapter. The board may establish different requirements for physical therapists and physical therapist assistants. The board may not require the completion of an additional postsecondary degree or successful completion of an examination as a condition of renewal, but may recognize these as demonstrative of continuing competency. This program shall include provisions requiring random audits of licensees and holders of approval in order to ensure compliance.

(c) The administration of this section may be funded through professional license fees, continuing education provider and course approval fees, or both. The fees shall not exceed the amounts necessary to cover the actual costs of administering this section.

SEC. 2. Section 2684 of the Business and Professions Code is amended to read:

2684. (a) Notwithstanding Section 2422, any license or approval for the practice of physical therapy shall expire at 12 a.m. on the last day of the birth month of the licensee or holder of the approval during the second year of a two-year term, if not renewed.

(b) To renew an unexpired license or approval, the licensee or the holder of the approval shall, on or before the dates on which it would otherwise expire, apply for renewal on a form prescribed by the board, pay the prescribed renewal fee, and submit proof of the completion of continuing education or competency required by the board pursuant to Article 6.5 (commencing with Section 2676). The licensee or holder of the approval shall disclose on his or her license renewal application any misdemeanor or other criminal offense for which he or she has been found guilty or to which he or she has pleaded guilty or no contest.

(c) A license or approval that has expired may be renewed within five years upon payment of all accrued and unpaid renewal fees and satisfaction of the requirements described in subdivision (b).

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the

definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 541

An act to add Sections 13555.5 and 13557 to the Water Code, relating to water.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known, and may be cited, as the Water Recycling Act of 2006.

SEC. 2. (a) The Legislature hereby finds and declares that the Recycled Water Task Force was convened pursuant to Section 13578 of the Water Code and evaluated the current framework of state and local rules, regulations, ordinances, and permits to identify the opportunities for, and obstacles or disincentives to, increasing the safe use of recycled water.

(b) It is the intent of the Legislature that state agencies, including the State Department of Health Services, the Department of Water Resources, the State Water Resources Control Board, and the nine California regional water quality control boards, take appropriate steps to implement the recommendations from the Recycled Water Task Force by enacting the Water Recycling Act of 2006, as a means to help the state meet its goal of recycling 1,000,000 acre-feet of water per year by 2010 in accordance with Section 13577 of the Water Code.

SEC. 3. Section 13555.5 is added to the Water Code, to read:

13555.5. (a) If a recycled water producer determines that within 10 years the recycled water producer proposes to provide recycled water for use for state landscape irrigation that meets all of the conditions set forth in Section 13550, the recycled water producer shall so notify the Department of Transportation and the Department of General Services, and shall identify in the notice the area that is eligible to receive the recycled water, and the necessary infrastructure that the recycled water producer or the retail water supplier proposes to provide, to facilitate delivery of the recycled water.

(b) If notice has been provided pursuant to subdivision (a), all pipe installed by the Department of Transportation or the Department of General Services for landscape irrigation within the identified area shall

be of the type necessary to meet the requirements of Section 116815 of the Health and Safety Code and applicable regulations.

SEC. 4. Section 13557 is added to the Water Code, to read:

13557. (a) On or before July 1, 2008, the department, in consultation with the State Department of Health Services, shall adopt and submit to the California Building Standards Commission regulations to establish a state version of Appendix J of the Uniform Plumbing Code adopted by the International Association of Plumbing and Mechanical Officials to provide design standards to safely plumb buildings with both potable and recycled water systems.

(b) The department shall adopt regulations pursuant to subdivision (a) only if the Legislature appropriates funds for that purpose.

CHAPTER 542

An act to amend Section 143 of the Streets and Highways Code, relating to transportation.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 143 of the Streets and Highways Code, as amended by Chapter 32 of the Statutes of 2006, is amended to read:

143. (a) (1) "Regional transportation agency" means any of the following:

(A) A transportation planning agency as defined in Section 29532 or 29532.1 of the Government Code.

(B) A county transportation commission as defined in Section 130050, 130050.1, or 130050.2 of the Public Utilities Code.

(C) Any other local or regional transportation entity that is designated by statute as a regional transportation agency.

(D) A joint exercise of powers authority as defined in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, with the consent of a transportation planning agency or a county transportation commission for the jurisdiction in which the transportation project will be developed.

(2) "Transportation project" means one or more of the following: planning, design, development, finance, construction, reconstruction, rehabilitation, improvement, acquisition, lease, operation, or maintenance of highway, public street, rail, or related facilities supplemental to

existing facilities currently owned and operated by the department or regional transportation agencies that is consistent with the requirements of paragraph (2) of subdivision (b).

(b) (1) Notwithstanding any other provision of law, only the department, in cooperation with regional transportation agencies, and regional transportation agencies, may solicit proposals, accept unsolicited proposals, negotiate, and enter into comprehensive development lease agreements with public or private entities, or consortia thereof, for transportation projects.

(2) The number of projects authorized pursuant to this section shall be limited to two projects in northern California and two projects in southern California. The California Transportation Commission shall select the candidate projects from projects nominated by the department or a regional transportation agency. No less than two of the selected projects shall be nominated by a regional transportation agency. The projects shall be primarily designed to improve goods movement, including, but not limited to, exclusive truck lanes and rail access and operational improvements. The projects shall address a known forecast demand, as determined by the department or regional transportation agency.

(3) All negotiated lease agreements shall be submitted to the Legislature for approval or rejection. Prior to submitting a lease agreement to the Legislature, the department or regional transportation agency shall conduct at least one public hearing at a location at or near the proposed facility for purposes of receiving public comment on the lease agreement. Public comments made during this hearing shall be submitted to the Legislature with the lease agreement. Unless the Legislature passes a resolution, with both houses concurring, rejecting a negotiated lease agreement within 60 legislative days of the agreement being submitted to it, the agreement shall be deemed approved. A lease agreement may not be amended by the Legislature.

(c) For the purpose of facilitating those projects, the agreements between the parties may include provisions for the lease of rights-of-way in, and airspace over or under, highways, public streets, rail, or related facilities for the granting of necessary easements, and for the issuance of permits or other authorizations to enable the construction of transportation projects. Facilities subject to an agreement under this section shall, at all times, be owned by the department or the regional transportation agency, as appropriate. For department projects, the commission shall certify the department's determination of the useful life of the project in establishing the lease agreement terms. In consideration therefor, the agreement shall provide for complete reversion of the leased facility, together with the right to collect tolls and user fees,

to the department or regional transportation agency, at the expiration of the lease at no charge to the department or regional transportation agency. At time of reversion, the facility shall be delivered to the department or regional transportation agency, as applicable, in a condition that meets the performance and maintenance standards established by the department and that is free of any encumbrance, lien, or other claims.

(d) (1) The department or a regional transportation agency may exercise any power possessed by it with respect to transportation projects to facilitate the transportation projects pursuant to this section. The department, regional transportation agency, and other state or local agencies may provide services to the contracting entity for which the public entity is reimbursed, including, but not limited to, planning, environmental planning, environmental certification, environmental review, preliminary design, design, right-of-way acquisition, construction, maintenance, and policing of these transportation projects. The department or regional transportation agency, as applicable, shall regularly inspect the facility and require the lessee to maintain and operate the facility according to adopted standards. The lessee shall be responsible for all costs due to development, maintenance, repair, rehabilitation, and reconstruction, and operating costs.

(2) In selecting private entities with which to enter into these agreements, notwithstanding any other provision of law, the department and regional transportation agencies may, but are not limited to, utilizing one or more of the following procurement approaches:

(A) Solicitations of proposals for defined projects and calls for project proposals within defined parameters.

(B) Prequalification and short-listing of proposers prior to final evaluation of proposals.

(C) Final evaluation of proposals based on qualifications, best value, or both. If final evaluation is to be based on best value, the California Transportation Commission shall develop and adopt criteria for making that evaluation prior to evaluation of a proposal.

(D) Negotiations with proposers prior to award.

(E) Acceptance of unsolicited proposals, with issuance of requests for competing proposals.

(3) No agreement entered into pursuant to this section shall infringe on the authority of the department or a regional transportation agency to develop, maintain, repair, rehabilitate, operate, or lease any transportation project. Lease agreements may provide for reasonable compensation to the leaseholder for the adverse effects on toll revenue or user fee revenue due to the development, operation, or lease of supplemental transportation projects with the exception of any of the following:

(A) Projects identified in regional transportation plans prepared pursuant to Section 65080 of the Government Code and submitted to the commission as of the date the commission selected the project to be developed through a lease agreement, as provided in this section, unless provided by the lease agreement approved by the department or regional transportation agency and the commission.

(B) Safety projects.

(C) Improvement projects that will result in incidental capacity increases.

(D) Additional high-occupancy vehicle lanes or the conversion of existing lanes to high-occupancy vehicle lanes.

(E) Projects located outside the boundaries of a public-private partnership project, to be defined by the lease agreement.

However, compensation to a leaseholder shall only be made after a demonstrable reduction in use of the facility resulting in reduced toll or user fee revenues, and may not exceed the reduction in those revenues.

(e) (1) Agreements entered into pursuant to this section shall authorize the contracting entity to impose tolls and user fees for use of a facility constructed by it, and shall require that over the term of the lease the toll revenues and user fees be applied to payment of the capital outlay costs for the project, the costs associated with operations, toll and user fee collection, administration of the facility, reimbursement to the department or other governmental entity for the costs of services to develop and maintain the project, police services, and a reasonable return on investment. The agreement shall require that, notwithstanding Sections 164, 188, and 188.1, any excess toll or user fee revenue either be applied to any indebtedness incurred by the contracting entity with respect to the project, improvements to the project, or be paid into the State Highway Account, or for all three purposes, except that any excess toll revenue under a lease agreement with a regional transportation agency may be paid to the regional transportation agency for use in improving public transportation in and near the project boundaries.

(2) Lease agreements shall establish specific toll or user fee rates. Any proposed increase in those rates during the term of the agreement shall first be approved by the department or regional transportation agency after at least one public hearing conducted at a location near the proposed or existing facility.

(3) The collection of tolls and user fees for the use of these facilities may be extended by the commission or regional transportation agency at the expiration of the lease agreement. However, those tolls or user fees may not be used for any purpose other than for the improvement, continued operation, or maintenance of the facility.

(4) Tolls and user fees may not be charged to noncommercial vehicles with three or fewer axles.

(f) The plans and specifications for each transportation project developed, maintained, repaired, rehabilitated, reconstructed, or operated pursuant to this section shall comply with the department's standards for state transportation projects. The lease agreement shall include performance standards, including, but not limited to, levels of service. The agreement shall require facilities on the state highway system to meet all requirements for noise mitigation, landscaping, pollution control, and safety that otherwise would apply if the department were designing, building, and operating the facility. If a facility is on the state highway system, the facility leased pursuant to this section shall, during the term of the lease, be deemed to be a part of the state highway system for purposes of identification, maintenance, enforcement of traffic laws, and for the purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(g) Failure to comply with the lease agreement in any significant manner shall constitute a default under the agreement and the department or the regional transportation agency, as appropriate, shall have the option to initiate processes to revert the facility to the public agency.

(h) The assignment authorized by subdivision (c) of Section 130240 of the Public Utilities Code is consistent with this section.

(i) A lease to a private entity pursuant to this section is deemed to be public property for a public purpose and exempt from leasehold, real property, and ad valorem taxation, except for the use, if any, of that property for ancillary commercial purposes.

(j) Nothing in this section is intended to infringe on the authority to develop high-occupancy toll lanes pursuant to Section 149.4, 149.5, or 149.6.

(k) Nothing in this section shall be construed to allow the conversion of any existing nontoll or non-user-fee lanes into tolled or user fee lanes with the exception of a high-occupancy vehicle lane that may be operated as a high-occupancy toll lane for vehicles not otherwise meeting the requirements for use of that lane.

(*l*) The lease agreement shall require the lessee to provide any information or data requested by the California Transportation Commission or the Legislative Analyst. The commission, in cooperation with the Legislative Analyst, shall annually prepare a report on the progress of each project and ultimately on the operation of the resulting facility. The report shall include, but not be limited to, a review of the performance standards, a financial analysis, and any concerns or recommendations for changes in the future.

(m) No lease agreements may be entered into under this section on or after January 1, 2012.

(n) To the extent that the design-build procurement method is utilized for the award of construction or design contracts for projects authorized under this section, those contracts shall be subject to the requirements, parameters, and processes set forth in Chapter 6.5 (commencing with Section 6800) of Part 1 of Division 2 of the Public Contract Code, if that chapter is added by either Assembly Bill 143 of the 2005–06 Regular Session or Senate Bill 59 of the 2005–06 Regular Session.

CHAPTER 543

An act to add Section 14123.05 to the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14123.05 is added to the Welfare and Institutions Code, to read:

14123.05. The department shall develop, in consultation with provider representatives, including, but not limited to, physician, pharmacy and medical supplies providers, a process that enables a provider to meet and confer with the appropriate department officials within 30 days after the issuance of a letter notifying the provider of a temporary withhold of payments, pursuant to Section 14107.11, or a temporary suspension, pursuant to subdivision (a) of Section 14043.36, for the purpose of presenting and discussing information and evidence that may impact the department's decision to modify or terminate the sanction.

CHAPTER 544

An act to add and repeal Section 11839.65 of the Health and Safety Code, relating to narcotic treatment programs.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 11839.65 is added to the Health and Safety Code, to read:

11839.65. (a) The department shall establish a program for the operation and regulation of mobile narcotic treatment programs. A mobile narcotic treatment program established pursuant to this section shall meet either of the following conditions:

(1) Hold a primary narcotic treatment program license.

(2) Be affiliated and associated with a primary licensed narcotic treatment program. A mobile narcotic treatment program meeting the requirement of this paragraph shall not be required to have a license separate from the primary licensed narcotic treatment program with which it is affiliated and associated.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Authorized staff" means program directors, medical directors, program physicians, physician extenders, counselors, and other staff as outlined in Sections 10095 to 10140, inclusive, of Title 9 of the California Code of Regulations.

(2) "Mobile narcotic treatment program" means a program in which interested and knowledgeable physicians and surgeons, counselors, and authorized licensed professionals provide addiction treatment services, and through which medication may be obtained directly through the manufacturer or through the affiliated licensed narcotic treatment program for distribution to patients and through direct administration and specified dispensing services.

(c) Notwithstanding any other provision of law or regulation, including Section 10020 of Title 9 of the California Code of Regulations, a mobile narcotic treatment program that is affiliated and associated with a licensed narcotic treatment program may be approved by the department if all of the following conditions are met:

(1) Authorized staff may provide mobile office addiction services only if each mobile office patient is registered as a patient in the licensed narcotic treatment program and both the licensed narcotic treatment program and the mobile narcotic treatment program ensure that all services required under Chapter 4 (commencing with Section 10000) of Division 4 of Title 9 of the California Code of Regulations for the management of narcotic addiction are provided to all patients treated in the remote site.

(2) The primary licensed narcotic treatment program shall be limited to its total licensed capacity as established by the department, including the patients of physicians in the mobile narcotic treatment program.

(3) Authorized staff in the mobile narcotic treatment program shall dispense or administer pharmacologic treatment for narcotic addiction that has been approved by the federal Food and Drug Administration.

(4) Mobile narcotic treatment programs, in conjunction with primary licensed narcotic treatment programs, shall develop protocols to prevent the diversion of medication. The department may adopt regulations to prevent the diversion of medication.

(d) In considering a mobile narcotic treatment program application, the department shall independently weigh the treatment needs and concerns of the county, city, or areas to be served by the program.

(e) Nothing in this section is intended to expand the scope of the practice of pharmacy.

(f) Mobile narcotic treatment programs shall be located at predetermined sites that shall be approved by the department. All support services provided to the mobile narcotic treatment programs at the approved sites shall be approved by the department.

(g) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

CHAPTER 545

An act to amend Sections 1596.859, 1596.8595, 1596.8895, and 1597.05 of the Health and Safety Code, relating to child day care facilities.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature to do both of the following:

(a) Enact this act in loving memory of Aryanna Sanchez of Riverside, whose life was tragically cut short on March 29, 2004, when she drowned at a licensed child day care facility in the City of Riverside.

(b) Improve the transparency of licensing records and ensure that parents desiring to use, or using, a licensed child care facility are aware of situations that present, or have presented, the greatest danger to children. These situations include serious health and safety violations resulting in Type A citations, noncompliance conferences, or efforts by the State Department of Social Services to revoke a facility's license.

SEC. 2. Section 1596.859 of the Health and Safety Code is amended to read:

1596.859. (a) (1) Each licensed child day care facility shall make accessible to the public a copy of any licensing report or other public licensing document pertaining to the facility that documents a facility visit, a substantiated complaint investigation, a conference with a local licensing agency management representative and the licensee in which issues of noncompliance are discussed, or a copy of an accusation indicating the department's intent to revoke the facility's license. An individual licensing report and other licensing documents shall not be required to be maintained beyond three years from the date of issuance, and shall not include any information that would not have been accessible to the public through the State Department of Social Services Community Care Licensing Division.

(2) (A) Every child care resource and referral program established pursuant to Article 2 (commencing with Section 8210) of Chapter 2 of Part 6 of the Education Code, and every alternative payment program established pursuant to Article 3 (commencing with Section 8220) of Chapter 2 of Part 6 of the Education Code shall advise every person who requests a child care referral of his or her right to the licensing information of a licensed child day care facility required to be maintained at the facility pursuant to this section and to access any public files pertaining to the facility that are maintained by the State Department of Social Services Community Care Licensing Division.

(B) A written or oral advisement in substantially the following form, with the telephone number of the local licensing office included, will comply with the requirements of subparagraph (A):

"As a parent, you have the right to get information about any substantiated or inconclusive complaints about a child care provider that you select for your child. That information is public and you can get it by calling the local licensing office. This telephone number is ____."

(b) Within 30 days after the date specified by the department for a licensee to correct a deficiency, the department shall provide the licensee with a licensing report or other appropriate document verifying compliance or noncompliance. Notwithstanding any other provision of law, and with good cause, the department may provide the licensee with an alternate timeframe for providing the licensing report or other appropriate document verifying compliance or noncompliance. If the department provides the licensee with an alternate timeframe, it shall also provide the reasons for the alternate timeframe, in writing. The licensee shall make this documentation available to the public.

SEC. 3. Section 1596.8595 of the Health and Safety Code is amended to read:

1596.8595. (a) (1) Each licensed child day care facility shall post a copy of any licensing report pertaining to the facility that documents either a facility visit or a complaint investigation that results in a citation for a violation that, if not corrected, will create a direct and immediate risk to the health, safety, or personal rights of children in care. The licensing report provided by the department shall be posted immediately upon receipt, adjacent to the postings required pursuant to Section 1596.817 and on, or immediately adjacent to, the interior side of the main door to the facility and shall remain posted for 30 consecutive days.

(2) A family day care home shall comply with the posting requirements contained in paragraph (1) during the hours when clients are present.

(3) Failure to comply with paragraph (1) shall result in an immediate civil penalty of one hundred dollars ($100).

(b) (1) Notwithstanding subdivision (b) of Section 1596.859, the licensee shall post a licensing report or other appropriate document verifying the licensee's compliance or noncompliance with the department's order to correct a deficiency that is subject to posting pursuant to paragraph (1) of subdivision (a). The licensing report or other document shall be posted immediately upon receipt, adjacent to the postings required pursuant to Section 1596.817, on, or immediately adjacent to, the interior side of the main door into the facility and shall be posted for a period of 30 consecutive days.

(2) A family day care home shall comply with the posting requirements contained in paragraph (1) during the hours when clients are present.

(3) Failure to comply with paragraph (1) shall result in an immediate civil penalty of one hundred dollars ($100).

(c) (1) A licensed child day care facility shall provide to the parents or guardians of each child receiving services in the facility copies of any licensing report that documents any Type A citation that represents an immediate risk to the health, safety, or personal rights of children in care as set forth in paragraph (1) of subdivision (a) of Section 1596.893b.

(2) Upon enrollment of a new child in a facility, the licensee shall provide to the parents or legal guardians of the newly enrolling child copies of any licensing report that the licensee has received during the prior 12-month period that documents any Type A citation that represents an immediate risk to the health, safety, or personal rights of children in care as set forth in paragraph (1) of subdivision (a) of Section 1596.893b.

(3) The licensee shall require each recipient of the licensing report described in paragraph (1) pertaining to a complaint investigation to sign a statement indicating that he or she has received the document and the date it was received.

(4) The licensee shall keep verification of receipt in each child's file.

(d) (1) A licensed child day care facility shall provide to the parents or legal guardians of each child receiving services in the facility copies of any licensing document pertaining to a conference conducted by a local licensing agency management representative with the licensee in which issues of noncompliance are discussed.

(2) Upon enrollment of a new child in a facility, the licensee shall provide to the parents or legal guardians of the newly enrolling child copies of any licensing document that the licensee has received during the prior 12-month period that pertains to a conference conducted by a local licensing agency management representative with the licensee in which issues of noncompliance are discussed.

(3) The licensee shall require each recipient of the licensing document pertaining to a conference to sign a statement indicating that he or she has received the document and the date it was received.

(4) The licensee shall keep verification of receipt in each child's file.

SEC. 4. Section 1596.8895 of the Health and Safety Code is amended to read:

1596.8895. (a) Whenever the director temporarily suspends the license, registration, or special permit of a child day care facility pursuant to Section 1596.886, the director or the local licensing agency shall send written notification to the parent or legal guardian of each child receiving services in the facility. The department or the local licensing agency, if there is one, shall also post a written notice of the temporary suspension at the facility in a place readily visible and accessible to the parents or guardians of children receiving services at the facility. Removal of the posted notice while the temporary suspension is in effect is a violation of this chapter punishable by a fine of five hundred dollars ($500).

(b) If a temporary suspension order is not effected within 30 days of the filing of an accusation, the director or the local licensing agency shall send written notification that the accusation has been filed to the parent or legal guardian of each child receiving services in the facility.

(c) (1) Upon receipt of an accusation indicating the department's intent to revoke a facility's license, the licensee shall provide copies of a summary of the accusation to the parent or legal guardian of each child receiving services in the facility until that accusation is either dismissed or resolved through the administrative hearing process or stipulated agreement.

(2) Upon enrollment of a new child in a facility, the licensee shall provide to the parents or legal guardians of the newly enrolling child copies of a summary of any accusation that the licensee has received during the prior 12-month period that indicates the department's intent to revoke the facility's license.

(3) The licensee shall require each recipient of the summary of the accusation to sign a statement indicating that he or she has received the document and the date it was received.

(4) The licensee shall keep verification of receipt in each child's file.

(5) The department shall prepare and provide to the licensee the summary of the accusation.

SEC. 5. Section 1597.05 of the Health and Safety Code is amended to read:

1597.05. (a) Licensing reviews of a child day care center shall be limited to health and safety considerations and shall not include any reviews of the content of any educational or training program of the facility.

(b) A licensee shall have 30 days after the employment of a staff person or enrollment of a child to secure records requiring information from sources not in the control of the licensee, staff person, or child. An extension can be granted where the licensee can demonstrate that further delays are beyond the control of the licensee. No additional onsite inspections for the purpose of checking completion of the designated records shall be made during the 30-day period.

"Records," for the purposes of this subdivision, mean those types of records requiring information from sources not in the control of the facilities, and include, but are not limited to, all of the following:

(1) Physical examination reports by physicians and surgeons.

(2) Confirmation of required immunizations.

(3) Submission of official data describing the educational qualifications of the facility staff.

(c) Within 90 days of employing a facility director, a licensee shall secure verification that the facility director has completed an orientation given by the department and shall maintain a copy of that verification.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 546

An act to add Section 54.9 to the Civil Code, relating to touch-screen devices.

[Approved by Governor September 28, 2006. Filed with
Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares the following:

(a) While the advancement of digital technology has provided numerous conveniences and expediencies in many aspects of our personal and professional lives, it has also introduced numerous obstacles.

(b) Touch-screen devices, especially point-of-sale devices in most retail outlets, transportation facilities, and entertainment venues, present hindrances to blind and visually impaired people. They have created an environment in which blind and visually impaired citizens are not allowed to shop independently and are often put in situations where their safety and security are severely compromised.

(c) The widespread implementation of touch-screen devices is completely inaccessible to the estimated 10 million blind and visually impaired people currently living in the United States.

(d) The number of people excluded from using this technology will grow sharply in the next few decades as the aging population increases and more people experience vision loss due to complications of diabetes and other ailments.

(e) The use of this rapidly expanding technology requires the consumer to possess well functioning eyesight, particularly when tactile keypads are replaced with smooth, touch-screen windows.

(f) Recent laws have been approved to address the need for accessibility to touch-screen devices in several different industries; however, the growth of touch-screens in many other industries continues.

SEC. 2. Section 54.9 is added to the Civil Code, to read:

54.9. (a) On and after January 1, 2009, a manufacturer or distributor of touch-screen devices used for the purpose of self-service check-in at a hotel or at a facility providing passenger transportation services shall offer for availability touch-screen self-service check-in devices that contain the necessary technology.

(b) For purposes of this section, "necessary technology" means technology that enables a person with a visual impairment to do the following:

(1) Enter any personal information necessary to process a transaction in a manner that ensures the same degree of personal privacy afforded to those without visual impairments.

(2) Use the device independently and without the assistance of others in the same manner afforded to those without visual impairments.

(c) For purposes of this section, "hotel" means any hotel, motel, bed and breakfast inn, or other similar transient lodging establishment, but it does not include any residential hotel as defined in Section 50519 of the Health and Safety Code.

(d) This section shall not be construed to preclude or limit any other existing right or remedy as it pertains to self-service check-in devices and accessibility.

CHAPTER 547

An act to add Section 51256.3 to the Government Code, and to amend Sections 29735, 29763, 29770, and 29771 of the Public Resources Code, relating to natural resources.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 51256.3 is added to the Government Code, to read:

51256.3. For the purposes of facilitating long-term agricultural land conservation in the Sacramento-San Joaquin Delta, an agricultural conservation easement located within the primary or secondary zone of the delta, as defined in Sections 29728 and 29731 of the Public Resources Code, may be related to contract rescissions in any other portion of the secondary zone without respect to county boundary limitations contained in an agricultural conservation easement agreement pursuant to Section 51256.

SEC. 2. Section 29735 of the Public Resources Code is amended to read:

29735. There is hereby created the Delta Protection Commission consisting of 23 members as follows:

(a) One member of the board of supervisors of each of the five counties within the delta whose supervisorial district is within the primary zone shall be appointed by the board of supervisors of the county.

(b) Three elected city council members shall be selected and appointed by city selection committees, from regional and area councils of government, one in each of the following areas:

(1) One from the north delta, consisting of the Counties of Yolo and Sacramento.

(2) One from the south delta, consisting of the County of San Joaquin.

(3) One from the west delta, consisting of the Counties of Contra Costa and Solano.

(c) (1) One member each from the board of directors of five different reclamation districts which are located within the primary zone who are residents of the delta, and who are elected by the trustees of reclamations districts within the following areas:

(A) Two members from the area of the North Delta Water Agency as described in Section 9.1 of the North Delta Water Agency Act (Chapter 283 of the Statutes of 1973), provided at least one member is also a member of the Delta Citizens Municipal Advisory Council.

(B) One member from the west delta consisting of the area of Contra Costa County within the delta.

(C) One member from the area of the Central Delta Water Agency as described in Section 9.1 of the Central Delta Water Agency Act (Chapter 1133 of the Statutes of 1973).

(D) One member from the area of the South Delta Water Agency as described in Section 9.1 of the South Delta Water Agency Act (Chapter 1089 of the Statutes of 1973).

(2) Each reclamation district may nominate one director to be a member. The member from an area shall be selected from among the nominees by a majority vote of the reclamation districts in that area. For purposes of this section, each reclamation district shall have one vote. The north delta area shall conduct separate votes to select each of its two members.

(d) The Director of Parks and Recreation, or the director's sole designee.

(e) The Director of Fish and Game, or the director's sole designee.

(f) The Secretary of Food and Agriculture, or the secretary's sole designee.

(g) The executive officer of the State Lands Commission, or the executive officer's sole designee.

(h) The Director of Boating and Waterways, or the director's sole designee.

(i) The Director of Water Resources, or the director's sole designee.

(j) The public member of the California Bay-Delta Authority who represents the delta region.

(k) The Governor shall appoint three members from the general public who are delta residents or delta landowners, as follows:

(1) One member shall represent the interests of production agriculture with a background in promoting the agricultural viability of delta farming.

(2) One member shall represent the interests of conservation of wildlife and habitat resources of the delta region and ecosystem.

(3) One member shall represent the interests of outdoor recreational opportunities, including, but not limited to, hunting and fishing.

SEC. 3. Section 29763 of the Public Resources Code is amended to read:

29763. Within 180 days from the date of the adoption of the resource management plan or any amendments, changes, or updates, to the resource management plan by the commission, all local governments shall submit to the commission proposed amendments that will cause their general plans to be consistent with the criteria in Section 29763.5 with respect to land located within the primary zone.

SEC. 4. Section 29770 of the Public Resources Code is amended to read:

29770. (a) Any person who is aggrieved by any action taken by a local government or other local agency in implementing the resource management plan, or otherwise taken pursuant to this division, may file an appeal with the commission. The ground for an appeal and the commission consideration of an appeal shall be that an action, as to land located exclusively within the primary zone, is inconsistent with the resource management plan, the approved portions of local government general plans that implement the resource management plan, or this division. The appeal shall be heard by the commission within 60 days from the date of the filing of the appeal, unless the commission, either itself or by delegation to the executive director, determines that the issue raised on appeal is not within the commission's jurisdiction or does not raise an appealable issue.

(b) In the absence of an appeal by an aggrieved person, the commission may decide by majority vote to review on appeal any action taken by a local government or other local agency in implementing the resource management plan, or otherwise taken pursuant to this division, for land located exclusively within the primary zone, if the commission believes the action may be inconsistent with the resource management plan, or this division.

(c) The commission shall, by regulation, adopt administrative procedures governing those appeals.

(d) The commission may comment on projects within the secondary zone that impact the primary zone.

SEC. 5. Section 29771 of the Public Resources Code is amended to read:

29771. After a hearing on an appealed action, the commission shall either deny the appeal or remand the matter to the local government or local agency for reconsideration, after making specific findings. Upon remand, the local government or local agency shall modify the appealed action and resubmit the matter for review to the commission. A proposed

action appealed pursuant to this section shall not be effective until the commission has adopted written findings, based on substantial evidence in the record, that the action is consistent with the resource management plan, the approved portions of local government general plans that implement the resource management plan, and this division.

CHAPTER 548

An act to amend Sections 12300, 12301, 12986, and 12987.5 of the Water Code, relating to water, and declaring the urgency thereof, to the effect immediately.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The Sacramento-San Joaquin Delta encompasses many invaluable and unique resources that are of major statewide importance, including water supply, agricultural production, recreation, fisheries, and wildlife habitat.

(b) The key to preserving the delta's physical characteristics has been the system of levees that defines the waterways and adjacent lands. An urgent need for a higher degree of levee maintenance and rehabilitation throughout the delta led the Legislature to provide state technical and financial assistance for levee maintenance and rehabilitation through a program of reimbursement to local agencies for a percentage of costs incurred for levee maintenance and improvement.

(c) A major seismic event in the delta would likely cause significant damage to levees and key transportation and utility infrastructure. The combination of the continuing subsidence of delta lands, a rise in sea level, and significant storm runoff events create a high probability of catastrophic flooding of delta islands. The state's economy and millions of Californians cannot afford a lengthy disruption of water supplies derived from the delta.

(d) Although the delta is an area of major statewide importance and the preservation of the delta's physical characteristics continues to remain a priority, the Legislature reaffirms its prior declaration that it may not be economically justifiable to maintain all delta islands.

(e) The Department of Water Resources and the Department of Fish and Game have been directed to identify, evaluate, and comparatively

rate options for maintaining significant resource values in the delta. The two departments are required to jointly report to the Legislature and the Governor the results of their evaluations and options by January 1, 2008.

(f) It is necessary and desirable to extend the existing delta levee maintenance program until the Legislature and Governor receive and act upon the report.

SEC. 2. Section 12300 of the Water Code is amended to read:

12300. (a) The Delta Flood Protection Fund is hereby created in the State Treasury. There shall be deposited in the fund all moneys appropriated to the fund, including authorized proceeds from the sale of bonds, and all income derived from the investment of moneys that are in the fund.

(b) It is the intent of the Legislature to appropriate, in accordance with Section 12938, twelve million dollars ($12,000,000) each year through fiscal year 1998–99 to the Delta Flood Protection Fund from moneys deposited in the California Water Fund pursuant to subdivision (b) of Section 6217 of the Public Resources Code. It is further the intent of the Legislature to appropriate annually moneys in the Delta Flood Protection Fund to the department for expenditure and allocation, without regard to fiscal years, in the following amounts and for the following purposes:

(1) Six million dollars ($6,000,000) annually for local assistance under the delta levee maintenance subventions program pursuant to Part 9 (commencing with Section 12980), and for the administration thereof.

(2) Six million dollars ($6,000,000) annually for special delta flood protection projects under Chapter 2 (commencing with Section 12310) and subsidence studies and monitoring, and the administration thereof. These funds shall only be allocated for projects on Bethel, Bradford, Holland, Hotchkiss, Jersey, Sherman, Twitchell, and Webb Islands, and at other locations in the delta and for the Towns of Thornton and Walnut Grove and for approximately 12 miles of levees on islands bordering the Northern Suisun Bay from Van Sickle Island westerly to Montezuma Slough.

(3) Additional moneys as they may become available from proceeds from the sale of bonds issued by the state.

(c) Any moneys unexpended at the end of a fiscal year shall revert to the Delta Flood Protection Fund and shall be available for appropriation by the Legislature for the purposes specified in subdivision (b).

(d) It is the intent of the Legislature that, to the extent consistent with Sections 12314, 12987, and 78543, projects funded under subdivision (b) shall be consistent with the delta ecosystem restoration strategy of the CALFED Bay-Delta Program.

SEC. 3. Section 12301 of the Water Code is amended to read:

12301. The Delta Flood Protection Fund is hereby abolished on July 1, 2010, and all unencumbered moneys in the fund are transferred to the General Fund.

SEC. 4. Section 12986 of the Water Code, as amended by Section 13 of Chapter 601 of the Statutes of 1996, is amended to read:

12986. (a) It is the intention of the Legislature to reimburse an eligible local agency pursuant to this part for costs incurred in any year for the maintenance or improvement of project or nonproject levees as follows:

(1) No costs incurred shall be reimbursed if the entire cost incurred per mile of project or nonproject levee is one thousand dollars ($1,000) or less.

(2) Not more than 75 percent of any costs incurred in excess of one thousand dollars ($1,000) per mile of project or nonproject levee shall be reimbursed.

(3) (A) As part of the project plans approved by the board, the department shall require the local agency or an independent financial consultant to provide information regarding the agency's ability to pay for the cost of levee maintenance or improvement. Based on that information, the department may require the local agency or an independent financial consultant to prepare a comprehensive study on the agency's ability to pay.

(B) The information or comprehensive study of the agency's ability to pay shall be the basis for determining the maximum allowable reimbursement eligible under this part. Nothing in this paragraph shall be interpreted to increase the maximum reimbursement allowed under paragraph (2).

(4) Reimbursements made to the local agency in excess of the maximum allowable reimbursement shall be returned to the department.

(5) The department may recover, retroactively, excess reimbursements paid to the local agency from any time after January 1, 1997, based on an updated study of the agency's ability to pay.

(6) All final costs allocated or reimbursed under a plan shall be approved by the reclamation board for project and nonproject levee work.

(7) Costs incurred pursuant to this part that are eligible for reimbursement include construction costs and associated engineering services, financial or economic analyses, environmental costs, mitigation costs, and habitat improvement costs.

(b) Upon completion of its evaluation pursuant to Sections 139.2 and 139.4, by January 1, 2008, the department shall recommend to the Legislature and the Governor priorities for funding under this section.

(c) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 5. Section 12986 of the Water Code, as amended by Section 14 of Chapter 601 of the Statutes of 1996, is amended to read:

12986. (a) It is the intention of the Legislature to reimburse from the General Fund an eligible local agency pursuant to this part for costs incurred in any year for the maintenance or improvement of project or nonproject levees as follows:

(1) No costs incurred shall be reimbursed if the entire cost incurred per mile of levee is one thousand dollars ($1,000) or less.

(2) Fifty percent of any costs incurred in excess of one thousand dollars ($1,000) per mile of levee shall be reimbursed.

(3) The maximum total reimbursement from the General Fund shall not exceed two million dollars ($2,000,000) annually.

(b) This section shall become operative on July 1, 2010.

SEC. 6. Section 12987.5 of the Water Code is amended to read:

12987.5. (a) In an agreement entered into under Section 12987, the board may provide for an advance to the applicant in an amount not to exceed 75 percent of the estimated state share. The agreement shall provide that no advance shall be made until the applicant has incurred costs averaging one thousand dollars ($1,000) per mile of levee.

(b) Advances made under subdivision (a) shall be subtracted from amounts to be reimbursed after the work has been performed. If the department finds that work has not been satisfactorily performed or where advances made actually exceed reimbursable costs, the local agency shall promptly remit to the state all amounts advanced in excess of reimbursable costs. If advances are sought, the board may require a bond to be posted to ensure the faithful performance of the work set forth in the agreement.

(c) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to facilitate the performance of necessary levee maintenance, as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 549

An act to add Section 51210.3 to the Education Code, relating to instruction.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 51210.3 is added to the Education Code, to read:

51210.3. (a) The governing board of a school district may designate a credentialed teacher at each elementary school as a science coach, or provide staff development to teachers, in order to accomplish the objectives described in subdivision (b), as determined by the governing board.

(b) The designated teacher shall do all of the following:

(1) Develop, coordinate, and provide instruction in a science curriculum that incorporates experimentation. The curriculum shall be aligned to the California standards for investigation and experimentation, and be designed to develop all of the following:

(A) Understanding of basic scientific facts and principles.

(B) Mathematics skills.

(C) Reading comprehension.

(D) Analytical and intellectual skills required to pose and answer questions.

(2) Act as a coach for other teachers at the school in the provision of a science curriculum based on experimentation.

(c) This section does not preclude the assignment of duties to a science coach that are not listed in subdivision (b) and relate to developing, coordinating, and providing instruction in a science curriculum that incorporates experimentation.

CHAPTER 550

An act to add Section 1127h to the Penal Code, relating to crime.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Gwen Araujo Justice for Victims Act.

SEC. 2. The Legislature hereby finds and declares all of the following:

(a) California law defines a hate crime as a criminal act committed, in whole or in part, because of the actual or perceived disability, gender, nationality, race or ethnicity, religion, or sexual orientation of the victim, or his or her association with a person or group with one or more of these actual or perceived characteristics.

(b) It is the right of every person regardless of actual or perceived disability, gender, nationality, race or ethnicity, religion, or sexual orientation, or association with a person or group with these actual or perceived characteristics, to be secure and protected from fear, intimidation, and physical harm caused by the actions of violent groups and individuals.

(c) "Bias" includes bias based upon the victim's actual or perceived disability, gender, nationality, race or ethnicity, religion, or sexual orientation, or the victim's association with a person or group with one or more of these characteristics.

(d) It is against public policy for juries to render decisions tainted by bias based upon the victim's actual or perceived disability, gender, nationality, race or ethnicity, religion, or sexual orientation, or his or her association with a person or group with one or more of these characteristics.

(e) "Panic strategies" are those strategies that try to explain a defendant's actions or emotional reactions based upon the knowledge or discovery of the fact that the victim possesses one or more of the characteristics listed above or associates with a person or group with one or more of the those characteristics.

(f) The Legislature is concerned about the use of societal bias in criminal proceedings and the susceptibility of juries to such bias. The use of so-called "panic strategies" by defendants in criminal trials opens the door for bias against victims based on one or more of the characteristics listed above or an association with a person or group with one or more of those characteristics.

(g) It is against public policy for a defendant to be acquitted of a charged offense or convicted of a lesser included offense based upon an appeal to the societal bias that may be possessed by members of a jury.

SEC. 3. Section 1127h is added to the Penal Code, to read:

1127h. In any criminal trial or proceeding, upon the request of a party, the court shall instruct the jury substantially as follows:

"Do not let bias, sympathy, prejudice, or public opinion influence your decision. Bias includes bias against the victim or victims, witnesses, or defendant based upon his or her disability, gender, nationality, race or ethnicity, religion, gender identity, or sexual orientation."

SEC. 4. The Office of Emergency Services shall, to the extent funding becomes available for that purpose, develop practice materials for district attorneys' offices in the state. The materials, which shall be developed in consultation with knowledgeable community organizations and county officials, shall explain how panic strategies are used to encourage jurors to respond to societal bias against people based on actual or perceived disability, gender, including gender identity, nationality, race or ethnicity, religion, or sexual orientation and provide best practices for preventing bias from affecting the outcome of a trial.

CHAPTER 551

An act to amend Section 20440 of the Elections Code, relating to elections.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares both of the following:

(a) The Legislature encourages meaningful discussion and debate in campaigns about policies and relevant issues, including ones that may be controversial, and supports candidates' free expression of their views on policies and relevant issues during the course of a campaign.

(b) The Legislature is concerned about the use of prejudice or appeals to prejudice in campaigns, especially when the prejudice or appeals to prejudice manifest themselves in explicit or subtle personal attacks based on a candidate's race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age, sexual orientation, sex, including gender identity, or any other characteristic set forth in Section 12940 of the Government Code, or association with another person who has any of the actual or perceived characteristics set forth in Section 12940 of the Government Code.

SEC. 2. Section 20440 of the Elections Code is amended to read:

20440. At the time an individual is issued his or her declaration of candidacy, nomination papers, or any other paper evidencing an intention to be a candidate for public office, the elections official shall give the

individual a blank form of the code and a copy of this chapter. The elections official shall inform each candidate for public office that subscription to the code is voluntary.

In the case of a committee making an independent expenditure, as defined in Section 82031 of the Government Code, the Secretary of State shall provide a blank form and a copy of this chapter to the individual filing, in accordance with Title 9 (commencing with Section 81000) of the Government Code, an initial campaign statement on behalf of the committee.

The text of the code shall read, as follows:

"CODE OF FAIR CAMPAIGN PRACTICES

There are basic principles of decency, honesty, and fair play which every candidate for public office in the State of California has a moral obligation to observe and uphold in order that, after vigorously contested but fairly conducted campaigns, our citizens may exercise their constitutional right to a free and untrammeled choice and the will of the people may be fully and clearly expressed on the issues.

THEREFORE:

(1) I SHALL CONDUCT my campaign openly and publicly, discussing the issues as I see them, presenting my record and policies with sincerity and frankness, and criticizing without fear or favor the record and policies of my opponents or political parties that merit this criticism.

(2) I SHALL NOT USE OR PERMIT the use of character defamation, whispering campaigns, libel, slander, or scurrilous attacks on any candidate or his or her personal or family life.

(3) I SHALL NOT USE OR PERMIT any appeal to negative prejudice based on a candidate's actual or perceived race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age, sexual orientation, sex, including gender identity, or any other characteristic set forth in Section 12940 of the Government Code, or association with another person who has any of the actual or perceived characteristics set forth in Section 12940 of the Government Code.

(4) I SHALL NOT USE OR PERMIT any dishonest or unethical practice that tends to corrupt or undermine our American system of free elections, or that hampers or prevents the full and free expression of the will of the voters including acts intended to hinder or prevent any eligible person from registering to vote, enrolling to vote, or voting.

(5) I SHALL NOT coerce election help or campaign contributions for myself or for any other candidate from my employees.

(6) I SHALL IMMEDIATELY AND PUBLICLY REPUDIATE support deriving from any individual or group that resorts, on behalf of

my candidacy or in opposition to that of my opponent, to the methods and tactics that I condemn. I shall accept responsibility to take firm action against any subordinate who violates any provision of this code or the laws governing elections.

(7) I SHALL DEFEND AND UPHOLD the right of every qualified American voter to full and equal participation in the electoral process.

I, the undersigned, candidate for election to public office in the State of California or treasurer or chairperson of a committee making any independent expenditures, hereby voluntarily endorse, subscribe to, and solemnly pledge myself to conduct my campaign in accordance with the above principles and practices."

Date Signature

CHAPTER 552

An act to add Chapter 19 (commencing with Section 11800) to Part 7 of the Education Code, relating to schools.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Chapter 19 (commencing with Section 11800) is added to Part 7 of the Education Code, to read:

CHAPTER 19. K-12 HIGH-SPEED INTERNET CONNECTIVITY FOR THE PUBLIC SCHOOL SYSTEM

11800. (a) (1) The K-12 High-Speed Network (K-12 HSN) is hereby established for the purpose of enriching pupil educational experiences and improving pupil academic performance by providing high-speed, high-bandwidth Internet connectivity to the public school system, as defined by Section 6 of Article IX of the California Constitution.

(2) The California Education Network is hereby established, consisting of the California Research and Education Network (CalREN) and the K-12 HSN.

(b) The Superintendent shall measure the success of the K-12 HSN and ensure that the benefits of the K-12 HSN are maximized to the extent

possible. The K-12 HSN shall provide critical services and functions for public primary and secondary local educational agencies, including, but not limited to, all of the following:

(1) Reliable and cost-effective Internet service.

(2) Reliable and secure interconnectivity among K-12 entities in California, connection to higher education institutions of California, and connection to state and local agencies to facilitate efficient interaction, including transmission of data.

(3) Videoconferencing and related distance learning capabilities.

(4) Statewide coordination of network uses to benefit teaching and learning.

(c) The Superintendent shall use a competitive grant process to select a local educational agency to serve as the Lead Education Agency to administer the K-12 HSN on behalf of the Superintendent.

(d) The Superintendent shall establish a K-12 HSN advisory board to be composed of all of the following members:

(1) The Superintendent, or his or her designee.

(2) The county superintendent of schools of the Lead Education Agency.

(3) A county superintendent of schools of a county with an average daily attendance of more than 60,000 pupils, appointed by the Superintendent. The member appointed pursuant to this paragraph shall serve a renewable two-year term.

(4) Three school district superintendents, appointed by the Superintendent. Members appointed pursuant to this paragraph shall represent school districts that are diverse as to geography and size, and that serve socioeconomically and culturally diverse pupil populations. Members appointed pursuant to this paragraph shall serve renewable two-year terms.

(5) Two county superintendents of schools appointed by the majority of the votes of all of the county superintendents of schools. Members appointed pursuant to this paragraph shall serve renewable two-year terms.

(6) Three schoolsite representatives, which shall include not less than two classroom teachers or instructional specialists.

(7) The Secretary for Education, or his or her designee.

(e) The advisory board shall meet quarterly and shall recommend policy direction and broad operational guidance to the Superintendent and the Lead Education Agency. The advisory board, in consultation with the Lead Education Agency, shall develop recommendations for measuring the success of the network, improving network oversight and monitoring, strengthening accountability, and optimizing the use of the K-12 HSN and its ability to improve education. The advisory board shall

report its recommendations to the Legislature, the Governor, the Department of Finance, the Legislative Analyst's Office, and the Office of the Secretary for Education by March 1, 2007. It is the intent of the Legislature that the report identify and recommend specific annual performance measures that should be established to assess the effectiveness of the network.

(f) The duties of the Lead Education Agency shall include all of the following:

(1) Entering into appropriate contracts for the provision of high-speed, high-bandwidth Internet connectivity, provided such contracts secure the necessary terms and conditions to adequately protect the interests of the state. Terms and conditions shall include, but are not limited to, all of the following:

(A) Development of comprehensive service level agreements.

(B) Protection of any ownership rights of intellectual property of the state that result due to participation of the state in the K-12 HSN.

(C) Appropriate protection of assets of the state acquired due to its participation in the K-12 HSN.

(D) Assurance that appropriate fee structures are in place.

(E) Assurance that any interest earned on funds of the state for this purpose are used solely to the benefit of the project.

(2) Development of an annual budget request for the K-12 HSN for submission to the department and the Department of Finance to be included in the annual Budget Act.

(3) Development, in consultation with the advisory board established pursuant to subdivision (d), of specific goals and objectives for the program with appropriate reporting of success measures developed by the Superintendent pursuant to subdivision (b).

(4) Ongoing fiscal oversight of the program, including mechanisms to control statewide costs and exposure. To accomplish this objective, the Lead Education Agency shall contract for an annual independent audit of the program. The independent auditor shall report the audit findings to the Superintendent, the Legislature, and the Governor by December 15 of each year.

(5) Ongoing technical oversight of the program, including external evaluation and independent validation, where appropriate. To accomplish this objective, the Lead Education Agency shall contract for an independent evaluation to be completed and provided to the Superintendent by March 1, 2009. The Superintendent shall report the results of the evaluation, including a response and recommendations to correct any adverse findings from the evaluation, to the Governor and the Legislature by April 30, 2009.

(6) (A) The Lead Education Agency shall administer grant programs to promote the most cost-effective manner for the completion of connectivity for all public schools of the state and cost-effective applications that meet instructional needs to the extent that funds are provided for these purposes in the annual Budget Act.

(B) Prior to the appropriation of any state funds for the purposes of this paragraph, the Lead Education Agency shall submit information justifying the need for additional grant funds, including, but not limited to, all of the following:

(i) The number of schools and school districts that are already connected.

(ii) The means by which the costs associated with connectivity were covered for schools and school districts that are already connected.

(iii) Obstacles to connection for those schools and school districts that are not yet connected.

(iv) Other local options and funding sources for purposes of connectivity and applications.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 553

An act to amend Section 6523 of the Government Code, relating to local agencies.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 6523 of the Government Code is amended to read:

6523. (a) The West Sacramento Area Flood Control Agency, a joint powers entity that is created pursuant to an agreement entered into, in accordance with this article, by the City of West Sacramento, Reclamation District No. 537, and Reclamation District No. 900 is granted the authority to accomplish the purposes and projects necessary to achieve and maintain at least a 200-year level of flood protection, and may exercise the authority granted to reclamation districts under Part 7

(commencing with Section 51200) and Part 8 (commencing with Section 52100) of Division 15 of the Water Code for the purposes of Sections 12670.2, 12670.3, and 12670.4 of the Water Code.

(b) Prior to January 1, 2009, the agency may create indebtedness and thereafter continue to levy special assessments to repay that indebtedness for the purposes described in subdivision (a), pursuant to any of the following provisions:

(1) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(2) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 1000) of the Streets and Highways Code).

SEC. 2. It is the intent of the Legislature in amending Section 6523 of the Government Code pursuant to Section 1 of this act, that the West Sacramento Area Flood Control Agency consider and evaluate other governance structures.

SEC. 3. Due to the unique circumstances with regard to the high degree of intergovernmental cooperation required among federal, state, and local agencies for flood control programs and projects financed by the West Sacramento Area Flood Control Agency, the Legislature hereby finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution. Therefore, the special legislation contained in Section 1 of this act is necessarily applicable only to the West Sacramento Area Flood Control Agency.

CHAPTER 554

An act to amend and repeal Sections 81383 and 81384 of, and to add and repeal Section 81384.5 of, the Education Code, relating to community college district property.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 81383 of the Education Code is amended to read:

81383. (a) Notwithstanding Section 81360, the sale by the governing board of any community college district of any real property belonging to the community college district, or the lease by that governing board, for a term not exceeding 99 years, of any real property, together with

any personal property located thereon, belonging to the community college district shall not be subject to Part 49 (commencing with Section 81000) or to Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, if all of the following conditions are met:

(1) The property is sold or leased to another local governmental agency, or to a nonprofit corporation that is organized for the purpose of assisting one or more local governmental agencies in obtaining financing for a qualified community college facility.

(2) (A) In the case of the sale of community college district property pursuant to this section, the community college district, as part of that same sale transaction, simultaneously repurchases the same property that is the subject of the transaction.

(B) In the case of the lease of community college district property pursuant to this section, the community college district, as part of that same lease transaction, simultaneously leases back, for a term that is not substantially less than the term of that lease, the same property that is the subject of the transaction.

(3) The financing proceeds obtained by the community college district pursuant to any transaction described in this section are expended solely for capital outlay purposes relating to a qualified community college facility, including the acquisition of real property for intended use as a site for a qualified community college facility and the design, planning, acquisition, construction, reconstruction, and renovation of qualified community college facilities.

(4) For purposes of this section and Section 81384, the term "qualified community college facility" means real and personal property, improvements, and related facilities that are determined in a resolution of the governing board of the community college district to satisfy each of the following requirements:

(A) The facilities will (i) assist the community college district in reducing energy and resource consumption while creating a safer and healthier learning environment and (ii) operate as energy and resource efficient buildings by taking cost-effective measures similar to those described in the Green Building Action Plan promulgated by the Governor for facilities owned, funded, or leased by the state.

(B) The facilities are affordable for the community college district as set forth in estimated annual summary budgets of the community college district that include the estimated costs of financing the facilities during the estimated duration of the financing, demonstrating that the reasonably anticipated expenditures during each fiscal year shall not exceed the reasonably anticipated revenues for that fiscal year.

(b) This section shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

SEC. 2. Section 81384 of the Education Code is amended to read:

81384. (a) When a community college district enters into a sale or lease of community college district property pursuant to Section 81383, the community college district shall, as a part of the sale contract or lease, authorize the chancellor and Controller to withhold from its annual apportionment the amount of funds necessary to satisfy its annual payment obligation under the sale contract or lease. The agreement shall include authorization to withhold this amount, and specify the amount to be withheld. The authorization shall have precedence over other expenditure obligations of the community college district, except for any obligations the community college district has incurred through the State Public Works Board's issuance of lease-revenue bonds, pursuant to the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code), which shall be met first. The chancellor, directly or through his or her agent, shall certify the amounts, by district, to the Controller. The Controller shall withhold the amount so reported for each community college district and shall, acting on behalf of each community college district, transfer the appropriate amount from Section B of the State School Fund to or upon the order of the issuer of bonds (or the lender on short-term loans) for the purpose of payment of the debt service obligation for the bonds (or short-term loan) sold for capital outlay purposes relating to a qualified community college facility pursuant to Section 81383. Only the annual apportionments of those community college districts that have authorized the chancellor and the Controller to act pursuant to this section shall be affected by this section, and the annual apportionments of all other community college districts in the state shall remain unchanged. For purposes of this section, short-term loans shall include, but are not limited to, loans made by the Pooled Money Investment Board pursuant to Section 16312 of the Government Code in connection with the financing of a qualified community college facility.

(b) This section shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

SEC. 3. Section 81384.5 is added to the Education Code, to read:

81384.5. (a) On or before April 1, 2008, the chancellor shall submit a report, in writing, to the Legislature and the Governor regarding both of the following:

(1) The impact of authorizing the sale-sale back or lease-lease back of energy efficient community college facilities.

(2) The extent to which the options described in paragraph (1) have been used by community college districts.

(b) The report required by this section shall be completed by the chancellor's office using its existing resources.

(c) This section shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

CHAPTER 555

An act to amend Sections 2085.5 of the Penal Code, relating to restitution.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 2085.5 of the Penal Code is amended to read:

2085.5. (a) In any case in which a prisoner owes a restitution fine imposed pursuant to subdivision (a) of Section 13967 of the Government Code, as operative prior to September 28, 1994, subdivision (b) of Section 730.6 of the Welfare and Institutions Code, or subdivision (b) of Section 1202.4, the Secretary of the Department of Corrections and Rehabilitation shall deduct a minimum of 20 percent or the balance owing on the fine amount, whichever is less, up to a maximum of 50 percent from the wages and trust account deposits of a prisoner, unless prohibited by federal law, and shall transfer that amount to the California Victim Compensation and Government Claims Board for deposit in the Restitution Fund in the State Treasury. Any amount so deducted shall be credited against the amount owing on the fine. The sentencing court shall be provided a record of the payments.

(b) In any case in which a prisoner owes a restitution order imposed pursuant to subdivision (c) of Section 13967 of the Government Code, as operative prior to September 28, 1994, subdivision (h) of Section 730.6 of the Welfare and Institutions Code, or subdivision (f) of Section 1202.4, the Secretary of the Department of Corrections and Rehabilitation shall deduct a minimum of 20 percent or the balance owing on the order amount, whichever is less, up to a maximum of 50 percent from the wages and trust account deposits of a prisoner, unless prohibited by

federal law. The secretary shall transfer that amount to the California Victim Compensation and Government Claims Board for direct payment to the victim, or payment shall be made to the Restitution Fund to the extent that the victim has received assistance pursuant to that program. The sentencing court shall be provided a record of the payments made to victims and of the payments deposited to the Restitution Fund pursuant to this subdivision.

(c) The secretary shall deduct and retain from the wages and trust account deposits of a prisoner, unless prohibited by federal law, an administrative fee that totals 10 percent of any amount transferred to the California Victim Compensation and Government Claims Board pursuant to subdivision (a) or (b). The secretary shall deduct and retain from any prisoner settlement or trial award, an administrative fee that totals 5 percent of any amount paid from the settlement or award to satisfy an outstanding restitution order or fine pursuant to subdivision (j), unless prohibited by federal law. The secretary shall deposit the administrative fee moneys in a special deposit account for reimbursing administrative and support costs of the restitution program of the Department of Corrections and Rehabilitation. The secretary, at his or her discretion, may retain any excess funds in the special deposit account for future reimbursement of the department's administrative and support costs for the restitution program or may transfer all or part of the excess funds for deposit in the Restitution Fund.

(d) In any case in which a parolee owes a restitution fine imposed pursuant to subdivision (a) of Section 13967 of the Government Code, as operative prior to September 28, 1994, subdivision (b) of Section 730.6 of the Welfare and Institutions Code, or subdivision (b) of Section 1202.4, the secretary may collect from the parolee any moneys owing on the restitution fine amount, unless prohibited by federal law. The secretary shall transfer that amount to the California Victim Compensation and Government Claims Board for deposit in the Restitution Fund in the State Treasury. Any amount so deducted shall be credited against the amount owing on the fine. The sentencing court shall be provided a record of the payments.

(e) In any case in which a parolee owes a direct order of restitution, imposed pursuant to subdivision (c) of Section 13967 of the Government Code, as operative prior to September 28, 1994, subdivision (h) of Section 730.6 of the Welfare and Institutions Code, or paragraph (3) of subdivision (a) of Section 1202.4, the secretary may collect from the parolee any moneys owing, unless prohibited by federal law. The secretary shall transfer that amount to the California Victim Compensation and Government Claims Board for direct payment to the victim, or payment shall be made to the Restitution Fund to the extent

that the victim has received assistance pursuant to that program. The sentencing court shall be provided a record of the payments made by the offender pursuant to this subdivision.

(f) The secretary may deduct and retain from any moneys collected from parolees an administrative fee that totals 10 percent of any amount transferred to the California Victim Compensation and Government Claims Board pursuant to subdivision (d) or (e), unless prohibited by federal law. The secretary shall deduct and retain from any settlement or trial award of a parolee an administrative fee that totals 5 percent of any amount paid from the settlement or award to satisfy an outstanding restitution order or fine pursuant to subdivision (j), unless prohibited by federal law. The secretary shall deposit the administrative fee moneys in a special deposit account for reimbursing administrative and support costs of the restitution program of the Department of Corrections and Rehabilitation. The secretary, at his or her discretion, may retain any excess funds in the special deposit account for future reimbursement of the department's administrative and support costs for the restitution program or may transfer all or part of the excess funds for deposit in the Restitution Fund.

(g) When a prisoner has both a restitution fine and a restitution order from the sentencing court, the Department of Corrections and Rehabilitation shall collect the restitution order first pursuant to subdivision (b).

(h) When a parolee has both a restitution fine and a restitution order from the sentencing court, the Department of Corrections and Rehabilitation may collect the restitution order first, pursuant to subdivision (e).

(i) If an inmate is housed at an institution that requires food to be purchased from the institution canteen for unsupervised overnight visits, and if the money for the purchase of this food is received from funds other than the inmate's wages, that money shall be exempt from restitution deductions. This exemption shall apply to the actual amount spent on food for the visit up to a maximum of fifty dollars ($50) for visits that include the inmate and one visitor, seventy dollars ($70) for visits that include the inmate and two or three visitors, and eighty dollars ($80) for visits that include the inmate and four or more visitors.

(j) Any compensatory or punitive damages awarded by trial or settlement to any inmate or parolee in connection with a civil action brought against any federal, state, or local jail, prison, or correctional facility, or any official or agent thereof, shall be paid directly, after payment of reasonable attorney's fees and litigation costs approved by the court, to satisfy any outstanding restitution orders or restitution fines against that person. The balance of any award shall be forwarded to the

payee after full payment of all outstanding restitution orders and restitution fines, subject to subdivisions (c) and (f). The Department of Corrections and Rehabilitation shall make all reasonable efforts to notify the victims of the crime for which that person was convicted concerning the pending payment of any compensatory or punitive damages.

(k) (1) Amounts transferred to the California Victim Compensation and Government Claims Board for payment of direct orders of restitution shall be paid to the victim within 60 days from the date the restitution revenues are received by the California Victim Compensation and Government Claims Board. If the restitution payment to a victim is less than fifty dollars ($50), then payment need not be forwarded to that victim until the payment reaches fifty dollars ($50) or until 180 days from the date the first payment is received, whichever occurs sooner.

(2) In any case in which a victim cannot be located, the restitution revenues received by the California Victim Compensation and Government Claims Board on behalf of the victim shall be held in trust in the Restitution Fund until the end of the state fiscal year subsequent to the state fiscal year in which the funds were deposited or until the time that the victim has provided current address information, whichever occurs sooner. Amounts remaining in trust at the end of the specified period of time shall revert to the Restitution Fund.

(3) Any victim failing to provide a current address within the period of time specified in paragraph (2) may provide documentation to the Department of Corrections and Rehabilitation, which in turn shall verify that moneys were in fact collected on behalf of the victim. Upon receipt of that verified information from the Department of Corrections and Rehabilitation, the California Victim Compensation and Government Claims Board shall transmit the restitution revenues to the victim in accordance with the provisions of subdivision (b) or (e).

CHAPTER 556

An act to amend Sections 7104, 11005, and 11005.3 of the Revenue and Taxation Code, and to amend Section 2107 of the Streets and Highways Code, relating to local government finance.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7104 of the Revenue and Taxation Code is amended to read:

7104. (a) The Transportation Investment Fund (hereafter the fund) is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the money in the fund is continuously appropriated without regard to fiscal years for disbursement in the manner and for the purposes set forth in this section.

(b) All of the following shall occur on a quarterly basis:

(1) The State Board of Equalization, in consultation with the Department of Finance, shall estimate the amount that is transferred to the General Fund under subdivision (b) of Section 7102 that is attributable to revenue collected for the sale, storage, use, or other consumption in this state of motor vehicle fuel, as defined in Section 7304.

(2) The State Board of Equalization shall inform the Controller, in writing, of the amount estimated under paragraph (1).

(3) Commencing with the 2003–04 fiscal year, the Controller shall transfer the amount estimated under paragraph (1) from the General Fund to the fund.

(c) For each quarter during the period commencing on July 1, 2003, and ending on June 30, 2008, the Controller shall make all of the following transfers and apportionments from the funds identified for transfer under paragraph (2) of subdivision (b) in the following order:

(1) To the Traffic Congestion Relief Fund created in the State Treasury by Section 14556.5 of the Government Code, the sum of one hundred sixty-nine million five hundred thousand dollars ($169,500,000), except that the transfer for the final quarter shall be ninety-three million four hundred thousand dollars ($93,400,000), for a total transfer of three billion three hundred thirteen million nine hundred thousand dollars ($3,313,900,000).

(2) To the Public Transportation Account, a trust fund in the State Transportation Fund, 20 percent of the amount remaining after the transfer required under paragraph (1). Funds transferred under this paragraph shall be appropriated by the Legislature as follows:

(A) To the Department of Transportation, 50 percent for purposes of subdivision (a) or (b) of Section 99315 of the Public Utilities Code.

(B) To the Controller, 25 percent for allocation pursuant to Section 99314 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99314 of the Public Utilities Code.

(C) To the Controller, 25 percent for allocation pursuant to Section 99313 of the Public Utilities Code. Funds allocated under this subparagraph shall be subject to all of the provisions governing funds allocated under Section 99313 of the Public Utilities Code.

(3) To the Department of Transportation for expenditure for programming for transportation capital improvement projects subject to all of the provisions governing the State Transportation Improvement Program, 40 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, the transfer shall be 80 percent of the amount remaining after the transfer required under paragraph (1).

(4) To the Controller for apportionment to the counties, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, no transfer may be made under this paragraph. Funds transferred under this paragraph shall be allocated in accordance with the following formulas:

(A) Seventy-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of fee-paid and exempt vehicles that are registered in the county bears to the number of fee-paid and exempt vehicles registered in the state.

(B) Twenty-five percent of the funds payable under this paragraph shall be apportioned among the counties in the proportion that the number of miles of maintained county roads in each county bears to the total number of miles of maintained county roads in the state. For the purposes of apportioning funds under this subparagraph, any roads within the boundaries of a city and county that are not state highways shall be deemed to be county roads.

(5) To the Controller for apportionment to cities, including a city and county, 20 percent of the amount remaining after the transfer required under paragraph (1), except that in the 2006–07 and 2007–08 fiscal years, no transfer may be made under this paragraph. Funds transferred under this paragraph shall be apportioned among the cities in the proportion that the total population of the city bears to the total population of all the cities in the state.

(d) Funds received under paragraph (4) or (5) of subdivision (c) shall be deposited as follows in order to avoid the commingling of those funds with other local funds:

(1) In the case of a city, into the city account that is designated for the receipt of state funds allocated for transportation purposes.

(2) In the case of a county, into the county road fund.

(3) In the case of a city and county, into a local account that is designated for the receipt of state funds allocated for transportation purposes.

(e) Funds allocated to a city, county, or city and county under paragraph (4) or (5) of subdivision (c) shall be used only for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair. For purposes of this section, the following terms have the following meanings:

(1) "Maintenance" means either or both of the following:

(A) Patching.

(B) Overlay and sealing.

(2) "Reconstruction" includes any overlay, sealing, or widening of the roadway, if the widening is necessary to bring the roadway width to the desirable minimum width consistent with the geometric design criteria of the department for 3R (reconstruction, resurfacing, and rehabilitation) projects that are not on a freeway, but does not include widening for the purpose of increasing the traffic capacity of a street or highway.

(3) "Storm damage repair" is repair or reconstruction of local streets and highways and related drainage improvements that have been damaged due to winter storms and flooding, and construction of drainage improvements to mitigate future roadway flooding and damage problems, in those jurisdictions that have been declared disaster areas by the President of the United States, where the costs of those repairs are ineligible for emergency funding with Federal Emergency Relief (ER) funds or Federal Emergency Management Administration (FEMA) funds.

(f) (1) Cities and counties shall maintain their existing commitment of local funds for street and highway maintenance, rehabilitation, reconstruction, and storm damage repair in order to remain eligible for the allocation of funds pursuant to paragraph (4) or (5) of subdivision (c).

(2) In order to receive any allocation pursuant to paragraph (4) or (5) of subdivision (c), the city or county shall annually expend from its general fund for street, road, and highway purposes an amount not less than the annual average of its expenditures from its general fund during the 1996–97, 1997–98, and 1998–99 fiscal years, as reported to the Controller pursuant to Section 2151 of the Streets and Highways Code. For purposes of this paragraph, in calculating a city's or county's annual general fund expenditures and its average general fund expenditures for the 1996–97, 1997–98, and 1998–99 fiscal years, any unrestricted funds that the city or county may expend at its discretion, including vehicle in-lieu tax revenues and revenues from fines and forfeitures, expended for street and highway purposes shall be considered expenditures from the general fund. One-time allocations that have been expended for street

and highway purposes, but which may not be available on an ongoing basis, including revenue provided under the Teeter Plan Bond Law of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1 of Division 2 of Title 5 of the Government Code, may not be considered when calculating a city's or county's annual general fund expenditures.

(3) For any city incorporated after July 1, 1996, the Controller shall calculate an annual average of expenditure for the period between July 1, 1996, and December 31, 2000, that the city was incorporated.

(4) For purposes of paragraph (2), the Controller may request fiscal data from cities and counties in addition to data provided pursuant to Section 2151, for the 1996–97, 1997–98, and 1998–99 fiscal years. Each city and county shall furnish the data to the Controller not later than 120 days after receiving the request. The Controller may withhold payment to cities and counties that do not comply with the request for information or that provide incomplete data.

(5) The Controller may perform audits to ensure compliance with paragraph (2) when deemed necessary. Any city or county that has not complied with paragraph (2) shall reimburse the state for the funds it received during that fiscal year. Any funds withheld or returned as a result of a failure to comply with paragraph (2) shall be reallocated to the other counties and cities whose expenditures are in compliance.

(6) If a city or county fails to comply with the requirements of paragraph (2) in a particular fiscal year, the city or county may expend during that fiscal year and the following fiscal year a total amount that is not less than the total amount required to be expended for those fiscal years for purposes of complying with paragraph (2).

(7) The allocation made under paragraph (4) or (5) of subdivision (c) shall be expended not later than the end of the fiscal year following the fiscal year in which the allocation was made, and any funds not expended within that period shall be returned to the Controller and shall be reallocated to the other cities and counties pursuant to the allocation formulas set forth in paragraph (4) or (5) of subdivision (c).

(g) The Los Angeles County Metropolitan Transportation Authority shall give first priority for using its share of the funds made available under subparagraphs (B) and (C) of paragraph (2) of subdivision (c) to providing the levels of bus service mandated under the consent decree entered into by the authority on October 29, 1996, in the case of Labor/Community Strategy Center, et al. v. Los Angeles County Metropolitan Transportation Authority.

(h) (1) For the purpose of allocating funds under paragraph (4) or (5) of subdivision (c) to counties, cities, and a city and county, the Controller shall use the most recent population estimates prepared by the Demographic Research Unit of the Department of Finance. For a

city that incorporated after January 1, 1998, that does not appear on the most recent population estimates prepared by the Demographic Research Unit, the Controller shall use the population determined for that city under Section 11005.3 of the Revenue and Taxation Code.

(2) The amendments made to Section 11005.3 by the act adding this paragraph shall not apply to a population determination under paragraph (1).

(i) This section shall become inoperative on the date that all encumbrances incurred for the projects funded under paragraph (3) of subdivision (c) have been liquidated or on June 30, 2008, whichever date is later, and as of the January 1 immediately following that date is repealed.

SEC. 2. Section 11005 of the Revenue and Taxation Code is amended to read:

11005. After payment of refunds therefrom and after making the deductions authorized by Section 11003 and reserving the amount determined necessary by the Pooled Money Investment Board to meet the transfers ordered or proposed to be ordered pursuant to Section 16310 of the Government Code, commencing with the 2004–05 fiscal year, the balance of all motor vehicle license fees and any other money appropriated by law for expenditure pursuant to this section and deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and remaining unexpended therein at the close of business on the last day of the calendar month, shall be allocated by the Controller by the 10th day of the following month in accordance with the following:

(a) First, to the County of Orange. For the 2004–05 fiscal year, that county shall be allocated fifty-four million dollars ($54,000,000) in monthly installments. For the 2005–06 fiscal year and each fiscal year thereafter, that county shall receive, in monthly installments, an amount equal to the amount allocated under this section for the prior fiscal year, adjusted for the percentage change in the amount of revenues credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund from the revenues credited to that account in the prior fiscal year. Moneys allocated to the County of Orange under this subdivision shall be used first for the service of indebtedness as provided in paragraph (1) of subdivision (a) of Section 11001.5. Any amounts in excess of the amount required for this service of indebtedness may be used by that county for any lawful purpose.

(b) Second, to each city, the population of which is determined under Section 11005.3 on August 5, 2004, in an amount equal to the additional amount of vehicle license fee revenue, including offset transfers, that would be allocated to that city under Sections 11000 and 11005, as those

sections read on January 1, 2004, as a result of that city's population being determined under subdivision (a) or (b) of Section 11005.3.

(c) Third, to each city that was incorporated from an unincorporated territory after August 5, 2004, but before July 1, 2009, in an amount equal to the product of the following two amounts:

(1) The quotient derived from the following fraction:

(A) The numerator is the product of the following two amounts:

(i) Fifty dollars ($50) per year.

(ii) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(B) The denominator is the fraction determined as the actual population, as defined in subdivision (e) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (e) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(2) The city's population determined in accordance with Section 11005.3.

(d) Fourth, to each city that was incorporated before August 5, 2004, in an amount equal to the product of the following two amounts:

(1) The quotient derived from the following fraction:

(A) The numerator is the product of the following two amounts:

(i) Fifty dollars ($50) per year.

(ii) The fraction determined as the total amount of vehicle license fee revenue collected during the most recent fiscal year divided by the total amount of vehicle license fee revenue collected during the 2004–05 fiscal year.

(B) The denominator is the fraction determined as the actual population, as defined in subdivision (e) of Section 11005.3, of all cities during the most recent fiscal year, divided by the actual population, as defined in subdivision (e) of Section 11005.3, of all cities in the 2004–05 fiscal year.

(2) The actual population, as defined in subdivision (e) of Section 11005.3, residing in areas annexed after August 5, 2004, but before July 1, 2009, as of the date of annexation.

(e) Fifth, to the cities and cities and counties of this state in the proportion that the population of each city or city and county bears to the total population of all cities and cities and counties in this state, as determined by the Demographic Research Unit of the Department of Finance. For the purpose of this subdivision, the population of each city or city and county shall be determined in accordance with Section 11005.3.

SEC. 3. Section 11005.3 of the Revenue and Taxation Code is amended to read:

11005.3. (a) In the case of a city that incorporated on or after January 1, 1987, and before August 5, 2004, the Controller shall determine that the population of the city for its first 10 full fiscal years, and any portion of the first year in which the incorporation is effective if less than a full fiscal year, is the greater of either:

(1) The number of registered voters in the city multiplied by three. The number of registered voters shall be calculated as of the effective date of the incorporation of the city.

(2) The actual population, as defined in subdivision (e).

(b) In the case of a city that incorporated on or after January 1, 1987, and before August 5, 2004, and for which the application for incorporation was filed with the executive officer of the local agency formation commission pursuant to subdivision (a) of Section 56828 of the Government Code on or after January 1, 1991, the Controller shall determine that the population of the city for its first seven full fiscal years, and any portion of the first year in which the incorporation is effective if less than a full fiscal year, is the greater of either:

(1) The number of registered voters in the city multiplied by three. The number of registered voters shall be calculated as of the effective date of the incorporation of the city.

(2) The actual population, as defined in subdivision (e).

(c) In the case of a city that was incorporated from unincorporated territory after August 5, 2004, and before July 1, 2009, the Controller shall determine the population of the city as follows:

(1) For its first 12 months, 150 percent of the city's actual population.

(2) For its 13th through 24th months, 140 percent of the city's actual population.

(3) For its 25th through 36th months, 130 percent of the city's actual population.

(4) For its 37th through 48th months, 120 percent of the city's actual population.

(5) For its 49th through 60th months, 110 percent of the city's actual population.

(6) After its 60th month, the city's actual population.

(d) In the case of a city that was incorporated from unincorporated territory on or after July 1, 2009, the city's population shall be its actual population.

(e) For purposes of this section, "actual population" means the population determined by the last federal decennial or special census, or a subsequent census validated by the Demographic Research Unit of

the Department of Finance or subsequent estimate prepared pursuant to Section 2107.2 of the Streets and Highways Code.

(f) In the case of unincorporated territory being annexed to a city, during the 10-year, seven-year, or five-year period following incorporation, as the case may be, subsequent to the last federal census, or a subsequent census validated by the Demographic Research Unit of the Department of Finance, the unit shall determine the population of the annexed territory by the use of any federal decennial or special census or any estimate prepared pursuant to Section 2107.2 of the Streets and Highways Code. The population of the annexed territory as determined by the Demographic Research Unit shall be added to the city's population as previously determined by the Controller pursuant to paragraph (1) or (2) of subdivision (a), paragraph (1) or (2) of subdivision (b), or subdivision (c), as applicable.

(g) After the 10-year, seven-year, or five-year period following incorporation, as the case may be, the Controller shall determine the population of the city as the city's actual population, as defined in subdivision (e).

(h) The amendments made to this section by the act adding this subdivision shall not apply with respect to either of the following:

(1) Any city that has adopted an ordinance or resolution, approved a ballot measure, or is subject to a consent decree or court order, that annually limits the number of housing units that may be constructed within the city.

(2) Any city that has not prepared and adopted a housing element in compliance with Section 65585 of the Government Code.

(i) This section shall become operative July 1, 1991.

SEC. 4. Section 2107 of the Streets and Highways Code is amended to read:

2107. A sum equal to the net revenues derived from a per gallon tax of 1.315 cents ($0.01315) under the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2), 2.59 cents ($0.0259) under the Use Fuel Tax Law (Part 3 (commencing with Section 8601) of Division 2), and 1.80 cents ($0.0180) under the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001) of Division 2) of the Revenue and Taxation Code, shall be apportioned monthly to the cities and cities and counties of this state from the Highway Users Tax Account in the Transportation Tax Fund as provided in this section.

From that sum, the Controller shall allocate annually to each city that has filed a report containing the information prescribed by subdivision (c) of Section 2152, and that had expenditures in excess of five thousand dollars ($5,000) during the preceding fiscal year for snow removal, an amount equal to one-half of the amount of its expenditures for snow

removal in excess of five thousand dollars ($5,000) during that fiscal year.

The balance of that sum from the Highway Users Tax Account shall be allocated to each city, including city and county, in the proportion that the total population of the city bears to the total population of all the cities in this state.

For the purpose of this section, except as otherwise provided in this paragraph, the population in each city is the population determined for that city in the manner specified in Section 11005.3 of the Revenue and Taxation Code. Commencing with the ninth fiscal year of a city described in subdivision (a) of Section 11005.3 of the Revenue and Taxation Code, the sixth fiscal year of a city described in subdivision (b) of Section 11005.3 of the Revenue and Taxation Code, and the 61st month of the city described in subdivision (c) of Section 11005.3 of the Revenue and Taxation Code, the population in each city is the actual population of that city, as defined in subdivision (e) of Section 11005.3 of the Revenue and Taxation Code.

CHAPTER 557

An act to amend Sections 128454 and 128456 of the Health and Safety Code, relating to mental health.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 128454 of the Health and Safety Code is amended to read:

128454. (a) There is hereby created the Licensed Mental Health Service Provider Education Program within the Health Professions Education Foundation.

(b) For purposes of this article, the following definitions shall apply:

(1) "Licensed mental health service provider" means a psychologist licensed by the Board of Psychology, registered psychologist, postdoctoral psychological assistant, postdoctoral psychology trainee employed in an exempt setting pursuant to Section 2910 of the Business and Professions Code, or employed pursuant to a State Department of Mental Health waiver pursuant to Section 5751.2 of the Welfare and Institutions Code, marriage and family therapist, marriage and family

therapist intern, licensed clinical social worker, and associate clinical social worker.

(2) "Mental health professional shortage area" means an area designated as such by the Health Resources and Services Administration (HRSA) of the United States Department of Health and Human Services.

(c) Commencing January 1, 2005, any licensed mental health service provider, including a mental health service provider who is employed at a publicly funded mental health facility or a public or nonprofit private mental health facility that contracts with a county mental health entity or facility to provide mental health services, who provides direct patient care in a publicly funded facility or a mental health professional shortage area may apply for grants under the program to reimburse his or her educational loans related to a career as a licensed mental health service provider.

(d) The Health Professions Education Foundation shall make recommendations to the director of the office concerning all of the following:

(1) A standard contractual agreement to be signed by the director and any licensed mental health service provider who is serving in a publicly funded facility or a mental health professional shortage area that would require the licensed mental health service provider who receives a grant under the program to work in the publicly funded facility or a mental health professional shortage area for at least one year.

(2) The maximum allowable total grant amount per individual licensed mental health service provider.

(3) The maximum allowable annual grant amount per individual licensed mental health service provider.

(e) The Health Professions Education Foundation shall develop the program, which shall comply with all of the following requirements:

(1) The total amount of grants under the program per individual licensed mental health service provider shall not exceed the amount of educational loans related to a career as a licensed mental health service provider incurred by that provider.

(2) The program shall keep the fees from the different licensed providers separate to ensure that all grants are funded by those fees collected from the corresponding licensed provider groups.

(3) A loan forgiveness grant may be provided in installments proportionate to the amount of the service obligation that has been completed.

(4) The number of persons who may be considered for the program shall be limited by the funds made available pursuant to Section 128458.

SEC. 2. Section 128456 of the Health and Safety Code is amended to read:

128456. In developing the program established pursuant to this article, the Health Professions Education Foundation shall solicit the advice of representatives of the Board of Behavioral Sciences, the Board of Psychology, the State Department of Mental Health, the California Mental Health Directors Association, the California Mental Health Planning Council, professional mental health care organizations, the California Healthcare Association, the Chancellor of the California Community Colleges, and the Chancellor of the California State University. The foundation shall solicit the advice of representatives who reflect the demographic, cultural, and linguistic diversity of the state.

CHAPTER 558

An act relating to park lands.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The City of Merced may transfer to the Merced City School District up to three acres of park land in Fahrens Creek Park, if all of the following conditions are met:

(a) The city complies with the Public Park Preservation Act of 1971 (Chapter 2.5 (commencing with Section 5400) of Division 5 of the Public Resources Code), and submits to the Department of Parks and Recreation evidence of compliance, including a copy of the recorded deed and title policy for, and map of, the substitute park land required pursuant to that act.

(b) The city submits to the Department of Parks and Recreation a revised map of Fahrens Creek Park, with the revised acreage.

(c) The transferred site is used only for an elementary school facility.

(d) At least 45 days prior to transferring the property, the city complies with either of the following requirements:

(1) Subject to any required federal approval, returns to the Department of Parks and Recreation an amount of money equal to the amount of the state and federal moneys provided in the grant by the state for the acquisition of the transferred site (Department of Parks and Recreation Project Number 06-00806). In returning the grant funds, the city shall add interest to the amount of the grant. The interest shall be the amount earned in the state Pooled Money Investment Account from the period

of the grant to the time the city returns the funds. The Department of Parks and Recreation shall deposit the returned moneys to the fund or funds that were the source for the grant.

(2) Adopts an ordinance at a public meeting that does all of the following:

(A) Identifies the Fahrens Creek Park parcel that is to be transferred to the school district, and the parcel that the city will acquire to replace the transferred property.

(B) Makes a finding that the replacement parcel will be provided or paid for by the school district and will have acreage that is equal to or larger than the acreage of the Fahrens Creek Park parcel transferred to the school district.

(C) Makes a finding that the transfer does not diminish the environmental integrity or recreational value of Fahrens Creek Park.

(D) Makes a finding that the replacement parcel will provide an equivalent or higher level of recreational and environmental service to the current users of Fahrens Creek Park.

(E) Makes a finding that the replacement parcel is in addition to existing city property.

(F) Makes a finding that the city has obtained any required federal approval for the transfer of the Fahrens Creek Park parcel to the school district.

CHAPTER 559

An act to add Section 1353.8 to the Civil Code, to repeal and add Article 10.8 (commencing with Section 65591) of Chapter 3 of Division 1 of Title 7 of the Government Code, to add Section 25401.9 to the Public Resources Code, and to add Article 4.5 (commencing with Section 535) to Chapter 8 of Division 1 of the Water Code, relating to water conservation.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1353.8 is added to the Civil Code, to read:

1353.8. The architectural guidelines of a common interest development shall not prohibit or include conditions that have the effect of prohibiting the use of low water-using plants as a group.

SEC. 2. Article 10.8 (commencing with Section 65591) of Chapter 3 of Division 1 of Title 7 of the Government Code is repealed.

SEC. 3. Article 10.8 (commencing with Section 65591) is added to Chapter 3 of Division 1 of Title 7 of the Government Code, to read:

Article 10.8. Water Conservation in Landscaping

65591. This article shall be known and may be cited as the Water Conservation in Landscaping Act.

65592. Unless the context requires otherwise, the following definitions govern the construction of this article:

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

(b) "Local agency" means any city, county, or city and county, including a charter city or charter county.

(c) "Water efficient landscape ordinance" means an ordinance or resolution adopted by a local agency, or prepared by the department, to address the efficient use of water in landscaping.

65593. The Legislature finds and declares all of the following:

(a) The waters of the state are of limited supply and are subject to ever increasing demands.

(b) The continuation of California's economic prosperity is dependent on adequate supplies of water being available for future uses.

(c) It is the policy of the state to promote the conservation and efficient use of water and to prevent the waste of this valuable resource.

(d) Landscapes are essential to the quality of life in California by providing areas for active and passive recreation and as an enhancement to the environment by cleaning air and water, preventing erosion, offering fire protection, and replacing ecosystems lost to development.

(e) Landscape design, installation, maintenance, and management can and should be water efficient.

(f) Section 2 of Article X of the California Constitution specifies that the right to use water is limited to the amount reasonably required for the beneficial use to be served and the right does not and shall not extend to waste or unreasonable use or unreasonable method of use.

(g) (1) The Legislature, pursuant to Chapter 682 of the Statutes of 2004, requested the California Urban Water Conservation Council to convene a stakeholders work group to develop recommendations for improving the efficiency of water use in urban irrigated landscapes.

(2) The work group report includes a recommendation to update the model water efficient landscape ordinance adopted by the department pursuant to Chapter 1145 of the Statutes of 1990.

(3) It is the intent of the Legislature that the department promote the use of this updated model ordinance.

(h) Notwithstanding Article 13 (commencing with Section 65700), this article addresses a matter that is of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Accordingly, it is the intent of the Legislature that this article, except as provided in Section 65594, apply to all cities and counties, including charter cities and charter counties.

65594. (a) Except as provided in Section 65595, if by January 1, 1993, a local agency did not adopt a water efficient landscape ordinance and did not adopt findings based on climatic, geological, or topographical conditions, or water availability that state that a water efficient landscape ordinance is unnecessary, the model water efficient landscape ordinance adopted by the department pursuant to Chapter 1145 of the Statutes of 1990 shall apply within the jurisdiction of the local agency as of that date, shall be enforced by the local agency, and shall have the same force and effect as if adopted by the local agency.

(b) Notwithstanding subdivision (b) of Section 65592, subdivision (a) does not apply to chartered cities.

(c) This section shall apply only until the department updates the model ordinance.

65595. (a) (1) To the extent funds are appropriated, not later than January 1, 2009, by regulation, the department shall update the model water efficient landscape ordinance adopted pursuant to Chapter 1145 of the Statutes of 1990, after holding one or more public hearings. The updated model ordinance shall be based on the recommendations set forth in the report prepared pursuant to Chapter 682 of the Statutes of 2004 and shall meet the requirements of Section 65596.

(2) Before the adoption of the updated model ordinance pursuant to paragraph (1), the department shall prepare and submit to the Legislature a report relating to both of the following:

(A) The extent to which local agencies have complied with the model water efficient landscape ordinance adopted pursuant to Chapter 1145 of the Statutes of 1990.

(B) The department's recommendations regarding the landscape water budget component of the updated model ordinance described in subdivision (b) of Section 65596.

(b) Not later than January 31, 2009, the department shall distribute the updated model ordinance adopted pursuant to subdivision (a) to all local agencies and other interested parties.

(c) On or before January 1, 2010, a local agency shall adopt one of the following:

(1) A water efficient landscape ordinance that is, based on evidence in the record, at least as effective in conserving water as the updated model ordinance adopted by the department pursuant to subdivision (a).

(2) The updated model ordinance described in paragraph (1).

(d) If the local agency has not adopted, on or before January 1, 2010, a water efficient landscape ordinance pursuant to subdivision (c), the updated model ordinance adopted by the department pursuant to subdivision (a) shall apply within the jurisdiction of the local agency as of that date, shall be enforced by the local agency, and shall have the same force and effect as if adopted by the local agency.

(e) Nothing in this article shall be construed to require the local agency's water efficient landscape ordinance to duplicate, or to conflict with, a water efficiency program or measure implemented by a public water system, as defined in Section 116275 of the Health and Safety Code, within the jurisdictional boundaries of the local agency.

65596. The updated model ordinance adopted pursuant to Section 65595 shall do all the following in order to reduce water use:

(a) Include provisions for water conservation and the appropriate use and groupings of plants that are well-adapted to particular sites and to particular climatic, soil, or topographic conditions. The model ordinance shall not prohibit or require specific plant species, but it may include conditions for the use of plant species or encourage water conserving plants. However, the model ordinance shall not include conditions that have the effect of prohibiting or requiring specific plant species.

(b) Include a landscape water budget component that establishes the maximum amount of water to be applied through the irrigation system, based on climate, landscape size, irrigation efficiency, and plant needs.

(c) Promote the benefits of consistent local ordinances in neighboring areas.

(d) Encourage the capture and retention of stormwater onsite to improve water use efficiency or water quality.

(e) Include provisions for the use of automatic irrigation systems and irrigation schedules based on climatic conditions, specific terrains and soil types, and other environmental conditions. The model ordinance shall include references to local, state, and federal laws and regulations regarding standards for water-conserving irrigation equipment. The model ordinance may include climate information for irrigation scheduling based on the California Irrigation Management Information System.

(f) Include provisions for onsite soil assessment and soil management plans that include grading and drainage to promote healthy plant growth and to prevent excessive erosion and runoff, and the use of mulches in shrub areas, garden beds, and landscaped areas where appropriate.

(g) Promote the use of recycled water consistent with Article 4 (commencing with Section 13520) of Chapter 7 of Division 7 of the Water Code.

(h) Seek to educate water users on the efficient use of water and the benefits of doing so.

(i) Address regional differences, including fire prevention needs.

(j) Exempt landscaping that is part of a registered historical site.

(k) Encourage the use of economic incentives to promote the efficient use of water.

(*l*) Include provisions for landscape maintenance practices that foster long-term landscape water conservation. Landscape maintenance practices may include, but are not limited to, performing routine irrigation system repair and adjustments, conducting water audits, and prescribing the amount of water applied per landscaped acre.

(m) Include provisions to minimize landscape irrigation overspray and runoff.

65597. Not later than January 31, 2010, each local agency shall notify the department as to whether the local agency is subject to the department's updated model ordinance adopted pursuant to Section 65595, and if not, shall submit to the department a copy of the water efficient landscape ordinance adopted by the local agency, and a copy of the local agency's findings and evidence in the record that its water efficient landscape ordinance is at least as effective in conserving water as the department's updated model ordinance. Not later than January 31, 2011, the department shall, to the extent funds are appropriated, prepare and submit a report to the Legislature summarizing the status of water efficient landscape ordinances adopted by local agencies.

65598. Any model ordinance adopted pursuant to this article shall exempt cemeteries from all provisions of the ordinance except those set forth in subdivisions (h), (k), and (*l*) of Section 65596. In adopting language specific to cemeteries, the department shall recognize the special landscape management needs of cemeteries.

65599. Any actions or proceedings to attach, review, set aside, void, or annul the act, decision, or findings of a local agency on the ground of noncompliance with this article shall be brought pursuant to Section 1085 of the Code of Civil Procedure.

SEC. 4. Section 25401.9 is added to the Public Resources Code, to read:

25401.9. (a) To the extent that funds are available, the commission, in consultation with the Department of Water Resources, shall adopt by regulation, after holding one or more public hearings, performance standards and labeling requirements for landscape irrigation equipment, including, but not limited to, irrigation controllers, moisture sensors, emission devices, and valves, for the purpose of reducing the wasteful, uneconomic, inefficient, or unnecessary consumption of energy or water.

(b) For the purposes of complying with subdivision (a), the commission shall do all of the following:

(1) Adopt performance standards and labeling requirements for landscape irrigation controllers and moisture sensors on or before January 1, 2010.

(2) Consider the Irrigation Association's Smart Water Application Technology Program testing protocols when adopting performance standards for landscape irrigation equipment, including, but not limited to, irrigation controllers, moisture sensors, emission devices, and valves.

(3) Prepare and submit a report to the Legislature, on or before January 1, 2010, that sets forth on a proposed schedule for adopting performance standards and labeling requirements for emission devices and valves.

(c) On and after January 1, 2012, an irrigation controller or moisture sensor for landscape irrigation uses may not be sold or installed in the state unless the controller or sensor meets the performance standards and labeling requirements established pursuant to this section.

SEC. 5. Article 4.5 (commencing with Section 535) is added to Chapter 8 of Division 1 of the Water Code, to read:

Article 4.5. Irrigated Landscape

535. (a) A water purveyor shall require as a condition of new retail water service on and after January 1, 2008, the installation of separate water meters to measure the volume of water used exclusively for landscape purposes.

(b) Subdivision (a) does not apply to either of the following:

(1) Single-family residential connections.

(2) Connections used to supply water for the commercial production of agricultural crops or livestock.

(c) Subdivision (a) applies only to a service connection for which both of the following apply:

(1) The connection serves property with more than 5,000 square feet of irrigated landscape.

(2) The connection is supplied by a water purveyor that serves 15 or more service connections.

(d) For the purposes of this section, "new retail water service" means the installation of a new water meter where water service has not been previously provided, and does not include applications for new water service submitted before January 1, 2007.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

(commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 560

An act to add Section 76361.1 to the Education Code, relating to community colleges.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 76361.1 is added to the Education Code, to read:

76361.1. (a) This section applies only to the Los Rios and Rio Hondo community college districts.

(b) Notwithstanding any other provision of law, a district to which this section applies may require that a fee authorized by subdivision (a) of Section 76361 for transportation services be paid only by students and employees using the services, or, in the alternative, by either of the following groups of people:

(1) Upon the favorable vote of a majority of the students and a majority of the employees of a campus of the district, who voted at an election on the question of whether or not the governing board should require all students and employees at the campus to pay a fee for transportation services for a period of time to be determined by the governing board of the district, the fees may be required to be paid by all students, other than those students who are exempt from the fees pursuant to paragraph (1) of subdivision (c), and all employees of the campus of the community college district.

(2) Upon the favorable vote of a majority of the students at a campus of the district, who voted at an election on the question of whether or not the governing board should require all students to pay a fee for transportation services for a period of time to be determined by the governing board of the district, the fees may be required to be paid by all students, other than those students who are exempt from the fees pursuant to paragraph (1) of subdivision (c), at the campus of the community college district. However, the employees shall not be entitled to use the services.

(c) (1) If, pursuant to Section 76361, a fee is required of students for transportation services, any fee required of a part-time student shall be

a pro rata lesser amount than the fee charged to full-time students, depending on the number of units for which the part-time student is enrolled. Notwithstanding any other provision of law, the governing board of a community college district to which this section applies that provides for transportation services may adopt rules and regulations to exempt low-income students from this fee, or to require low-income students to pay all or part of this fee.

(2) Notwithstanding any other provision of law:

(A) The governing board of a community college district to which this section applies shall not enter into, or extend, a contract for transportation services provided by a common carrier or a municipally owned transit system, funded by the proceeds of a fee authorized under this section, unless and until a majority of the students of that district who vote in an election, held no more than 10 years prior to the date of the expiration of the contract proposed to be entered into or no more than 10 years prior to the date to which it is proposed that an existing contract be extended, have approved the payment of the fee for this purpose. An election held pursuant to this subparagraph shall be held in accordance with regulations adopted by the board of governors to ensure that the election is publicly noticed and that all students, including full-time, part-time, evening, and weekend students, have an opportunity to vote in the election.

(B) If the governing board of a community college district to which this section applies decides to seek to terminate or alter the arrangements under which the district receives transportation services from a common carrier or municipally owned transit system, the governing board shall provide at least 12 months' notice of that intention to the provider of transportation services.

(d) A community college district to which section applies is subject to subdivisions (d), (e), and (f) of Section 76361.

SEC. 2. The Legislature finds and declares that, due to unique circumstances relating to the transportation services utilized by the communities served by the Los Rios and Rio Honda community college districts, a general statute cannot be made applicable, and the enactment of Section 76361.1 of the Education Code by Section 1 of this act as a special statute is therefore necessary.

CHAPTER 561

An act to add Chapter 5 (commencing with Section 420) to Part 1 of the Education Code, relating to English language learners.

[Approved by Governor September 28, 2006. Filed with
Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Chapter 5 (commencing with Section 420) is added to Part 1 of the Education Code, to read:

Chapter 5. English Language Learner Acquisition and Development Pilot Program

420. (a) The department shall establish and administer a three-year competitive grant pilot project of 25,000 or more English language learners to be conducted during the 2007–08 to 2009–10, inclusive, school years after the issuance of Requests for Proposals (RFP). The goal of the pilot project is to identify existing best practices regarding topics, including, but not limited to, curriculum, instruction, and staff development for teaching English language learners and promoting English language and academic English acquisition and development. The intent of the pilot project is not to compare the effectiveness of instructional methods for English language learners, but rather to identify practices that demonstrate success for English language learners in achieving English proficiency, regardless of instructional setting.

(b) Funding for the program shall be used to support or expand successful existing programs that serve the academic needs of English language learners to learn standards-aligned academic content and acquire proficiency in the English language. No more than 5 percent of the total funding for the program may be used by a local educational agency for administrative, data collection, evaluation, or reporting activities.

(c) A local educational agency may apply on behalf of the eligible school or schools to the department for a grant of two hundred dollars ($200) per English language learner per year for the period commencing with the 2007–08 school year and ending on August 31, 2010.

(d) Funding grant applications shall consider the past success of the local educational agency in meeting the needs of English language learners, shall limit the number of pupils in any one local educational agency to no more than 10 percent of the total pupils funded, shall ensure that funded schools represent an appropriate balance among urban, suburban, and rural schools, shall ensure that funded schools represent a geographic balance throughout California, and shall conform reasonably to a set of instructional principles laid out in the RFP.

(e) As a condition of receiving funding pursuant to this chapter, a local educational agency that is selected to receive a grant shall agree

to the evaluation process, data collection, and reporting requirements established by the department and developed in collaboration with a partner independent research organization and shall include in the grant application resources to be used in data collection, as described by the independent research organization evaluation process design.

(f) The department shall require each local educational agency that is selected to provide two hundred dollars ($200) per English language learner per year as matching funds for the two hundred dollars ($200) in state funds per English language learner allocated each year of the three years of the project.

(g) (1) The Superintendent shall establish a 13 to 20 member advisory committee to provide regular recommendations in the implementation of this project. The department shall provide staff to this committee. The committee shall be made up of individuals from the following groups, who have expertise and experience in providing instructional assistance, technical assistance, or both, to programs for English language learners: practitioners from the field, staff from the University of California and the California State University, representatives of statewide education advocacy organizations, stakeholders, and evaluation foundation partners. With advice from the advisory committee, and in consultation with the Office of the Secretary for Education, the department shall establish criteria for evaluating applications and selecting applicant school districts to receive grants, including, but not limited to, all of the following:

(A) A diverse mix of schools, including those offering structured English immersion, bilingual instruction, dual language immersion, and mainstream instruction.

(B) Enrollment of pupils of low socioeconomic status and of varying levels of academic proficiency and performance as measured by the Academic Performance Index pursuant to Article 2 (commencing with Section 52051) of Chapter 6.1 of Part 28.

(2) To the extent practicable, the Superintendent also shall utilize the advisory committee established pursuant to this subdivision for the purposes for which an advisory committee would otherwise be required to be utilized pursuant to Section 99237.5, if that section is added by Senate Bill 472 of the 2006–07 Regular Session of the Legislature.

(h) The department shall contract with an independent research organization to perform an evaluation of the pilot project based on a representative sample of 25,000 or more English language learners from participating urban, suburban, and rural schools from various geographic regions throughout the state. The evaluation design shall be created using funds other than those appropriated for purposes of this chapter. The final analysis of the project data shall be funded through private or federal sources. It is the intent of the Legislature that the completed evaluation

highlight successful programs of English language instruction that can be reasonably replicated and used as models for other schools. A report summarizing the findings of the evaluation shall be submitted to the Superintendent, the Governor, and the Legislature by November 1, 2011. The Superintendent shall review the report and submit an additional report to the Legislature and the Governor that makes recommendations based on the results of the evaluation design created by the independent research organization.

(i) It is the intent of the Legislature to enact legislation that provides flexibility to schools and school districts that receive grants and participate in the pilot project pursuant to this section with regard to restrictions imposed by state law and school district policies and regulations that may hinder the participation by those schools and school districts.

421. For purposes of this chapter, "local educational agency" means a charter school, school district, or county office of education.

SEC. 2. (a) Twenty million dollars ($20,000,000) appropriated to the Superintendent of Public Instruction pursuant to paragraph (13) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006 shall be used to implement this act.

(b) The sum of one hundred thousand dollars ($100,000) of federal funds available to the State Department of Education under Title III of the federal Elementary and Secondary Education Act during the 2006–07 fiscal year is hereby allocated for use by the department for purposes of its administration of the project established pursuant to this act.

CHAPTER 562

An act to amend Section 25395.96 of, and to add Section 57013 to, the Health and Safety Code, and to add Sections 13307.5 and 13307.6 to the Water Code, relating to hazardous materials.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 25395.96 of the Health and Safety Code is amended to read:

25395.96. (a) If, upon review of the site assessment prepared pursuant to this article, the agency determines that a response action is necessary to prevent or eliminate an unreasonable risk, the bona fide

purchaser, innocent landowner, or contiguous property owner shall submit a response plan to the agency to conduct a response action at the site, in conformance with the agreement entered into pursuant to Section 25395.92. The response plan shall include all of the following:

(1) The response plan shall provide for an opportunity for the public, other agencies, and the host jurisdiction to participate in decisions regarding the response action, taking into consideration the nature of the community interest, and shall include all of the following:

(A) Thirty days before taking action pursuant to the response plan, the agency shall take all of the following actions:

(i) Notify all other appropriate governmental entities and local agencies, including, but not limited to, the department, the regional board, or a redevelopment agency, that is not a party to the response plan regarding the proposed response plan.

(ii) Place a notice in a newspaper of general circulation, in the area of the site, including, but not limited to, a community-based newspaper, as appropriate.

(iii) Post notice of the proposed response plan on the site.

(B) All of the following methods for public participation shall be included in the response plan:

(i) Thirty days' prior public notice in a factsheet format of the proposed response plan, in English and in any other language commonly spoken in the area of the site.

(ii) Access, at both the agency and at local repositories, to the proposed response plan, site assessment, addenda, and any other supporting documentation, including materials listed as references in the response plan and site assessment.

(iii) Procedures for providing a reasonable opportunity to comment on the plan and related documents specified in clause (ii).

(iv) If a public meeting is requested, the holding of a public meeting by the agency in the area to receive comments.

(v) The agency's consideration of any comments received before taking any action regarding the response plan.

(C) The response plan may also provide for, but is not limited to, proposing the use of other methods for public participation, including the use of public notices, direct notification of interested parties, electronic copies of the response plan, site assessment addenda, and other supporting documentation, including materials listed as references in the response plan and site assessment, electronic comment forms, forming advisory groups, as appropriate, to disseminate information and assist the agency in gathering public input, additional public meetings or public hearings, and an opportunity to comment on the proposed response plan prior to approval.

(D) The agency, as part of its communications with affected communities, shall provide information regarding the process by which decisions about the site are made and the recourse that is available for those who may disagree with an agency decision.

(E) The agency shall consider the issue of environmental justice, as defined in subdivision (e) of Section 65040.12 of the Government Code, for communities most impacted, including low-income and racial minority populations before taking action on the response plan.

(F) To the extent possible, the agency shall coordinate its public participation activities with those undertaken by the host jurisdiction and other agencies associated with the development of the property, to avoid duplication to the extent feasible.

(G) It is the intent of the Legislature that the public participation process established pursuant to this paragraph ensures full and robust participation of a community affected by this chapter.

(2) Identification of the release or threatened release that is the subject of the response plan and documentation that the plan is based on an adequate characterization of the site.

(3) An identification of the response plan objectives and the proposed remedy, and an identification of the reasonably anticipated future land uses of the site and of the current and projected land use and zoning designations. This identification shall include confirmation by the host jurisdiction that the anticipated future land uses and current and projected land uses and zoning designations are accurate.

(4) A description of activities that will be implemented to control any endangerment that may occur during the response action at the site.

(5) A description of any land use control that is part of the response action.

(6) A description of wastes other than hazardous materials at the site and how they will be managed in conjunction with the response action.

(7) Provisions for the removal of containment or storage vessels and other sources of contamination, including soils and free product, that cause an unreasonable risk.

(8) Provisions for the agency to require further response actions based on the discovery of hazardous materials that pose an unreasonable risk to human health and safety or the environment that are discovered during the course of the response action or subsequent development of the site.

(9) Any other information that the agency determines is necessary.

(b) The agency shall evaluate the adequacy of the plan submitted pursuant to subdivision (a) and shall approve the plan if the agency makes all of the following findings:

(1) The plan contains the information required by subdivision (a).

(2) When implemented, the plan will place the site in a condition that allows it to be used for its reasonably anticipated future land use without unreasonable risk to human health and safety and the environment.

(3) The plan addresses any public comments.

(4) If applicable, the plan provides for long-term operation and maintenance, including land use and engineering controls, that are part of the remedy contained in the response plan.

(c) (1) On or before 60 days after the date an agency receives a response plan, the agency shall make a written determination that proper completion of the response plan constitutes "appropriate care" for purposes of subdivision (a) of Section 25395.67.

(2) Upon approval of the response plan by the agency, the agency shall notify all appropriate persons, including the host jurisdiction.

(d) If the use of the property changes, after a response plan is approved, to a use that requires a higher level of protection, the agency may require the preparation and implementation of a new response plan pursuant to this article.

(e) The owner of a site shall not make any change in use of a site inconsistent with any land use control recorded for the site, unless the change is approved by the agency in accordance with subdivision (f) of Section 25395.99.

SEC. 2. Section 57013 is added to the Health and Safety Code, to read:

57013. (a) The Department of Toxic Substances Control may require a person submitting a report or data to submit the report or data in an electronic format, if the report is submitted to either of the following:

(1) The Department of Toxic Substances Control.

(2) A unified program agency implementing the unified program specified in Chapter 6.11 (commencing with Section 25404) of Division 20.

(b) The Department of Toxic Substances Control may require that a report or data submitted in electronic format include the latitude and longitude, which shall be accurate to within at least one meter, of the location where a sample analyzed in the report or data was collected.

(c) The Department of Toxic Substances Control shall adopt standards, that include electronic formats, for the submission of reports, which shall include formats for the submission of analytical and environmental compliance data. When adopting these standards, the Department of Toxic Substances Control shall only consider electronic formats that meet all of the following criteria:

(1) Are available at no cost.

(2) Are available in the public domain.

(3) Have available public domain means to import, manipulate, and store data.

(4) Allow importation of data into tables that indicate relational distances.

(5) Allow verification of data submission consistency.

(6) Allow inclusion of all of the following information:

(A) The physical site address from which the sample was taken, and information required for permitting and reporting an unauthorized release.

(B) Environmental assessment data taken during the initial site investigation phase, as well as the continuing monitoring and evaluation phases.

(C) The latitude and longitude, which shall be accurate to within at least one meter, of the location where a sample was collected.

(D) A description of all tests performed on the sample, the results of the testing, quality assurance and quality control information, available narrative information regarding the collection of the sample, and available information concerning the laboratory's analysis of the sample.

(7) Fulfill any additional criteria that the Department of Toxic Substances Control determines are appropriate for an effective electronic report submission program.

(d) In adopting standards pursuant to this section, the Department of Toxic Substances Control shall ensure the security of electronically submitted information.

(e) (1) The regulations adopted by the Department of Toxic Substances Control pursuant to this section may be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For the purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as an emergency and necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(2) Notwithstanding the time limitation in subdivision (e) of Section 11346.1 of the Government Code, an emergency regulation adopted or amended pursuant to this section shall not be repealed until one year after the effective date of the regulation, unless the Department of Toxic Substances Control readopts the regulation, in whole or in part, in compliance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(3) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, until the effective date of the regulations adopted pursuant to this section, the Department of Toxic Substances Control may implement this section

using the following regulations adopted by the State Water Resources Control Board or the Secretary for Environmental Protection for the electronic submission of reports:

(A) Chapter 30 (commencing with Section 3900) of Division 3 of Title 23 of the California Code of Regulations.

(B) Subdivision 4 (commencing with Section 15100) of Division 1 of Title 27 of the California Code of Regulations.

(C) Subdivision 2 of Division 3 of Title 27 of the California Code of Regulations.

SEC. 3. Section 13307.5 is added to the Water Code, to read:

13307.5. (a) The regional board shall take all of the following actions when reviewing or approving a cleanup proposal from a primary or active responsible discharger with respect to a site issued a cleanup and abatement order pursuant to Section 13304:

(1) Provide to all of the following, notification, in a factsheet format or another appropriate format, in English and any other languages commonly spoken in the area, as appropriate, of the proposed decision to approve the cleanup proposal for the site, including a contact list of appropriate regional board staff:

(A) An affected or potentially affected property owner, resident, or occupant in the area of the site.

(B) An appropriate governmental entity, including a local governmental entity with jurisdiction over the site.

(2) Provide timely access to written material, including reports and plans, addenda, and other supporting documentation, including materials listed as references, at the regional board's office and at a local repository in the area of the site, and, to the maximum extent possible, by posting on the Internet and acting in accordance with subdivision (a) of Section 13196.

(3) Provide no less than 30 days for an interested person to review and comment on the cleanup proposal regarding the site. The regional board shall consider any comments received before taking final action on a cleanup proposal regarding the site.

(4) Conduct a public meeting in the area of the site during the public comment period pursuant to paragraph (3), if any of the following conditions applies:

(A) A public meeting is requested by an affected or potentially affected property owner, resident, or occupant, in the area of the site.

(B) The level of expressed public interest warrants the conduct of a public meeting.

(C) A public meeting is specifically mandated by statute.

(D) The regional board determines that the existing site contamination poses a significant public health threat.

(b) In undertaking the requirements of this section, a regional board shall, to the extent possible, coordinate and integrate the public participation activities described in this section with those undertaken by the host jurisdiction and other public entities associated with development, investigation, or the response action at the site, in order to avoid unnecessary duplication and to integrate the public participation efforts of local government.

(c) For purposes of this section, "site" has the same meaning as defined in Section 25395.79.2 of the Health and Safety Code.

SEC. 4. Section 13307.6 is added to the Water Code, to read:

13307.6. (a) In addition to the requirements of Section 13307.5, the regional board may develop and use any of the following procedures to disseminate information and assist the regional board in gathering community input regarding a site, if the regional board determines there is expressed community interest in the site, or the existing site contamination poses a significant public health threat:

(1) An annual factsheet.

(2) Internet posting or electronic distribution of an electronic copy of a document or report.

(3) An electronic comment or electronic feedback form.

(4) Formation and facilitation of an advisory group.

(5) An additional public meeting or workshop.

(6) Extension of a public comment period.

(7) Preparation of a public participation plan.

(8) Creation of a mailing list for notifying an interested party of a major regional board decision and the regional board's proposed or planned activity regarding the site.

(b) For purposes of this section, "site" has the same meaning as defined in Section 25395.79.2 of the Health and Safety Code.

CHAPTER 563

An act to add and repeal Section 33413.1 of the Health and Safety Code, relating to redevelopment, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 33413.1 is added to the Health and Safety Code, to read:

33413.1. (a) For only the Mt. Eden Sub-Area of the Eden Redevelopment Project Area, the Redevelopment Agency of the County of Alameda may count, towards satisfaction of the housing production requirements of subdivision (b) of Section 33413, the construction of units outside the project area but within the City of Hayward if all of the following conditions are met:

(1) The units shall be available at affordable housing cost to, and occupied by, persons and families of very low or low income.

(2) The units shall comply with subdivision (c) of Section 33413, except that the requirements of that subdivision shall be deemed satisfied if the recorded covenants or restrictions are enforceable by the City of Hayward.

(3) The units shall be located on a parcel or parcels immediately contiguous to the Mt. Eden Sub-Area of the Eden Redevelopment Project Area.

(4) The Redevelopment Agency of the City of Hayward shall provide to the Redevelopment Agency of the County of Alameda written consent to the measures taken pursuant to this section and shall not count any units credited to the Redevelopment Agency of Alameda County pursuant to this section towards its own production or replacement requirements under Section 33413.

(b) The Redevelopment Agency of the County of Alameda shall cause to be made available, at affordable housing cost to, and occupied by, persons and families of very low, low-, or moderate-income households, as applicable, two units outside the project area for each unit that otherwise would have been required to be available inside the project area as required by clause (ii) of subparagraph (A) of paragraph (2) of subdivision (b) of Section 33413.

(c) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

SEC. 2. The Legislature finds and declares that because of the unique circumstances applicable to the Redevelopment Agency of Alameda County with respect to local housing requirements, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of

Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the Redevelopment Agency of the County of Alameda will be able to count these units towards satisfying its housing obligation after the Mt. Eden Sub-Area of the Eden Project Area is annexed to the City of Hayward on January 1, 2007, it is necessary that this act take effect immediately.

CHAPTER 564

An act to amend Sections 3077, 3166, and 5615 of, to add Sections 3111, 5588, 5678, 5678.1, 5678.2, 5678.3, and 5678.4 to, to repeal Sections 3161, 3162, 5678.5, and 5679.5 of, and to repeal and add Section 3160 of, the Business and Professions Code, to amend Section 13401 of the Corporations Code, and to add Section 15770.5 to the Government Code, relating to professions and vocations.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 3077 of the Business and Professions Code is amended to read:

3077. As used in this section "office" means any office or other place for the practice of optometry.

(a) No person, singly or in combination with others, may have an office unless he or she is registered to practice optometry under this chapter.

(b) An optometrist, or two or more optometrists jointly, may have one office without obtaining a further license from the board.

(c) On and after October 1, 1959, no optometrist, and no two or more optometrists jointly, may have more than one office unless he or she or they comply with the provisions of this chapter as to an additional office. The additional office, for the purposes of this chapter, constitutes a branch office.

(d) Any optometrist who has, or any two or more optometrists, jointly, who have, a branch office prior to January 1, 1957, and who desire to continue the branch office on or after that date shall notify the board in writing of that desire in a manner prescribed by the board.

(e) On and after January 1, 1957, any optometrist, or any two or more optometrists, jointly, who desire to open a branch office shall notify the board in writing in a manner prescribed by the board.

(f) On and after January 1, 1957, no branch office may be opened or operated without a branch office license. Branch office licenses shall be valid for the calendar year in or for which they are issued and shall be renewable on January 1st of each year thereafter. Branch office licenses shall be issued or renewed only upon the payment of the fee therefor prescribed by this chapter.

On or after October 1, 1959, no more than one branch office license shall be issued to any optometrist or to any two or more optometrists, jointly.

(g) Any failure to comply with the provisions of this chapter relating to branch offices or branch office licenses as to any branch office shall work the suspension of the certificate of registration of each optometrist who, individually or with others, has a branch office. A certificate of registration so suspended shall not be restored except upon compliance with those provisions and the payment of the fee prescribed by this chapter for restoration of a certificate of registration after suspension for failure to comply with the provisions of this chapter relating to branch offices.

(h) The holder or holders of a branch office license shall pay the annual renewal fee therefor in the amount required by this chapter between the first day of January and the first day of February of each year. The failure to pay the fee in advance on or before February 1st of each year during the time it is in force shall ipso facto work the suspension of the branch office license. The license shall not be restored except upon written application and the payment of the penalty prescribed by this chapter, and, in addition, all delinquent branch office fees.

(i) Nothing in this chapter shall limit or authorize the board to limit the number of branch offices that are in operation on October 1, 1959, and that conform to this chapter, nor prevent an optometrist from acquiring any branch office or offices of his or her parent. The sale after October 1, 1959, of any branch office shall terminate the privilege of operating the branch office, and no new branch office license shall be issued in place of the license issued for the branch office, unless the branch office is the only one operated by the optometrist or by two or more optometrists jointly.

Nothing in this chapter shall prevent an optometrist from owning, maintaining, or operating more than one branch office if he or she is in personal attendance at each of his or her offices 50 percent of the time during which the office is open for the practice of optometry.

(j) The board shall have the power to adopt, amend, and repeal rules and regulations to carry out the provisions of this section.

(k) Notwithstanding any other provision of this section, neither an optometrist nor an individual practice association shall be deemed to have an additional office solely by reason of the optometrist's participation in an individual practice association or the individual practice association's creation or operation. As used in this subdivision, the term "individual practice association" means an entity that meets all of the following requirements:

(1) Complies with the definition of an optometric corporation in Section 3160.

(2) Operates primarily for the purpose of securing contracts with health care service plans or other third-party payers that make available eye/vision services to enrollees or subscribers through a panel of optometrists.

(3) Contracts with optometrists to serve on the panel of optometrists, but does not obtain an ownership interest in, or otherwise exercise control over, the respective optometric practices of those optometrists on the panel.

Nothing in this subdivision shall be construed to exempt an optometrist who is a member of an individual practice association and who practices optometry in more than one physical location, from the requirement of obtaining a branch office license for each of those locations, as required by this section. However, an optometrist shall not be required to obtain a branch office license solely as a result of his or her participation in an individual practice association in which the members of the individual practice association practice optometry in a number of different locations, and each optometrist is listed as a member of that individual practice association.

SEC. 2. Section 3111 is added to the Business and Professions Code, to read:

3111. It is unprofessional conduct and a violation of this chapter for a person licensed under this chapter to violate, attempt to violate, assist in the violation of, or conspire to violate the Moscone-Knox Professional Corporation Act (Part 4 (commencing with Section 13400) of Division 3 of Title 1 of the Corporations Code), this article, or any regulation adopted pursuant to those provisions.

SEC. 3. Section 3160 of the Business and Professions Code is repealed.

SEC. 4. Section 3160 is added to the Business and Professions Code, to read:

3160. An optometric corporation is a corporation that is authorized to render professional services, as described in Sections 13401 and

13401.5 of the Corporations Code, if that corporation and its shareholders, officers, directors, and employees rendering professional services who are physicians and surgeons, psychologists, registered nurses, optometrists, or podiatrists are in compliance with the Moscone-Knox Professional Corporation Act as contained in Part 4 (commencing with Section 13400) of Division 3 of Title 1 of the Corporations Code, the provisions of this article, and all other statutes and regulations now or hereafter enacted or adopted pertaining to the corporation and the conduct of its affairs. With respect to an optometric corporation, the governmental agency referred to in the Moscone-Knox Professional Corporation Act is the State Board of Optometry.

SEC. 5. Section 3161 of the Business and Professions Code is repealed.

SEC. 6. Section 3162 of the Business and Professions Code is repealed.

SEC. 7. Section 3166 of the Business and Professions Code is amended to read:

3166. An optometric corporation shall not do or fail to do an act the doing of which or the failure to do which would constitute unprofessional conduct under any statute, rule, or regulation. In conducting its practice, an optometric corporation shall observe and be bound by statutes, rules, and regulations to the same extent as a person holding a license under Section 3055.

SEC. 8. Section 5588 of the Business and Professions Code is amended to read:

5588. (a) A licensee shall report to the board in writing within 30 days of the date the licensee has knowledge of any civil action judgment, settlement, arbitration award, or administrative action resulting in a judgment, settlement, or arbitration award against the licensee in any action alleging fraud, deceit, negligence, incompetence, or recklessness by the licensee in the practice of architecture if the amount or value of the judgment, settlement, or arbitration award is five thousand dollars ($5,000) or greater.

(b) The report required by subdivision (a) shall be signed by the licensee and shall set forth the facts that constitute the reportable event. If the reportable event involves the action of an administrative agency or court, the report shall set forth all of the following:

(1) The title of the matter.
(2) The court or agency name.
(3) The docket number.
(4) The claim or file number.
(5) The date on which the reportable event occurred.

(c) A licensee shall promptly respond to oral or written inquiries from the board concerning the reportable events, including inquiries made by the board in conjunction with license renewal.

(d) Failure of a licensee to report to the board in the time and manner required by this section shall be grounds for disciplinary action.

(e) Any licensee who fails to comply with this section may be subject to a civil penalty of not less than one hundred dollars ($100) and not more than one thousand dollars ($1,000) as an additional intermediate sanction imposed by the board in lieu of revoking the licensee's license. Any licensee who knowingly and intentionally fails to comply with this section may be subject to a civil penalty of up to twenty thousand dollars ($20,000) as an additional intermediate sanction imposed by the board in lieu of revoking the licensee's license.

SEC. 9. Section 5615 of the Business and Professions Code is amended to read:

5615. As used in this chapter:

"Landscape architect" means a person who holds a license to practice landscape architecture in this state under the authority of this chapter.

A person who practices landscape architecture within the meaning and intent of this article is a person who offers or performs professional services, for the purpose of landscape preservation, development and enhancement, such as consultation, investigation, reconnaissance, research, planning, design, preparation of drawings, construction documents and specifications, and responsible construction observation. Landscape preservation, development and enhancement is the dominant purpose of services provided by landscape architects. Implementation of that purpose includes: (1) the preservation and aesthetic and functional enhancement of land uses and natural land features; (2) the location and construction of aesthetically pleasing and functional approaches and settings for structures and roadways; and, (3) design for trails and pedestrian walkway systems, plantings, landscape irrigation, landscape lighting, landscape grading and landscape drainage.

Landscape architects perform professional work in planning and design of land for human use and enjoyment. Based on analyses of environmental physical and social characteristics, and economic considerations, they produce overall plans and landscape project designs for integrated land use.

The practice of a landscape architect may, for the purpose of landscape preservation, development and enhancement, include: investigation, selection, and allocation of land and water resources for appropriate uses; feasibility studies; formulation of graphic and written criteria to govern the planning and design of land construction programs; preparation review, and analysis of master plans for land use and

development; production of overall site plans, landscape grading and landscape drainage plans, irrigation plans, planting plans, and construction details; specifications; cost estimates and reports for land development; collaboration in the design of roads, bridges, and structures with respect to the functional and aesthetic requirements of the areas on which they are to be placed; negotiation and arrangement for execution of land area projects; field observation and inspection of land area construction, restoration, and maintenance.

This practice shall include the location, arrangement, and design of those tangible objects and features as are incidental and necessary to the purposes outlined herein. Nothing herein shall preclude a duly licensed landscape architect from planning the development of land areas and elements used thereon or from performing any of the services described in this section in connection with the settings, approaches, or environment for buildings, structures, or facilities, in accordance with the accepted public standards of health, safety, and welfare.

This chapter shall not empower a landscape architect, licensed under this chapter, to practice, or offer to practice, architecture or engineering in any of its various recognized branches.

SEC. 10. Section 5678 is added to the Business and Professions Code, to read:

5678. (a) A licensee shall report to the board in writing within 30 days of the date the licensee has knowledge of any civil action judgment, settlement, arbitration award, or administrative action resulting in a judgment, settlement, or arbitration award against the licensee in any action alleging fraud, deceit, negligence, incompetence, or recklessness by the licensee in the practice of landscape architecture if the amount or value of the judgment, settlement, or arbitration award is five thousand dollars ($5,000) or greater.

(b) The report required by subdivision (a) shall be signed by the licensee and shall set forth the facts that constitute the reportable event. If the reportable event involves the action of an administrative agency or court, the report shall set forth all of the following:

(1) The title of the matter.

(2) The court or agency name.

(3) The docket number.

(4) The claim or file number.

(5) The date on which the reportable event occurred.

(c) A licensee shall promptly respond to oral or written inquiries from the board concerning the reportable events, including inquiries made by the board in conjunction with license renewal.

(d) Failure of a licensee to comply with this section shall be grounds for disciplinary action.

(e) A licensee who fails to comply with this section may be subject to a civil penalty of not less than one hundred dollars ($100) and not more than one thousand dollars ($1,000) as an intermediate sanction imposed by the board in lieu of revoking the licensee's license. A licensee who knowingly and intentionally fails to comply with this section may be subject to a civil penalty of up to twenty thousand dollars ($20,000) as an additional intermediate sanction imposed by the board in lieu of revoking the licensee's license.

SEC. 11. Section 5678.1 is added to the Business and Professions Code, to read:

5678.1. (a) Within 30 days of payment of all or any portion of a civil action judgment, settlement, or arbitration award described in Section 5678 against a licensee of the board in which the amount or value of the judgment, settlement, or arbitration award is five thousand dollars ($5,000) or greater, any insurer providing professional liability insurance to that licensee or landscape architectural entity shall report to the board all of the following:

(1) The name of the licensee.

(2) The claim or file number.

(3) The amount or value of the judgment, settlement, or arbitration award.

(4) The amount paid by the insurer.

(5) The identity of the payee.

(b) Within 30 days of payment of all or any portion of any civil action judgment, settlement, or arbitration award described in Section 5678 against a licensee of the board in which the amount or value of the judgment, settlement, or arbitration award is five thousand dollars ($5,000) or greater, any state or local governmental agency that self insures that licensee shall report to the board all of the following:

(1) The name of the licensee.

(2) The claim or file number.

(3) The amount or value of the judgment, settlement, or arbitration award.

(4) The amount paid.

(5) The identity of the payee.

SEC. 12. Section 5678.2 is added to the Business and Professions Code, to read:

5678.2. The requirements of Sections 5678 and 5678.1 shall apply if a party to the civil action, settlement, arbitration award, or administrative action is or was (a) a sole proprietorship, partnership, firm, corporation, or state or local governmental agency in which a licensee is or was an owner, partner, member, officer, or employee and (b) a licensee in responsible control of that portion of the project that

was the subject of the civil judgment, settlement, arbitration award, or administrative action.

SEC. 13. Section 5678.3 is added to the Business and Professions Code, to read:

5678.3. Notwithstanding any other provision of law, a licensee shall not be considered to have violated a confidential settlement agreement or other confidential agreement by providing a report to the board as required by this article.

SEC. 14. Section 5678.4 is added to the Business and Professions Code, to read:

5678.4. The board may adopt regulations to further define the reporting requirements of Sections 5678 and 5678.1.

SEC. 15. Section 5678.5 of the Business and Professions Code is repealed.

SEC. 16. Section 5679.5 of the Business and Professions Code is repealed.

SEC. 17. Section 13401 of the Corporations Code is amended to read:

13401. As used in this part:

(a) "Professional services" means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act.

(b) "Professional corporation" means a corporation organized under the General Corporation Law or pursuant to subdivision (b) of Section 13406 that is engaged in rendering professional services in a single profession, except as otherwise authorized in Section 13401.5, pursuant to a certificate of registration issued by the governmental agency regulating the profession as herein provided and that in its practice or business designates itself as a professional or other corporation as may be required by statute. However, any professional corporation or foreign professional corporation rendering professional services by persons duly licensed by the Medical Board of California or any examining committee under the jurisdiction of the board, the Osteopathic Medical Board of California, the Dental Board of California, the California State Board of Pharmacy, the Veterinary Medical Board, the California Architects Board, the Court Reporters Board of California, the Board of Behavioral Sciences, the Speech-Language Pathology and Audiology Board, the Board of Registered Nursing, or the State Board of Optometry shall not be required to obtain a certificate of registration in order to render those professional services.

(c) "Foreign professional corporation" means a corporation organized under the laws of a state of the United States other than this state that is

engaged in a profession of a type for which there is authorization in the Business and Professions Code for the performance of professional services by a foreign professional corporation.

(d) "Licensed person" means any natural person who is duly licensed under the provisions of the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act to render the same professional services as are or will be rendered by the professional corporation or foreign professional corporation of which he or she is or intends to become, an officer, director, shareholder, or employee.

(e) "Disqualified person" means a licensed person who for any reason becomes legally disqualified (temporarily or permanently) to render the professional services that the particular professional corporation or foreign professional corporation of which he or she is an officer, director, shareholder, or employee is or was rendering.

SEC. 18. Section 15770.5 is added to the Government Code, to read:

15770.5. Notwithstanding any other provision of law, the Director of Transportation and the Director of General Services may appoint a deputy or assistant director in their respective departments to act in their place on the board, irrespective of whether the deputy or assistant director holds a position specified in subdivision (g) of Section 4 of Article VII of the California Constitution, and irrespective of whether there is to be more than one person representing a director at a meeting of the board. While serving on the board, the representative shall have all the powers of the director he or she is representing, including the right to be counted in a quorum, to participate in the proceedings of the board, and to vote on all matters. The director shall be responsible for the representative's acts to the same extent that the director is responsible for the deputy or assistant director's acts when performing his or her official duties.

SEC. 19. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 565

An act to amend Sections 2111, 2113, 2168, 2168.1, 2168.2, and 2168.5 of, and to add Section 2220.7 to, the Business and Professions

Code, relating to physicians and surgeons, and making an appropriation therefor.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 2111 of the Business and Professions Code is amended to read:

2111. (a) Physicians who are not citizens but who meet the requirements of subdivision (b), are legally admitted to the United States, and who seek postgraduate study in an approved medical school may, after receipt of an appointment from the dean of the California medical school and application to and approval by the Division of Licensing, be permitted to participate in the professional activities of the department or division in the medical school to which they are appointed. The physician shall be under the direction of the head of the department to which he or she is appointed, supervised by the staff of the medical school's medical center, and known for these purposes as a "visiting fellow." The visiting fellow shall wear a visible name tag containing the title "visiting fellow" when he or she provides clinical services.

(b) (1) Application for approval shall be made on a form prescribed by the division and shall be accompanied by a fee fixed by the division in an amount necessary to recover the actual application processing costs of the program. The application shall show that the person does not immediately qualify for a physician's and surgeon's certificate under this chapter and that the person has completed at least three years of postgraduate basic residency requirements. The application shall include a written statement of the recruitment procedures followed by the medical school before offering the appointment to the applicant.

(2) Approval shall be granted only for appointment to one medical school, and no physician shall be granted more than one approval for the same period of time.

(3) Approval may be granted for a maximum of three years and shall be renewed annually. The medical school shall submit a request for renewal on a form prescribed by the division, which shall be accompanied by a renewal fee fixed by the division in a amount necessary to recover the actual application processing costs of the program.

(c) Except to the extent authorized by this section, the visiting fellow may not engage in the practice of medicine. Neither the visiting fellow nor the medical school may assess any charge for the medical services

provided by the visiting fellow, and the visiting fellow may not receive any other compensation therefor.

(d) The time spent under appointment in a medical school pursuant to this section may not be used to meet the requirements for licensure under Section 2102.

(e) The division shall notify both the visiting fellow and the dean of the appointing medical school of any complaint made about the visiting fellow.

The division may terminate its approval of an appointment for any act that would be grounds for discipline if done by a licensee. The division shall provide both the visiting fellow and the dean of the medical school with a written notice of termination including the basis for that termination. The visiting fellow may, within 30 days after the date of the notice of termination, file a written appeal to the division. The appeal shall include any documentation the visiting fellow wishes to present to the division.

(f) Nothing in this section shall preclude any United States citizen who has received his or her medical degree from a medical school located in a foreign country and recognized by the division from participating in any program established pursuant to this section.

SEC. 2. Section 2113 of the Business and Professions Code is amended to read:

2113. (a) Any person who does not immediately qualify for a physician's and surgeon's certificate under this chapter and who is offered by the dean of an approved medical school in this state a full-time faculty position may, after application to and approval by the Division of Licensing, be granted a certificate of registration to engage in the practice of medicine only to the extent that the practice is incident to and a necessary part of his or her duties as approved by the division in connection with the faculty position. A certificate of registration does not authorize a registrant to admit patients to a nursing or a skilled or assisted living facility unless that facility is formally affiliated with the sponsoring medical school. A clinical fellowship shall not be submitted as a faculty service appointment.

(b) Application for a certificate of registration shall be made on a form prescribed by the division and shall be accompanied by a registration fee fixed by the division in a amount necessary to recover the actual application processing costs of the program. To qualify for the certificate, an applicant shall submit all of the following:

(1) Documentary evidence satisfactory to the division that the applicant is a United States citizen or is legally admitted to the United States.

(2) If the applicant is a graduate of a medical school other than in the United States or Canada, documentary evidence satisfactory to the division that he or she has been licensed to practice medicine and surgery for not less than four years in another state or country whose requirements for licensure are satisfactory to the division, or has been engaged in the practice of medicine in the United States for at least four years in approved facilities, or has completed a combination of that licensure and training.

(3) If the applicant is a graduate of an approved medical school in the United States or Canada, documentary evidence that he or she has completed a resident course of professional instruction as required in Section 2089.

(4) Written certification by the head of the department in which the applicant is to be appointed of all of the following:

(A) The applicant will be under his or her direction.

(B) The applicant will not be permitted to practice medicine unless incident to and a necessary part of his or her duties as approved by the division in subdivision (a).

(C) The applicant will be accountable to the medical school's department chair or division chief for the specialty in which the applicant will practice.

(D) The applicant will be proctored in the same manner as other new faculty members, including, as appropriate, review by the medical staff of the school's medical center.

(E) The applicant will not be appointed to a supervisory position at the level of a medical school department chair or division chief.

(5) Demonstration by the dean of the medical school that the applicant has the requisite qualifications to assume the position to which he or she is to be appointed and that shall include a written statement of the recruitment procedures followed by the medical school before offering the faculty position to the applicant.

(c) A certificate of registration shall be issued only for a faculty position at one approved medical school, and no person shall be issued more than one certificate of registration for the same period of time.

(d) (1) A certificate of registration is valid for one year from its date of issuance and may be renewed twice.

A request for renewal shall be submitted on a form prescribed by the division and shall be accompanied by a renewal fee fixed by the division in an amount necessary to recover the actual application processing costs of the program.

(2) The dean of the medical school may request renewal of the registration by submitting a plan at the beginning of the third year of the registrant's appointment demonstrating the registrant's continued progress

toward licensure and, if the registrant is a graduate of a medical school other than in the United States or Canada, that the registrant has been issued a certificate by the Educational Commission for Foreign Medical Graduates. The division may, in its discretion, extend the registration for a two-year period to facilitate the registrant's completion of the licensure process.

(e) If the registrant is a graduate of a medical school other than in the United States or Canada, he or she shall meet the requirements of Section 2102 or 2135, as appropriate, in order to obtain a physician's and surgeon's certificate. Notwithstanding any other provision of law, the division may accept clinical practice in an appointment pursuant to this section as qualifying time to meet the postgraduate training requirements in Section 2102, and may, in its discretion, waive the examination and the Educational Commission for Foreign Medical Graduates certification requirements specified in Section 2102 in the event the registrant applies for a physician's and surgeon's certificate. As a condition to waiving any examination or the Educational Commission for Foreign Medical Graduates certification requirement, the division in its discretion, may require an applicant to pass the clinical competency examination referred to in subdivision (d) of Section 2135. The division shall not waive any examination for an applicant who has not completed at least one year in the faculty position.

(f) Except to the extent authorized by this section, the registrant shall not engage in the practice of medicine, bill individually for medical services provided by the registrant, or receive compensation therefor, unless he or she is issued a physician's and surgeon's certificate.

(g) When providing clinical services, the registrant shall wear a visible name tag containing the title "visiting professor" or "visiting faculty member," as appropriate, and the institution at which the services are provided shall obtain a signed statement from each patient to whom the registrant provides services acknowledging that the patient understands that the services are provided by a person who does not hold a physician's and surgeon's certificate but who is qualified to participate in a special program as a visiting professor or faculty member.

(h) The division shall notify both the registrant and the dean of the medical school of a complaint made about the registrant. The division may terminate a registration for any act that would be grounds for discipline if done by a licensee. The division shall provide both the registrant and the dean of the medical school with written notice of the termination and the basis for that termination. The registrant may, within 30 days after the date of the notice of termination, file a written appeal to the division. The appeal shall include any documentation the registrant wishes to present to the division.

SEC. 3. Section 2168 of the Business and Professions Code is amended to read:

2168. (a) A special faculty permit authorizes the holder to practice medicine only within the medical school itself and any affiliated institution in which the permitholder is providing instruction as part of the medical school's educational program and for which the medical school has assumed direct responsibility. The holder of a special faculty permit shall not engage in the practice of medicine except as provided above.

(b) Time spent in a faculty position under a special faculty permit shall not be counted toward the postgraduate training required for licensure and shall not qualify the holder of the permit for waiver of any written examination required for licensure.

(c) The medical school shall not appoint the holder of a special faculty permit to a position as a division chief or head of a department without express written authorization from the division.

SEC. 4. Section 2168.1 of the Business and Professions Code is amended to read:

2168.1. (a) Any person who meets all of the following eligibility requirements may apply for a special faculty permit:

(1) Is academically eminent. For purposes of this article, "academically eminent" means the applicant meets either of the following criteria:

(A) He or she holds or has been offered a full-time appointment at the level of full professor in a tenure track position, or its equivalent, at a California medical school approved by the Division of Licensing.

(B) He or she is clearly outstanding in a specific field of medicine or surgery and has been offered by the dean of a medical school in this state, a full-time academic appointment at the level of full professor or associate professor, and a great need exists to fill that position.

(2) Possesses a current valid license to practice medicine issued by another state, country, or other jurisdiction.

(3) Is not subject to denial under Section 480 or any provision of this chapter.

(4) Pays the fee prescribed for application for, and initial licensure as, a physician and surgeon.

(5) Has not held a position under Section 2113 for a period of two years or more preceding the date of the application. The Division of Licensing may, in its discretion, waive this requirement.

(b) The Division of Licensing shall exercise its discretion in determining whether an applicant satisfies the requirements of paragraph (1) of subdivision (a).

(c) (1) The division shall establish a review committee comprised of two members of the division, one of whom shall be a physician and

surgeon and one of whom shall be a public member, and one representative from each of the medical schools in California. The committee shall review and make recommendations to the division regarding the applicants applying pursuant to this section, including those applicants that a medical school proposes to appoint as a division chief or head of a department or as nontenure track faculty.

(2) The representative of the medical school offering the applicant an academic appointment shall not participate in any vote on the recommendation to the division for that applicant.

SEC. 5. Section 2168.2 of the Business and Professions Code is amended to read:

2168.2. An application for a special faculty permit shall be made on a form prescribed by the Division of Licensing and shall include any information that the Division of Licensing may prescribe to establish an applicant's eligibility for a permit. This information shall include, but is not limited to, the following:

(a) A statement from the dean of the medical school at which the applicant will be employed describing the applicant's qualifications and justifying the dean's determination that the applicant satisfies the requirements of paragraph (1) of subdivision (a) of Section 2168.1.

(b) A statement by the dean of the medical school listing every affiliated institution in which the applicant will be providing instruction as part of the medical school's educational program and justifying any clinical activities at each of the institutions listed by the dean.

SEC. 6. Section 2168.5 of the Business and Professions Code is amended to read:

2168.5. The Medical Board of California shall report to the Legislature by December 31, 2011, on the status of the special faculty permit program.

SEC. 7. Section 2220.7 is added to the Business and Professions Code, to read:

2220.7. (a) A physician and surgeon shall not include or permit to be included any of the following provisions in an agreement to settle a civil dispute arising from his or her practice, whether the agreement is made before or after filing the action:

(1) A provision that prohibits another party to the dispute from contacting or cooperating with the board.

(2) A provision that prohibits another party to the dispute from filing a complaint with the board.

(3) A provision that requires another party to the dispute to withdraw a complaint he or she has filed with the board.

(b) A provision described in subdivision (a) is void as against public policy.

(c) A physician and surgeon who violates this section is subject to disciplinary action by the board.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 566

An act to amend Sections 13300 and 13352 of, to add the heading of Article 1 (commencing with Section 13300) to Chapter 13 of Division 5 of, to add the heading of Article 2 (commencing with Section 13350) to Chapter 13 of Division 5 of, and to repeal the heading of Chapter 13.5 of Division 5 of, the Business and Professions Code, and to amend Section 7100 of the Civil Code, relating to point-of-sale systems.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The heading of Article 1 (commencing with Section 13300) is added to Chapter 13 of Division 5 of the Business and Professions Code, to read:

Article 1. Point-Of-Sale Displays

SEC. 2. Section 13300 of the Business and Professions Code is amended to read:

13300. (a) The operator of a business establishment that uses a point-of-sale system to sell goods or services to consumers shall ensure that the price of each good or service to be paid by the consumer is conspicuously displayed to the consumer at the time that the price is interpreted by the system. In any instance in which the business advertises a price reduction or discount regarding an item offered for sale, the checkout system customer indicator shall display either the discounted price for that item, or alternatively, the regular price and a credit or reduction of the advertised savings. Any surcharges and the total value

to be charged for the overall transaction also shall be displayed for the consumer at least once before the consumer is required to pay for the goods or services. The checkout system customer indicator shall be so positioned, and the prices and amounts displayed shall be of a size and form, as to be easily viewable from a typical and reasonable customer position at each checkout location.

(b) For the purposes of this section, "point-of-sale system" means any computer or electronic system used by a retail establishment such as, but not limited to, Universal Product Code scanners, price lookup codes, or an electronic price lookup system as a means for determining the price of the item being purchased by a consumer.

(c) All point-of-sale systems used by a business establishment on and after January 1, 2007, shall comply with the requirement of subdivision (a).

SEC. 3. The heading of Chapter 13.5 (commencing with Section 13350) of Division 5 of the Business and Professions Code is repealed.

SEC. 4. The heading of Article 2 (commencing with Section 13350) is added to Chapter 13 of Division 5 of the Business and Professions Code, to read:

Article 2. Point-Of-Sale System Accuracy Verification

SEC. 5. Section 13352 of the Business and Professions Code is amended to read:

13352. For purposes of this chapter, "point-of-sale" system means any computer or electronic system used by a retail establishment such as, but not limited to, Universal Product Code scanners, price lookup codes, or an electronic price lookup system as a means for determining the price of the item being purchased by a consumer.

SEC. 6. Section 7100 of the Civil Code is amended to read:

7100. (a) Every retail grocery store or grocery department within a general retail merchandise store which uses a point-of-sale system shall cause to have a clearly readable price indicated on 85 percent of the total number of packaged consumer commodities offered for sale which are not exempt pursuant to subdivision (b).

The management of any such retail grocery store or grocery department shall determine the number of consumer commodities normally offered for sale on a daily basis, shall determine the consumer commodities to be exempted pursuant to this subdivision, and shall maintain a list of those consumer commodities exempt pursuant to this subdivision. The list shall be made available to a designated representative of the appropriate local union, the members of which are responsible for item pricing, in those stores or departments that have collective bargaining

agreements, seven days prior to an item or items being exempted pursuant to this subdivision. In addition, the list shall be available and posted in a prominent place in the store seven days prior to an item or items being exempted pursuant to this subdivision.

(b) The provisions of this section shall not apply to any of the following:

(1) Any consumer commodity which was not generally item-priced on January 1, 1977, as determined by the Department of Food and Agriculture pursuant to subdivision (c) of Section 12604.5 of the Business and Professions Code, as in effect July 8, 1977.

(2) Any unpackaged fresh food produce, or to consumer commodities which are under three cubic inches in size, weigh less than three ounces, and are priced under forty cents ($0.40).

(3) Any consumer commodity offered as a sale item or as a special.

(4) Any business which has as its only regular employees the owner thereof, or the parent, spouse, or child of such owner, or, in addition thereto, not more than two other regular employees.

(5) Identical items within a multi-item package.

(6) Items sold through a vending machine.

(c) For the purposes of this section:

(1) "Point-of-sale system" means any computer or electronic system used by a retail establishment such as, but not limited to, Universal Product Code scanners, price lookup codes, or an electronic price lookup system as a means for determining the price of the item being purchased by a consumer.

(2) "Consumer commodity" includes:

(A) Food, including all material whether solid, liquid, or mixed, and whether simple or compound, which is used or intended for consumption by human beings or domestic animals normally kept as household pets, and all substances or ingredients added to any such material for any purpose. This definition shall not apply to individual packages of cigarettes or individual cigars.

(B) Napkins, facial tissues, toilet tissues, foil wrapping, plastic wrapping, paper toweling, and disposable plates and cups.

(C) Detergents, soaps, and other cleaning agents.

(D) Pharmaceuticals, including nonprescription drugs, bandages, female hygiene products, and toiletries.

(3) "Grocery department" means an area within a general retail merchandise store which is engaged primarily in the retail sale of packaged food, rather than food prepared for immediate consumption on or off the premises.

(4) "Grocery store" means a store engaged primarily in the retail sale of packaged food, rather than food prepared for consumption on the premises.

(5) "Sale item or special" means any consumer commodity offered in good faith for a period of 14 days or less, on sale at a price below the normal price that item is usually sold for in that store. The Department of Food and Agriculture shall determine the normal length of a sale held for consumer commodities generally item priced on January 1, 1977, in stores regulated pursuant to this chapter, and that period shall be used for the purposes of this subdivision. The department's determination as to the normal length of a sale shall be binding for the purposes of this section, but each such determination shall not exceed seven days.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 567

An act to amend Section 6450 of the Business and Professions Code, to amend Sections 896, 1798.24, 2982, and 2982.2 of the Civil Code, to amend Sections 170.3, 209, 416.10, 904.1, 904.2, 1276, 1277, 1278, 1278.5, and 1279.5 of the Code of Civil Procedure, to amend Section 9321 of the Commercial Code, to amend Section 5220 of the Corporations Code, to amend Sections 12585, 12599, 12599.1, and 12599.2 of, and to add Sections 68756 and 76225 to, the Government Code, to amend Section 959.1 of the Penal Code, to amend Sections 11709.2 and 11713.21 of the Vehicle Code, and to amend Sections 366.3 and 15657.03 of the Welfare and Institutions Code, relating to the judiciary.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 6450 of the Business and Professions Code is amended to read:

6450. (a) "Paralegal" means a person who holds himself or herself out to be a paralegal, who is qualified by education, training, or work experience, who either contracts with or is employed by an attorney, law firm, corporation, governmental agency, or other entity, and who performs substantial legal work under the direction and supervision of an active member of the State Bar of California, as defined in Section 6060, or an attorney practicing law in the federal courts of this state, that has been specifically delegated by the attorney to him or her. Tasks performed by a paralegal include, but are not limited to, case planning, development, and management; legal research; interviewing clients; fact gathering and retrieving information; drafting and analyzing legal documents; collecting, compiling, and utilizing technical information to make an independent decision and recommendation to the supervising attorney; and representing clients before a state or federal administrative agency if that representation is permitted by statute, court rule, or administrative rule or regulation.

(b) Notwithstanding subdivision (a), a paralegal shall not do the following:

(1) Provide legal advice.

(2) Represent a client in court.

(3) Select, explain, draft, or recommend the use of any legal document to or for any person other than the attorney who directs and supervises the paralegal.

(4) Act as a runner or capper, as defined in Sections 6151 and 6152.

(5) Engage in conduct that constitutes the unlawful practice of law.

(6) Contract with, or be employed by, a natural person other than an attorney to perform paralegal services.

(7) In connection with providing paralegal services, induce a person to make an investment, purchase a financial product or service, or enter a transaction from which income or profit, or both, purportedly may be derived.

(8) Establish the fees to charge a client for the services the paralegal performs, which shall be established by the attorney who supervises the paralegal's work. This paragraph does not apply to fees charged by a paralegal in a contract to provide paralegal services to an attorney, law firm, corporation, governmental agency, or other entity as provided in subdivision (a).

(c) A paralegal shall possess at least one of the following:

(1) A certificate of completion of a paralegal program approved by the American Bar Association.

(2) A certificate of completion of a paralegal program at, or a degree from, a postsecondary institution that requires the successful completion of a minimum of 24 semester, or equivalent, units in law-related courses

and that has been accredited by a national or regional accrediting organization or approved by the Bureau for Private Postsecondary and Vocational Education.

(3) A baccalaureate degree or an advanced degree in any subject, a minimum of one year of law-related experience under the supervision of an attorney who has been an active member of the State Bar of California for at least the preceding three years or who has practiced in the federal courts of this state for at least the preceding three years, and a written declaration from this attorney stating that the person is qualified to perform paralegal tasks.

(4) A high school diploma or general equivalency diploma, a minimum of three years of law-related experience under the supervision of an attorney who has been an active member of the State Bar of California for at least the preceding three years or who has practiced in the federal courts of this state for at least the preceding three years, and a written declaration from this attorney stating that the person is qualified to perform paralegal tasks. This experience and training shall be completed no later than December 31, 2003.

(d) Every two years, commencing January 1, 2007, any person that is working as a paralegal shall be required to certify completion of four hours of mandatory continuing legal education in legal ethics and four hours of mandatory continuing legal education in either general law or in an area of specialized law. All continuing legal education courses shall meet the requirements of Section 6070. Certification of these continuing education requirements shall be made with the paralegal's supervising attorney. The paralegal shall be responsible for keeping a record of the paralegal's certifications.

(e) A paralegal does not include a nonlawyer who provides legal services directly to members of the public, or a legal document assistant or unlawful detainer assistant as defined in Section 6400, unless the person is a person described in subdivision (a).

(f) This section shall become operative on January 1, 2004.

SEC. 2. Section 896 of the Civil Code is amended to read:

896. In any action seeking recovery of damages arising out of, or related to deficiencies in, the residential construction, design, specifications, surveying, planning, supervision, testing, or observation of construction, a builder, and to the extent set forth in Chapter 4 (commencing with Section 910), a general contractor, subcontractor, material supplier, individual product manufacturer, or design professional, shall, except as specifically set forth in this title, be liable for, and the claimant's claims or causes of action shall be limited to violation of, the following standards, except as specifically set forth in this title. This title applies to original construction intended to be sold as an individual

dwelling unit. As to condominium conversions, this title does not apply to or does not supersede any other statutory or common law.

(a) With respect to water issues:

(1) A door shall not allow unintended water to pass beyond, around, or through the door or its designed or actual moisture barriers, if any.

(2) Windows, patio doors, deck doors, and their systems shall not allow water to pass beyond, around, or through the window, patio door, or deck door or its designed or actual moisture barriers, including, without limitation, internal barriers within the systems themselves. For purposes of this paragraph, "systems" include, without limitation, windows, window assemblies, framing, substrate, flashings, and trim, if any.

(3) Windows, patio doors, deck doors, and their systems shall not allow excessive condensation to enter the structure and cause damage to another component. For purposes of this paragraph, "systems" include, without limitation, windows, window assemblies, framing, substrate, flashings, and trim, if any.

(4) Roofs, roofing systems, chimney caps, and ventilation components shall not allow water to enter the structure or to pass beyond, around, or through the designed or actual moisture barriers, including, without limitation, internal barriers located within the systems themselves. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, and sheathing, if any.

(5) Decks, deck systems, balconies, balcony systems, exterior stairs, and stair systems shall not allow water to pass into the adjacent structure. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashing, and sheathing, if any.

(6) Decks, deck systems, balconies, balcony systems, exterior stairs, and stair systems shall not allow unintended water to pass within the systems themselves and cause damage to the systems. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashing, and sheathing, if any.

(7) Foundation systems and slabs shall not allow water or vapor to enter into the structure so as to cause damage to another building component.

(8) Foundation systems and slabs shall not allow water or vapor to enter into the structure so as to limit the installation of the type of flooring materials typically used for the particular application.

(9) Hardscape, including paths and patios, irrigation systems, landscaping systems, and drainage systems, that are installed as part of the original construction, shall not be installed in such a way as to cause water or soil erosion to enter into or come in contact with the structure so as to cause damage to another building component.

(10) Stucco, exterior siding, exterior walls, including, without limitation, exterior framing, and other exterior wall finishes and fixtures and the systems of those components and fixtures, including, but not limited to, pot shelves, horizontal surfaces, columns, and plant-ons, shall be installed in such a way so as not to allow unintended water to pass into the structure or to pass beyond, around, or through the designed or actual moisture barriers of the system, including any internal barriers located within the system itself. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashings, trim, wall assemblies, and internal wall cavities, if any.

(11) Stucco, exterior siding, and exterior walls shall not allow excessive condensation to enter the structure and cause damage to another component. For purposes of this paragraph, "systems" include, without limitation, framing, substrate, flashings, trim, wall assemblies, and internal wall cavities, if any.

(12) Retaining and site walls and their associated drainage systems shall not allow unintended water to pass beyond, around, or through its designed or actual moisture barriers including, without limitation, any internal barriers, so as to cause damage. This standard does not apply to those portions of any wall or drainage system that are designed to have water flow beyond, around, or through them.

(13) Retaining walls and site walls, and their associated drainage systems, shall only allow water to flow beyond, around, or through the areas designated by design.

(14) The lines and components of the plumbing system, sewer system, and utility systems shall not leak.

(15) Plumbing lines, sewer lines, and utility lines shall not corrode so as to impede the useful life of the systems.

(16) Sewer systems shall be installed in such a way as to allow the designated amount of sewage to flow through the system.

(17) Showers, baths, and related waterproofing systems shall not leak water into the interior of walls, flooring systems, or the interior of other components.

(18) The waterproofing system behind or under ceramic tile and tile countertops shall not allow water into the interior of walls, flooring systems, or other components so as to cause damage. Ceramic tile systems shall be designed and installed so as to deflect intended water to the waterproofing system.

(b) With respect to structural issues:

(1) Foundations, load bearing components, and slabs, shall not contain significant cracks or significant vertical displacement.

(2) Foundations, load bearing components, and slabs shall not cause the structure, in whole or in part, to be structurally unsafe.

(3) Foundations, load bearing components, and slabs, and underlying soils shall be constructed so as to materially comply with the design criteria set by applicable government building codes, regulations, and ordinances for chemical deterioration or corrosion resistance in effect at the time of original construction.

(4) A structure shall be constructed so as to materially comply with the design criteria for earthquake and wind load resistance, as set forth in the applicable government building codes, regulations, and ordinances in effect at the time of original construction.

(c) With respect to soil issues:

(1) Soils and engineered retaining walls shall not cause, in whole or in part, damage to the structure built upon the soil or engineered retaining wall.

(2) Soils and engineered retaining walls shall not cause, in whole or in part, the structure to be structurally unsafe.

(3) Soils shall not cause, in whole or in part, the land upon which no structure is built to become unusable for the purpose represented at the time of original sale by the builder or for the purpose for which that land is commonly used.

(d) With respect to fire protection issues:

(1) A structure shall be constructed so as to materially comply with the design criteria of the applicable government building codes, regulations, and ordinances for fire protection of the occupants in effect at the time of the original construction.

(2) Fireplaces, chimneys, chimney structures, and chimney termination caps shall be constructed and installed in such a way so as not to cause an unreasonable risk of fire outside the fireplace enclosure or chimney.

(3) Electrical and mechanical systems shall be constructed and installed in such a way so as not to cause an unreasonable risk of fire.

(e) With respect to plumbing and sewer issues:

Plumbing and sewer systems shall be installed to operate properly and shall not materially impair the use of the structure by its inhabitants. However, no action may be brought for a violation of this subdivision more than four years after close of escrow.

(f) With respect to electrical system issues:

Electrical systems shall operate properly and shall not materially impair the use of the structure by its inhabitants. However, no action shall be brought pursuant to this subdivision more than four years from close of escrow.

(g) With respect to issues regarding other areas of construction:

(1) Exterior pathways, driveways, hardscape, sidewalls, sidewalks, and patios installed by the original builder shall not contain cracks that display significant vertical displacement or that are excessive. However,

no action shall be brought upon a violation of this paragraph more than four years from close of escrow.

(2) Stucco, exterior siding, and other exterior wall finishes and fixtures, including, but not limited to, pot shelves, horizontal surfaces, columns, and plant-ons, shall not contain significant cracks or separations.

(3) (A) To the extent not otherwise covered by these standards, manufactured products, including, but not limited to, windows, doors, roofs, plumbing products and fixtures, fireplaces, electrical fixtures, HVAC units, countertops, cabinets, paint, and appliances shall be installed so as not to interfere with the products' useful life, if any.

(B) For purposes of this paragraph, "useful life" means a representation of how long a product is warranted or represented, through its limited warranty or any written representations, to last by its manufacturer, including recommended or required maintenance. If there is no representation by a manufacturer, a builder shall install manufactured products so as not to interfere with the product's utility.

(C) For purposes of this paragraph, "manufactured product" means a product that is completely manufactured offsite.

(D) If no useful life representation is made, or if the representation is less than one year, the period shall be no less than one year. If a manufactured product is damaged as a result of a violation of these standards, damage to the product is a recoverable element of damages. This subparagraph does not limit recovery if there has been damage to another building component caused by a manufactured product during the manufactured product's useful life.

(E) This title does not apply in any action seeking recovery solely for a defect in a manufactured product located within or adjacent to a structure.

(4) Heating, if any, shall be installed so as to be capable of maintaining a room temperature of 70 degrees Fahrenheit at a point three feet above the floor in any living space.

(5) Living space air-conditioning, if any, shall be provided in a manner consistent with the size and efficiency design criteria specified in Title 24 of the California Code of Regulations or its successor.

(6) Attached structures shall be constructed to comply with interunit noise transmission standards set by the applicable government building codes, ordinances, or regulations in effect at the time of the original construction. If there is no applicable code, ordinance, or regulation, this paragraph does not apply. However, no action shall be brought pursuant to this paragraph more than one year from the original occupancy of the adjacent unit.

(7) Irrigation systems and drainage shall operate properly so as not to damage landscaping or other external improvements. However, no

action shall be brought pursuant to this paragraph more than one year from close of escrow.

(8) Untreated wood posts shall not be installed in contact with soil so as to cause unreasonable decay to the wood based upon the finish grade at the time of original construction. However, no action shall be brought pursuant to this paragraph more than two years from close of escrow.

(9) Untreated steel fences and adjacent components shall be installed so as to prevent unreasonable corrosion. However, no action shall be brought pursuant to this paragraph more than four years from close of escrow.

(10) Paint and stains shall be applied in such a manner so as not to cause deterioration of the building surfaces for the length of time specified by the paint or stain manufacturers' representations, if any. However, no action shall be brought pursuant to this paragraph more than five years from close of escrow.

(11) Roofing materials shall be installed so as to avoid materials falling from the roof.

(12) The landscaping systems shall be installed in such a manner so as to survive for not less than one year. However, no action shall be brought pursuant to this paragraph more than two years from close of escrow.

(13) Ceramic tile and tile backing shall be installed in such a manner that the tile does not detach.

(14) Dryer ducts shall be installed and terminated pursuant to manufacturer installation requirements. However, no action shall be brought pursuant to this paragraph more than two years from close of escrow.

(15) Structures shall be constructed in such a manner so as not to impair the occupants' safety because they contain public health hazards as determined by a duly authorized public health official, health agency, or governmental entity having jurisdiction. This paragraph does not limit recovery for any damages caused by a violation of any other paragraph of this section on the grounds that the damages do not constitute a health hazard.

SEC. 2.5. Section 1798.24 of the Civil Code is amended to read:

1798.24. No agency may disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains unless the information is disclosed, as follows:

(a) To the individual to whom the information pertains.

(b) With the prior written voluntary consent of the individual to whom the record pertains, but only if that consent has been obtained not more

than 30 days before the disclosure, or in the time limit agreed to by the individual in the written consent.

(c) To the duly appointed guardian or conservator of the individual or a person representing the individual if it can be proven with reasonable certainty through the possession of agency forms, documents or correspondence that this person is the authorized representative of the individual to whom the information pertains.

(d) To those officers, employees, attorneys, agents, or volunteers of the agency that has custody of the information if the disclosure is relevant and necessary in the ordinary course of the performance of their official duties and is related to the purpose for which the information was acquired.

(e) To a person, or to another agency where the transfer is necessary for the transferee agency to perform its constitutional or statutory duties, and the use is compatible with a purpose for which the information was collected and the use or transfer is accounted for in accordance with Section 1798.25. With respect to information transferred from a law enforcement or regulatory agency, or information transferred to another law enforcement or regulatory agency, a use is compatible if the use of the information requested is needed in an investigation of unlawful activity under the jurisdiction of the requesting agency or for licensing, certification, or regulatory purposes by that agency.

(f) To a governmental entity when required by state or federal law.

(g) Pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(h) To a person who has provided the agency with advance, adequate written assurance that the information will be used solely for statistical research or reporting purposes, but only if the information to be disclosed is in a form that will not identify any individual.

(i) Pursuant to a determination by the agency that maintains information that compelling circumstances exist that affect the health or safety of an individual, if upon the disclosure notification is transmitted to the individual to whom the information pertains at his or her last known address. Disclosure shall not be made if it is in conflict with other state or federal laws.

(j) To the State Archives as a record that has sufficient historical or other value to warrant its continued preservation by the California state government, or for evaluation by the Director of General Services or his or her designee to determine whether the record has further administrative, legal, or fiscal value.

(k) To any person pursuant to a subpoena, court order, or other compulsory legal process if, before the disclosure, the agency reasonably

attempts to notify the individual to whom the record pertains, and if the notification is not prohibited by law.

(*l*) To any person pursuant to a search warrant.

(m) Pursuant to Article 3 (commencing with Section 1800) of Chapter 1 of Division 2 of the Vehicle Code.

(n) For the sole purpose of verifying and paying government health care service claims made pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code.

(o) To a law enforcement or regulatory agency when required for an investigation of unlawful activity or for licensing, certification, or regulatory purposes, unless the disclosure is otherwise prohibited by law.

(p) To another person or governmental organization to the extent necessary to obtain information from the person or governmental organization as necessary for an investigation by the agency of a failure to comply with a specific state law that the agency is responsible for enforcing.

(q) To an adopted person and is limited to general background information pertaining to the adopted person's natural parents, provided that the information does not include or reveal the identity of the natural parents.

(r) To a child or a grandchild of an adopted person and disclosure is limited to medically necessary information pertaining to the adopted person's natural parents. However, the information, or the process for obtaining the information, shall not include or reveal the identity of the natural parents. The State Department of Social Services shall adopt regulations governing the release of information pursuant to this subdivision by July 1, 1985. The regulations shall require licensed adoption agencies to provide the same services provided by the department as established by this subdivision.

(s) To a committee of the Legislature or to a Member of the Legislature, or his or her staff when authorized in writing by the member, where the member has permission to obtain the information from the individual to whom it pertains or where the member provides reasonable assurance that he or she is acting on behalf of the individual.

(t) (1) To the University of California or a nonprofit educational institution conducting scientific research, provided the request for information is approved by the Committee for the Protection of Human Subjects (CPHS) for the California Health and Human Services Agency (CHHSA). The CPHS approval required under this subdivision shall include a review and determination that all the following criteria have been satisfied:

(A) The researcher has provided a plan sufficient to protect personal information from improper use and disclosures, including sufficient administrative, physical, and technical safeguards to protect personal information from reasonable anticipated threats to the security or confidentiality of the information.

(B) The researcher has provided a sufficient plan to destroy or return all personal information as soon as it is no longer needed for the research project, unless the researcher has demonstrated an ongoing need for the personal information for the research project and has provided a long-term plan sufficient to protect the confidentiality of that information.

(C) The researcher has provided sufficient written assurances that the personal information will not be reused or disclosed to any other person or entity, or used in any manner, not approved in the research protocol, except as required by law or for authorized oversight of the research project.

(2) The CPHS shall, at a minimum, accomplish all of the following as part of its review and approval of the research project for the purpose of protecting personal information held in agency databases:

(A) Determine whether the requested personal information is needed to conduct the research.

(B) Permit access to personal information only if it is needed for the research project.

(C) Permit access only to the minimum necessary personal information needed for the research project.

(D) Require the assignment of unique subject codes that are not derived from personal information in lieu of social security numbers if the research can still be conducted without social security numbers.

(E) If feasible, and if cost, time, and technical expertise permit, require the agency to conduct a portion of the data processing for the researcher to minimize the release of personal information.

(3) Reasonable costs to the agency associated with the agency's process of protecting personal information under the conditions of CPHS approval may be billed to the researcher, including, but not limited to, the agency's costs for conducting a portion of the data processing for the researcher, removing personal information, encrypting or otherwise securing personal information, or assigning subject codes.

(4) The CPHS may enter into written agreements to enable other institutional review boards to provide the data security approvals required by this subdivision, provided the data security requirements set forth in this subdivision are satisfied.

(u) To an insurer if authorized by Chapter 5 (commencing with Section 10900) of Division 4 of the Vehicle Code.

(v) Pursuant to Section 1909, 8009, or 18396 of the Financial Code.

This article shall not be construed to require the disclosure of personal information to the individual to whom the information pertains when that information may otherwise be withheld as set forth in Section 1798.40.

SEC. 3. Section 2982 of the Civil Code, as amended by Section 3 of Chapter 128 of the Statutes of 2005, is amended to read:

2982. A conditional sale contract subject to this chapter shall contain the disclosures required by Regulation Z, whether or not Regulation Z applies to the transaction. In addition, to the extent applicable, the contract shall contain the other disclosures and notices required by, and shall satisfy the requirements and limitations of, this section. The disclosures required by subdivision (a) may be itemized or subtotaled to a greater extent than as required by that subdivision and shall be made together and in the sequence set forth in that subdivision. All other disclosures and notices may appear in the contract in any location or sequence and may be combined or interspersed with other provisions of the contract.

(a) The contract shall contain the following disclosures, as applicable, which shall be labeled "itemization of the amount financed:"

(1) (A) The cash price, exclusive of document preparation fees, business partnership automation fees, taxes imposed on the sale, pollution control certification fees, prior credit or lease balance on property being traded in, the amount charged for a service contract, the amount charged for a theft deterrent system, the amount charged for a surface protection product, the amount charged for an optional debt cancellation agreement, and the amount charged for a contract cancellation option agreement.

(B) The fee to be retained by the seller for document preparation.

(C) The fee charged by the seller for certifying that the motor vehicle complies with applicable pollution control requirements.

(D) A charge for a theft deterrent device.

(E) A charge for a surface protection product.

(F) Taxes imposed on the sale.

(G) The amount of any optional business partnership automation fee to register or transfer the vehicle, which shall be labeled "Optional DMV Electronic Filing Fee."

(H) The amount charged for a service contract.

(I) The prior credit or lease balance remaining on property being traded in, as required by paragraph (6). The disclosure required by this subparagraph shall be labeled "prior credit or lease balance (see downpayment and trade-in calculation)."

(J) Any charge for an optional debt cancellation agreement.

(K) Any charge for a used vehicle contract cancellation option agreement.

(L) The total cash price, which is the sum of subparagraphs (A) to (K), inclusive.

(M) The disclosures described in subparagraphs (D), (E), and (K) are not required on contracts involving the sale of a motorcycle, as defined in Section 400 of the Vehicle Code, or on contracts involving the sale of an off-highway motor vehicle that is subject to identification under Section 38010 of the Vehicle Code, and the amounts of those charges, if any, are not required to be reflected in the total price under subparagraph (L).

(2) Amounts paid to public officials for the following:

(A) Vehicle license fees.

(B) Registration, transfer, and titling fees.

(C) California tire fees imposed pursuant to Section 42885 of the Public Resources Code.

(3) The aggregate amount of premiums agreed, upon execution of the contract, to be paid for policies of insurance included in the contract, excluding the amount of any insurance premium included in the finance charge.

(4) The amount of the state fee for issuance of a certificate of compliance, noncompliance, exemption, or waiver pursuant to any applicable pollution control statute.

(5) A subtotal representing the sum of the foregoing items.

(6) The amount of the buyer's downpayment itemized to show the following:

(A) The agreed value of the property being traded in.

(B) The prior credit or lease balance, if any, owing on the property being traded in.

(C) The net agreed value of the property being traded in, which is the difference between the amounts disclosed in subparagraphs (A) and (B). If the prior credit or lease balance of the property being traded in exceeds the agreed value of the property, a negative number shall be stated.

(D) The amount of any portion of the downpayment to be deferred until not later than the due date of the second regularly scheduled installment under the contract and that is not subject to a finance charge.

(E) The amount of any manufacturer's rebate applied or to be applied to the downpayment.

(F) The remaining amount paid or to be paid by the buyer as a downpayment.

(G) The total downpayment. If the sum of subparagraphs (C) to (F), inclusive, is zero or more, that sum shall be stated as the total downpayment and no amount shall be stated as the prior credit or lease balance under subparagraph (I) of paragraph (1). If the sum of subparagraphs (C) to (F), inclusive, is less than zero, then that sum,

expressed as a positive number, shall be stated as the prior credit or lease balance under subparagraph (I) of paragraph (1), and zero shall be stated as the total downpayment. The disclosure required by this subparagraph shall be labeled "total downpayment" and shall contain a descriptor indicating that if the total downpayment is a negative number, a zero shall be disclosed as the total downpayment and a reference made that the remainder shall be included in the disclosure required pursuant to subparagraph (I) of paragraph (1).

(7) The amount of any administrative finance charge, labeled "prepaid finance charge."

(8) The difference between item (5) and the sum of items (6) and (7), labeled "amount financed."

(b) No particular terminology is required to disclose the items set forth in subdivision (a) except as expressly provided in that subdivision.

(c) If payment of all or a portion of the downpayment is to be deferred, the deferred payment shall be reflected in the payment schedule disclosed pursuant to Regulation Z.

(d) If the downpayment includes property being traded in, the contract shall contain a brief description of that property.

(e) The contract shall contain the names and addresses of all persons to whom the notice required under Section 2983.2 and permitted under Sections 2983.5 and 2984 is to be sent.

(f) (1) If the contract includes a finance charge determined on the precomputed basis, the contract shall identify the method of computing the unearned portion of the finance charge in the event of prepayment in full of the buyer's obligation and contain a statement of the amount or method of computation of any charge that may be deducted from the amount of any unearned finance charge in computing the amount that will be credited to the obligation or refunded to the buyer. The method of computing the unearned portion of the finance charge shall be sufficiently identified with a reference to the actuarial method if the computation will be under that method. The method of computing the unearned portion of the finance charge shall be sufficiently identified with a reference to the Rule of 78's, the sum of the digits, or the sum of the periodic time balances method in all other cases, and those references shall be deemed to be equivalent for disclosure purposes.

(2) If the contract includes a finance charge that is determined on the simple-interest basis but provides for a minimum finance charge in the event of prepayment in full, the contract shall contain a statement of that fact and the amount of the minimum finance charge or its method of calculation.

(g) (1) If the contract includes a finance charge that is determined on the precomputed basis and provides that the unearned portion of the

finance charge to be refunded upon full prepayment of the contract is to be determined by a method other than actuarial, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time and obtain a partial refund of the finance charge if it is $1 or more. Because of the way the amount of this refund will be figured, the time when you prepay could increase the ultimate cost of credit under this agreement. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(2) If the contract includes a finance charge that is determined on the precomputed basis and provides for the actuarial method for computing the unearned portion of the finance charge upon prepayment in full, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time and obtain a partial refund of the finance charge if it is $1 or more. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(3) If the contract includes a finance charge that is determined on the simple-interest basis, the contract shall contain a notice, in at least 10-point boldface type if the contract is printed, reading as follows: "Notice to buyer: (1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled-in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement."

(h) The contract shall contain a notice in at least 8-point boldface type, acknowledged by the buyer, that reads as follows:

"If you have a complaint concerning this sale, you should try to resolve it with the seller.

Complaints concerning unfair or deceptive practices or methods by the seller may be referred to the city attorney, the district attorney, or an investigator for the Department of Motor Vehicles, or any combination thereof.

After this contract is signed, the seller may not change the financing or payment terms unless you agree in writing to the change. You do not have to agree to any change, and it is an unfair or deceptive practice for the seller to make a unilateral change.

_____

Buyer's Signature"

(i) (1) The contract shall contain an itemization of any insurance included as part of the amount financed disclosed pursuant to paragraph (3) of subdivision (a) and of any insurance included as part of the finance charge. The itemization shall identify the type of insurance coverage and the premium charged therefor, and, if the insurance expires before the date of the last scheduled installment included in the repayment schedule, the term of the insurance shall be stated.

(2) If any charge for insurance, other than for credit life or disability, is included in the contract balance and disbursement of any part thereof is to be made more than one year after the date of the conditional sale contract, any finance charge on the amount to be disbursed after one year shall be computed from the month the disbursement is to be made to the due date of the last installment under the conditional sale contract.

(j) (1) Except for contracts in which the finance charge or portion thereof is determined by the simple-interest basis and the amount financed disclosed pursuant to paragraph (8) of subdivision (a) is more than two thousand five hundred dollars ($2,500), the dollar amount of the disclosed finance charge may not exceed the greater of:

(A) (i) One and one-half percent on so much of the unpaid balance as does not exceed two hundred twenty-five dollars ($225), 1 ⅙ percent on so much of the unpaid balance in excess of two hundred twenty-five dollars ($225) as does not exceed nine hundred dollars ($900) and five-sixths of 1 percent on so much of the unpaid balance in excess of nine hundred dollars ($900) as does not exceed two thousand five hundred dollars ($2,500).

(ii) One percent of the entire unpaid balance; multiplied in either case by the number of months (computed on the basis of a full month for any fractional month period in excess of 15 days) elapsing between the date of the contract and the due date of the last installment.

(B) If the finance charge is determined by the precomputed basis, twenty-five dollars ($25).

(C) If the finance charge or a portion thereof is determined by the simple-interest basis:

(i) Twenty-five dollars ($25) if the unpaid balance does not exceed one thousand dollars ($1,000).

(ii) Fifty dollars ($50) if the unpaid balance exceeds one thousand dollars ($1,000) but does not exceed two thousand dollars ($2,000).

(iii) Seventy-five dollars ($75) if the unpaid balance exceeds two thousand dollars ($2,000).

(2) The holder of the contract may not charge, collect, or receive a finance charge that exceeds the disclosed finance charge, except to the extent (A) caused by the holder's receipt of one or more payments under a contract that provides for determination of the finance charge or a portion thereof on the 365-day basis at a time or times other than as originally scheduled whether or not the parties enter into an agreement pursuant to Section 2982.3, (B) permitted by paragraph (2), (3), or (4) of subdivision (c) of Section 226.17 of Regulation Z, or (C) permitted by subdivisions (a) and (c) of Section 2982.8.

(3) If the finance charge or a portion thereof is determined by the simple-interest basis and the amount of the unpaid balance exceeds five thousand dollars ($5,000), the holder of the contract may, in lieu of its right to a minimum finance charge under subparagraph (C) of paragraph (1), charge, receive, or collect on the date of the contract an administrative finance charge not to exceed seventy-five dollars ($75), provided that the sum of the administrative finance charge and the portion of the finance charge determined by the simple-interest basis shall not exceed the maximum total finance charge permitted by subparagraph (A) of paragraph (1). Any administrative finance charge that is charged, received, or collected by a holder shall be deemed a finance charge earned on the date of the contract.

(4) If a contract provides for unequal or irregular payments, or payments on other than a monthly basis, the maximum finance charge shall be at the effective rate provided for in paragraph (1), having due regard for the schedule of installments.

(k) The contract may provide that for each installment in default for a period of not less than 10 days the buyer shall pay a delinquency charge in an amount not to exceed in the aggregate 5 percent of the delinquent installment, which amount may be collected only once on any installment regardless of the period during which it remains in default. Payments timely received by the seller under an extension or deferral agreement may not be subject to a delinquency charge unless the charge is permitted by Section 2982.3. The contract may provide for reasonable collection costs and fees in the event of delinquency.

(*l*) Notwithstanding any provision of a contract to the contrary, the buyer may pay at any time before maturity the entire indebtedness evidenced by the contract without penalty. In the event of prepayment in full:

(1) If the finance charge was determined on the precomputed basis, the amount required to prepay the contract shall be the outstanding contract balance as of that date, provided, however, that the buyer shall be entitled to a refund credit in the amount of the unearned portion of the finance charge, except as provided in paragraphs (3) and (4). The amount of the unearned portion of the finance charge shall be at least as great a proportion of the finance charge, including any additional finance charge imposed pursuant to Section 2982.8 or other additional charge imposed because the contract has been extended, deferred, or refinanced, as the sum of the periodic monthly time balances payable more than 15 days after the date of prepayment bears to the sum of all the periodic monthly time balances under the schedule of installments in the contract or, if the contract has been extended, deferred, or refinanced, as so extended, deferred, or refinanced. If the amount of the refund credit is less than one dollar ($1), no refund credit need be made by the holder. Any refund credit may be made in cash or credited to the outstanding obligations of the buyer under the contract.

(2) If the finance charge or a portion thereof was determined on the simple-interest basis, the amount required to prepay the contract shall be the outstanding contract balance as of that date, including any earned finance charges that are unpaid as of that date and, if applicable, the amount provided in paragraph (3), and provided further that in cases where a finance charge is determined on the 360-day basis, the payments theretofore received will be assumed to have been received on their respective due dates regardless of the actual dates on which the payments were received.

(3) Where the minimum finance charge provided by subparagraph (B) or subparagraph (C) of paragraph (1) of subdivision (j), if either is applicable, is greater than the earned finance charge as of the date of prepayment, the holder shall be additionally entitled to the difference.

(4) The provisions of this subdivision may not impair the right of the seller or the seller's assignee to receive delinquency charges on delinquent installments and reasonable costs and fees as provided in subdivision (k) or extension or deferral agreement charges as provided in Section 2982.3.

(5) Notwithstanding any provision of a contract to the contrary, whenever the indebtedness created by any contract is satisfied prior to its maturity through surrender of the motor vehicle, repossession of the motor vehicle, redemption of the motor vehicle after repossession, or

any judgment, the outstanding obligation of the buyer shall be determined as provided in paragraph (1) or (2). Notwithstanding, the buyer's outstanding obligation shall be computed by the holder as of the date the holder recovers the value of the motor vehicle through disposition thereof or judgment is entered or, if the holder elects to keep the motor vehicle in satisfaction of the buyer's indebtedness, as of the date the holder takes possession of the motor vehicle.

(m) Notwithstanding any other provision of this chapter to the contrary, any information required to be disclosed in a conditional sale contract under this chapter may be disclosed in any manner, method, or terminology required or permitted under Regulation Z, as in effect at the time that disclosure is made, except that permitted by paragraph (2) of subdivision (c) of Section 226.18 of Regulation Z, provided that all of the requirements and limitations set forth in subdivision (a) of this section are satisfied. This chapter does not prohibit the disclosure in that contract of additional information required or permitted under Regulation Z, as in effect at the time that disclosure is made.

(n) If the seller imposes a fee for document preparation, the contract shall contain a disclosure that the fee is not a governmental fee.

(o) A seller may not impose an application fee for a transaction governed by this chapter.

(p) The seller or holder may charge and collect a fee not to exceed fifteen dollars ($15) for the return by a depository institution of a dishonored check, negotiated order of withdrawal, or share draft issued in connection with the contract, if the contract so provides or if the contract contains a generalized statement that the buyer may be liable for collection costs incurred in connection with the contract.

(q) The contract shall disclose on its face, by printing the word "new" or "used" within a box outlined in red, that is not smaller than one-half inch high and one-half inch wide, whether the vehicle is sold as a new vehicle, as defined in Section 430 of the Vehicle Code, or as a used vehicle, as defined in Section 665 of the Vehicle Code.

(r) The contract shall contain a notice with a heading in at least 12-point bold type and the text in at least 10-point bold type, circumscribed by a line, immediately above the contract signature line, that reads as follows:

THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION.

California law does not provide for a "cooling-off" or other cancellation period for vehicle sales. Therefore, you cannot later cancel this contract simply because you change your mind, decide the vehicle costs too much,

or wish you had acquired a different vehicle. After you sign below, you may only cancel this contract with the agreement of the seller or for legal cause, such as fraud.

However, California law does require a seller to offer a 2-day contract cancellation option on used vehicles with a purchase price of less than $40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details.

SEC. 3.5. Section 2982.2 of the Civil Code is amended to read:

2982.2. (a) Prior to the execution of a conditional sale contract, the seller shall provide to a buyer, and obtain the buyer's signature on, a written disclosure that sets forth the following information:

(1) (A) A description and the price of each item sold if the contract includes a charge for the item.

(B) Subparagraph (A) applies to each item in the following categories:

(i) A service contract.

(ii) An insurance product.

(iii) A debt cancellation agreement.

(iv) A theft deterrent device.

(v) A surface protection product.

(vi) A vehicle contract cancellation option agreement.

(2) The sum of all of the charges disclosed under subdivision (a), labeled "total."

(3) The amount that would be calculated under the contract as the regular installment payment if charges for the items disclosed pursuant to subdivision (a) are not included in the contract. The amount disclosed pursuant to this subdivision shall be labeled "Installment Payment EXCLUDING Listed Items."

(4) The amount that would be calculated under the contract as the regular installment payment if charges for the items disclosed under subdivision (a) are included in the contract. The amount disclosed pursuant to this subdivision shall be labeled "Installment Payment INCLUDING Listed Items."

(b) The disclosures required under this section shall be in at least 10-point type and shall be contained in a document that is separate from the conditional sale contract and a purchase order.

(c) This section does not apply to the sale of a motorcycle as defined in Section 400 of the Vehicle Code or an off-highway vehicle subject to identification under Section 38010 of the Vehicle Code.

SEC. 4. Section 170.3 of the Code of Civil Procedure is amended to read:

170.3. (a) (1) If a judge determines himself or herself to be disqualified, the judge shall notify the presiding judge of the court of his or her recusal and shall not further participate in the proceeding, except as provided in Section 170.4, unless his or her disqualification is waived by the parties as provided in subdivision (b).

(2) If the judge disqualifying himself or herself is the only judge or the presiding judge of the court, the notification shall be sent to the person having authority to assign another judge to replace the disqualified judge.

(b) (1) A judge who determines himself or herself to be disqualified after disclosing the basis for his or her disqualification on the record may ask the parties and their attorneys whether they wish to waive the disqualification, except where the basis for disqualification is as provided in paragraph (2). A waiver of disqualification shall recite the basis for the disqualification, and is effective only when signed by all parties and their attorneys and filed in the record.

(2) There shall be no waiver of disqualification if the basis therefor is either of the following:

(A) The judge has a personal bias or prejudice concerning a party.

(B) The judge served as an attorney in the matter in controversy, or the judge has been a material witness concerning that matter.

(3) The judge shall not seek to induce a waiver and shall avoid any effort to discover which lawyers or parties favored or opposed a waiver of disqualification.

(4) If grounds for disqualification are first learned of or arise after the judge has made one or more rulings in a proceeding, but before the judge has completed judicial action in a proceeding, the judge shall, unless the disqualification be waived, disqualify himself or herself, but in the absence of good cause the rulings he or she has made up to that time shall not be set aside by the judge who replaces the disqualified judge.

(c) (1) If a judge who should disqualify himself or herself refuses or fails to do so, any party may file with the clerk a written verified statement objecting to the hearing or trial before the judge and setting forth the facts constituting the grounds for disqualification of the judge. The statement shall be presented at the earliest practicable opportunity after discovery of the facts constituting the ground for disqualification. Copies of the statement shall be served on each party or his or her attorney who has appeared and shall be personally served on the judge alleged to be disqualified, or on his or her clerk, provided that the judge is present in the courthouse or in chambers.

(2) Without conceding his or her disqualification, a judge whose impartiality has been challenged by the filing of a written statement may request any other judge agreed upon by the parties to sit and act in his or her place.

(3) Within 10 days after the filing or service, whichever is later, the judge may file a consent to disqualification in which case the judge shall notify the presiding judge or the person authorized to appoint a replacement of his or her recusal as provided in subdivision (a), or the judge may file a written verified answer admitting or denying any or all of the allegations contained in the party's statement and setting forth any additional facts material or relevant to the question of disqualification. The clerk shall forthwith transmit a copy of the judge's answer to each party or his or her attorney who has appeared in the action.

(4) A judge who fails to file a consent or answer within the time allowed shall be deemed to have consented to his or her disqualification and the clerk shall notify the presiding judge or person authorized to appoint a replacement of the recusal as provided in subdivision (a).

(5) A judge who refuses to recuse himself or herself shall not pass upon his or her own disqualification or upon the sufficiency in law, fact, or otherwise, of the statement of disqualification filed by a party. In that case, the question of disqualification shall be heard and determined by another judge agreed upon by all the parties who have appeared or, in the event they are unable to agree within five days of notification of the judge's answer, by a judge selected by the chairperson of the Judicial Council, or if the chairperson is unable to act, the vice chairperson. The clerk shall notify the executive officer of the Judicial Council of the need for a selection. The selection shall be made as expeditiously as possible. No challenge pursuant to this subdivision or Section 170.6 may be made against the judge selected to decide the question of disqualification.

(6) The judge deciding the question of disqualification may decide the question on the basis of the statement of disqualification and answer and any written arguments as the judge requests, or the judge may set the matter for hearing as promptly as practicable. If a hearing is ordered, the judge shall permit the parties and the judge alleged to be disqualified to argue the question of disqualification and shall for good cause shown hear evidence on any disputed issue of fact. If the judge deciding the question of disqualification determines that the judge is disqualified, the judge hearing the question shall notify the presiding judge or the person having authority to appoint a replacement of the disqualified judge as provided in subdivision (a).

(d) The determination of the question of the disqualification of a judge is not an appealable order and may be reviewed only by a writ of mandate

from the appropriate court of appeal sought only by the parties to the proceeding. The petition for the writ shall be filed and served within 10 days after service of written notice of entry of the court's order determining the question of disqualification. If the notice of entry is served by mail, that time shall be extended as provided in subdivision (a) of Section 1013.

SEC. 5. Section 209 of the Code of Civil Procedure, as amended by Section 28 of Chapter 75 of the Statutes of 2005, is amended to read:

209. (a) Any prospective trial juror who has been summoned for service, and who fails to attend as directed or to respond to the court or jury commissioner and to be excused from attendance, may be attached and compelled to attend. Following an order to show cause hearing, the court may find the prospective juror in contempt of court, punishable by fine, incarceration, or both, as otherwise provided by law.

(b) In lieu of imposing sanctions for contempt as set forth in subdivision (a), the court may impose reasonable monetary sanctions, as provided in this subdivision, on a prospective juror who has not been excused pursuant to Section 204 after first providing the prospective juror with notice and an opportunity to be heard. If a juror fails to respond to the initial summons within 12 months, the court may issue a second summons indicating that the person failed to appear in response to a previous summons and ordering the person to appear for jury duty. Upon the failure of the juror to appear in response to the second summons, the court may issue a failure to appear notice informing the person that failure to respond may result in the imposition of money sanctions. If the prospective juror does not attend the court within the time period as directed by the failure to appear notice, the court shall issue an order to show cause. Payment of monetary sanctions imposed pursuant to this subdivision does not relieve the person of his or her obligation to perform jury duty.

(c) (1) The court may give notice of its intent to impose sanctions by either of the following means:

(A) Verbally to a prospective juror appearing in person in open court.

(B) The issuance on its own motion of an order to show cause requiring the prospective juror to demonstrate reasons for not imposing sanctions. The court may serve the order to show cause by certified or first-class mail.

(2) The monetary sanctions imposed pursuant to subdivision (b) may not exceed two hundred fifty dollars ($250) for the first violation, seven hundred fifty dollars ($750) for the second violation, and one thousand five hundred dollars ($1,500) for the third and any subsequent violation. Monetary sanctions may not be imposed on a prospective juror more than once during a single juror pool cycle. The prospective juror may

be excused from paying sanctions pursuant to subdivision (b) of Section 204 or in the interests of justice. The full amount of any sanction paid shall be deposited in a bank account established for this purpose by the Administrative Office of the Courts and transmitted from that account monthly to the Controller for deposit in the Trial Court Trust Fund, as provided in Section 68085.1 of the Government Code. It is the intent of the Legislature that the funds derived from the monetary sanctions authorized in this section be allocated, to the extent feasible, to the family courts and the civil courts. The Judicial Council shall, by rule, provide for a procedure by which a prospective juror against whom a sanction has been imposed by default may move to set aside the default.

(d) On or before December 31, 2008, the Judicial Council shall report to the Legislature regarding the effects of the implementation of subdivisions (b) and (c). The report shall include, but not be limited to, information regarding any change in rates of response to juror summons, the amount of moneys collected pursuant to subdivision (c), the efficacy of the default procedures adopted in rules of court, and how, if at all, the Legislature may wish to alter this chapter to further attainment of its objectives.

(e) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 6. Section 209 of the Code of Civil Procedure, as added by Section 2 of Chapter 359 of the Statutes of 2003, is amended to read:

209. Any prospective trial juror who has been summoned for service, and who fails to attend the court as directed or to respond to the court or jury commissioner and to be excused from attendance, may be attached and compelled to attend. Following an order to show cause hearing, the court may find the prospective juror in contempt of court, punishable by fine, incarceration, or both, as otherwise provided by law.

This section shall become operative on January 1, 2010.

SEC. 7. Section 416.10 of the Code of Civil Procedure is amended to read:

416.10. A summons may be served on a corporation by delivering a copy of the summons and the complaint by any of the following methods:

(a) To the person designated as agent for service of process as provided by any provision in Section 202, 1502, 2105, or 2107 of the Corporations Code (or Sections 3301 to 3303, inclusive, or Sections 6500 to 6504, inclusive, of the Corporations Code, as in effect on December 31, 1976, with respect to corporations to which they remain applicable).

(b) To the president, chief executive officer, or other head of the corporation, a vice president, a secretary or assistant secretary, a treasurer

or assistant treasurer, a controller or chief financial officer, a general manager, or a person authorized by the corporation to receive service of process.

(c) If the corporation is a bank, to a cashier or assistant cashier or to a person specified in subdivision (a) or (b).

(d) If authorized by any provision in Section 1701, 1702, 2110, or 2111 of the Corporations Code (or Sections 3301 to 3303, inclusive, or Sections 6500 to 6504, inclusive, of the Corporations Code, as in effect on December 31, 1976, with respect to corporations to which they remain applicable), as provided by that provision.

SEC. 8. Section 904.1 of the Code of Civil Procedure is amended to read:

904.1. (a) An appeal, other than in a limited civil case, is to the court of appeal. An appeal, other than in a limited civil case, may be taken from any of the following:

(1) From a judgment, except (A) an interlocutory judgment, other than as provided in paragraphs (8), (9), and (11), (B) a judgment of contempt that is made final and conclusive by Section 1222, or (C) a judgment granting or denying a petition for issuance of a writ of mandamus or prohibition directed to a municipal court or the superior court in a county in which there is no municipal court or the judge or judges thereof that relates to a matter pending in the municipal or superior court. However, an appellate court may, in its discretion, review a judgment granting or denying a petition for issuance of a writ of mandamus or prohibition, or a judgment or order for the payment of monetary sanctions, upon petition for an extraordinary writ.

(2) From an order made after a judgment made appealable by paragraph (1).

(3) From an order granting a motion to quash service of summons or granting a motion to stay the action on the ground of inconvenient forum, or from a written order of dismissal under Section 581d following an order granting a motion to dismiss the action on the ground of inconvenient forum.

(4) From an order granting a new trial or denying a motion for judgment notwithstanding the verdict.

(5) From an order discharging or refusing to discharge an attachment or granting a right to attach order.

(6) From an order granting or dissolving an injunction, or refusing to grant or dissolve an injunction.

(7) From an order appointing a receiver.

(8) From an interlocutory judgment, order, or decree, hereafter made or entered in an action to redeem real or personal property from a

mortgage thereof, or a lien thereon, determining the right to redeem and directing an accounting.

(9) From an interlocutory judgment in an action for partition determining the rights and interests of the respective parties and directing partition to be made.

(10) From an order made appealable by the provisions of the Probate Code or the Family Code.

(11) From an interlocutory judgment directing payment of monetary sanctions by a party or an attorney for a party if the amount exceeds five thousand dollars ($5,000).

(12) From an order directing payment of monetary sanctions by a party or an attorney for a party if the amount exceeds five thousand dollars ($5,000).

(13) From an order granting or denying a special motion to strike under Section 425.16.

(b) Sanction orders or judgments of five thousand dollars ($5,000) or less against a party or an attorney for a party may be reviewed on an appeal by that party after entry of final judgment in the main action, or, at the discretion of the court of appeal, may be reviewed upon petition for an extraordinary writ.

SEC. 9. Section 904.2 of the Code of Civil Procedure is amended to read:

904.2. An appeal in a limited civil case is to the appellate division of the superior court. An appeal in a limited civil case may be taken from any of the following:

(a) From a judgment, except (1) an interlocutory judgment, or (2) a judgment of contempt that is made final and conclusive by Section 1222.

(b) From an order made after a judgment made appealable by subdivision (a).

(c) From an order changing or refusing to change the place of trial.

(d) From an order granting a motion to quash service of summons or granting a motion to stay the action on the ground of inconvenient forum, or from a written order of dismissal under Section 581d following an order granting a motion to dismiss the action on the ground of inconvenient forum.

(e) From an order granting a new trial or denying a motion for judgment notwithstanding the verdict.

(f) From an order discharging or refusing to discharge an attachment or granting a right to attach order.

(g) From an order granting or dissolving an injunction, or refusing to grant or dissolve an injunction.

(h) From an order appointing a receiver.

SEC. 10. Section 1276 of the Code of Civil Procedure is amended to read:

1276. (a) All applications for change of names shall be made to the superior court of the county where the person whose name is proposed to be changed resides, except as specified in subdivision (e), either (1) by petition signed by the person or, if the person is under 18 years of age, either by one of the person's parents, or by any guardian of the person, or if both parents are dead and there is no guardian of the person, then by some near relative or friend of the person or (2) as provided in Section 7638 of the Family Code.

The petition or pleading shall specify the place of birth and residence of the person, his or her present name, the name proposed, and the reason for the change of name.

(b) In a proceeding for a change of name commenced by the filing of a petition, if the person whose name is to be changed is under 18 years of age, the petition shall, if neither parent of the person has signed the petition, name, as far as known to the person proposing the name change, the parents of the person and their place of residence, if living, or if neither parent is living, near relatives of the person, and their place of residence.

(c) In a proceeding for a change of name commenced by the filing of a petition, if the person whose name is proposed to be changed is under 18 years of age and the petition is signed by only one parent, the petition shall specify the address, if known, of the other parent if living. If the petition is signed by a guardian, the petition shall specify the name and address, if known, of the parent or parents, if living, or the grandparents, if the addresses of both parents are unknown or if both parents are deceased, of the person whose name is proposed to be changed.

(d) In a proceeding for a change of name commenced by the filing of a petition, if the person whose name is proposed to be changed is 12 years of age or older, has been relinquished to an adoption agency by his or her parent or parents, and has not been legally adopted, the petition shall be signed by the person and the adoption agency to which the person was relinquished. The near relatives of the person and their place of residence shall not be included in the petition unless they are known to the person whose name is proposed to be changed.

(e) All petitions for the change of the name of a minor submitted by a guardian appointed by the juvenile court or the probate court shall be made in the appointing court.

(f) If the petition is signed by a guardian, the petition shall specify relevant information regarding the guardianship, the likelihood that the child will remain under the guardian's care until the child reaches the

age of majority, and information suggesting that the child will not likely be returned to the custody of his or her parents.

SEC. 11. Section 1277 of the Code of Civil Procedure is amended to read:

1277. (a) If a proceeding for a change of name is commenced by the filing of a petition, except as provided in subdivisions (b) and (e), the court shall thereupon make an order reciting the filing of the petition, the name of the person by whom it is filed, and the name proposed. The order shall direct all persons interested in the matter to appear before the court at a time and place specified, which shall be not less than six or more than 12 weeks from the time of making the order, unless the court orders a different time, to show cause why the application for change of name should not be granted. The order shall direct all persons interested in the matter to make known any objection that they may have to the granting of the petition for change of name by filing a written objection, which includes the reasons for the objection, with the court at least two court days before the matter is scheduled to be heard and by appearing in court at the hearing to show cause why the petition for change of name should not be granted. The order shall state that, if no written objection is timely filed, the court may grant the petition without a hearing.

A copy of the order to show cause shall be published pursuant to Section 6064 of the Government Code in a newspaper of general circulation to be designated in the order published in the county. If no newspaper of general circulation is published in the county, a copy of the order to show cause shall be posted by the clerk of the court in three of the most public places in the county in which the court is located, for a like period. Proof shall be made to the satisfaction of the court of this publication or posting, at the time of the hearing of the application.

Four weekly publications shall be sufficient publication of the order to show cause. If the order is published in a daily newspaper, publication once a week for four successive weeks shall be sufficient.

If a petition has been filed for a minor by a parent and the other parent, if living, does not join in consenting thereto, the petitioner shall cause, not less than 30 days prior to the hearing, to be served notice of the time and place of the hearing or a copy of the order to show cause on the other parent pursuant to Section 413.10, 414.10, 415.10, or 415.40. If notice of the hearing cannot reasonably be accomplished pursuant to Section 415.10 or 415.40, the court may order that notice be given in a manner that the court determines is reasonably calculated to give actual notice to the nonconsenting parent. In that case, if the court determines that notice by publication is reasonably calculated to give actual notice to the nonconsenting parent, the court may determine that publication of

the order to show cause pursuant to this subdivision is sufficient notice to the nonconsenting parent.

(b) If the petition for a change of name alleges that the reason for the petition is to avoid domestic violence, as defined in Section 6211 of the Family Code, or stalking, as defined in Section 646.9 of the Penal Code, and the petitioner is a participant in the address confidentiality program created pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code, the petition, the order of the court, and the copy published pursuant to subdivision (a) shall, in lieu of reciting the proposed name, indicate that the proposed name is confidential and will be on file with the Secretary of State pursuant to the provisions of the address confidentiality program.

(c) A proceeding for a change of name for a witness participating in the state Witness Protection Program established by Title 7.5 (commencing with Section 14020) of Part 4 of the Penal Code who has been approved for the change of name by the program is exempt from the requirement for publication of the order to show cause under subdivision (a).

(d) If application for change of name is brought as part of an action under the Uniform Parentage Act (Part 3 (commencing with Section 7600) of Division 12 of the Family Code), whether as part of a petition or cross-complaint or as a separate order to show cause in a pending action thereunder, service of the application shall be made upon all other parties to the action in a like manner as prescribed for the service of a summons, as is set forth in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2. Upon the setting of a hearing on the issue, notice of the hearing shall be given to all parties in the action in a like manner and within the time limits prescribed generally for the type of hearing (whether trial or order to show cause) at which the issue of the change of name is to be decided.

(e) If a guardian files a petition to change the name of his or her minor ward pursuant to Section 1276:

(1) The guardian shall provide notice of the hearing to any living parent of the minor by personal service at least 30 days prior to the hearing.

(2) If either or both parents are deceased or cannot be located, the guardian shall cause, not less than 30 days prior to the hearing, to be served a notice of the time and place of the hearing or a copy of the order to show cause on the child's grandparents, if living, pursuant to Section 413.10, 414.10, 415.10, or 415.40.

SEC. 11.5. Section 1277 of the Code of Civil Procedure is amended to read:

1277. (a) If a proceeding for a change of name is commenced by the filing of a petition, except as provided in subdivisions (b) and (e), the court shall thereupon make an order reciting the filing of the petition, the name of the person by whom it is filed, and the name proposed. The order shall direct all persons interested in the matter to appear before the court at a time and place specified, which shall be not less than six nor more than 12 weeks from the time of making the order, unless the court orders a different time, to show cause why the application for change of name should not be granted. The order shall direct all persons interested in the matter to make known any objection that they may have to the granting of the petition for change of name by filing a written objection, which includes the reasons for the objection, with the court at least two court days before the matter is scheduled to be heard and by appearing in court at the hearing to show cause why the petition for change of name should not be granted. The order shall state that, if no written objection is timely filed, the court may grant the petition without a hearing.

A copy of the order to show cause shall be published pursuant to Section 6064 of the Government Code in a newspaper of general circulation to be designated in the order published in the county. If no newspaper of general circulation is published in the county, a copy of the order to show cause shall be posted by the clerk of the court in three of the most public places in the county in which the court is located, for a like period. Proof shall be made to the satisfaction of the court of this publication or posting, at the time of the hearing of the application.

Four weekly publications shall be sufficient publication of the order to show cause. If the order is published in a daily newspaper, publication once a week for four successive weeks shall be sufficient.

If a petition has been filed for a minor by a parent and the other parent, if living, does not join in consenting thereto, the petitioner shall cause, not less than 30 days prior to the hearing, to be served notice of the time and place of the hearing or a copy of the order to show cause on the other parent pursuant to Section 413.10, 414.10, 415.10, or 415.40. If notice of the hearing cannot reasonably be accomplished pursuant to Section 415.10 or 415.40, the court may order that notice be given in a manner that the court determines is reasonably calculated to give actual notice to the nonconsenting parent. In that case, if the court determines that notice by publication is reasonably calculated to give actual notice to the nonconsenting parent, the court may determine that publication of the order to show cause pursuant to this subdivision is sufficient notice to the nonconsenting parent.

(b) (1) If the petition for a change of name alleges a reason or circumstance described in paragraph (2), and the petitioner is a participant

in the address confidentiality program created pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code, the action for a change of name is exempt from the requirement for publication of the order to show cause under subdivision (a), and the petition and the order of the court, shall, in lieu of reciting the proposed name, indicate that the proposed name is confidential and will be on file with the Secretary of State pursuant to the provisions of the address confidentiality program.

(2) The procedure described in paragraph (1) applies to petitions alleging any of the following reasons or circumstances:

(A) To avoid domestic violence, as defined in Section 6211 of the Family Code.

(B) To avoid stalking, as defined in Section 646.9 of the Penal Code.

(C) The petitioner is, or is filing on behalf of, a victim of sexual assault, as defined in Section 1036.2 of the Evidence Code.

(c) A proceeding for a change of name for a witness participating in the state Witness Protection Program established by Title 7.5 (commencing with Section 14020) of Part 4 of the Penal Code who has been approved for the change of name by the program is exempt from the requirement for publication of the order to show cause under subdivision (a).

(d) If application for change of name is brought as part of an action under the Uniform Parentage Act (Part 3 (commencing with Section 7600) of Division 12 of the Family Code), whether as part of a petition or cross-complaint or as a separate order to show cause in a pending action thereunder, service of the application shall be made upon all other parties to the action in a like manner as prescribed for the service of a summons, as is set forth in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2. Upon the setting of a hearing on the issue, notice of the hearing shall be given to all parties in the action in a like manner and within the time limits prescribed generally for the type of hearing (whether trial or order to show cause) at which the issue of the change of name is to be decided.

(e) If a guardian files a petition to change the name of his or her minor ward pursuant to Section 1276:

(1) The guardian shall provide notice of the hearing to any living parent of the minor by personal service at least 30 days prior to the hearing.

(2) If either or both parents are deceased or cannot be located, the guardian shall cause, not less than 30 days prior to the hearing, to be served a notice of the time and place of the hearing or a copy of the order to show cause on the child's grandparents, if living, pursuant to Section 413.10, 414.10, 415.10, or 415.40.

SEC. 12. Section 1278 of the Code of Civil Procedure is amended to read:

1278. (a) Except as provided in subdivisions (c) and (d), the petition or application shall be heard at the time designated by the court, only if objections are filed by any person who can, in those objections, show to the court good reason against the change of name. At the hearing, the court may examine on oath any of the petitioners, remonstrants, or other persons, touching the petition or application, and may make an order changing the name, or dismissing the petition or application, as to the court may seem right and proper.

If no objection is filed at least two court days before the date set for hearing, the court may, without hearing, enter the order that the change of name is granted.

(b) If the provisions of subdivision (b) of Section 1277 apply, the court shall not disclose the proposed name unless the court finds by clear and convincing evidence that the allegations of domestic violence or stalking in the petition are false.

(c) If the application for a change of name is brought as part of an action under the Uniform Parentage Act (Part 3 (commencing with Section 7600) of Division 12 of the Family Code), the hearing on the issue of the change of name shall be conducted pursuant to statutes and rules of court governing those proceedings, whether the hearing is conducted upon an order to show cause or upon trial.

(d) If the petition for a change of name is filed by a guardian on behalf of a minor ward, the court shall first find that the ward is likely to remain in the guardian's care until the age of majority and that the ward is not likely to be returned to the custody of his or her parents. Upon making those findings, the court shall consider the petition and may grant the petition only if it finds that the proposed name change is in the best interest of the child.

SEC. 13. Section 1278.5 of the Code of Civil Procedure is amended to read:

1278.5. In any proceeding pursuant to this title in which a petition has been filed to change the name of a minor, and both parents, if living, do not join in consent, the court may deny the petition in whole or in part if it finds that any portion of the proposed name change is not in the best interest of the child.

SEC. 14. Section 1279.5 of the Code of Civil Procedure is amended to read:

1279.5. (a) Except as provided in subdivision (b), (c), (d), or (e), nothing in this title shall be construed to abrogate the common law right of any person to change his or her name.

(b) Notwithstanding any other law, no person imprisoned in the state prison and under the jurisdiction of the Director of Corrections shall be allowed to file a petition for change of name pursuant to Section 1276, except as permitted at the discretion of the Director of Corrections.

(c) A court shall deny a petition for a name change pursuant to Section 1276 made by a person who is under the jurisdiction of the Department of Corrections, unless that person's parole agent or probation officer grants prior written approval. Before granting that approval, the parole agent or probation officer shall determine that the name change will not pose a security risk to the community.

(d) Notwithstanding any other law, a court shall deny a petition for a name change pursuant to Section 1276 made by a person who is required to register as a sex offender under Section 290 of the Penal Code, unless the court determines that it is in the best interest of justice to grant the petition and that doing so will not adversely affect the public safety. If a petition for a name change is granted for an individual required to register as a sex offender, the individual shall, within five working days, notify the chief of police of the city in which he or she is domiciled, or the sheriff of the county if he or she is domiciled in an unincorporated area, and additionally with the chief of police of a campus of a University of California or California State University if he or she is domiciled upon the campus or in any of its facilities.

(e) For the purpose of this section, the court shall use the California Law Enforcement Telecommunications System (CLETS) and Criminal Justice Information System (CJIS) to determine whether or not an applicant for a name change is under the jurisdiction of the Department of Corrections or is required to register as a sex offender pursuant to Section 290 of the Penal Code. Each person applying for a name change shall declare under penalty of perjury that he or she is not under the jurisdiction of the Department of Corrections or is required to register as a sex offender pursuant to Section 290 of the Penal Code. If a court is not equipped with CLETS or CJIS, the clerk of the court shall contact an appropriate local law enforcement agency, which shall determine whether or not the petitioner is under the jurisdiction of the Department of Corrections or is required to register as a sex offender pursuant to Section 290 of the Penal Code.

SEC. 15. Section 9321 of the Commercial Code, as amended by Section 4 of Chapter 235 of the Statutes of 2003, is amended to read:

9321. (a) In this section, "licensee in ordinary course of business" means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course from a person in the business of licensing general intangibles of that kind. A person

becomes a licensee in the ordinary course if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

(b) A licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

(c) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

(d) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 16. Section 9321 of the Commercial Code, as amended by Section 5 of Chapter 235 of the Statutes of 2003, is amended to read:

9321. (a) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created by the lessor, even if the security interest is perfected and the lessee knows of its existence.

(b) This section shall become operative on January 1, 2010.

SEC. 17. Section 5220 of the Corporations Code is amended to read:

5220. (a) Except as provided in subdivision (d), directors shall be elected for the terms, not longer than four years, as are fixed in the articles or bylaws. However, the terms of directors of a corporation without members may be up to six years. In the absence of any provision in the articles or bylaws, the term shall be one year. The articles or bylaws may provide for staggering the terms of directors by dividing the total number of directors into groups of one or more directors. The terms of office of the several groups and the number of directors in each group need not be uniform. No amendment of the articles or bylaws may extend the term of a director beyond that for which the director was elected, nor may any bylaw provision increasing the terms of directors be adopted without approval of the members (Section 5034).

(b) Unless the articles or bylaws otherwise provide, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

(c) The articles or bylaws may provide for the election of one or more directors by the members of any class voting as a class.

(d) Subdivisions (a) through (c) notwithstanding, all or any portion of the directors authorized in the articles or bylaws of a corporation may hold office by virtue of designation or selection as provided by the articles or bylaws rather than by election by a member or members. Those

directors shall continue in office for the term prescribed by the governing article or bylaw provision, or, if there is no term prescribed, until the governing article or bylaw provision is duly amended or repealed, except as provided in subdivision (e) of Section 5222. A bylaw provision authorized by this subdivision may be adopted, amended, or repealed only by approval of the members (Section 5034), subject, if so provided in the bylaws, to the consent of the person or persons entitled to designate or select the director or directors.

(e) If a corporation has not issued memberships and (1) all the directors resign, die, or become incompetent, or (2) a corporation's initial directors have not been named in the articles and all incorporators resign, die, or become incompetent before the election of the initial directors, the superior court of any county may appoint directors of the corporation upon application by any party in interest.

SEC. 18. Section 12585 of the Government Code is amended to read:

12585. (a) Every charitable corporation, unincorporated association, and trustee subject to this article shall file with the Attorney General an initial registration form, under oath, setting forth information and attaching documents prescribed in accordance with rules and regulations of the Attorney General, within 30 days after the corporation, unincorporated association, or trustee initially receives property. A trustee is not required to register as long as the charitable interest in a trust is a future interest, but shall do so within 30 days after any charitable interest in a trust becomes a present interest.

(b) The Attorney General shall adopt rules and regulations as to the contents of the initial registration form and the manner of executing and filing that document or documents.

SEC. 19. Section 12599 of the Government Code is amended to read:

12599. (a) "Commercial fundraiser for charitable purposes" means any individual, corporation, unincorporated association, or other legal entity who for compensation does any of the following:

(1) Solicits funds, assets, or property in this state for charitable purposes.

(2) As a result of a solicitation of funds, assets, or property in this state for charitable purposes, receives or controls the funds, assets, or property solicited for charitable purposes.

(3) Employs, procures, or engages any compensated person to solicit, receive, or control funds, assets, or property for charitable purposes.

A commercial fundraiser for charitable purposes shall include any person, association of persons, corporation, or other entity that obtains a majority of its inventory for sale by the purchase, receipt, or control for resale to the general public, of salvageable personal property solicited

by an organization qualified to solicit donations pursuant to Section 148.3 of the Welfare and Institutions Code.

A commercial fundraiser for charitable purposes shall not include a "trustee" as defined in Section 12582 or 12583, a "charitable corporation" as defined in Section 12582.1, or any employee thereof. A commercial fundraiser for charitable purposes shall not include an individual who is employed by or under the control of a commercial fundraiser for charitable purposes registered with the Attorney General. A commercial fundraiser for charitable purposes shall not include any federally insured financial institution that holds as a depository funds received as a result of a solicitation for charitable purposes.

As used in this section, "charitable purposes" includes any solicitation in which the name of any organization of law enforcement personnel, firefighters, or other persons who protect the public safety is used or referred to as an inducement for transferring any funds, assets, or property, unless the only expressed or implied purpose of the solicitation is for the sole benefit of the actual active membership of the organization.

(b) A commercial fundraiser for charitable purposes shall, prior to soliciting any funds, assets, or property, including salvageable personal property, in California for charitable purposes, or prior to receiving and controlling any funds, assets, or property, including salvageable personal property, as a result of a solicitation in this state for charitable purposes, register with the Attorney General's Registry of Charitable Trusts on a registration form provided by the Attorney General. Renewals of registration shall be filed with the Registry of Charitable Trusts by January 15 of each calendar year in which the commercial fundraiser for charitable purposes does business and shall be effective for one year. A registration or renewal fee of two hundred dollars ($200) shall be required for registration of a commercial fundraiser for charitable purposes, and shall be payable by certified or cashier's check to the Attorney General's Registry of Charitable Trusts at the time of registration or renewal. The Attorney General may adjust the annual registration or renewal fee, or means of payment, as needed pursuant to this section. The Attorney General's Registry of Charitable Trusts may grant extensions of time to file annual registration as required, pursuant to subdivision (b) of Section 12586. No separate fee shall be charged by the Attorney General for electronic registration, electronic renewal, or electronic repayment of fees.

(c) A commercial fundraiser for charitable purposes shall file with the Attorney General's Registry of Charitable Trusts an annual financial report on a form provided by the Attorney General, accounting for all funds collected pursuant to any solicitation for charitable purposes during the preceding calendar year. The annual financial report shall be filed

with the Attorney General's Registry of Charitable Trusts no later than 30 days after the close of the preceding calendar year.

(d) The contents of the forms for annual registration and annual financial reporting by commercial fundraisers for charitable purposes shall be established by the Attorney General in a manner consistent with the procedures set forth in subdivisions (a) and (b) of Section 12586. The annual financial report shall require a detailed, itemized accounting of funds, assets, or property, solicited for charitable purposes on behalf of each charitable organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code or for each charitable purpose during the accounting period, and shall include, among other data, the following information for funds, assets, or property, solicited by the commercial fundraiser for charitable purposes:

(1) Total revenue.

(2) The fee or commission charged by the commercial fundraiser for charitable purposes.

(3) Salaries paid by the commercial fundraiser for charitable purposes to its officers and employees.

(4) Fundraising expenses.

(5) Distributions to the identified charitable organization or purpose.

(6) The names and addresses of any director, officer, or employee of the commercial fundraiser for charitable purposes who is a director, officer, or employee of any charitable organization listed in the annual financial report.

(e) A commercial fundraiser for charitable purposes that obtains a majority of its inventory for sale by the purchase, receipt, or control for resale to the general public, of salvageable personal property solicited by an organization qualified to solicit donations pursuant to Section 148.3 of the Welfare and Institutions Code shall file with the Attorney General's Registry of Charitable Trusts, and not with the sheriff of any county, an annual financial report on a form provided by the Attorney General that is separate and distinct from forms filed by other commercial fundraisers for charitable purposes pursuant to subdivisions (c) and (d).

(f) It shall be unlawful for any commercial fundraiser for charitable purposes to solicit funds in this state for charitable purposes unless the commercial fundraiser for charitable purposes has complied with the registration or annual renewal and financial reporting requirements of this article. Failure to comply with these registration or annual renewal and financial reporting requirements shall be grounds for injunction against solicitation in this state for charitable purposes and other civil remedies provided by law.

(g) A commercial fundraiser for charitable purposes is a constructive trustee for charitable purposes as to all funds collected pursuant to

solicitation for charitable purposes and shall account to the Attorney General for all funds. A commercial fundraiser for charitable purposes is subject to the Attorney General's supervision and enforcement over charitable funds and assets to the same extent as a trustee for charitable purposes under this article.

(h) Not less than 10 working days prior to the commencement of each solicitation campaign, event, or service, or not later than commencement of solicitation for solicitations to aid victims of emergency hardship or disasters, a commercial fundraiser for charitable purposes shall file with the Attorney General's Registry of Charitable Trusts a notice on a form prescribed by the Attorney General that sets forth all of the following:

(1) The name, address, and telephone number of the commercial fundraiser for charitable purposes.

(2) The name, address, and telephone number of the charitable organization with whom the commercial fundraiser has contracted.

(3) The fundraising methods to be used.

(4) The projected dates when performance under the contract will commence and terminate.

(5) The name, address, and telephone number of the person responsible for directing and supervising the work of the commercial fundraiser under the contract.

(i) There shall be a written contract between a commercial fundraiser for charitable purposes and a charitable organization for each solicitation campaign, event, or service, that shall be signed by the authorized contracting officer for the commercial fundraiser and by an official of the charitable organization who is authorized to sign by the organization's governing body. The contract shall be available for inspection by the Attorney General and shall contain all of the following provisions:

(1) The legal name and address of the charitable organization as registered with the Registry of Charitable Trusts, unless the charitable organization is exempt from registration.

(2) A statement of the charitable purpose for which the solicitation campaign, event, or service is being conducted.

(3) A statement of the respective obligations of the commercial fundraiser and the charitable organization.

(4) If the commercial fundraiser is to be paid a fixed fee, a statement of the fee to be paid to the commercial fundraiser and a good faith estimate of what percentage the fee will constitute of the total contributions received. The contract shall clearly disclose the assumptions upon which the estimate is based, and the stated assumptions shall be based upon all of the relevant facts known to the commercial fundraiser regarding the solicitation to be conducted by the commercial fundraiser.

(5) If a percentage fee is to be paid to the commercial fundraiser, a statement of the percentage of the total contributions received that will be remitted to or retained by the charitable organization, or, if the solicitation involves the sale of goods or services or the sale of admissions to a fundraising event, the percentage of the purchase price that will be remitted to the charitable organization. The stated percentage shall be calculated by subtracting from contributions received and sales receipts not only the commercial fundraiser's fee, but also any additional amounts that the charitable organization is obligated to pay as fundraising costs.

(6) The effective and termination dates of the contract and the date solicitation activity is to commence within the state.

(7) A provision that requires that each contribution in the control or custody of the commercial fundraiser shall in its entirety and within five working days of its receipt comply with either of the following:

(A) Be deposited in an account at a bank or other federally insured financial institution that is solely in the name of the charitable organization and over which the charitable organization has sole control of withdrawals.

(B) Be delivered to the charitable organization in person, by United States express mail, or by another method of delivery providing for overnight delivery.

(8) A statement that the charitable organization exercises control and approval over the content and frequency of any solicitation.

(9) If the commercial fundraiser proposes to make any payment in cash or in kind to any person or legal entity to secure any person's attendance at, or sponsorship, approval, or endorsement of, a charity fundraising event, the maximum dollar amount of those payments shall be set forth in the contract. "Charity fundraising event" means any gathering of persons, including, but not limited to, a party, banquet, concert, or show, that is held for the purpose or claimed purpose of raising funds for any charitable purpose or organization.

(10) A provision that includes all of the following statements:

(A) The charitable organization has the right to cancel the contract without cost, penalty, or liability for a period of 10 days following the date on which the contract is executed.

(B) The charitable organization may cancel the contract by serving a written notice of cancellation on the commercial fundraiser.

(C) If mailed, service shall be by certified mail, return receipt requested, and cancellation shall be deemed effective upon the expiration of five calendar days from the date of mailing.

(D) Any funds collected after effective notice that the contract has been canceled shall be deemed to be held in trust for the benefit of the

charitable organization without deduction for costs or expenses of any nature.

(E) The charitable organization shall be entitled to recover all funds collected after the date of cancellation.

(11) A provision that includes all of the following statements:

(A) Following the initial 10-day cancellation period, the charitable organization may terminate the contract by giving 30 days' written notice.

(B) If mailed, service of the notice shall be by certified mail, return receipt requested, and shall be deemed effective upon the expiration of five calendar days from the date of mailing.

(C) In the event of termination under this subdivision, the charitable organization shall be liable for services provided by the commercial fundraiser up to 30 days after the effective service of the notice.

(12) A provision that, following the initial 10-day cancellation period, the charitable organization may terminate the contract at any time upon written notice, without payment or compensation of any kind to the commercial fundraiser, if the commercial fundraiser or its agents, employees, or representatives do any of the following:

(A) Make any material misrepresentations in the course of solicitations or with respect to the charitable organization.

(B) Are found by the charitable organization to have been convicted of a crime arising from the conduct of a solicitation for a charitable organization or purpose punishable as a misdemeanor or a felony.

(C) Otherwise conduct fundraising activities in a manner that causes or could cause public disparagement of the charitable organization's good name or good will.

(13) Any other information required by the regulations of the Attorney General.

(j) It shall be unlawful for a commercial fundraiser for charitable purposes to not disclose the percentage of total fundraising expenses of the fundraiser upon receiving a written or oral request from a person solicited for a contribution for a charitable purpose. "Percentage of total fundraising expenses," as used in this section, means the ratio of the total expenses of the fundraiser to the total revenue received by the fundraiser for the charitable purpose for which funds are being solicited, as reported on the most recent financial report filed with the Attorney General's Registry of Charitable Trusts. A commercial fundraiser shall disclose this information in writing within five working days from receipt of a request by mail or facsimile. A commercial fundraiser shall orally disclose this information immediately upon a request made in person or in a telephone conversation and shall follow this response with a written disclosure within five working days. Failure to comply with the requirements of this subdivision shall be grounds for an injunction against

solicitation in this state for charitable purposes and other civil remedies provided by law.

(k) If the Attorney General issues a report to the public containing information obtained from registration forms or financial report forms filed by commercial fundraisers for charitable purposes, there shall be a separate section concerning commercial fundraisers for charitable purposes that obtain a majority of their inventory for sale by the purchase, receipt, or control for resale to the general public, of salvageable personal property solicited by an organization qualified to solicit donations pursuant to Section 148.3 of the Welfare and Institutions Code. The report shall include an explanation of the distinctions between these thrift store operations and other types of commercial fundraising.

(*l*) No person may act as a commercial fundraiser for charitable purposes if that person, any officer or director of that person's business, any person with a controlling interest in the business, or any person the commercial fundraiser employs, engages, or procures to solicit for compensation, has been convicted by a court of any state or the United States of a crime arising from the conduct of a solicitation for a charitable organization or purpose punishable as a misdemeanor or felony.

(m) A commercial fundraiser for charitable purposes shall not solicit in the state on behalf of a charitable organization unless that charitable organization is registered or is exempt from registration with the Attorney General's Registry of Charitable Trusts.

(n) If any provision of this section or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect any other provision or application of this section that can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

SEC. 20. Section 12599.1 of the Government Code is amended to read:

12599.1. (a) "Fundraising counsel for charitable purposes" is defined as any individual, corporation, unincorporated association, or other legal entity who is described by all of the following:

(1) For compensation plans, manages, advises, counsels, consults, or prepares material for, or with respect to, the solicitation in this state of funds, assets, or property for charitable purposes.

(2) Does not solicit funds, assets, or property for charitable purposes.

(3) Does not receive or control funds, assets, or property solicited for charitable purposes in this state.

(4) Does not employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property for charitable purposes.

(b) "Fundraising counsel for charitable purposes" does not include any of the following:

(1) An attorney, investment counselor, or banker who in the conduct of that person's profession advises a client when actually engaged in the giving of legal, investment, or financial advice.

(2) A trustee as defined in Section 12582 or 12583.

(3) A charitable corporation as defined in Section 12582.1, or any employee thereof.

(4) A person employed by or under the control of a fundraising counsel for charitable purposes, as defined in subdivision (a).

(5) A person, corporation, or other legal entity, engaged as an independent contractor directly by a trustee or a charitable corporation, that prints, reproduces, or distributes written materials prepared by a trustee, a charitable corporation, or any employee thereof, or that performs artistic or graphic services with respect to written materials prepared by a trustee, a charitable corporation, or any employee thereof, provided that the independent contractor does not perform any of the activities described in paragraph (1) of subdivision (a).

(6) A person whose total annual gross compensation for performing any activity described in paragraph (1) of subdivision (a) does not exceed twenty-five thousand dollars ($25,000).

(c) A fundraising counsel for charitable purposes shall, prior to managing, advising, counseling, consulting, or preparing material for, or with respect to, the solicitation in this state of funds, assets, or property for charitable purposes, register with the Attorney General's Registry of Charitable Trusts on a registration form provided by the Attorney General. Renewals of registration shall be filed with the Registry of Charitable Trusts by January 15 of each calendar year in which the fundraising counsel for charitable purposes does business and shall be effective for one year.

A registration or renewal fee of two hundred dollars ($200) shall be required for registration of a fundraising counsel for charitable purposes, and shall be payable by certified or cashier's check to the Attorney General's Registry of Charitable Trusts at the time of registration and renewal. The Attorney General may adjust the annual registration or renewal fee, or means of payment, as needed pursuant to this section. The Attorney General's Registry of Charitable Trusts may grant extensions of time to file annual registration as required, pursuant to subdivision (b) of Section 12586.

(d) A fundraising counsel for charitable purposes shall file annually with the Attorney General's Registry of Charitable Trusts on a form provided by the Attorney General, a report listing each person, corporation, unincorporated association, or other legal entity for whom

the fundraising counsel has performed any services described in paragraph (1) of subdivision (a), and a statement certifying that the fundraising counsel had a written contract with each listed person, corporation, unincorporated association, or other legal entity that complied with the requirements of subdivision (f).

(e) Not less than 10 working days prior to the commencement of the performance of any service for a charitable organization by a fundraising counsel for charitable purposes, or not later than commencement of solicitation for solicitations to aid victims of emergency hardship or disasters, the fundraising counsel shall file with the Attorney General's Registry of Charitable Trusts a notice on a form prescribed by the Attorney General that sets forth all of the following:

(1) The name, address, and telephone number of the fundraising counsel for charitable purposes.

(2) The name, address, and telephone number of the charitable organization with whom the fundraising counsel has contracted.

(3) The projected dates when performance under the contract will commence and terminate.

(4) The name, address, and telephone number of the person responsible for directing and supervising the work of the fundraising counsel under the contract.

(f) There shall be a written contract between a fundraising counsel for charitable purposes and a charitable organization for each service to be performed by the fundraising counsel for the charitable organization, that shall be signed by the authorized contracting officer for the fundraising counsel and by an official of the charitable organization who is authorized to sign by the organization's governing body. The contract shall be available for inspection by the Attorney General and shall contain all of the following provisions:

(1) The legal name and address of the charitable organization as registered with the Registry of Charitable Trusts unless the charitable organization is exempt from registration.

(2) A statement of the charitable purpose for which the solicitation campaign is being conducted.

(3) A statement of the respective obligations of the fundraising counsel and the charitable organization.

(4) A clear statement of the fees and any other form of compensation, including commissions and property, that will be paid to the fundraising counsel.

(5) The effective and termination dates of the contract and the date services will commence with respect to solicitation in this state of contributions for a charitable organization.

(6) A statement that the fundraising counsel will not at any time solicit funds, assets, or property for charitable purposes, receive or control funds, assets, or property solicited for charitable purposes, or employ, procure, or engage any compensated person to solicit, receive, or control funds, assets, or property for charitable purposes.

(7) A statement that the charitable organization exercises control and approval over the content and frequency of any solicitation.

(8) A provision that includes all of the following statements:

(A) The charitable organization has the right to cancel the contract without cost, penalty, or liability for a period of 10 days following the date on which the contract is executed.

(B) The charitable organization may cancel the contract by serving a written notice of cancellation on the fundraising counsel.

(C) If mailed, service shall be by certified mail, return receipt requested, and cancellation shall be deemed effective upon the expiration of five calendar days from the date of mailing.

(9) A provision that includes all of the following statements:

(A) Following the initial 10-day cancellation period, the charitable organization may terminate the contract by giving 30 days' written notice.

(B) If mailed, service of the notice shall be by certified mail, return receipt requested, and shall be deemed effective upon the expiration of five calendar days from the date of mailing.

(C) In the event of termination under this subdivision, the charitable organization shall be liable for services provided by the fundraising counsel to the effective date of the termination.

(10) Any other information required by the regulations of the Attorney General.

(g) It shall be unlawful for any fundraising counsel for charitable purposes to manage, advise, counsel, consult, or prepare material for, or with respect to, the solicitation in this state of funds, assets, or property for charitable purposes unless the fundraising counsel for charitable purposes has complied with the registration or annual renewal and financial reporting requirements of this article.

(h) A fundraising counsel for charitable purposes is subject to the Attorney General's supervision and enforcement to the same extent as a trustee for charitable purposes under this article.

(i) If any provision of this section or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or application of this section which can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

SEC. 21. Section 12599.2 of the Government Code is amended to read:

12599.2. (a) "Commercial coventurer" is defined as any person who, for profit, is regularly and primarily engaged in trade or commerce other than in connection with the raising of funds, assets, or property for charitable organizations or charitable purposes, and who represents to the public that the purchase or use of any goods, services, entertainment, or any other thing of value will benefit a charitable organization or will be used for a charitable purpose.

(b) A commercial coventurer is a trustee as defined in Section 12582. Notwithstanding the requirements of Sections 12585 and 12586, a commercial coventurer is not required to register or file periodic reports with the Attorney General provided that the commercial coventurer:

(1) Has a written contract with a trustee or charitable corporation subject to this article, signed by two officers of the trustee or charitable corporation, prior to representing to the public that the purchase or use of any goods, services, entertainment, or any other thing of value will benefit the trustee or charitable corporation or will be used for a charitable purpose.

(2) Within 90 days after commencement of those representations, and at the end of each successive 90-day period during which the representations are made, transfers to that trustee or charitable corporation subject to this article all funds, assets, or property received as a result of the representations.

(3) Provides in conjunction with each transfer required by paragraph (2) a written accounting to the trustee or charitable corporation subject to this article of all funds, assets, or property received sufficient to enable the trustee or charitable corporation (A) to determine that representations made to the public on its behalf have been adhered to accurately and completely, and (B) to prepare its periodic report filed with the Attorney General pursuant to Section 12586.

(c) A commercial coventurer that does not meet the requirements of paragraphs (1), (2), and (3) of subdivision (b) shall register and report to the Attorney General on forms required by the Attorney General. An annual registration or renewal fee of two hundred dollars ($200) shall be required for registration or renewal of registration of a commercial coventurer, and shall be payable by certified or cashier's check to the Attorney General's Registry of Charitable Trusts at the time of registration or renewal. The Attorney General may adjust the annual registration or renewal fee, or means of payment, as needed pursuant to this section.

SEC. 22. Section 68756 is added to the Government Code, to read:

68756. (a) Notwithstanding any other provision of law, the commission shall be given access, on an ex parte basis, to all nonpublic records of court proceedings, including confidential sealed records and

transcripts, relevant to the performance of any judge, former judge, or subordinate judicial officer (hereafter, collectively, judicial officer) within the commission's jurisdiction under Sections 18 and 18.1 of Article VI of the Constitution. The commission shall make a written request to the court in which the proceedings occurred. The court shall file the request under seal. Access to the requested records shall be provided within 15 days of the written request.

(b) (1) If the commission or the judicial officer who is the subject of the commission's investigation or proceeding intends to publicly disclose any nonpublic records or information obtained pursuant to subdivision (a), the commission or judicial officer shall petition the court that granted access to the records or another court that has jurisdiction, for authorization to disclose. The petition, filed under seal, shall identify the records or information to be disclosed and the reason for disclosure. To the extent that it does not unduly lessen the evidentiary value of the records or otherwise defeat the purpose of disclosure, the petitioner shall redact from the records names and other identifying information.

(2) The court shall grant the petition if it determines that there is good cause for disclosure. The court may issue protective orders, including further redaction of names or other identifying information, to the extent that they do not unduly lessen the evidentiary value of the records or otherwise defeat the purpose of disclosure. Within 15 days after the filing of a petition, the court may order the petitioner to give notice of the intended disclosure to any person who may be adversely affected by the disclosure. Any person who has been provided notice pursuant to this section may, within 20 days of service of the notice, file an objection to the intended disclosure with the court and serve the objection on the petitioner.

(3) The court shall grant or deny the petition in whole or in part, stating its reasons therefore, within 15 days of a timely objection, or the expiration of time for filing an objection if no objection is filed, or within 15 days of the filing of the petition for which no notice is required.

(c) Access to, and disclosure of, records under this section shall not be limited by any court order sealing those records.

(d) Persons entitled to file an objection to the intended disclosure shall not include the judge, former judge, or subordinate judicial officer who is the subject of the commission's investigation or disciplinary proceedings, unless he or she was a party or parent, guardian, or conservator of a party in the underlying action. A request or petition filed under this section shall not be considered or ruled on by a judicial officer who is the subject of the commission's investigation or disciplinary proceedings related to the requested information.

SEC. 22.5. Section 76225 is added to the Government Code, to read:

76225. If Merced County has not executed the transfer of its responsibilities and titles for the New Downtown Merced Courthouse, New Courts Building (Departments 1 to 3, inclusive), Jail Court (Department 4), Department 5 Modular, Departments 7 and 8 Trailer, Adobe Building, Criminal Trailer, and Jury Assembly, to the state as required under Chapter 1082 of the Statutes of 2002, on or before April 1, 2007, then Merced County shall pay back to the state the construction funds used for these projects.

SEC. 23. Section 959.1 of the Penal Code is amended to read:

959.1. (a) Notwithstanding Sections 740, 806, 949, and 959 or any other law to the contrary, a criminal prosecution may be commenced by filing an accusatory pleading in electronic form with the magistrate or in a court having authority to receive it.

(b) As used in this section, accusatory pleadings include, but are not limited to, the complaint, the information, and the indictment.

(c) A magistrate or court is authorized to receive and file an accusatory pleading in electronic form if all of the following conditions are met:

(1) The accusatory pleading is issued in the name of, and transmitted by, a public prosecutor or law enforcement agency filing pursuant to Chapter 5c (commencing with Section 853.5) or Chapter 5d (commencing with Section 853.9), or by a clerk of the court with respect to complaints issued for the offenses of failure to appear, pay a fine, or comply with an order of the court.

(2) The magistrate or court has the facility to electronically store the accusatory pleading for the statutory period of record retention.

(3) The magistrate or court has the ability to reproduce the accusatory pleading in physical form upon demand and payment of any costs involved.

An accusatory pleading shall be deemed to have been filed when it has been received by the magistrate or court.

When transmitted in electronic form, the accusatory pleading shall be exempt from any requirement that it be subscribed by a natural person. It is sufficient to satisfy any requirement that an accusatory pleading, or any part of it, be sworn to before an officer entitled to administer oaths, if the pleading, or any part of it, was in fact sworn to and the electronic form indicates which parts of the pleading were sworn to and the name of the officer who administered the oath.

(d) Notwithstanding any other law, a notice to appear issued on a form approved by the Judicial Council may be received and filed by a court in electronic form, if the following conditions are met:

(1) The notice to appear is issued and transmitted by a law enforcement agency prosecuting pursuant to Chapter 5c (commencing with Section 853.5) or Chapter 5d (commencing with Section 853.9) of

Title 3 of Part 2 of this code, or Chapter 2 (commencing with Section 40300) of Division 17 of the Vehicle Code.

(2) The court has all of the following:

(A) The ability to receive the notice to appear in electronic format.

(B) The facility to electronically store an electronic copy and the data elements of the notice to appear for the statutory period of record retention.

(C) The ability to reproduce the electronic copy of the notice to appear and those data elements in printed form upon demand and payment of any costs involved.

(3) The issuing agency has the ability to reproduce the notice to appear in physical form upon demand and payment of any costs involved.

(e) A notice to appear that is received under subdivision (d) is deemed to have been filed when it has been accepted by the court and is in the form approved by the Judicial Council.

(f) If transmitted in electronic form, the notice to appear is deemed to have been signed by the defendant if it includes a digitized facsimile of the defendant's signature on the notice to appear. A notice to appear filed electronically under subdivision (d) need not be subscribed by the citing officer. An electronically submitted notice to appear need not be verified by the citing officer with a declaration under penalty of perjury if the electronic form indicates which parts of the notice are verified by that declaration and the name of the officer making the declaration.

SEC. 24. Section 11709.2 of the Vehicle Code, as amended by Section 7 of Chapter 128 of the Statutes of 2005, is amended to read:

11709.2. Every dealer shall conspicuously display a notice, not less than eight inches high and 10 inches wide, in each sales office and sales cubicle of a dealer's established place of business where written terms of specific sale or lease transactions are discussed with prospective purchasers or lessees, and in each room of a dealer's established place of business where sale and lease contracts are regularly executed, which states the following:

"THERE IS NO COOLING-OFF PERIOD UNLESS YOU OBTAIN A CONTRACT CANCELLATION OPTION

California law does not provide for a "cooling-off" or other cancellation period for vehicle lease or purchase contracts. Therefore, you cannot later cancel such a contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign a motor vehicle purchase or lease contract, it may only be canceled with the agreement of the seller or lessor or for legal cause, such as fraud.

However, California law does require a seller to offer a 2-day contract cancellation option on used vehicles with a purchase price of less than $40,000, subject to certain statutory conditions. This contract cancellation option requirement does not apply to the sale of a recreational vehicle, a motorcycle, or an off-highway motor vehicle subject to identification under California law. See the vehicle contract cancellation option agreement for details."

SEC. 25. Section 11713.21 of the Vehicle Code is amended to read:

11713.21. (a) (1) A dealer shall not sell a used vehicle, as defined in Section 665 and subject to registration under this code, at retail to an individual for personal, family, or household use without offering the buyer a contract cancellation option agreement that allows the buyer to return the vehicle without cause. This section does not apply to a used vehicle having a purchase price of forty thousand dollars ($40,000) or more, a motorcycle, as defined in Section 400, or a recreational vehicle, as defined in Section 18010 of the Health and Safety Code.

(2) The purchase price for the contract cancellation option shall not exceed the following:

(A) Seventy-five dollars ($75) for a vehicle with a cash price of five thousand dollars ($5,000) or less.

(B) One hundred fifty dollars ($150) for a vehicle with a cash price of more than five thousand dollars ($5,000), but not more than ten thousand dollars ($10,000).

(C) Two hundred fifty dollars ($250) for a vehicle with a cash price of more than ten thousand dollars ($10,000), but not more than thirty thousand dollars ($30,000).

(D) One percent of the purchase price for a vehicle with a cash price of more than thirty thousand dollars ($30,000), but less than forty thousand dollars ($40,000).

The term "cash price" as used in this paragraph has the same meaning as described in subparagraph (A) of paragraph (1) of subdivision (a) of Section 2982 of the Civil Code. "Cash price" also excludes registration, transfer, titling, license, and California tire and optional business partnership automation fees.

(b) To comply with subdivision (a), and notwithstanding Section 2981.9 of the Civil Code, a contract cancellation option agreement shall be contained in a document separate from the conditional sale contract or other vehicle purchase agreement and shall contain, at a minimum, the following:

(1) The name of the seller and the buyer.

(2) A description and the Vehicle Identification Number of the vehicle purchased.

(3) A statement specifying the time within which the buyer must exercise the right to cancel the purchase under the contract cancellation option and return the vehicle to the dealer. The dealer shall not specify a time that is earlier than the dealer's close of business on the second day following the day on which the vehicle was originally delivered to the buyer by the dealer.

(4) A statement that clearly and conspicuously specifies the dollar amount of any restocking fee the buyer must pay to the dealer to exercise the right to cancel the purchase under the contract cancellation option. The restocking fee shall not exceed one hundred seventy-five dollars ($175) if the vehicle's cash price is five thousand dollars ($5,000) or less, three hundred fifty dollars ($350) if the vehicle's cash price is less than ten thousand dollars ($10,000), and five hundred dollars ($500) if the vehicle cash price is ten thousand dollars ($10,000) or more. The dealer shall apply toward the restocking fee the price paid by the buyer for the contract cancellation option. The price for purchase of the contract cancellation option is not otherwise subject to setoff or refund.

(5) A statement specifying the maximum number of miles that the vehicle may be driven after its original delivery by the dealer to the buyer to remain eligible for cancellation under the contract cancellation option. A dealer shall not specify fewer than 250 miles in the contract cancellation option agreement.

(6) A statement that the contract cancellation option gives the buyer the right to cancel the purchase and obtain a full refund, minus the purchase price for the contract cancellation option agreement; and that the right to cancel will apply only if, within the time specified in the contract cancellation option agreement, the following are personally delivered to the selling dealer by the buyer: a written notice exercising the right to cancel the purchase signed by the buyer; any restocking fee specified in the contract cancellation option agreement minus the purchase price for the contract cancellation option agreement; the original contract cancellation option agreement and vehicle purchase contract and related documents, if the seller gave those original documents to the buyer; all original vehicle titling and registration documents, if the seller gave those original documents to the buyer; and the vehicle, free of all liens and encumbrances, other than any lien or encumbrance created by or incident to the conditional sales contract, any loan arranged by the dealer, or any purchase money loan obtained by the buyer from a third party, and in the same condition as when it was delivered by the dealer to the buyer, reasonable wear and tear and any defect or mechanical problem that manifests or becomes evident after delivery that was not caused by the buyer excepted, and which must not have been driven beyond the mileage limit specified in the contract cancellation option

agreement. The agreement may also provide that the buyer will execute documents reasonably necessary to effectuate the cancellation and refund and as reasonably required to comply with applicable law.

(7) At the bottom of the contract cancellation option agreement, a statement that may be signed by the buyer to indicate the buyer's election to exercise the right to cancel the purchase under the terms of the contract cancellation option agreement, and the last date and time by which the option to cancel may be exercised, followed by a line for the buyer's signature. A particular form of statement is not required, but the following statement is sufficient: "By signing below, I elect to exercise my right to cancel the purchase of the vehicle described in this agreement." The buyer's delivery of the purchase cancellation agreement to the dealer with the buyer's signature following this statement shall constitute sufficient written notice exercising the right to cancel the purchase under paragraph (6). The dealer shall provide the buyer with the statement required by this paragraph in duplicate to enable the buyer to return the signed cancellation notice and retain a copy of the cancellation agreement.

(c) (1) No later than the second day following the day on which the buyer exercises the right to cancel the purchase in compliance with the contract cancellation option agreement, the dealer shall cancel the contract and provide the buyer with a full refund, including that portion of the sales tax attributable to amounts excluded pursuant to Section 6012.3 of the Revenue and Taxation Code.

(2) If the buyer was not charged for the contract cancellation option agreement, the dealer shall return to the buyer, no later than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has sold or otherwise transferred title to the motor vehicle that was left as a downpayment or trade-in, the full refund described in paragraph (1) shall include the fair market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(3) If the buyer was charged for the contract cancellation option agreement, the dealer shall retain any motor vehicle the buyer left with the dealer as a downpayment or trade-in until the buyer exercises the right to cancel or the right to cancel expires. If the buyer exercises the right to cancel the purchase, the dealer shall return to the buyer, no later than the day following the day on which the buyer exercises the right to cancel the purchase, any motor vehicle the buyer left with the seller as a downpayment or trade-in. If the dealer has inadvertently sold or otherwise transferred title to the motor vehicle as the result of a bona fide error, notwithstanding reasonable procedures designed to avoid that

error, the inadvertent sale or transfer of title shall not be deemed a violation of this paragraph, and the full refund described in paragraph (1) shall include the retail market value of the motor vehicle left as a downpayment or trade-in, or its value as stated in the contract or purchase order, whichever is greater.

(d) If the dealer received a portion of the purchase price by credit card, or other third-party payer on the buyer's account, the dealer may refund that portion of the purchase price to the credit card issuer or third-party payer for credit to the buyer's account.

(e) Notwithstanding subdivision (a), a dealer is not required to offer a contract cancellation option agreement to an individual who exercised his or her right to cancel the purchase of a vehicle from the dealer pursuant to a contract cancellation option agreement during the immediately preceding 30 days. A dealer is not required to give notice to a subsequent buyer of the return of a vehicle pursuant to this section. This subdivision does not abrogate or limit any disclosure obligation imposed by any other law.

(f) This section does not affect or alter the legal rights, duties, obligations, or liabilities of the buyer, the dealer, or the dealer's agents or assigns, that would exist in the absence of a contract cancellation option agreement. The buyer is the owner of a vehicle when he or she takes delivery of a vehicle until the vehicle is returned to the dealer pursuant to a contract cancellation option agreement, and the existence of a contract cancellation option agreement shall not impose permissive user liability on the dealer, or the dealer's agents or assigns, under Section 460 or 17150 or otherwise.

(g) Nothing in this section is intended to affect the ability of a buyer to rescind the contract or revoke acceptance under any other law.

SEC. 26. Section 366.3 of the Welfare and Institutions Code is amended to read:

366.3. (a) If a juvenile court orders a permanent plan of adoption or legal guardianship pursuant to Section 360 or 366.26, the court shall retain jurisdiction over the child until the child is adopted or the legal guardianship is established, except as provided for in Section 366.29. The status of the child shall be reviewed every six months to ensure that the adoption or legal guardianship is completed as expeditiously as possible. When the adoption of the child has been granted, the court shall terminate its jurisdiction over the child. Following establishment of a legal guardianship, the court may continue jurisdiction over the child as a dependent child of the juvenile court or may terminate its dependency jurisdiction and retain jurisdiction over the child as a ward of the legal guardianship, as authorized by Section 366.4. If, however, a relative of the child is appointed the legal guardian of the child and

the child has been placed with the relative for at least 12 months, the court shall, except if the relative guardian objects, or upon a finding of exceptional circumstances, terminate its dependency jurisdiction and retain jurisdiction over the child as a ward of the guardianship, as authorized by Section 366.4. Following a termination of parental rights, the parent or parents shall not be a party to, or receive notice of, any subsequent proceedings regarding the child.

(b) If the court has dismissed dependency jurisdiction following the establishment of a legal guardianship, or no dependency jurisdiction attached because of the granting of a legal guardianship pursuant to Section 360, and the legal guardianship is subsequently revoked or otherwise terminated, the county department of social services or welfare department shall notify the juvenile court of this fact. The court may vacate its previous order dismissing dependency jurisdiction over the child.

Notwithstanding Section 1601 of the Probate Code, the proceedings to terminate a legal guardianship that has been granted pursuant to Section 360 or 366.26 shall be held in the juvenile court, unless the termination is due to the emancipation or adoption of the child. Prior to the hearing on a petition to terminate legal guardianship pursuant to this paragraph, the court shall order the county department of social services or welfare department to prepare a report, for the court's consideration, that shall include an evaluation of whether the child could safely remain in the legal guardian's home, without terminating the legal guardianship, if services were provided to the child or legal guardian. If applicable, the report shall also identify recommended services to maintain the legal guardianship and set forth a plan for providing those services. If the petition to terminate legal guardianship is granted, the juvenile court may resume dependency jurisdiction over the child, and may order the county department of social services or welfare department to develop a new permanent plan, which shall be presented to the court within 60 days of the termination. If no dependency jurisdiction has attached, the social worker shall make any investigation he or she deems necessary to determine whether the child may be within the jurisdiction of the juvenile court, as provided in Section 328.

Unless the parental rights of the child's parent or parents have been terminated, they shall be notified that the legal guardianship has been revoked or terminated and shall be entitled to participate in the new permanency planning hearing. The court shall try to place the child in another permanent placement. At the hearing, the parents may be considered as custodians but the child shall not be returned to the parent or parents unless they prove, by a preponderance of the evidence, that reunification is the best alternative for the child. The court may, if it is

in the best interests of the child, order that reunification services again be provided to the parent or parents.

(c) If, following the establishment of a legal guardianship, the county welfare department becomes aware of changed circumstances that indicate adoption may be an appropriate plan for the child, the department shall so notify the court. The court may vacate its previous order dismissing dependency jurisdiction over the child and order that a hearing be held pursuant to Section 366.26 to determine whether adoption or continued legal guardianship is the most appropriate plan for the child. The hearing shall be held no later than 120 days from the date of the order. If the court orders that a hearing shall be held pursuant to Section 366.26, the court shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services if it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment under subdivision (b) of Section 366.22.

(d) If the child is in a placement other than the home of a legal guardian and jurisdiction has not been dismissed, the status of the child shall be reviewed at least every six months. The review of the status of a child for whom the court has ordered parental rights terminated and who has been ordered placed for adoption shall be conducted by the court. The review of the status of a child for whom the court has not ordered parental rights terminated and who has not been ordered placed for adoption may be conducted by the court or an appropriate local agency. The court shall conduct the review under the following circumstances:

(1) Upon the request of the child's parents or legal guardians.

(2) Upon the request of the child.

(3) It has been 12 months since a hearing held pursuant to Section 366.26 or an order that the child remain in long-term foster care pursuant to Section 366.21, 366.22, 366.26, or subdivision (g).

(4) It has been 12 months since a review was conducted by the court.

The court shall determine whether or not reasonable efforts to make and finalize a permanent placement for the child have been made.

(e) Except as provided in subdivision (f), at the review held every six months pursuant to subdivision (d), the reviewing body shall inquire about the progress being made to provide a permanent home for the child, shall consider the safety of the child, and shall determine all of the following:

(1) The continuing necessity for and appropriateness of the placement.

(2) Identification of individuals other than the child's siblings who are important to a child who is 10 years of age or older and has been in out-of-home placement for six months or longer, and actions necessary

to maintain the child's relationship with those individuals, provided that those relationships are in the best interest of the child. The social worker shall ask every child who is 10 years of age or older and who has been in out-of-home placement for six months or longer to identify individuals other than the child's siblings who are important to the child, and may ask any other child to provide that information, as appropriate. The social worker shall make efforts to identify other individuals who are important to the child, consistent with the child's best interests.

(3) The continuing appropriateness and extent of compliance with the permanent plan for the child, including efforts to maintain relationships between a child who is 10 years of age or older and who has been in out-of-home placement for six months or longer and individuals who are important to the child and efforts to identify a prospective adoptive parent or legal guardian, including, but not limited to, child-specific recruitment efforts and listing on an adoption exchange.

(4) The extent of the agency's compliance with the child welfare services case plan in making reasonable efforts to return the child to a safe home and to complete whatever steps are necessary to finalize the permanent placement of the child.

(5) Whether there should be any limitation on the right of the parent or guardian to make educational decisions for the child. That limitation shall be specifically addressed in the court order and may not exceed what is necessary to protect the child. If the court specifically limits the right of the parent or guardian to make educational decisions for the child, the court shall at the same time appoint a responsible adult to make educational decisions for the child pursuant to Section 361.

(6) The adequacy of services provided to the child. The court shall consider the progress in providing the information and documents to the child, as described in Section 391. The court shall also consider the need for, and progress in providing, the assistance and services described in paragraphs (3) and (4) of subdivision (b) of Section 391.

(7) The extent of progress the parents or legal guardians have made toward alleviating or mitigating the causes necessitating placement in foster care.

(8) The likely date by which the child may be returned to and safely maintained in the home, placed for adoption, legal guardianship, or in another planned permanent living arrangement.

(9) Whether the child has any siblings under the court's jurisdiction, and, if any siblings exist, all of the following:

(A) The nature of the relationship between the child and his or her siblings.

(B) The appropriateness of developing or maintaining the sibling relationships pursuant to Section 16002.

(C) If the siblings are not placed together in the same home, why the siblings are not placed together and what efforts are being made to place the siblings together, or why those efforts are not appropriate.

(D) If the siblings are not placed together, the frequency and nature of the visits between siblings.

(E) The impact of the sibling relationships on the child's placement and planning for legal permanence.

The factors the court may consider as indicators of the nature of the child's sibling relationships include, but are not limited to, whether the siblings were raised together in the same home, whether the siblings have shared significant common experiences or have existing close and strong bonds, whether either sibling expresses a desire to visit or live with his or her sibling, as applicable, and whether ongoing contact is in the child's best emotional interests.

(10) For a child who is 16 years of age or older, the services needed to assist the child to make the transition from foster care to independent living.

The reviewing body shall determine whether or not reasonable efforts to make and finalize a permanent placement for the child have been made.

Each licensed foster family agency shall submit reports for each child in its care, custody, and control to the court concerning the continuing appropriateness and extent of compliance with the child's permanent plan, the extent of compliance with the case plan, and the type and adequacy of services provided to the child.

Unless their parental rights have been permanently terminated, the parent or parents of the child are entitled to receive notice of, and participate in, those hearings. It shall be presumed that continued care is in the best interests of the child, unless the parent or parents prove, by a preponderance of the evidence, that further efforts at reunification are the best alternative for the child. In those cases, the court may order that further reunification services to return the child to a safe home environment be provided to the parent or parents for a period not to exceed six months.

(f) At the review conducted by the court and held at least every six months, regarding a child for whom the court has ordered parental rights terminated and who has been ordered placed for adoption, the county welfare department shall prepare and present to the court a report describing the following:

(1) The child's present placement.

(2) The child's current physical, mental, emotional, and educational status.

(3) If the child has not been placed with a prospective adoptive parent or guardian, identification of individuals, other than the child's siblings, who are important to the child and actions necessary to maintain the child's relationship with those individuals, provided that those relationships are in the best interest of the child. The agency shall ask every child who is 10 years of age or older to identify any individuals who are important to him or her, consistent with the child's best interest, and may ask any child who is younger than 10 years of age to provide that information as appropriate. The agency shall make efforts to identify other individuals who are important to the child.

(4) Whether the child has been placed with a prospective adoptive parent or parents.

(5) Whether an adoptive placement agreement has been signed and filed.

(6) If the child has not been placed with a prospective adoptive parent or parents, the efforts made to identify an appropriate prospective adoptive parent or legal guardian, including, but not limited to, child-specific recruitment efforts and listing on an adoption exchange.

(7) Whether the final adoption order should include provisions for postadoptive sibling contact pursuant to Section 366.29.

(8) The progress of the search for an adoptive placement if one has not been identified.

(9) Any impediments to the adoption or the adoptive placement.

(10) The anticipated date by which the child will be adopted, or placed in an adoptive home.

(11) The anticipated date by which an adoptive placement agreement will be signed.

(12) Recommendations for court orders that will assist in the placement of the child for adoption or in the finalization of the adoption.

The court shall determine whether or not reasonable efforts to make and finalize a permanent placement for the child have been made.

The court shall make appropriate orders to protect the stability of the child and to facilitate and expedite the permanent placement and adoption of the child.

(g) At the review held pursuant to subdivision (d) for a child in long-term foster care, the court shall consider all permanency planning options for the child including whether the child should be returned to the home of the parent, placed for adoption, or appointed a legal guardian, or, if compelling reasons exist for finding that none of the foregoing options are in the best interest of the child, whether the child should be placed in another planned permanent living arrangement. The court shall order that a hearing be held pursuant to Section 366.26 unless it determines by clear and convincing evidence, that there is a compelling

reason for determining that a hearing held pursuant to Section 366.26 is not in the best interest of the child because the child is being returned to the home of the parent, the child is not a proper subject for adoption, or no one is willing to accept legal guardianship. If the licensed county adoption agency, or the department when it is acting as an adoption agency in counties that are not served by a county adoption agency, has determined it is unlikely that the child will be adopted or one of the conditions described in paragraph (1) of subdivision (c) of Section 366.26 applies, that fact shall constitute a compelling reason for purposes of this subdivision. Only upon that determination may the court order that the child remain in foster care, without holding a hearing pursuant to Section 366.26.

(h) If, as authorized by subdivision (g), the court orders a hearing pursuant to Section 366.26, the court shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment as provided for in subdivision (i) of Section 366.21 or subdivision (b) of Section 366.22. A hearing held pursuant to Section 366.26 shall be held no later than 120 days from the date of the 12-month review at which it is ordered, and at that hearing the court shall determine whether adoption, legal guardianship, or long-term foster care is the most appropriate plan for the child.

(i) The implementation and operation of the amendments to subdivision (e) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

(j) The reviews conducted pursuant to subdivision (a) or (d) may be conducted earlier than every six months if the court determines that an earlier review is in the best interests of the child or as courts rules prescribe.

SEC. 27. Section 15657.03 of the Welfare and Institutions Code is amended to read:

15657.03. (a) An elder or dependent adult who has suffered abuse as defined in Section 15610.07 may seek protective orders as provided in this section.

(b) For the purposes of this section, "protective order" means an order that includes any of the following restraining orders, whether issued ex parte, after notice and hearing, or in a judgment:

(1) An order enjoining a party from abusing, intimidating, molesting, attacking, striking, stalking, threatening, sexually assaulting, battering, harassing, telephoning, including, but not limited to, annoying telephone calls as described in Section 653m of the Penal Code, destroying personal

property, contacting, either directly or indirectly, by mail or otherwise, or coming within a specified distance of, or disturbing the peace of the petitioner.

(2) An order excluding a party from the petitioner's residence or dwelling, except that this order shall not be issued if legal or equitable title to, or lease of, the residence or dwelling is in the sole name of the party to be excluded, or is in the name of the party to be excluded and any other party besides the petitioner.

(3) An order enjoining a party from specified behavior that the court determines is necessary to effectuate orders described in paragraph (1) or (2).

(c) An order may be issued under this section, with or without notice, to restrain any person for the purpose of preventing a recurrence of abuse, if an affidavit shows, to the satisfaction of the court, reasonable proof of a past act or acts of abuse of the petitioning elder or dependent adult.

(d) (1) Upon filing a petition for protective orders under this section, the petitioner may obtain a temporary restraining order in accordance with Section 527 of the Code of Civil Procedure, except to the extent this section provides a rule that is inconsistent. The temporary restraining order may include any of the protective orders described in subdivision (b). However, the court may issue an ex parte order excluding a party from the petitioner's residence or dwelling only on a showing of all of the following:

(A) Facts sufficient for the court to ascertain that the party who will stay in the dwelling has a right under color of law to possession of the premises.

(B) That the party to be excluded has assaulted or threatens to assault the petitioner.

(C) That physical or emotional harm would otherwise result to the petitioner.

(2) If a temporary restraining order is granted without notice, the matter shall be made returnable on an order requiring cause to be shown why a permanent order should not be granted, on the earliest day that the business of the court will permit, but not later than 20 days or, if good cause appears to the court, 25 days from the date the temporary restraining order is granted, unless the order is otherwise modified or terminated by the court.

(e) The court may issue, upon notice and a hearing, any of the orders set forth in subdivision (b). The court may issue, after notice and hearing, an order excluding a person from a residence or dwelling if the court finds that physical or emotional harm would otherwise result to the other party.

(f) In the discretion of the court, an order issued after notice and a hearing under this section may have a duration of not more than three years, subject to termination or modification by further order of the court either on written stipulation filed with the court or on the motion of a party. These orders may be renewed upon the request of a party, either for three years or permanently, without a showing of any further abuse since the issuance of the original order, subject to termination or modification by further order of the court either on written stipulation filed with the court or on the motion of a party. The failure to state the expiration date on the face of the form creates an order with a duration of three years from the date of issuance.

(g) Upon the filing of a petition for protective orders under this section, the respondent shall be personally served with a copy of the petition, notice of the hearing or order to show cause, temporary restraining order, if any, and any affidavits in support of the petition. Service shall be made at least five days before the hearing. The court may, on motion of the petitioner or on its own motion, shorten the time for service on the respondent.

(h) The court may, upon the filing of an affidavit by the applicant that the respondent could not be served within the time required by statute, reissue an order previously issued and dissolved by the court for failure to serve the respondent. The reissued order shall be made returnable on the earliest day that the business of the court will permit, but not later than 20 days or, if good cause appears to the court, 25 days from the date of reissuance. The reissued order shall state on its face the date of expiration of the order.

(i) (1) If the person named in a temporary restraining order is personally served with the order and notice of hearing with respect to a restraining order or protective order based thereon, but the person does not appear at the hearing, either personally or by counsel, and the terms and conditions of the restraining order or protective order are identical to the temporary restraining order, except for the duration of the order, then the restraining order or protective order may be served on the person by first-class mail sent to that person at the most current address for the person available to the court.

(2) The judicial form for orders issued pursuant to this subdivision shall contain a statement in substantially the following form:

"NO ADDITIONAL PROOF OF SERVICE IS REQUIRED IF THE FACE OF THIS FORM INDICATES THAT BOTH PARTIES WERE PERSONALLY PRESENT AT THE HEARING WHERE THE ORDER WAS ISSUED. IF YOU HAVE BEEN PERSONALLY SERVED WITH A TEMPORARY RESTRAINING ORDER OR EMERGENCY

PROTECTIVE ORDER AND NOTICE OF HEARING, BUT YOU DO NOT APPEAR AT THE HEARING EITHER IN PERSON OR BY COUNSEL, AND A RESTRAINING ORDER OR PROTECTIVE ORDER IS ISSUED AT THE HEARING THAT DOES NOT DIFFER FROM THE PRIOR TEMPORARY RESTRAINING ORDER OR EMERGENCY PROTECTIVE ORDER, A COPY OF THE ORDER WILL BE SERVED UPON YOU BY MAIL AT THE FOLLOWING ADDRESS ____. IF THAT ADDRESS IS NOT CORRECT OR YOU WISH TO VERIFY THAT THE TEMPORARY OR EMERGENCY ORDER WAS MADE PERMANENT WITHOUT SUBSTANTIVE CHANGE, CALL THE CLERK OF THE COURT AT ____."

(j) (1) The court shall order the petitioner or the attorney for the petitioner to deliver, or the clerk of the court to mail, a copy of an order issued under this section, or a reissuance, extension, modification, or termination of the order, and any subsequent proof of service, by the close of the business day on which the order, reissuance, extension, modification, or termination was made, to each local law enforcement agency designated by the petitioner or the attorney for the petitioner having jurisdiction over the residence of the petitioner, and to any additional law enforcement agencies within the court's discretion as are requested by the petitioner. Each appropriate law enforcement agency shall make available information as to the existence and current status of these orders to law enforcement officers responding to the scene of reported abuse.

(2) An order issued under this section shall, on request of the petitioner, be served on the respondent, whether or not the respondent has been taken into custody, by any law enforcement officer who is present at the scene of reported abuse involving the parties to the proceeding. The petitioner shall provide the officer with an endorsed copy of the order and a proof of service, which the officer shall complete and send to the issuing court.

(3) Upon receiving information at the scene of an incident of abuse that a protective order has been issued under this section, or that a person who has been taken into custody is the respondent to that order, if the protected person cannot produce an endorsed copy of the order, a law enforcement officer shall immediately attempt to verify the existence of the order.

(4) If the law enforcement officer determines that a protective order has been issued, but not served, the officer shall immediately notify the respondent of the terms of the order and where a written copy of the order can be obtained, and the officer shall at that time also enforce the order. The law enforcement officer's verbal notice of the terms of the

order shall constitute service of the order and is sufficient notice for the purposes of this section and for the purposes of Section 273.6 of the Penal Code.

(k) Nothing in this section shall preclude either party from representation by private counsel or from appearing on the party's own behalf.

(*l*) There is no filing fee for a petition, response, or paper seeking the reissuance, modification, or enforcement of a protective order filed in a proceeding brought pursuant to this section.

(m) (1) Fees otherwise payable by a petitioner to a law enforcement agency for serving an order issued under this section may be waived in any case in which the petitioner has requested a fee waiver on the initiating petition and has filed a declaration that demonstrates, to the satisfaction of the court, the financial need of the petitioner for the fee waiver. The declaration required by this subdivision shall be on one of the following forms:

(A) The form formulated and adopted by the Judicial Council for litigants proceeding in forma pauperis pursuant to Section 68511.3 of the Government Code, but the petitioner is not subject to any other requirements of litigants proceeding in forma pauperis.

(B) Any other form that the Judicial Council may adopt for this purpose pursuant to subdivision (r).

(2) In conjunction with a hearing pursuant to this section, the court may make an order for the waiver of fees otherwise payable by the petitioner to a law enforcement agency for serving an order issued under this section.

(n) The prevailing party in any action brought under this section may be awarded court costs and attorney's fees, if any.

(o) (1) An order issued pursuant to this section shall prohibit the person subject to it from owning, possessing, purchasing, receiving, or attempting to purchase or receive, a firearm.

(2) Paragraph (1) shall not apply to a case consisting solely of financial abuse unaccompanied by force, threat, harassment, intimidation, or any other form of abuse.

(3) The court shall order a person subject to a protective order issued under this section to relinquish any firearms he or she owns or possesses pursuant to Section 527.9 of the Code of Civil Procedure.

(4) Every person who owns, possesses, purchases, or receives, or attempts to purchase or receive a firearm while the protective order is in effect is punishable pursuant to subdivision (g) of Section 12021 of the Penal Code.

(p) Any willful disobedience of any temporary restraining order or restraining order after hearing granted under this section is punishable pursuant to Section 273.6 of the Penal Code.

(q) This section does not apply to any action or proceeding covered by Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code, by Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure, or by Division 10 (commencing with Section 6200) of the Family Code. Nothing in this section shall preclude a petitioner's right to use other existing civil remedies.

(r) The Judicial Council shall promulgate forms and instructions therefor, rules for service of process, scheduling of hearings, and any other matters required by this section. The petition and response forms shall be simple and concise.

SEC. 28. Section 11.5 of this bill incorporates amendments to Section 1277 of the Code of Civil Procedure proposed by both this bill and SB 1743. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 1277 of the Code of Civil Procedure, and (3) this bill is enacted after SB 1743, in which case Section 11 of this bill shall not become operative.

CHAPTER 568

An act to amend Sections 21111, 21141, 21283, 21283.5, 21285, 21288, and 21288.5 of, and to add Sections 19348, 19348.1, 21111.5, 21142, and 21292 to, the Food and Agricultural Code, relating to cattle, and making an appropriation therefor.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 19348 of the Food and Agricultural Code is amended to read:

19348. (a) Unless a waiver is granted by the State Veterinarian in conjunction with implementation of Section 9562, no dead animal hauler or any other person shall transport any dead animal to any place, other than to a licensed rendering plant, a licensed collection center, an animal disease diagnostic laboratory acceptable to the department, the nearest

crematory, or to a destination in another state that has been approved for that purpose by the appropriate authorities in that state.

(b) Nothing in this section shall be interpreted to conflict with any state or federal environmental or zoning law, or to prohibit an owner of a live animal from burying the animal on the owner's property after the animal dies if the burial is within three miles of where the animal died.

SEC. 1.1. Section 19348.1 is added to the Food and Agricultural Code, to read:

19348.1. The State Veterinarian is authorized to approve temporary research projects for the purpose of determining whether alternative methods of animal tissue disposal are capable of destroying organisms that cause disease and can be used effectively to protect public health and agricultural animals. Temporary projects shall not be approved for period longer than 24 months.

SEC. 1.2. Section 21111 of the Food and Agricultural Code is amended to read:

21111. The secretary shall, by regulation, establish and maintain a modified point-of-origin inspection area whenever the cattle producers owning cattle in the affected area request the action by a two-thirds vote of those cattle producers, who are either property taxpayers, lessees, or residents of the affected area and who are present at a public hearing held at a central location in the area. The secretary shall hold a statewide hearing within sixty days of the passage of this act, and upon written request or petition signed by at least 25 cattle producers owning cattle in the affected area thereafter, to determine what areas wish to consider establishing a modified point-of-origin inspection area. Based on the testimony presented at these hearings, the secretary shall conduct local hearings in those areas where significant interest exists. The cost of each local hearing shall be borne by the producers in the area based on a written agreement between producers in the area and the secretary. Notice of the local hearing shall be publicized by the department at least 30 days prior to the hearing date through local publications and radio; shall be posted at all sales yards, slaughter plants and feedlots in the area; and shall be circulated to all known beef cattle and dairy cattle associations having producer members in the areas. The two-thirds vote of those attending pertains to these local hearings.

SEC. 2. Section 21111.5 is added to the Food and Agricultural Code, to read:

21111.5. Cattle producers owning cattle in the affected area may, upon written request or petition signed by at least 25 cattle producers owning cattle in that area, request that the secretary repeal regulations establishing a modified point-of-origin inspection area pursuant to Section 21111 in the manner prescribed by the Administrative Procedure Act

(Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 3. Section 21141 of the Food and Agricultural Code is amended to read:

21141. The secretary shall, by regulation, establish and maintain a full point-of-origin inspection area whenever the cattle producers owning cattle in the affected area request this action by a two-thirds vote of those present at a public hearing held at a central location in the area. The secretary shall hold the local public hearing upon the receipt of written requests or petitions signed by at least 25 cattle producers in the affected area.

SEC. 4. Section 21142 is added to the Food and Agricultural Code, to read:

21142. Cattle producers owning cattle in the affected area may, upon written request or petition signed by at least 25 cattle producers owning cattle in that area, request that the secretary repeal regulations establishing a full point-of-origin inspection area pursuant to Section 21141 in the manner prescribed by the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 5. Section 21283 of the Food and Agricultural Code is amended to read:

21283. (a) Unless otherwise provided in this article, inspection fees shall be paid at the point of inspection.

(b) The fee for inspection is one dollar and five cents ($1.05) for each animal which is inspected, except as follows:

(1) The fee for inspection at a registered feedlot, as defined in Section 20015, is fifty-four cents ($0.54) for each animal which is inspected.

(2) The fee for inspecting any animal which originated in another state and was shipped into this state for feeding direct to a registered feedlot is thirty-six cents ($0.36) for each animal which is inspected.

(3) The fee for inspecting an animal which was inspected at a posted stockyard or posted saleyard in this state and shipped direct to a registered feedlot is thirty-six cents ($0.36) for each animal which is inspected.

SEC. 6. Section 21283.5 of the Food and Agricultural Code is amended to read:

21283.5. Except as otherwise provided in this article, on all private treaty transaction inspections, as defined in Section 20026, regardless of destination, the fee of one dollar and five cents ($1.05) shall be paid at the point of inspection for each animal which is inspected.

SEC. 7. Section 21285 of the Food and Agricultural Code is amended to read:

21285. The fee is one dollar and five cents ($1.05) for the inspection before sale of each animal at a public saleyard which is posted by the Secretary of Agriculture of the United States or at a public saleyard if the animal originated in another state and it was shipped to this state, consigned to that public stockyard or public saleyard.

SEC. 8. Section 21288 of the Food and Agricultural Code is amended to read:

21288. In a modified point-of-origin inspection area, as provided in Section 21111, the fee for the inspection of cattle, other than suckling calves which are accompanying their mothers, is one dollar and five cents ($1.05) per head if the cattle are transported out of the area for purposes other than sale or slaughter and no change of ownership is involved.

SEC. 9. Section 21288.5 of the Food and Agricultural Code is amended to read:

21288.5. For cattle, other than suckling calves accompanying their mothers, transported out of the state for purposes other than sale or slaughter and where no change of ownership is involved the inspection fee is one dollar and five cents ($1.05) per head.

SEC. 10. Section 21292 is added to the Food and Agricultural Code, to read:

21292. (a) The Bureau of Livestock Identification is authorized to enter into a Memorandum of Understanding with any purebred cattle producer or breeder for purposes of pre-inspection of purebred bulls, or 4H or Future Farmers of America project calves, that are for sale within the state.

(b) The Memorandum of Understanding shall contain, but is not limited to, all of the following:

(1) All bulls and project calves for sale must be identified.

(2) All bulls and project calves must be placed into and remain in, an enclosure designated as a selling pen.

(3) All bulls and project calves shall be inspected and identified by a Brand Inspector.

(4) When bulls or project calves are sold, the seller shall furnish the purchaser with a fully completed Bill of Sale or Consignment, including identification numbers for all bulls or project calves.

(5) The seller shall mail a duplicate copy of the Bill of Sale or Consignment to the Brand Inspector with a stamped envelope bearing the purchaser's complete name and address.

(6) The Brand Inspector shall then issue a Brand Inspection Certificate and mail it to the purchaser.

(7) Brand inspection fees shall be paid on each certificate issued. The Brand Inspector shall collect fees for the certificates as they are issued.

(8) The Brand Inspector shall be contacted and a Brand Inspection Certificate issued before the animal leaves the seller's premises for any bull or project calf that is sold and is to be transported out of the state.

(9) Each Memorandum of Understanding shall expire one year from the date that the completed document is dated.

(c) There shall be signature blocks for the producer or breeder, the Brand Inspector, and the Regional Brand Inspector, and dates for when the signatures are made. There shall also be a date for the document.

(d) This memorandum of understanding may be discontinued by the Chief of the Bureau of Livestock Identification upon a finding by the chief that any provision is not being met, or at any time that the chief determines that further action is necessary in order to satisfy brand inspection requirements and the integrity of the program set forth in Chapter 6 and Chapter 7 of Division 10.

CHAPTER 569

An act to amend Sections 16340, 16363, and 16364 of, to add Section 16374.5 to, and to repeal and add Section 16361 of, the Probate Code, relating to trusts.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 16340 of the Probate Code is amended to read:

16340. After the decedent's death, in the case of a decedent's estate, or after an income interest in a trust ends, the following rules apply:

(a) If property is specifically given to a beneficiary, by will or trust, the fiduciary of the estate or of the terminating income interest shall distribute the net income and principal receipts to the beneficiary who is to receive the property, subject to the following rules:

(1) The net income and principal receipts from the specifically given property are determined by including all of the amounts the fiduciary receives or pays with respect to the property, whether the amounts accrued or became due before, on, or after the decedent's death or an income interest in a trust ends, and by making a reasonable provision for amounts the fiduciary believes the estate or terminating income interest may become obligated to pay after the property is distributed.

(2) The fiduciary may not reduce income and principal receipts from the specifically given property on account of a payment described in

Section 16370 or 16371, to the extent that the will, the trust, or Section 12002 requires payment from other property or to the extent that the fiduciary recovers the payment from a third person.

(3) A specific gift distributable under a trust shall carry with it the same benefits and burdens as a specific devise under a will, as set forth in Chapter 8 (commencing with Section 12000) of Part 10 of Division 7.

(b) A general pecuniary gift, an annuity, or a gift of maintenance distributable under a trust carries with it income and bears interest in the same manner as a general pecuniary devise, an annuity, or a gift of maintenance under a will, as set forth in Chapter 8 (commencing with Section 12000) of Part 10 of Division 7. The fiduciary shall distribute to a beneficiary who receives a pecuniary amount, whether outright or in trust, the interest or any other amount provided by the will, the trust, this subdivision, or Chapter 8 (commencing with Section 12000) of Part 10 of Division 7, from the remaining net income determined under subdivision (c) or from principal to the extent that net income is insufficient.

(c) The fiduciary shall determine the remaining net income of the decedent's estate or terminating income interest as provided in this chapter and by doing the following:

(1) Including in net income all income from property used to discharge liabilities.

(2) Paying from income or principal, in the fiduciary's discretion, fees of attorneys, accountants, and fiduciaries, court costs and other expenses of administration, and interest on death taxes, except that the fiduciary may pay these expenses from income of property passing to a trust for which the fiduciary claims an estate tax marital or charitable deduction only to the extent that the payment of these expenses from income will not cause the reduction or loss of the deduction.

(3) Paying from principal all other disbursements made or incurred in connection with the settlement of a decedent's estate or the winding up of a terminating income interest, including debts, funeral expenses, disposition of remains, family allowances, and death taxes and related penalties that are apportioned to the estate or terminating income interest by the will, the trust, or Division 10 (commencing with Section 20100).

(d) After distributions required by subdivision (b), the fiduciary shall distribute the remaining net income determined under subdivision (c) in the manner provided in Section 16341 to all other beneficiaries.

(e) For purposes of this section, a reference in Chapter 8 (commencing with Section 12000) of Part 10 of Division 7 to the date of the testator's death means the date of the settlor's death or of the occurrence of some other event on which the distributee's right to receive the gift depends.

(f) If a trustee has distributed a specific gift or a general pecuniary gift before January 1, 2007, the trustee may allocate income and principal as set forth in this chapter or in any other manner permissible under the law in effect at the time of the distribution. If the trustee distributes a specific gift or a general pecuniary gift after December 31, 2006, then the trustee shall allocate income and principal as provided in this chapter.

SEC. 2. Section 16361 of the Probate Code is repealed.

SEC. 3. Section 16361 is added to the Probate Code, to read:

16361. (a) For purposes of this section, "payment" means either of the following:

(1) A payment that a trustee may receive over a fixed number of years or during the life of an individual because of services rendered or property transferred to the payer in exchange for future payments.

(2) A payment that a trustee may receive pursuant to an income tax advantaged contractual, custodial, or trust arrangement, including, but not limited to, a private or commercial annuity, a pension or profit-sharing plan, an individual retirement account, Roth IRA, or any similar arrangement, regardless of whether the payment is made from an "entity" as defined in Section 16350.

(b) To the extent that a payment is characterized by the payer as interest or a dividend or a payment made in lieu of interest or a dividend, a trustee shall allocate it to income. The trustee shall allocate to principal the balance of the payment and any other payment received in the same accounting period that is not characterized as interest, a dividend, or an equivalent payment.

(c) If no part of a payment is characterized as interest, a dividend, or an equivalent payment, the trustee shall allocate the payment as follows:

(1) If the payment is received from an individual account, the trustee shall allocate the payment to income to the extent that the payment, when combined with all other payments received from the individual account during that same accounting period, which may be referred to as the "cumulative amount received," does not exceed 4 percent of the account value, which may be referred to as the "income allocation amount." To the extent that any portion of a payment causes the cumulative amount received to exceed the income allocation amount, that portion, together with all further amounts received from the individual account during that accounting period, shall be allocated to principal.

(A) As used in this section, the term "individual account" means an individual account plan as defined in the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), as amended from time to time, and any other plan, account, or arrangement whose terms enable the trustee to identify the fair market value of the participant's or owner's interest therein.

(B) As used in this section, the term "account value" means the fair market value of the individual account as of the later of the last day of the trust's preceding accounting period and the date when the right to receive payments from the individual account first became subject to the trust.

(C) If an accounts period consists of less than 365 days, the income allocation amount shall be prorated on a daily basis.

(2) If the payment is received from a plan, account or other arrangement that is not an individual account, the trustee shall allocate the payment as follows:

(A) If all or part of the payment is required to be made to the trustee, the trustee shall allocate to income 10 percent of the part that is required to be made during the accounting period and the balance to principal.

(B) If no part of a payment is required to be made to the trustee or the payment received is the entire amount to which the trustee is entitled, the trustee shall allocate the entire payment to principal.

(C) A payment is not "required to be made" to the extent that it is made because the trustee exercises a right of withdrawal.

(d) If, to obtain an estate tax marital deduction for a trust, a trustee must allocate more of a payment to income than provided by this section, the trustee shall allocate to income the additional amount necessary to obtain the marital deduction.

SEC. 4. Section 16363 of the Probate Code is amended to read:

16363. (a) To the extent that a trustee accounts for receipts from an interest in minerals, water, or other natural resources pursuant to this section, the trustee shall allocate them as follows:

(1) If received as a nominal bonus, nominal delay rental, or nominal annual rent on a lease, a receipt shall be allocated to income.

(2) If received from a production payment, a receipt shall be allocated to income if and to the extent that the agreement creating the production payment provides a factor for interest or its equivalent. The balance shall be allocated to principal.

(3) If an amount received as a royalty, shut-in-well payment, take-or-pay payment, bonus, or delay rental is more than nominal, 90 percent shall be allocated to principal and the balance to income.

(4) If an amount is received from a working interest or any other interest in mineral or other natural resources not described in paragraph (1), (2), or (3), 90 percent of the net amount received shall be allocated to principal and the balance to income.

(b) An amount received on account of an interest in water that is renewable shall be allocated to income. If the water is not renewable, 90 percent of the amount shall be allocated to principal and the balance to income.

(c) This chapter applies whether or not a decedent or donor was extracting minerals, water, or other natural resources before the interest became subject to the trust.

(d) If a trust owned an interest in minerals, water, or other natural resources on January 1, 2000, the trustee may at all times allocate receipts from the interest as provided in this chapter or in the manner reasonably used by the trustee prior to that date. Receipts from an interest in minerals, water, or other natural resources acquired after January 1, 2000, shall be allocated by the trustee as provided in this chapter. If the interest was owned by the trust on January 1, 2000, a trustee that allocated receipts from the interest between January 1, 2000, and December 31, 2006, as provided in this chapter shall not have a duty to review that allocation and shall not have liability arising from the allocation. Nothing in this section is intended to create or imply a duty to allocate in a manner used by the trustee prior to January 1, 2000, and a trustee is not liable for not considering whether to make such an allocation or for choosing not to make such an allocation.

SEC. 5. Section 16364 of the Probate Code is amended to read:

16364. (a) To the extent that a trustee accounts for receipts from the sale of timber and related products pursuant to this section, the trustee shall allocate the net receipts as follows:

(1) To income to the extent that the amount of timber removed from the land does not exceed the rate of growth of the timber during the accounting periods in which a beneficiary has a mandatory income interest.

(2) To principal to the extent that the amount of timber removed from the land exceeds the rate of growth of the timber or the net receipts are from the sale of standing timber.

(3) To or between income and principal if the net receipts are from the lease of timberland or from a contract to cut timber from land owned by a trust, by determining the amount of timber removed from the land under the lease or contract and applying the rules in paragraphs (1) and (2).

(4) To principal to the extent that advance payments, bonuses, and other payments are not allocated pursuant to paragraph (1), (2), or (3).

(b) In determining net receipts to be allocated under subdivision (a), a trustee shall deduct and transfer to principal a reasonable amount for depletion.

(c) This chapter applies whether or not a decedent or transferor was harvesting timber from the property before it became subject to the trust.

(d) If a trust owned an interest in timberland on January 1, 2000, the trustee may at all times allocate net receipts from the sale of timber and related products as provided in this chapter or in the manner reasonably

used by the trustee prior to that date. Net receipts from an interest in timberland acquired after January 1, 2000, shall be allocated by the trustee as provided in this chapter. If the interest was owned by the trust on January 1, 2000, a trustee that allocated net receipts from the interest between January 1, 2000, and December 31, 2006, as provided in this chapter shall not have a duty to review that allocation and shall not have liability arising from the allocation. Nothing in this section is intended to create or imply a duty to allocate in a manner used by the trustee prior to January 1, 2000, and a trustee is not liable for not considering whether to make such an allocation or for choosing not to make such an allocation.

SEC. 6. Section 16374.5 is added to the Probate Code, to read:

16374.5. Unless otherwise provided by the governing instrument, determined by the trustee, or ordered by the court, distributions to beneficiaries shall be considered paid in the following order from the following sources:

(a) From net taxable income other than capital gains.

(b) From net realized short-term capital gains.

(c) From net realized long-term capitalized gains.

(d) From tax-exempt and other income.

(e) From principal of the trust.

CHAPTER 570

An act to amend Sections 20919.12 and 20919.15 of the Public Contract Code, relating to public contracts.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 20919.12 of the Public Contract Code is amended to read:

20919.12. If the unified school district adopts the job order contracting process, the unified school district shall submit to the Office of Public School Construction in the Department of General Services, the Senate and Assembly Committees on Business and Professions, the Senate and Assembly Committees on Education, and the Joint Legislative Budget Committee before December 1, 2011, a report containing a description of each job order contract procured, and the work under each contract completed on or before November 1, 2011. The report shall be prepared by an independent third party and the unified school district

shall pay for the cost of the report. The report shall include, but not be limited to, all of the following information:

(a) A listing of all projects completed under each job order contract.

(b) The job order contractor that was awarded each contract.

(c) The estimated and actual project costs.

(d) The estimated procurement time savings.

(e) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the job order contract, including, but not limited to, the resolution of the protests.

(f) An assessment of the prequalification process and criteria.

(g) A description of the labor force compliance program required under Section 20919.4, and an assessment of the impact on a project where compliance with that program is required.

(h) Recommendations regarding the most appropriate uses for the job order contract process.

SEC. 2. Section 20919.15 of the Public Contract Code is amended to read:

20919.15. This article shall remain in effect only until December 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before December 1, 2012, deletes or extends that date.

CHAPTER 571

An act to amend Section 13957 of the Government Code, relating to crime victims, and making an appropriation therefor.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13957 of the Government Code is amended to read:

13957. (a) The board may grant for pecuniary loss, when the board determines it will best aid the person seeking compensation, as follows:

(1) Subject to the limitations set forth in Section 13957.2, reimburse the amount of medical or medical-related expenses incurred by the victim, including, but not limited to, eyeglasses, hearing aids, dentures, or any prosthetic device taken, lost, or destroyed during the commission of the crime, or the use of which became necessary as a direct result of the crime.

(2) Subject to the limitations set forth in Section 13957.2, reimburse the amount of outpatient psychiatric, psychological, or other mental health counseling-related expenses incurred by the victim or derivative victim, including peer counseling services provided by a rape crisis center as defined by Section 13837 of the Penal Code, and including family psychiatric, psychological, or mental health counseling for the successful treatment of the victim provided to family members of the victim in the presence of the victim, whether or not the family member relationship existed at the time of the crime, that became necessary as a direct result of the crime, subject to the following conditions:

(A) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed ten thousand dollars ($10,000):

(i) A victim.

(ii) A derivative victim who is the surviving parent, sibling, child, spouse, fiancé, or fiancée of a victim of a crime that directly resulted in the death of the victim.

(iii) A derivative victim, as described in paragraphs (1) to (4), inclusive, of subdivision (c) of Section 13955, who is the primary caretaker of a minor victim whose claim is not denied or reduced pursuant to Section 13956 in a total amount not to exceed ten thousand dollars ($10,000) for not more than two derivative victims.

(B) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed three thousand dollars ($3,000):

(i) A derivative victim not eligible for reimbursement pursuant to subparagraph (A), provided that mental health counseling of a derivative victim described in paragraph (5) of subdivision (c) of Section 13955, shall be reimbursed only if that counseling is necessary for the treatment of the victim.

(ii) A victim of a crime of unlawful sexual intercourse with a minor committed in violation of subdivision (d) of Section 261.5 of the Penal Code. A derivative victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code shall not be eligible for reimbursement of mental health counseling expenses. The total award to or on behalf of a victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code may not exceed three thousand dollars ($3,000) for mental health counseling expenses only.

(C) The board may reimburse a victim or derivative victim for outpatient mental health counseling in excess of that authorized by subparagraphs (A) or (B) or for inpatient psychiatric, psychological, or other mental health counseling if the claim is based on dire or exceptional

circumstances that require more extensive treatment, as approved by the board.

(D) Expenses for psychiatric, psychological, or other mental health counseling related services may be reimbursed only if the services were provided by either of the following individuals:

(i) A person who would have been authorized to provide those services pursuant to the provisions of former Article 1 (commencing with Section 13959) as it read on January 1, 2002.

(ii) A person who is licensed by the state to provide those services, or who is properly supervised by a person who is so licensed, subject to the board's approval and subject to the limitations and restrictions the board may impose.

(3) Reimburse the expenses of nonmedical remedial care and treatment rendered in accordance with a religious method of healing recognized by state law.

(4) Subject to the limitations set forth in Section 13957.5, authorize compensation equal to the loss of income or loss of support, or both, that a victim or derivative victim incurs as a direct result of the victim's or derivative victim's injury or the victim's death. If the victim or derivative victim requests that the board give priority to reimbursement of loss of income or support, the board may not pay medical expenses, or mental health counseling expenses, except upon the request of the victim or derivative victim or after determining that payment of these expenses will not decrease the funds available for payment of loss of income or support.

(5) Authorize a cash payment to or on behalf of the victim for job retraining or similar employment-oriented services.

(6) Reimburse the claimant for the expense of installing or increasing residential security, not to exceed one thousand dollars ($1,000). Reimbursement shall be made either upon verification by law enforcement that the security measures are necessary for the personal safety of the claimant or verification by a mental health treatment provider that the security measures are necessary for the emotional well-being of the claimant. For purposes of this paragraph, a claimant is the crime victim, or, if the victim is deceased, a person who resided with the deceased at the time of the crime. Installing or increasing residential security may include, but need not be limited to, both of the following:

(A) Home security device or system.

(B) Replacing or increasing the number of locks.

(7) Reimburse the expense of renovating or retrofitting a victim's residence or a vehicle, or both, to make the residence, the vehicle, or both, accessible or the vehicle operational by a victim upon verification

that the expense is medically necessary for a victim who is permanently disabled as a direct result of the crime, whether the disability is partial or total.

(8) Authorize a cash payment or reimbursement not to exceed two thousand dollars ($2,000) to a victim for expenses incurred in relocating, if the expenses are determined by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim. When a relocation payment or reimbursement is provided to a victim of sexual assault or domestic violence and the identity of the offender is known to the victim, the victim shall agree not to inform the offender of the location of the victim's new residence and not to allow the offender on the premises at any time, or shall agree to seek a restraining order against the offender. The cash payment or reimbursement made under this subdivision shall only be awarded once to any victim, except that the board may, under compelling circumstances, award a second cash payment or reimbursement to the same victim if both of the following conditions are met:

(A) The crime occurs more than three years from the date of the crime giving rise to the initial relocation cash payment or reimbursement.

(B) The crime does not involve the same offender.

(9) When a victim dies as a result of a crime, the board may reimburse any individual who voluntarily, and without anticipation of personal gain, pays or assumes the obligation to pay any of the following expenses:

(A) The medical expenses incurred as a direct result of the crime in an amount not to exceed the rates or limitations established by the board.

(B) The funeral and burial expenses incurred as a direct result of the crime, not to exceed seven thousand five hundred dollars ($7,500).

(10) When the crime occurs in a residence, the board may reimburse any individual who voluntarily, and without anticipation of personal gain, pays or assumes the obligation to pay the reasonable costs to clean the scene of the crime in an amount not to exceed one thousand dollars ($1,000). Services reimbursed pursuant to this subdivision shall be performed by persons registered with the State Department of Health Services as trauma scene waste practitioners in accordance with Chapter 9.5 (commencing with Section 118321) of Part 14 of Division 104 of the Health and Safety Code.

(11) Reimburse the licensed child care expenses necessarily incurred by a victim or derivative victim as a direct result of a crime that resulted in physical injury or death, if the following conditions are met:

(A) The injured or deceased victim was a primary caregiver for the victim's dependent children.

(B) The total reimbursement for all child care expenses does not exceed five thousand dollars ($5,000). The board shall have the ability to set a lower reimbursement amount if necessary to protect the solvency of the Restitution Fund.

(C) The periods of time for which child care expenses may be reimbursed do not exceed a total of 180 days. The time periods need not be continuous.

(D) The child care expenses are consistent with the usual and customary rates charged by the child care provider for other children in the provider's care. If the provider only cares for the victim's children, the reimbursement rate shall not exceed two hundred dollars ($200) per week for one child or four hundred dollars ($400) per week for two or more children subject to the limit in subparagraph (E).

(E) No victim or derivative victim may receive reimbursement for child care expenses in addition to reimbursement subject to paragraph (4).

(F) This paragraph is a pilot program and shall be operative only until January 1, 2010.

(b) The total award to or on behalf of each victim or derivative victim may not exceed thirty-five thousand dollars ($35,000), except that this amount may be increased to seventy thousand dollars ($70,000) if federal funds for that increase are available.

SEC. 2. Section 13957 of the Government Code is amended to read:

13957. (a) The board may grant for pecuniary loss, when the board determines it will best aid the person seeking compensation, as follows:

(1) Subject to the limitations set forth in Section 13957.2, reimburse the amount of medical or medical-related expenses incurred by the victim, including, but not limited to, eyeglasses, hearing aids, dentures, or any prosthetic device taken, lost, or destroyed during the commission of the crime, or the use of which became necessary as a direct result of the crime.

(2) Subject to the limitations set forth in Section 13957.2, reimburse the amount of outpatient psychiatric, psychological, or other mental health counseling-related expenses incurred by the victim or derivative victim, including peer counseling services provided by a rape crisis center as defined by Section 13837 of the Penal Code, and including family psychiatric, psychological, or mental health counseling for the successful treatment of the victim provided to family members of the victim in the presence of the victim, whether or not the family member relationship existed at the time of the crime, that became necessary as a direct result of the crime, subject to the following conditions:

(A) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed ten thousand dollars ($10,000):

(i) A victim.

(ii) A derivative victim who is the surviving parent, sibling, child, spouse, fiancé, or fiancée of a victim of a crime that directly resulted in the death of the victim.

(iii) A derivative victim, as described in paragraphs (1) to (4), inclusive, of subdivision (c) of Section 13955, who is the primary caretaker of a minor victim whose claim is not denied or reduced pursuant to Section 13956 in a total amount not to exceed ten thousand dollars ($10,000) for not more than two derivative victims.

(B) The following persons may be reimbursed for the expense of their outpatient mental health counseling in an amount not to exceed three thousand dollars ($3,000):

(i) A derivative victim not eligible for reimbursement pursuant to subparagraph (A), provided that mental health counseling of a derivative victim described in paragraph (5) of subdivision (c) of Section 13955, shall be reimbursed only if that counseling is necessary for the treatment of the victim.

(ii) A victim of a crime of unlawful sexual intercourse with a minor committed in violation of subdivision (d) of Section 261.5 of the Penal Code. A derivative victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code shall not be eligible for reimbursement of mental health counseling expenses. The total award to or on behalf of a victim of a crime committed in violation of subdivision (d) of Section 261.5 of the Penal Code may not exceed three thousand dollars ($3,000) for mental health counseling expenses only.

(C) The board may reimburse a victim or derivative victim for outpatient mental health counseling in excess of that authorized by subparagraphs (A) or (B) or for inpatient psychiatric, psychological, or other mental health counseling if the claim is based on dire or exceptional circumstances that require more extensive treatment, as approved by the board.

(D) Expenses for psychiatric, psychological, or other mental health counseling related services may be reimbursed only if the services were provided by either of the following individuals:

(i) A person who would have been authorized to provide those services pursuant to the provisions of former Article 1 (commencing with Section 13959) as it read on January 1, 2002.

(ii) A person who is licensed by the state to provide those services, or who is properly supervised by a person who is so licensed, subject to

the board's approval and subject to the limitations and restrictions the board may impose.

(3) Reimburse the expenses of nonmedical remedial care and treatment rendered in accordance with a religious method of healing recognized by state law.

(4) Subject to the limitations set forth in Section 13957.5, authorize compensation equal to the loss of income or loss of support, or both, that a victim or derivative victim incurs as a direct result of the victim's or derivative victim's injury or the victim's death. If the victim or derivative victim requests that the board give priority to reimbursement of loss of income or support, the board may not pay medical expenses, or mental health counseling expenses, except upon the request of the victim or derivative victim or after determining that payment of these expenses will not decrease the funds available for payment of loss of income or support.

(5) Authorize a cash payment to or on behalf of the victim for job retraining or similar employment-oriented services.

(6) Reimburse the claimant for the expense of installing or increasing residential security, not to exceed one thousand dollars ($1,000). Reimbursement shall be made either upon verification by law enforcement that the security measures are necessary for the personal safety of the claimant or verification by a mental health treatment provider that the security measures are necessary for the emotional well-being of the claimant. For purposes of this paragraph, a claimant is the crime victim, or, if the victim is deceased, a person who resided with the deceased at the time of the crime. Installing or increasing residential security may include, but need not be limited to, both of the following:

(A) Home security device or system.

(B) Replacing or increasing the number of locks.

(7) Reimburse the expense of renovating or retrofitting a victim's residence or a vehicle, or both, to make the residence, the vehicle, or both, accessible or the vehicle operational by a victim upon verification that the expense is medically necessary for a victim who is permanently disabled as a direct result of the crime, whether the disability is partial or total.

(8) (A) Authorize a cash payment or reimbursement not to exceed two thousand dollars ($2,000) to a victim for expenses incurred in relocating, if the expenses are determined by law enforcement to be necessary for the personal safety of the victim or by a mental health treatment provider to be necessary for the emotional well-being of the victim.

(B) The cash payment or reimbursement made under this paragraph shall only be awarded to one victim per crime giving rise to the relocation. The board may authorize more than one relocation per crime if necessary for the personal safety or emotional well-being of the victim. However, the total cash payment or reimbursement for all relocations due to the same crime shall not exceed two thousand dollars ($2,000).

(C) The board may, under compelling circumstances, award a second cash payment or reimbursement to a victim for another crime if both of the following conditions are met:

(i) The crime occurs more than three years from the date of the crime giving rise to the initial relocation cash payment or reimbursement.

(ii) The crime does not involve the same offender.

(D) When a relocation payment or reimbursement is provided to a victim of sexual assault or domestic violence and the identity of the offender is known to the victim, the victim shall agree not to inform the offender of the location of the victim's new residence and not to allow the offender on the premises at any time, or shall agree to seek a restraining order against the offender.

(9) When a victim dies as a result of a crime, the board may reimburse any individual who voluntarily, and without anticipation of personal gain, pays or assumes the obligation to pay any of the following expenses:

(A) The medical expenses incurred as a direct result of the crime in an amount not to exceed the rates or limitations established by the board.

(B) The funeral and burial expenses incurred as a direct result of the crime, not to exceed seven thousand five hundred dollars ($7,500).

(10) When the crime occurs in a residence, the board may reimburse any individual who voluntarily, and without anticipation of personal gain, pays or assumes the obligation to pay the reasonable costs to clean the scene of the crime in an amount not to exceed one thousand dollars ($1,000). Services reimbursed pursuant to this subdivision shall be performed by persons registered with the State Department of Health Services as trauma scene waste practitioners in accordance with Chapter 9.5 (commencing with Section 118321) of Part 14 of Division 104 of the Health and Safety Code.

(11) Reimburse the licensed child care expenses necessarily incurred by a victim or derivative victim as a direct result of a crime that resulted in physical injury or death, if the following conditions are met:

(A) The injured or deceased victim was a primary caregiver for the victim's dependent children.

(B) The total reimbursement for all child care expenses does not exceed five thousand dollars ($5,000). The board shall have the ability

to set a lower reimbursement amount if necessary to protect the solvency of the Restitution Fund.

(C) The periods of time for which child care expenses may be reimbursed do not exceed a total of 180 days. The time periods need not be continuous.

(D) The child care expenses are consistent with the usual and customary rates charged by the child care provider for other children in the provider's care. If the provider only cares for the victim's children, the reimbursement rate shall not exceed two hundred dollars ($200) per week for one child or four hundred dollars ($400) per week for two or more children subject to the limit in subparagraph (E).

(E) No victim or derivative victim may receive reimbursement for child care expenses in addition to reimbursement subject to paragraph (4).

(F) This paragraph is a pilot program and shall be operative only until January 1, 2010.

(b) The total award to or on behalf of each victim or derivative victim may not exceed thirty-five thousand dollars ($35,000), except that this amount may be increased to seventy thousand dollars ($70,000) if federal funds for that increase are available.

SEC. 3. Section 2 of this bill incorporates amendments to Section 13957 of the Government Code proposed by both this bill and AB 105. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 13957 of the Government Code, and (3) this bill is enacted after AB 105, in which case Section 1 of this bill shall not become operative.

CHAPTER 572

An act to amend Sections 46160, 52301, 52302.3, 52302.5, 52303, 52314, 52314.5, 52315, and 52321 of, to amend and repeal Section 52302.7 of, to add Sections 52302.2, 52302.8, 52334.5, and 52335.12 to, to add Article 1.4 (commencing with Section 78018) to Chapter 1 of Part 48 of, to repeal Sections 52314.6, 52314.7, 52325, 52326, 52335.7, 52335.8, 52335.9, and 52335.10 of, and to repeal and add Section 52302 of, the Education Code, relating to regional occupational centers and programs.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 46160 of the Education Code is amended to read:

46160. Notwithstanding any other provision of law, the governing board of a school district that maintains a junior high school or high school may schedule classes in these schools so that each pupil attends classes for at least 1,200 minutes during any five-schoolday period or 2,400 minutes during any 10-schoolday period.

Under that kind of schedule, any pupil may be authorized to attend school for less than the total number of days in which the school is in session as long as the pupil attends the required number of minutes per five-schoolday period or per 10-schoolday period to accommodate career technical education and regional occupational center and program courses and block or other alternative school class schedules.

Computations authorized by this section shall not result in an increase in state apportionments to a school district.

SEC. 2. Section 52301 of the Education Code is amended to read:

52301. (a) (1) The county superintendent of schools of each county, with the consent of the state board, may establish and maintain, or with one or more counties may establish and maintain, a regional occupational center, or regional occupational program, in the county to provide education and training in career technical courses. The governing boards of any school districts maintaining high schools in the county may, with the consent of the state board and of the county superintendent of schools, cooperate in the establishment and maintenance of a regional occupational center or program, except that if a school district also maintains 500 or more schools, its governing board may establish and maintain one or more regional occupational centers or programs, without those restrictions. A regional occupational center or program may be established by two or more school districts maintaining high schools through the use of the staff and facilities of a community college or community colleges serving the same geographic area as the school districts maintaining the high schools, with the consent of the state board and the county superintendent of schools.

(2) The establishment and maintenance of a regional occupational center or program, by two or more school districts may be undertaken pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code. In a regional occupational center or program, the functions of the county auditor undertaken pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code shall be performed by the county superintendent of schools in a county in which the board of

supervisors has transferred educational functions from the county auditor to the county superintendent of schools pursuant to Sections 42649, as added by Chapter 533 of the Statutes of 1977, and 85265.5. If a school district or school districts establish and maintain a regional occupational center or program, pursuant to this chapter, the county superintendent of schools may, with the consent of the state board, establish and maintain a separate regional occupational center or centers or program or programs.

(b) Notwithstanding other provisions of this section, a single school district located in a class 1 county, as defined in Section 1205, and having an average daily attendance of 50,000 or more, or a single school district located in a class 2 county, as defined in Section 1205, and having an average daily attendance of 100,000 or more, may apply to the state board through the county superintendent of schools for permission to establish a regional occupational center or program. Except as provided in subdivision (c), the state board shall, within 90 days of receipt of an application, prescribe a procedure whereby the school district may establish a center or program in accordance with its application and in compliance with the provisions of the State Plan for Career Technical Education. The county superintendent of schools may supervise establishment of the center or program.

(c) (1) The state board may disapprove a waiver application submitted by a single school district pursuant to Article 3 (commencing with Section 33050) of Chapter 1 of Part 20 for permission to establish a regional occupational center or program which does not meet the requirements of this section if the state board determines that the establishment of the center or program would have an adverse effect upon existing regional occupational centers or programs located in school districts which are contiguous to the applicant school district.

(2) The state board shall establish criteria to measure adverse effect. The criteria shall include, but not be limited to, hardship on (A) school districts operating regional occupational centers or programs which are contiguous to the applicant school district and (B) students of school districts operating regional occupational centers or programs that are contiguous to the applicant school district.

(d) Notwithstanding any other provision of law, any regional occupational center or program operated by a single school district under Section 33050 shall be granted permanent status if the single school district has previously been granted two waivers from the state board to operate a single school district regional occupational center or program and the single school district maintains at least three but not more than five comprehensive high schools within the school district. The revenue limit for a regional occupational center or program established under

this subdivision shall be the lower of either: (1) the revenue limit under which the center or program operates as of January 1, 1985, or (2) the revenue limit of the school district as of January 1, 1985, except that this revenue limit shall be subject to annual percentage cost-of-living adjustments provided for regional occupational centers and programs. The governing board of the school district shall retain authority to decide whether or not to operate the regional occupational center or program under this subdivision.

SEC. 3. Section 52302 of the Education Code is repealed.

SEC. 4. Section 52302 is added to the Education Code, to read:

52302. (a) On or before July 1, 2010, the governing board of each regional occupational center or program shall ensure that at least 90 percent of all state-funded courses offered by the center or program, in occupational areas in which both the program or center and the community college offer instruction, are part of occupational course sequences that target comprehensive skills. Each occupational sequence shall do all of the following:

(1) Result in an occupational skill certificate developed in cooperation with the appropriate employer advisory board created under Section 52302.2.

(2) Provide prerequisite courses that are needed to enter apprenticeship, or postsecondary vocational certificate or degree programs. Where possible, sequenced courses shall be linked to certificate and degree programs in the region.

(3) Focus on occupations requiring comprehensive skills leading to high entry-level wages or the possibility of significant wage increases after a few years on the job, or both.

(4) Offer as many courses as possible that have been approved by the University of California as courses meeting the "A-G" admissions requirements.

(b) (1) On or before July 1, 2008, the governing board of each regional occupational center or program shall develop a plan for establishing sequences of courses, and certify to the department, that those sequences have been developed, as described in subdivision (a). The board shall consult with the superintendents of the school districts served by the center or program and presidents of community colleges in the area during the development of the plan.

(2) The plan shall be presented at a public hearing by the governing board of each school district served by the regional occupational center or program and by the county board of education.

(3) Community college boards with identified articulated programs shall also review the plans in a public session.

(4) In developing the plan, each regional occupational program or center shall consult with school districts and community college districts located within the region served by the program or center, and with the relevant occupational advisers and local workforce investment board to ensure the plan meets the vocational education needs of high school pupils in the region by providing sequences of courses that begin with middle or high school introductory courses, including, but not limited to, occupational skill courses provided by high schools or regional occupational programs or centers.

(5) The plan shall maximize the use of local, state, and federal resources in helping high school pupils enter comprehensive skill occupations, or apprenticeship programs, or continue education in college, or all of these, after graduating from high school.

(6) The plan shall include strategies for filling any gaps in courses or other services needed to make the sequences effective in meeting the needs of pupils in developing skills and attending community college upon graduation from high school.

(7) Each center or program shall submit a copy of the approved plan to the appropriate community college or colleges in the region and the Superintendent on or before July 1, 2008. Every four years after this date, each center and program shall submit an update to the plan to the local community college or colleges and the Superintendent.

(c) As a condition of receiving federal funds provided under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (20 U.S.C. Sec. 2301 et seq.), or any successor thereof, and to the extent permitted by federal law, school districts, regional occupational centers or programs, and community college districts shall do all of the following:

(1) Develop course sequences that meet the requirements of this section according to the schedule set forth in this paragraph.

(A) On or before July 1, 2008, school districts, regional occupational centers or programs, and community college districts shall have adopted an approved plan as required under this section.

(B) On or before July 1, 2009, school districts, regional occupational centers or programs, and community college districts shall have established course sequences as required under this section that include at least one-third of the courses offered by the regional occupational center or program in occupational areas in which both the program or center and the community college offer instruction.

(C) On or before July 1, 2010, school districts, regional occupational centers or programs, and community college districts shall have established course sequences as required under this section that include at least two-thirds of the courses offered by the regional occupational

center or program in occupational areas in which both the program or center and the community college offer instruction.

(2) Provide pupils who are participating in vocational sequences with information and experiences designed to increase their postgraduation work and school options, including, but not limited to, all of the following:

(A) Information about the admissions requirements of the University of California and California State University.

(B) Information about the placement requirements of the local community college or colleges.

(C) Information about higher education options related to the pupil's interests.

(D) Encourage visits to local colleges and universities offering programs that allow pupils to gain additional skills and degrees in related occupations.

(E) Information and referrals to employers for internships, summer employment opportunities, and employment after graduation from high school.

(3) School districts, regional occupational centers or programs, and community college districts that do not develop course sequences on or before the dates established under this subdivision, and have not received a waiver under subdivision (d), shall enter into a corrective action plan with the department, and shall meet any timelines established by the Superintendent.

(d) (1) The department, with the assistance of the Office of the Chancellor of the California Community Colleges, shall meet with each program or center and the community college or colleges in the region no later than the 2009–10 fiscal year to validate that course sequences meeting the requirements of this section have been developed. These meetings shall be conducted using the existing resources of the department and shall be consistent with the standards developed pursuant to Section 52234.5.

(2) The department and the office of the chancellor shall provide technical assistance to programs or centers and community colleges that have developed articulated sequences for less than half of the courses offered by the program or center.

(3) The Superintendent may waive the requirements of subdivision (a) for programs or centers and community colleges located in rural areas of the state if the Superintendent finds that development of sequences is infeasible because of the distance, travel time, or safety between the center or program and the community college.

SEC. 5. Section 52302.2 is added to the Education Code, to read:

52302.2. (a) The governing board of each regional occupational center or program shall establish and maintain an employer advisory board or boards pursuant to guidelines developed by the department. The advisory board shall do all of the following:

(1) Assist in the development of skill certificates that identify the skills and knowledge that pupils completing an occupational course sequence are expected to acquire upon completing the sequence. The advisory board also shall approve the measures and criteria, and methods to evaluate whether pupils actually acquired the identified skills and knowledge.

(2) Review at least once a year whether pupils who are assessed as having met the requirements for a skill certificate possess the skills needed for success in employment in that occupation.

(3) Review the specific occupational sequences offered by the regional occupational center or program train pupils for jobs that are in demand and offer high beginning salaries or the potential for significant wage increase after several years on the job.

(4) Assist the regional occupational center or program in developing internships, paid summer employment, and postgraduation employment opportunities for pupils participating in the course sequences.

(5) Assist the regional occupational center or program in creating college scholarships for pupils participating in the course sequences.

(b) Employer advisory boards shall be composed of representatives of trade organizations and businesses or government agencies that hire a significant number of employees each year and require the skills and knowledge that are taught in the course sequence or sequences in that occupational area, as well as at least once representative from a school district career technical educational advisory committee. The department shall develop regulations guiding the establishment of these boards.

(c) Regional occupational centers or programs operated in a rural county of the sixth, seventh, or eighth class may designate a local business or industry organization as the advisory board and consult with the leadership of the local business or industry organization to determine skill needs in the region and emerging job market needs. For purposes of this section, the local business organization may be designated as the advisory board for the regional occupational center or program.

SEC. 6. Section 52302.3 of the Education Code is amended to read:

52302.3. (a) Every career technical course or program offered by a school district or districts or county superintendent or superintendents sponsoring a regional occupational center or program shall be reviewed every two years by the appropriate governing body to assure that each course or program does all of the following:

(1) Meets a documented labor market demand.

(2) Does not represent unnecessary duplication of other job skills training programs in the area.

(3) Is of demonstrated effectiveness as measured by the employment and completion success of its pupils.

(b) Any course or program that does not meet the requirements of subdivision (a) and the standards promulgated by the governing body shall be terminated within one year.

SEC. 7. Section 52302.5 of the Education Code is amended to read:

52302.5. A regional occupational center or regional occupational program shall do all of the following:

(a) Provide individual counseling and guidance in career technical matters.

(b) Provide a curriculum that includes a sequence of academic and skill instruction in specific occupational fields leading to an approved skill certificate and vocational degree, apprenticeship, or postsecondary certificate program pursuant to paragraph (2) of subdivision (b) of Section 52302, or provide an opportunity for pupils to acquire entry-level career technical skills.

(c) Maintain a pupil-teacher ratio which will enable pupils to achieve optimum benefits from the instructional program.

(d) Assign the highest priority in services to youth from the age of 16 to 18 years, inclusive.

SEC. 8. Section 52302.7 of the Education Code is amended to read:

52302.7. (a) A regional occupational center may provide, on an individual referral basis, academic and personal development instruction for adult students enrolled in a career technical education course conducted by the regional occupational center when it is determined that it is essential for this instruction to be given to ensure the employability of the adult student.

(b) This section shall become inoperative on June 30, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 9. Section 52302.8 is added to the Education Code, to read:

52302.8. (a) The Legislature hereby finds and declares that vocational training resources that are provided through regional occupational centers and programs are an essential component of the state's secondary school system and the local system of providing occupational skills training to high school pupils. For this reason, the Legislature finds and declares that these resources should be focused primarily on the needs of pupils enrolled in high school.

(b) On or before July 1, 2008, a regional occupational center or program may claim no more than 50 percent of the state-funded average

daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.

(c) On or before July 1, 2009, a regional occupational center or program may claim no more than 30 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive.

(d) On or before July 1, 2011, a regional occupational center or program may claim no more than 10 percent of the state-funded average daily attendance for which the center or program is eligible, for services provided to students who are not enrolled in grades 9 to 12, inclusive, and up to an additional 5 percent for CalWORKs, Temporary Assistance Program, or Job Corps participants and participants under the federal Workforce Investment Act of 1998 (29 U.S.C. Sec. 2810 et seq.) who are enrolled in Intensive Training services.

(e) Pupils who are CalWORKs, Temporary Assistance Program, or Job Corps participants shall have priority for service within the percentage limits established under subdivision (d).

(f) Notwithstanding subdivision (d), a regional occupational center or program may claim more than 15 percent of its average daily attendance for students who are not enrolled in grades 9 to 12, inclusive, if all of the students who are not enrolled in grades 9 to 12, inclusive, are CalWORKs, Temporary Assistance Program, or Job Corps participants, and if the governing board of the regional occupational center or program does all of the following:

(1) Meets with local human services directors, and representatives of adult education programs, community colleges and other institutions of higher education, to assess the needs of CalWORKs, Temporary Assistance Program, or, Job Corps and federal Workforce Investment Act participants to identify alternative ways to meet the needs of these adult students.

(2) Enters into a transition plan, approved by the Superintendent, to become in compliance with subdivision (d) in accordance with benchmarks and timelines established in the transition plan. Transition plans shall be established pursuant to guidelines issued by the department, in consultation with the State Department of Social Services, and shall be resubmitted and reviewed annually.

(g) Notwithstanding subdivisions (b), (c), and (d), a regional occupational center or program that claims more than 40 percent of its students are not enrolled in grades 9 to 12, inclusive, on January 1, 2007, shall submit a letter to the Superintendent by July 1 of each year until it complies with this subdivision, outlining the goals of the regional occupational center or program to reduce the number of adult students in order to comply with subdivision (d) on or before July 1, 2013.

(h) Regional occupational centers and programs operated in a rural county of the sixth, seventh, or eighth class may exceed the number of adults by an additional 10 percent of the limits established in subdivisions (b), (c), and (d).

(i) For purposes of this calculation, adult average daily attendance attributable to continuously enrolled grade 12 pupils who have not passed the high school exit examination pursuant to Section 60851 is excluded from the calculation under this section. Any and all amounts that may become available from any reductions resulting from the enactment of this section shall be redirected to other regional occupational centers or programs to serve additional secondary pupils.

(j) The governing boards of a community college district and a regional occupational center or program may enter into contractual agreements under which the center or program provides services to adult students of the community college district affected by this section if both of the following are satisfied:

(1) The agreements conform to state regulations and audit requirements jointly developed by the Chancellor of the Office of the California Community Colleges and the State Department of Education, in consultation with, and subject to approval by, the Department of Finance.

(2) Any course offered for adults pursuant to an agreement entered into pursuant to this subdivision is limited to the same cost per student to the state as if the course were offered at the regional occupational center or program. This subdivision does not authorize the apportionment of funds for community colleges for adult students in excess of the revenue limit for regional occupational centers or programs if a course is deemed eligible for college credit.

(k) A regional occupational center or program that fails to meet a timeline established under subdivision (d) or (g) shall meet with the community college, adult education program, or other adult service to identify alternative means of meeting the needs of adult students and shall enter into a corrective action plan administered by the department. The corrective action plan shall be established pursuant to guidelines issued by the department and shall be submitted to the department annually for review.

SEC. 10. Section 52303 of the Education Code is amended to read:

52303. "Regional occupational program," as used in this chapter, means a sequence of career technical or technical training programs that meet the criteria and standards of instructional programs in regional occupational centers and are conducted in a variety of physical facilities that are not necessarily situated in one single plant or site.

SEC. 11. Section 52314 of the Education Code is amended to read:

52314. (a) (1) Except as provided in subdivision (b), any pupil eligible to attend a high school or adult school in a school district subject to the jurisdiction of a county superintendent of schools operating a regional occupational center or regional occupational program, and who resides in a school district which by itself or in cooperation with other school districts, has not established a regional occupational center, or regional occupational program, is eligible to attend a regional occupational center or regional occupational program maintained by the county superintendent of schools. Any school district which in cooperation with other school districts maintains a regional occupational center, or regional occupational program, or any cooperating school districts may admit to the center, or program, any pupil, otherwise eligible, who resides in the district or in any of the cooperating districts. Any school district which by itself maintains a regional occupational center, or regional occupational program, may admit to the center, or program, any pupil, otherwise eligible, who resides in the district. No pupil, including adults under Section 52610 shall be admitted to a regional occupational center, or regional occupational program, unless the county superintendent of schools or governing board of the district or districts maintaining the center, or program, as the case may be, determines that the pupil will benefit therefrom and approves of his or her admission to the regional occupational center or regional occupational program.

(2) Adult students shall not be enrolled in regional occupational center or program courses during the school day on a high school campus unless specifically authorized by the policy of the governing board of the school district.

(3) A pupil may be admitted on a full-time or part-time basis, as determined by the county superintendent of schools or governing board of the school district or districts maintaining the center, or program, as the case may be.

(b) A pupil is not eligible to be admitted to a regional occupational center or program, and his or her attendance shall not be credited to a regional occupational center or program, until he or she has attained the age of 16 years, unless the pupil meets one or more of the following conditions:

(1) The pupil is enrolled in grade 11 or a higher grade.

(2) The pupil received a referral and all of the following conditions are met:

(A) The pupil is referred to a regional occupational center or program as part of a comprehensive high school plan that has been approved by a school counselor or school administrator. The approval of the pupil's parents or guardian may be sought but is not required.

(B) The pupil's comprehensive high school plan requires referral to a regional occupational center or program as part of a sequence of vocational courses that allows the pupil to learn a comprehensive skill occupation that culminates in earning a postsecondary vocational certificate or diploma or its equivalent.

(C) The pupil is enrolled in a school that maintains any of grades 9 to 12, inclusive.

(3) The individualized education program of a pupil adopted pursuant to the requirements of Chapter 4 (commencing with Section 56300) of Part 30 prescribes occupational training for which his or her enrollment in a regional occupational center or program is deemed appropriate.

(4) The pupil is enrolled in grade 10 and has a comprehensive high school plan that has been approved by a school counselor, and the admission of that pupil will not result in the denial of admission or displacement of pupils in grades 11 and 12 that would otherwise participate in the regional occupational center or program.

(c) (1) Each school district, county superintendent of schools, or joint powers agency that maintains a regional occupational center or regional occupational program shall submit to the department, at the time and in the manner prescribed by the Superintendent, the enrollment and average daily attendance for each grade level and the enrollment and average daily attendance for each exemption set forth in subdivision (b).

(2) The department shall submit this information to the education and budget committees of the Legislature, the Legislative Analyst's Office, and the Director of Finance by April 1 of each year for the preceding school year.

SEC. 12. Section 52314.5 of the Education Code is amended to read:

52314.5. A regional occupational center or program established and maintained by a county superintendent of schools, school districts, or joint powers agencies pursuant to Section 52301 shall admit youths between the ages of 15 to 18 years who are eligible to attend a high school in a school district, but who have not been enrolled on a full-time or part-time basis for a period of more than three months during the regular school year, if all of the following apply:

(a) The center or program, in conjunction with the appropriate school district, develops a comprehensive high school plan that describes the academic and vocational instruction that will be provided to the pupil.

(b) The pupil's parents or guardian approves the comprehensive plan in writing.

(c) The pupil enrolls in the appropriate adult school or high school courses that are needed to satisfy the comprehensive high school plan.

SEC. 13. Section 52314.6 of the Education Code is repealed.

SEC. 14. Section 52314.7 of the Education Code is repealed.

SEC. 15. Section 52315 of the Education Code is amended to read:

52315. (a) Any visually impaired, orthopedically impaired, or deaf person who is not enrolled in a regular high school or community college program may attend a regional occupational center or regional occupational program pursuant to the requirements described in Section 52314.5. Additional special instruction and support services shall be provided to these persons.

(b) If the Superintendent determines that there would be a duplication of effort to these impaired persons if a regional occupational center or regional occupational program provided services to them, in that other programs exist that are available to them, the Superintendent may disapprove of the curriculum to provide programs to these impaired persons pursuant to Section 52309 and of any state funding made available pursuant to Section 41897 for these purposes.

SEC. 16. Section 52321 of the Education Code is amended to read:

52321. (a) (1) A regional occupational center or program established and maintained by school districts or joint powers agencies pursuant to Section 52301 shall receive in annual operating funds from each of the participating school districts an amount per unit of average daily attendance equal to the revenue limit received by those districts for each unit of average daily attendance generated in the regional occupational center or program.

(2) A regional occupational center or program established and maintained by a county superintendent of schools pursuant to Section 52301 shall receive funding pursuant to Section 2550. A county superintendent of schools shall report average daily attendance to the Superintendent for that funding.

(b) Any regional occupational center or program is authorized to (1) budget and accumulate an amount necessary to meet the cashflow needs of the regional occupational center or program known as a general reserve, and (2) budget and accumulate amounts known as the designated fund balance and as the unappropriated fund balance. Alternatively, a center or program may budget and accumulate amounts necessary to meet its long-term program needs in a separate account known as the capital outlay and equipment replacement reserve account, and this account shall be part of the designated fund balance. At the end of each school year, the ending balance in the regional occupational center or program account may be distributed to any of the general reserve, designated fund balance, and unappropriated fund balance accounts, provided that the combined total distributed does not exceed 15 percent of the current school year's expenditures.

(1) The general reserve, the designated fund balance, including the capital outlay and equipment replacement reserve account, and the

unappropriated fund balance shall be available for appropriation only after approval by a majority vote of the governing body of the regional occupational center or program.

(2) Funds of any regional occupational center or program shall be distributed to the capital outlay and equipment replacement reserve account only upon adoption by the governing board of a resolution specifying the general use to which each appropriation from the account would be put.

(c) (1) At the end of each school year, the combined ending balances of the general reserve, the designated fund balance, except the capital outlay and equipment replacement reserve account, and the unappropriated fund balance shall not exceed 15 percent of the current fiscal year's expenditures.

(2) Any regional occupational center or program may accumulate, over a period of two or more school years, an ending balance in the capital outlay and equipment replacement reserve account of more than 15 percent of the current fiscal year's expenditures, under provisions of a resolution of the governing board pursuant to paragraph (2) of subdivision (b).

(d) Funds placed in either the general reserve, the designated fund balance, including the capital outlay and equipment replacement reserve account, or the unappropriated fund balance shall be expended only for regional occupational center or program educational purposes.

(e) The Superintendent shall require an annual certification by school districts, county superintendents of schools, and joint powers agencies commencing in the 2007–08 fiscal year that the regional occupational center or program funds have been expended as provided in this section. The Superintendent shall withhold from a subsequent year's apportionment, any ending fund balance in excess of 15 percent of the previous year's expenditures, except those funds specifically set aside by the governing board in the capital outlay and equipment replacement reserve account.

SEC. 17. Section 52325 of the Education Code is repealed.

SEC. 18. Section 52326 of the Education Code is repealed.

SEC. 19. Section 52334.5 is added to the Education Code, to read:

52334.5. (a) Within existing resources, the department shall conduct monitoring reviews of each regional occupational center or program at least once every four years for compliance with applicable state laws and regulations, to provide focused and targeted technical assistance and support, and to assist with the remediation of identified deficiencies.

(b) The department, in consultation with local regional occupational centers or programs, shall develop a monitoring instrument focused on all of the following:

(1) The regional occupational center or program administration and instructional programs.

(2) The alignment of curriculum with standards.

(3) The sequencing of courses in a pathway articulated with middle schools, campus-based secondary school courses, and postsecondary educational institutions.

(4) Teacher credentials.

(5) Counseling and guidance.

(6) Business and industry involvement.

(7) Local labor market review.

(8) Required actions of local governing boards.

(9) Other components determined by the Superintendent.

SEC. 20. Section 52335.12 is added to the Education Code, to read:

52335.12. (a) As a condition of receiving additional funding based on average daily attendance, the regional occupational center or program shall report annually to the department the academic and workforce preparation progress of the secondary pupils enrolled in the center or program. Indicators to measure that progress shall include, but are not limited to, the Standardized Testing and Reporting (STAR) Program, pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33; the high school exit examination, pursuant to Chapter 9 (commencing with 60850) of Part 33; and other indicators of academic and workforce preparation success, such as reduced dropout rates, workforce preparation, increased matriculation into postsecondary educational institutions, and other measures as determined by the department.

(b) This section shall become effective only when the longitudinal data on pupils enrolled in regional occupational centers and programs can be disaggregated from the California longitudinal pupil achievement data system (CALPADs) database, established pursuant to Chapter 10 (commencing with Section 60900) of Part 33.

(c) On or before October 1, 2007, the department shall submit to the Department of Finance a detailed proposal for the implementation of the outcome reports required in subdivision (a). The proposal shall identify the specific data elements to be collected and the costs associated with the data collection and preparation of the report. The department shall consult with the Department of Finance and the office of the Legislative Analyst during the development of this proposal.

SEC. 21. Section 52335.7 of the Education Code is repealed.

SEC. 22. Section 52335.8 of the Education Code is repealed.

SEC. 23. Section 52335.9 of the Education Code is repealed.

SEC. 24. Section 52335.10 of the Education Code is repealed.

SEC. 25. Article 1.4 (commencing with Section 78018) is added to Chapter 1 of Part 48 of the Education Code, to read:

Article 1.4. Vocational Education Coordination Plan

78018. (a) As a condition of federal funds provided under the Carl D. Perkins Vocational and Applied Technology Act of 1998 (20 U.S.C. Sec. 2301 et seq.) or any successor thereof, and to the extent permitted by federal law, a community college shall develop a plan for enabling the development of course sequences that span courses provided in grades 7 to 12, inclusive, courses provided by regional occupational centers or programs, and courses provided by community college vocational education programs. The community college shall consult with the school districts and regional occupational centers or programs in the area served by the college, and with the relevant local workforce investment board, in the development of the plan. The plan shall do all of the following:

(1) Identify the occupational areas in which the college and high schools or regional occupational centers and programs offer instruction.

(2) Describe the plan the community college will follow to create the sequences required under subdivision (c) of Section 52302.

(3) Establish an institutionwide process and criteria for awarding community college credit for vocational courses taken by pupils in high school or through the regional occupational center or program.

(b) The plan shall be adopted by the governing board of the community college district on or before July 1, 2008. Copies of the plan shall be submitted to the appropriate school districts and regional occupational centers or programs, and the chancellor.

CHAPTER 573

An act to add Section 2714.5 to the Public Utilities Code, relating to water conservation.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 2714.5 is added to the Public Utilities Code, to read:

2714.5. The commission shall, by June 30, 2008, prepare and submit to the Legislature, a report that describes the progress achieved toward

implementing the policy objectives of the commission's Water Action Plan, adopted December 15, 2005, which includes all of the following:

(a) The progress achieved toward development and implementation of a ratemaking mechanism and rate design that will encourage water conservation and efficient water use.

(b) The progress achieved toward development and implementation of rates that remove the financial disincentive for water corporations to conserve water that exists in the current rate structure, while preserving continued revenue stability for water corporations as new rate structures are implemented.

(c) The impacts of water conservation and efficiency programs on future water, energy, and wastewater treatment costs to customers of water corporations.

CHAPTER 574

An act to amend Section 20306 of the Public Contracts Code, to amend Section 5072.8 of the Public Resources Code, to amend Section 120051.6 of the Public Utilities Code, and to amend Sections 4604, 4604.2, 5051, 12517, 12525, 12804.6, 12804.9, 13353.2, 15210, 15300, 15302, 16072, 16077, and 22452 of, and to add Section 15215 to, the Vehicle Code, relating to transportation.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 20306 of the Public Contract Code is amended to read:

20306. (a) The Legislature finds and declares that the award of purchase contracts by the district under competitive bid procedures may not be feasible for products and materials that are undergoing rapid technological changes or for the introduction of new technologies into district operations, and that in these circumstances it is in the public interest to consider the broadest possible range of competing products and materials available, fitness of purpose, manufacturer's warranty, vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, and other similar factors in addition to price in the award of these contracts.

(b) (1) Notwithstanding any other provision of law, the board may direct the purchase the following:

(A) Computers, telecommunications equipment, fare collection equipment, radio and microwave equipment, and other related electronic equipment and apparatus.

(B) Specialized rail transit equipment, including, but not limited to, railcars or tunnel boring machines, by competitive negotiation upon a finding by two-thirds vote of all members of the board that the purchase of those products or materials in compliance with provisions of this code generally applicable to the purchase does not constitute a method of procurement adequate for the district's needs.

(2) This section does not apply to contracts for construction or for the procurement of any product available in substantial quantities to the general public.

(c) Competitive negotiation, for the purposes of this section includes, but is not limited to, all of the following requirements:

(1) A request for proposals shall be prepared and submitted to an adequate number of qualified sources, as determined by the district in its discretion, to permit reasonable competition consistent with the nature and requirements of the procurement. In addition, a notice of the request for proposals shall be published at least once in a newspaper of general circulation, which shall be made at least 10 days before the date for receipt of the proposals. The district shall make reasonable efforts to generate the maximum feasible number of proposals from qualified sources, and shall make a finding to that effect before proceeding to negotiate if only a single response to the request for proposal is received.

(2) The request for proposals shall identify all significant evaluation factors, including price, and their relative importance.

(3) The district shall provide reasonable procedures for technical evaluation of the proposals received, identification of qualified sources, and selection for contract award.

(4) Prior to making an award, the district shall prepare a price analysis and shall find that the final negotiated price is fair and reasonable based upon comparable procurements in the marketplace.

(5) Award shall be made to the qualified proposer whose proposal will be most advantageous to the district with price and other factors considered. If award is not made to the proposer whose proposal contains the lowest price, the district shall make a finding setting forth the basis for the award.

(d) The district may reject any and all proposals and issue a new request for proposals at its discretion.

(e) Upon making an award to a qualified proposer, the district, upon request, shall make available to all other proposers and to the public, an analysis of the award that provides the basis for the selection of that particular qualified proposal.

(f) A person who submits, or who plans to submit, a proposal may protest any acquisition conducted in accordance with this section pursuant to protest procedures established by the board as follows:

(1) Protests based on the content of the request for proposals shall be filed with the district within 10 calendar days after the request for proposals is first advertised in accordance with subdivision (c). The district shall issue a written decision on the protest prior to opening of proposals. A protest may be renewed by refiling the protest with the district within 15 calendar days after the staff recommendation for award has been made available to the public as required by subdivision (e) of Section 20216.

(2) A bidder may protest the recommended award on any ground not based upon the content of the request for proposals by filing a protest with the district within 15 calendar days after the staff recommendation for award has been made available to the public as required by subdivision (e) of Section 20216.

(3) A protest shall contain a full and complete written statement specifying in detail the grounds of the protest and the facts supporting the protest. Protesters shall have an opportunity to appear and be heard before the district prior to the opening of proposals in the case of protests based on the content of the request for proposals, or prior to final award in the case of protests based on other grounds or the renewal of protests based on the content of the request for proposals.

(g) Provisions in a contract concerning women and minority business enterprises, that are in accordance with the request for proposals, shall not be subject to negotiation with the successful bidder.

SEC. 2. Section 5072.8 of the Public Resources Code is amended to read:

5072.8. (a) The Recreational Trails Fund is hereby created. Moneys in the Recreational Trails Fund shall be available, upon appropriation by the Legislature, to the department for competitive grants to cities, counties, districts, state and federal agencies, and nonprofit organizations with management responsibilities over public lands to acquire and develop recreational trails.

(b) The Controller shall promptly transfer all money received by the state from the federal government as allocations from the National Recreational Trails Trust Fund pursuant to the Steve Symms National Recreational Trails Fund Act of 1991 (P.L. 102-240) and deposited in the Federal Trust Fund, to the Recreational Trails Fund. The money in the Recreational Trails Fund shall be available to the department for expenditure, upon appropriation by the Legislature, for grants pursuant to subdivision (a), in accordance with the Steve Symms National Recreational Trails Fund Act of 1991. Seventy percent of the money

received by the state from the federal government and transferred to the Recreational Trails Fund pursuant to this subdivision shall be available only for nonmotorized recreational trails with at least one-half of that amount available only for grants to cities, counties, districts, and nonprofit organizations for the acquisition and development of new nonmotorized recreational trails and the reconstruction or relocation of existing nonmotorized recreational trails.

(c) The department shall prepare and adopt criteria and procedures for evaluating applications for grants, which, at a minimum, shall include certification that the project is consistent with the applicant's general plan or the equivalent planning document, complies with the California Environmental Quality Act (Division 13 (commencing with Section 21000)) and other environmental protection laws and regulations, and is not required as a mitigation measure as a condition for a permit or other entitlement. The department shall forward to the Director of Finance for inclusion in the Governor's Budget of each fiscal year all projects that are recommended for funding and those projects shall be contained in the Budget Bill for that fiscal year.

(d) No grant shall be made from the Recreational Trails Fund to an applicant unless the applicant agrees to both of the following conditions:

(1) To maintain and operate the property acquired, developed, rehabilitated, or restored with the funds in perpetuity. With the approval of the department, the applicant or its successors in interest in the property may transfer the responsibility to maintain and operate the property in accordance with this section. In the case of lands not held in fee by the applicant (limited tenure projects), perpetuity shall be in accordance with the tenure or for the length of time sufficient to provide public benefits commensurate with the type and duration of interest in land held by the applicant.

(2) To use the property only for the purposes of the grant and to make no other use, sale, or other disposition or conversion of the property except as authorized by a specific act of the Legislature and the property shall be replaced with property of equivalent value and usefulness as determined by the department. The property acquired or developed may be transferred to another public agency if the successor agency assumes the obligations imposed under this chapter.

(e) All applicants for a grant pursuant to this section shall submit an application to the department for approval. Each application shall include in writing the conditions specified in paragraphs (1) and (2) of subdivision (d).

SEC. 3. Section 120051.6 of the Public Utilities Code is amended to read:

120051.6. The alternate members of the board shall be appointed as follows:

(a) The County of San Diego Board of Supervisors shall appoint any other county supervisor who qualifies for appointment pursuant to Section 120051 to serve as an alternate member of the transit development board.

(b) The City Council of the City of San Diego shall appoint a member of the city council not already appointed pursuant to subdivision (b) of Section 120050.2 to serve as an alternate member of the transit development board for each of the members appointed by the city council to the transit development board.

(c) The city councils specified in subdivision (c) of Section 120050.2 shall each individually appoint a member of their respective city councils not already appointed pursuant to that subdivision to serve as an alternate member of the transit development board.

(d) At its discretion, a city council or the county board of supervisors may appoint a second alternate member, in the same manner as members are appointed, to serve on the board in the event that neither a member nor the alternate member is able to attend a meeting of the board.

(e) An alternate member and second alternate member shall be subject to the same restrictions and shall have the same powers, when serving on the board, as a member.

(f) If the board elects a person other than a member of the board to serve as chairperson, the board may, upon a two-thirds vote, a quorum being present, appoint a San Diego County resident as an alternate member of the board for that person elected chairperson. If the board elects a person who is a member of the board to serve as chairperson, the County of San Diego shall appoint an alternate supervisor for the supervisor appointed pursuant to subdivision (d) of Section 120050.2.

SEC. 4. Section 4604 of the Vehicle Code is amended to read:

4604. (a) Except as otherwise provided in subdivision (d), prior to the expiration of the registration of a vehicle, if that registration is not to be renewed prior to its expiration, the owner of the vehicle shall file, under penalty of perjury, a certification that the vehicle will not be operated, moved, or left standing upon a highway without first making an application for registration of the vehicle, including full payment of all fees. The certification is valid until the vehicle's registration is renewed pursuant to subdivision (c).

(b) Each certification filed pursuant to subdivision (a) shall be accompanied by a filing fee of fifteen dollars ($15).

(c) (1) An application for renewal of registration, except when accompanied by an application for transfer of title to, or an interest in, the vehicle, shall be submitted to the department with payment of the required fees for the current registration year and without penalty for

delinquent payment of fees imposed under this code or under Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code if the department receives the application prior to or on the date the vehicle is first operated, moved, or left standing upon a highway during the current registration year and the certification required pursuant to subdivision (a) was timely filed with the department.

(2) If an application for renewal of registration is accompanied by an application for transfer of title, that application may be made without incurring a penalty for delinquent payment of fees not later than 20 days after the date the vehicle is first operated, moved, or left standing on a highway if a certification pursuant to subdivision (a) was timely filed with the department.

(d) A certification is not required to be filed pursuant to subdivision (a) for one or more of the following:

(1) A vehicle on which the registration expires while being held as inventory by a dealer or lessor-retailer or while being held pending a lien sale by the keeper of a garage or operator of a towing service.

(2) A vehicle registered pursuant to Article 4 (commencing with Section 8050) of Chapter 4 of Division 3.

(3) A vehicle described in Section 5004, 5004.5, or 5051, as provided in Section 4604.2. However, the registered owner may file a certificate of nonoperation in lieu of the certification specified in subdivision (a).

(4) A vehicle registered pursuant to Article 5 (commencing with Section 9700) of Chapter 6 if the registered owner has complied with subdivision (c) of Section 9706.

(e) Notwithstanding Section 670, for purposes of this section, a "vehicle" is a device by which a person or property may be propelled, moved, or driven upon a highway having intact and assembled its major component parts including, but not limited to, the frame or chassis, cowl, and floor pan or, in the case of a trailer, the frame and wheels or, in the case of a motorcycle, the frame, front fork, and engine. For purposes of this section, "vehicle" does not include a device moved exclusively by human power, a device used exclusively upon stationary rails or tracks, or a motorized wheelchair.

SEC. 5. Section 4604.2 of the Vehicle Code is amended to read:

4604.2. (a) When the registration of a vehicle registered on a partial year basis has expired and the vehicle is not thereafter operated, moved, or left standing upon a highway, and the vehicle is in compliance with subdivision (b) of Section 9706 applying to vehicles registered on a partial year basis, an application for renewal made subsequent to that expiration shall be accompanied by a certificate of nonoperation.

(b) An application for registration or renewal of registration of a vehicle described in Section 5004 or 5004.5 that has not been operated,

moved, or left standing upon a highway shall be accompanied by a certificate of nonoperation for the period during which the vehicle was not registered.

(c) A certificate of nonoperation may be accepted for a vehicle registered pursuant to Article 4 (commencing with Section 8050) of Chapter 4 solely for the purpose of waiver of penalties.

(d) The application for registration or renewal of registration of vehicles specified in subdivisions (a) and (b), whether or not accompanied by an application for transfer of title, shall be accepted by the department upon payment of the proper fees for the current registration year without the payment of delinquent fees imposed under this code or Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code if the department receives the application and certificate of nonoperation prior to the date the vehicle is first operated, moved, or left standing upon a highway during the current registration year.

SEC. 6. Section 5051 of the Vehicle Code is amended to read:

5051. As used in this article, unless the context otherwise requires:

(a) "Collector" is the owner of one or more vehicles described in Section 5004 or of one or more special interest vehicles, as defined in this article, who collects, purchases, acquires, trades, or disposes of the vehicle, or parts thereof, for his or her own use, in order to preserve, restore, and maintain the vehicle for hobby or historical purposes.

(b) "Special interest vehicle" is a vehicle of an age that is unaltered from the manufacturer's original specifications and, because of its significance, including, but not limited to, an out-of-production vehicle or a model of less than 2,000 sold in California in a model-year, is collected, preserved, restored, or maintained by a hobbyist as a leisure pursuit.

(c) "Parts car" is a motor vehicle that is owned by a collector to furnish parts for restoration or maintenance of a special interest vehicle or a vehicle described in Section 5004, thus enabling a collector to preserve, restore, and maintain a special interest vehicle or a vehicle described in Section 5004.

(d) "Street rod vehicle" is a motor vehicle, other than a motorcycle, manufactured in, or prior to, 1948 that is individually modified in its body style or design, including through the use of nonoriginal or reproduction components, and may include additional modifications to other components, including, but not limited to, the engine, drivetrain, suspension, and brakes in a manner that does not adversely affect its safe performance as a motor vehicle or render it unlawful for highway use.

SEC. 7. Section 12517 of the Vehicle Code is amended to read:

12517. (a) (1) A person may not operate a schoolbus while transporting pupils unless that person has in his or her immediate possession a valid driver's license for the appropriate class of vehicle to be driven endorsed for schoolbus and passenger transportation.

(2) When transporting one or more pupils at or below the 12th-grade level to or from a public or private school or to or from public or private school activities, the person described in paragraph (1) shall have in his or her immediate possession a certificate issued by the department to permit the operation of a schoolbus.

(b) A person may not operate a school pupil activity bus unless that person has in his or her immediate possession a valid driver's license for the appropriate class of vehicle to be driven endorsed for passenger transportation. When transporting one or more pupils at or below the 12th-grade level to or from public or private school activities, the person shall also have in his or her immediate possession a certificate issued by the department to permit the operation of school pupil activity buses.

(c) The applicant for a certificate to operate a schoolbus or school pupil activity bus shall meet the eligibility and training requirements specified for schoolbus and school pupil activity busdrivers in this code, the Education Code, and regulations adopted by the Department of the California Highway Patrol, and, in addition to the fee authorized in Section 2427, shall pay a fee of twenty-five dollars ($25) with the application for issuance of an original certificate, and a fee of twelve dollars ($12) for the renewal of that certificate.

SEC. 8. Section 12525 of the Vehicle Code is amended to read:

12525. Mechanics or other maintenance personnel may operate vehicles requiring a schoolbus endorsement or certificates issued pursuant to Section 2512, 12517, 12519, 12523, or 12523.5 without obtaining a schoolbus endorsement or those certificates if that operation is within the course of their employment and they do not transport pupils or members of the public.

SEC. 9. Section 12804.6 of the Vehicle Code is amended to read:

12804.6. (a) A person shall not operate a transit bus transporting passengers unless that person has received from the department a certificate to operate a transit bus or is certified to drive a schoolbus or school pupil activity bus pursuant to Section 12517.

(b) All transit busdrivers shall comply with standards established in Section 40083 of the Education Code. The Department of Motor Vehicles shall establish an implementation program for transit busdrivers to meet these requirements. A transit busdriver who was employed as a busdriver on or before July 1, 1990, shall comply with Section 40085.5 of the Education Code instead of Section 40083 of that code in order to receive his or her original certificate.

(c) Implementation procedures for the issuance of transit busdrivers' certificates may be established by the Department of Motor Vehicles as necessary to implement an orderly transit busdriver training program.

(d) The department shall issue a transit busdriver certificate to a person who provides either of the following:

(1) Proof that he or she has complied with Section 40083 of the Education Code.

(2) Proof that he or she has complied with Section 40085.5 of the Education Code.

(e) The department may charge a fee of ten dollars ($10) to an applicant for an original or a duplicate or renewal certificate under this section.

(f) The department shall issue a certificate to the applicant. The status of the certificate shall also become part of the pull notice and periodic reports issued pursuant to Section 1808.1. The certificate or the pull notice or periodic reports shall become part of, the person's employee records for the purpose of inspection pursuant to Sections 1808.1 and 34501. It shall be unlawful for the employer to permit a person to drive a transit bus who does not have a valid certificate.

(g) The term of a certificate shall be a period not to exceed five years, and shall expire with the driver's license.

SEC. 10. Section 12804.9 of the Vehicle Code is amended to read:

12804.9. (a) (1) The examination shall include all of the following:

(A) A test of the applicant's knowledge and understanding of the provisions of this code governing the operation of vehicles upon the highways.

(B) A test of the applicant's ability to read and understand simple English used in highway traffic and directional signs.

(C) A test of the applicant's understanding of traffic signs and signals, including the bikeway signs, markers, and traffic control devices established by the Department of Transportation.

(D) An actual demonstration of the applicant's ability to exercise ordinary and reasonable control in operating a motor vehicle by driving it under the supervision of an examining officer. The applicant shall submit to an examination appropriate to the type of motor vehicle or combination of vehicles he or she desires a license to drive, except that the department may waive the driving test part of the examination for any applicant who submits a license issued by another state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico if the department verifies through any acknowledged national driver record data source that there are no stops, holds, or other impediments to its issuance. The examining officer may request to see evidence of financial responsibility for the vehicle prior

to supervising the demonstration of the applicant's ability to operate the vehicle. The examining officer may refuse to examine an applicant who is unable to provide proof of financial responsibility for the vehicle, unless proof of financial responsibility is not required by this code.

(E) A test of the hearing and eyesight of the applicant, and of other matters that may be necessary to determine the applicant's mental and physical fitness to operate a motor vehicle upon the highways, and whether any grounds exist for refusal of a license under this code.

(2) The examination for a class A or class B driver's license under subdivision (b) shall also include a report of a medical examination of the applicant given not more than two years prior to the date of the application by a health care professional. As used in this paragraph, "health care professional" means a person who is licensed, certified, or registered in accordance with applicable state laws and regulations to practice medicine and perform physical examinations in the United States of America. Health care professionals are doctors of medicine, doctors of osteopathy, physician assistants, and registered advanced practice nurses, or doctors of chiropractic who are clinically competent to perform the medical examination presently required of motor carrier drivers by the federal Department of Transportation. The report shall be on a form approved by the department, the federal Department of Transportation, or the Federal Aviation Administration. In establishing the requirements, consideration may be given to the standards presently required of motor carrier drivers by the Federal Highway Administration.

(3) A physical defect of the applicant, that, in the opinion of the department, is compensated for to ensure safe driving ability, shall not prevent the issuance of a license to the applicant.

(b) In accordance with the following classifications, an applicant for a driver's license shall be required to submit to an examination appropriate to the type of motor vehicle or combination of vehicles the applicant desires a license to drive:

(1) Class A includes the following:

(A) A combination of vehicles, if a vehicle being towed has a gross vehicle weight rating of more than 10,000 pounds.

(B) A vehicle towing more than one vehicle.

(C) A trailer bus.

(D) The operation of all vehicles under class B and class C.

(2) Class B includes the following:

(A) A single vehicle with a gross vehicle weight rating of more than 26,000 pounds.

(B) A single vehicle with three or more axles, except any three-axle vehicle weighing less than 6,000 pounds.

(C) A bus except a trailer bus.

(D) A farm labor vehicle.

(E) A single vehicle with three or more axles or a gross vehicle weight rating of more than 26,000 pounds towing another vehicle with a gross vehicle weight rating of 10,000 pounds or less.

(F) A house car over 40 feet in length, excluding safety devices and safety bumpers.

(G) The operation of all vehicles covered under class C.

(3) Class C includes the following:

(A) A two-axle vehicle with a gross vehicle weight rating of 26,000 pounds or less, including when the vehicle is towing a trailer or semitrailer with a gross vehicle weight rating of 10,000 pounds or less.

(B) Notwithstanding subparagraph (A), a two-axle vehicle weighing 4,000 pounds or more unladen when towing a trailer coach not exceeding 9,000 pounds gross.

(C) A house car of 40 feet in length or less.

(D) A three-axle vehicle weighing 6,000 pounds gross or less.

(E) A house car of 40 feet in length or less or vehicle towing another vehicle with a gross vehicle weight rating of 10,000 pounds or less, including when a tow dolly is used. A person driving a vehicle may not tow another vehicle in violation of Section 21715.

(F) (i) A two-axle vehicle weighing 4,000 pounds or more unladen when towing either a trailer coach or a fifth-wheel travel trailer not exceeding 10,000 pounds gross vehicle weight rating, when the towing of the trailer is not for compensation.

(ii) A two-axle vehicle weighing 4,000 pounds or more unladen when towing a fifth-wheel travel trailer exceeding 10,000 pounds, but not exceeding 15,000 pounds, gross vehicle weight rating, when the towing of the trailer is not for compensation, and if the person has passed a specialized written examination provided by the department relating to the knowledge of this code and other safety aspects governing the towing of recreational vehicles upon the highway.

The authority to operate combinations of vehicles under this subparagraph may be granted by endorsement on a class C license upon completion of that written examination.

(G) A vehicle or combination of vehicles with a gross combination weight rating or a gross vehicle weight rating, as those terms are defined in subdivisions (j) and (k), respectively, of Section 15210, of 26,000 pounds or less, if all of the following conditions are met:

(i) Is operated by a farmer, an employee of a farmer, or an instructor credentialed in agriculture as part of an instructional program in agriculture at the high school, community college, or university level.

(ii) Is used exclusively in the conduct of agricultural operations.

(iii) Is not used in the capacity of a for-hire carrier or for compensation.

(H) A motorized scooter.

(I) Class C does not include a two-wheel motorcycle or a two-wheel motor-driven cycle.

(4) Class M1. A two-wheel motorcycle or a motor-driven cycle. Authority to operate a vehicle included in a class M1 license may be granted by endorsement on a class A, B, or C license upon completion of an appropriate examination.

(5) (A) Class M2 includes the following:

(i) A motorized bicycle or moped, or a bicycle with an attached motor, except a motorized bicycle described in subdivision (b) of Section 406.

(ii) A motorized scooter.

(B) Authority to operate vehicles included in class M2 may be granted by endorsement on a class A, B, or C license upon completion of an appropriate examination, except that no endorsement is required for a motorized scooter. Persons holding a class M1 license or endorsement may operate vehicles included in class M2 without further examination.

(c) A driver's license or driver certificate is not valid for operating a commercial motor vehicle, as defined in subdivision (b) of Section 15210, any other motor vehicle defined in paragraph (1) or (2) of subdivision (b), or any other vehicle requiring a driver to hold any driver certificate or any driver's license endorsement under Section 15275, unless a medical certificate approved by the department, the federal Department of Transportation, or the Federal Aviation Administration, that has been issued within two years of the date of the operation of that vehicle, is within the licensee's immediate possession, and a copy of the medical examination report from which the certificate was issued is on file with the department. Otherwise, the license is valid only for operating class C vehicles that are not commercial vehicles, as defined in subdivision (b) of Section 15210, and for operating class M1 or M2 vehicles, if so endorsed, that are not commercial vehicles, as defined in subdivision (b) of Section 15210.

(d) A license or driver certificate issued prior to the enactment of Chapter 7 (commencing with Section 15200) is valid to operate the class or type of vehicles specified under the law in existence prior to that enactment until the license or certificate expires or is otherwise suspended, revoked, or canceled.

(e) The department may accept a certificate of driving skill that is issued by an employer, authorized by the department to issue a certificate under Section 15250, of the applicant, in lieu of a driving test, on class A or B applications, if the applicant has first qualified for a class C license and has met the other examination requirements for the license

for which he or she is applying. The certificate may be submitted as evidence of the applicant's skill in the operation of the types of equipment covered by the license for which he or she is applying.

(f) The department may accept a certificate of competence in lieu of a driving test on class M1 or M2 applications, when the certificate is issued by a law enforcement agency for its officers who operate class M1 or M2 vehicles in their duties, if the applicant has met the other examination requirements for the license for which he or she is applying.

(g) The department may accept a certificate of satisfactory completion of a novice motorcyclist training program approved by the commissioner pursuant to Section 2932 in lieu of a driving test on class M1 or M2 applications, if the applicant has met the other examination requirements for the license for which he or she is applying. The department shall review and approve the written and driving test used by a program to determine whether the program may issue a certificate of completion.

(h) Notwithstanding subdivision (b), a person holding a valid California driver's license of any class may operate a short-term rental motorized bicycle without taking any special examination for the operation of a motorized bicycle, and without having a class M2 endorsement on that license. As used in this subdivision, "short-term" means 48 hours or less.

(i) A person under the age of 21 years may not be issued a class M1 or M2 license or endorsement unless he or she provides evidence satisfactory to the department of completion of a motorcycle safety training program that is operated pursuant to Article 2 (commencing with Section 2930) of Chapter 5 of Division 2.

(j) A driver of a vanpool vehicle may operate with class C licenses but shall possess evidence of a medical examination required for a class B license when operating vanpool vehicles. In order to be eligible to drive the vanpool vehicle, the driver shall keep in the vanpool vehicle a statement, signed under penalty of perjury, that he or she has not been convicted of reckless driving, drunk driving, or a hit-and-run offense in the last five years.

(k) A class M license issued between January 1, 1989, and December 31, 1992, shall permit the holder to operate any motorcycle, motor-driven cycle, or motorized bicycle until the expiration of the license.

SEC. 11. Section 13353.2 of the Vehicle Code is amended to read:

13353.2. (a) The department shall immediately suspend the privilege of a person to operate a motor vehicle for any one of the following reasons:

(1) The person was driving a motor vehicle when the person had 0.08 percent or more, by weight, of alcohol in his or her blood.

(2) The person was under 21 years of age and had a blood-alcohol concentration of 0.01 percent or greater, as measured by a preliminary alcohol screening test, or other chemical test.

(3) The person was driving a vehicle that requires a commercial driver's license when the person had a 0.04 percent or more, by weight, of alcohol in his or her blood.

(b) The notice of the order of suspension under this section shall be served on the person by a peace officer pursuant to Section 13388 or 13382. The notice of the order of suspension shall be on a form provided by the department. If the notice of the order of suspension has not been served upon the person by the peace officer pursuant to Section 13388 or 13382, upon the receipt of the report of a peace officer submitted pursuant to Section 13380, the department shall mail written notice of the order of the suspension to the person at the last known address shown on the department's records and, if the address of the person provided by the peace officer's report differs from the address of record, to that address.

(c) The notice of the order of suspension shall clearly specify the reason and statutory grounds for the suspension, the effective date of the suspension, the right of the person to request an administrative hearing, the procedure for requesting an administrative hearing, and the date by which a request for an administrative hearing shall be made in order to receive a determination prior to the effective date of the suspension.

(d) The department shall make a determination of the facts in subdivision (a) on the basis of the report of a peace officer submitted pursuant to Section 13380. The determination of the facts, after administrative review pursuant to Section 13557, by the department is final, unless an administrative hearing is held pursuant to Section 13558 and any judicial review of the administrative determination after the hearing pursuant to Section 13559 is final.

(e) The determination of the facts in subdivision (a) is a civil matter that is independent of the determination of the person's guilt or innocence, shall have no collateral estoppel effect on a subsequent criminal prosecution, and shall not preclude the litigation of the same or similar facts in the criminal proceeding. If a person is acquitted of criminal charges relating to a determination of facts under subdivision (a), or if the person's driver's license was suspended pursuant to Section 13388 and the department finds no basis for a suspension pursuant to that section, the department shall immediately reinstate the person's privilege to operate a motor vehicle if the department has suspended it administratively pursuant to subdivision (a), and the department shall return or reissue for the remaining term any driver's license that has

been taken from the person pursuant to Section 13382 or otherwise. Notwithstanding subdivision (b) of Section 13558, if criminal charges under Section 23140, 23152, or 23153 are not filed by the district attorney because of a lack of evidence, or if those charges are filed but are subsequently dismissed by the court because of an insufficiency of evidence, the person has a renewed right to request an administrative hearing before the department. The request for a hearing shall be made within one year from the date of arrest.

(f) The department shall furnish a form that requires a detailed explanation specifying which evidence was defective or lacking and detailing why that evidence was defective or lacking. The form shall be made available to the person to provide to the district attorney. The department shall hold an administrative hearing, and the hearing officer shall consider the reasons for the failure to prosecute given by the district attorney on the form provided by the department. If applicable, the hearing officer shall consider the reasons stated on the record by a judge who dismisses the charges. No fee shall be imposed pursuant to Section 14905 for the return or reissuing of a driver's license pursuant to this subdivision. The disposition of a suspension action under this section does not affect any action to suspend or revoke the person's privilege to operate a motor vehicle under any other provision of this code, including, but not limited to, Section 13352 or 13353, or Chapter 3 (commencing with Section 13800).

SEC. 12. Section 15210 of the Vehicle Code is amended to read:

15210. Notwithstanding any other provision of this code, as used in this chapter, the following terms have the following meanings:

(a) "Commercial driver's license" means a driver's license issued by a state or other jurisdiction, in accordance with the standards contained in Part 383 of Title 49 of the Code of Federal Regulations, which authorizes the licenseholder to operate a class or type of commercial motor vehicle.

(b) (1) "Commercial motor vehicle" means any vehicle or combination of vehicles that requires a class A or class B license, or a class C license with an endorsement issued pursuant to paragraph (4) of subdivision (a) of Section 15278.

(2) "Commercial motor vehicle" does not include any of the following:

(A) A recreational vehicle, as defined in Section 18010 of the Health and Safety Code.

(B) Military equipment operated for military purposes by civilian and noncivilian personnel, that is owned or operated by the United States Department of Defense or United States Department of Homeland Security, including the National Guard, as provided in Parts 383 and 391 of Title 49 of the Code of Federal Regulations.

(C) An implement of husbandry operated by a person who is not required to obtain a driver's license under this code.

(D) Vehicles operated by persons exempted pursuant to Section 25163 of the Health and Safety Code or a vehicle operated in an emergency situation at the direction of a peace officer pursuant to Section 2800.

(c) "Controlled substance" has the same meaning as defined by the federal Controlled Substances Act (21 U.S.C. Sec. 802).

(d) "Conviction" means an unvacated adjudication of guilt, or a determination that a person has violated or failed to comply with the law in a court of original jurisdiction or by an authorized administrative tribunal, an unvacated forfeiture of bail or collateral deposited to secure the person's appearance in court, a plea of guilty or nolo contendere accepted by the court, the payment of a fine or court costs, or violation of a condition of release without bail, regardless of whether or not the penalty is rebated, suspended, or probated.

(e) "Disqualification" means a prohibition against driving a commercial motor vehicle.

(f) "Driving a commercial vehicle under the influence" means committing any one or more of the following unlawful acts in a commercial motor vehicle:

(1) Driving a commercial motor vehicle while the operator's blood-alcohol concentration level is 0.04 percent or more, by weight in violation of subdivision (d) of Section 23152.

(2) Driving under the influence of alcohol, as prescribed in subdivision (a) or (b) of Section 23152.

(3) Refusal to undergo testing as required under this code in the enforcement of Subpart D of Part 383 or Subpart A of Part 392 of Title 49 of the Code of Federal Regulations.

(g) "Employer" means any person, including the United States, a state, or political subdivision of a state, who owns or leases a commercial motor vehicle or assigns drivers to operate that vehicle. A person who employs himself or herself as a commercial vehicle driver is considered to be both an employer and a driver for purposes of this chapter.

(h) "Fatality" means the death of a person as a result of a motor vehicle accident.

(i) "Felony" means an offense under state or federal law that is punishable by death or imprisonment for a term exceeding one year.

(j) "Gross combination weight rating" means the value specified by the manufacturer as the maximum loaded weight of a combination or articulated vehicle. In the absence of a value specified by the manufacturer, gross vehicle weight rating will be determined by adding the gross vehicle weight rating of the power unit and the total weight of the towed units and any load thereon.

(k) "Gross vehicle weight rating" means the value specified by the manufacturer as the maximum loaded weight of a single vehicle, as defined in Section 390.

(*l*) "Imminent hazard" means the existence of a condition that presents a substantial likelihood that death, serious illness, severe personal injury, or substantial endangerment to health, property, or the environment may occur before the reasonable foreseeable completion date of a formal proceeding begun to lesson the risk of death, illness, injury, or endangerment.

(m) "Noncommercial motor vehicle" means a motor vehicle or combination of motor vehicles that is not included within the definition in subdivision (b).

(n) "Nonresident commercial driver's license" means a commercial driver's license issued to an individual by a state under one of the following provisions:

(1) The individual is domiciled in a foreign country.

(2) The individual is domiciled in another state.

(o) "Schoolbus" is a commercial motor vehicle, as defined in Section 545.

(p) "Serious traffic violation" includes any of the following:

(1) Excessive speeding, as defined pursuant to the federal Commercial Motor Vehicle Safety Act (P.L. 99-570) involving any single offense for any speed of 15 miles an hour or more above the posted speed limit.

(2) Reckless driving, as defined pursuant to the federal Commercial Motor Vehicle Safety Act (P.L. 99-570), and driving in the manner described under Section 2800.1, 2800.2, or 2800.3, including, but not limited to, the offense of driving a commercial motor vehicle in willful or wanton disregard for the safety of persons or property.

(3) A violation of a state or local law involving the safe operation of a motor vehicle, arising in connection with a fatal traffic accident.

(4) A similar violation of a state or local law involving the safe operation of a motor vehicle, as defined pursuant to the Commercial Motor Vehicle Safety Act (Title XII of P.L. 99-570).

(5) Driving a commercial motor vehicle without a commercial driver's license.

(6) Driving a commercial motor vehicle without the driver having in his or her possession a commercial driver's license, unless the driver provides proof at the subsequent court appearance that he or she held a valid commercial driver's license on the date of the violation.

(7) Driving a commercial motor vehicle when the driver has not met the minimum testing standards for that vehicle as to the class or type of cargo the vehicle is carrying.

In the absence of a federal definition, existing definitions under this code shall apply.

(q) "State" means a state of the United States or the District of Columbia.

(r) "Tank vehicle" means a commercial motor vehicle that is designed to transport any liquid or gaseous material within a tank that is permanently or temporarily attached to the vehicle or the chassis, including, but not limited to, cargo tanks and portable tanks, as defined in Part 171 of Title 49 of the Code of Federal Regulations. This definition does not include portable tanks having a rated capacity under 1,000 gallons.

SEC. 13. Section 15215 is added to the Vehicle Code, to read:

15215. (a) The department shall report each conviction of a person who holds a commercial driver's licence from another state occurring within this state to the licensing authority of the home state of the licencee. This report shall clearly identify the person convicted; violation date; describe the violation specifying the section of the statute, code, or ordinance violated; identify the court in which action was taken; indicate whether a plea of guilty or not guilty was entered, or the conviction was a result of the forfeiture of bail, bond, or other security; and include special findings made in connection with the conviction.

(b) For the purposes of subdivision (a), "conviction" has the same meaning as defined in subdivision (d) of Section 15210.

SEC. 14. Section 15300 of the Vehicle Code is amended to read:

15300. (a) A driver of a commercial motor vehicle may not operate a commercial motor vehicle for a period of one year if the driver is convicted of a first violation of any of the following:

(1) Subdivision (a), (b), or (c) of Section 23152 while operating a motor vehicle.

(2) Subdivision (d) of Section 23152.

(3) Subdivision (a) or (b) of Section 23153 while operating a motor vehicle.

(4) Subdivision (d) of Section 23153.

(5) Leaving the scene of an accident involving a motor vehicle operated by the driver.

(6) Using a motor vehicle to commit a felony, other than a felony described in Section 15304.

(7) Driving a commercial motor vehicle when the driver's commercial driver's license is revoked, suspended, or canceled based on the driver's operation of a commercial motor vehicle or when the driver is disqualified from operating a commercial motor vehicle based on the driver's operation of a commercial motor vehicle.

(8) Causing a fatality involving conduct defined pursuant to subdivision (a) of Section 191.5 of the Penal Code or subdivision (c) of Section 192 of the Penal Code.

(9) While operating a motor vehicle, refuses to submit to, or fails to complete, a chemical test or tests in violation of Section 23612.

(10) A violation of Section 2800.1, 2800.2, or 2800.3 that involves a commercial motor vehicle.

(b) If a violation listed in subdivision (a), or a violation listed in paragraph (2) of subdivision (a) of Section 13350 or Section 13352 or 13357, occurred while transporting a hazardous material, the period specified in subdivision (a) shall be three years.

SEC. 15. Section 15302 of the Vehicle Code is amended to read:

15302. A driver of a commercial motor vehicle may not operate a commercial motor vehicle for the rest of his or her life if convicted of more than one violation of any of the following:

(a) Subdivision (a), (b), or (c) of Section 23152 while operating a motor vehicle.

(b) Subdivision (d) of Section 23152.

(c) Subdivision (a) or (b) of Section 23153 while operating a motor vehicle.

(d) Subdivision (d) of Section 23153.

(e) Leaving the scene of an accident involving a motor vehicle operated by the driver.

(f) Using a motor vehicle to commit a felony, other than a felony described in Section 15304.

(g) Driving a commercial motor vehicle when the driver's commercial driver's license is revoked, suspended, or canceled based on the driver's operation of a commercial motor vehicle or when the driver is disqualified from operating a commercial motor vehicle based on the driver's operation of a commercial motor vehicle.

(h) Causing a fatality involving conduct defined pursuant to subdivision (a) of Section 191.5 of the Penal Code or in subdivision (c) of Section 192 of the Penal Code.

(i) While operating a motor vehicle, refuses to submit to, or fails to complete, a chemical test or tests in violation of Section 23612.

(j) A violation of Section 2800.1, 2800.2, or 2800.3 that involves a commercial motor vehicle.

(k) Any combination of the above violations or a violation listed in paragraph (2) of subdivision (a) of Section 13350 or Section 13352 or 13357 that occurred while transporting a hazardous material.

SEC. 16. Section 16072 of the Vehicle Code is amended to read:

16072. (a) The suspension of the driving privilege of a person as provided in Section 16070 shall not be terminated until one year has

elapsed from the date of actual commencement of the suspension and until the person files proof of financial responsibility as provided in Chapter 3 (commencing with Section 16430), except that the suspension shall be reinstated if the person fails to maintain proof of financial responsibility for three years. However, in lieu of suspending a person's driving privilege pursuant to this section, the department, upon application, if the person files and thereafter maintains proof of financial responsibility as provided in this section and pays a penalty fee to the department of two hundred fifty dollars ($250), may restrict the person's driving privilege to any of the following situations:

(1) Necessary travel to and from that person's place of employment.

(2) Driving that is required in the person's course of employment, when driving a motor vehicle is necessary in order to perform the duties of the person's primary employment.

(3) Necessary travel to transport a minor dependent in that person's immediate family to and from an institute of primary or secondary instruction, if the chief administrative officer or principal of the educational institution certifies in writing to the department that the minor dependent is enrolled in the educational institution and no form of public transportation or schoolbus is available between the applicant's place of residence and the educational institution.

The restriction shall remain in effect for the period of suspension required by this section, so long as proof of financial responsibility is maintained.

(b) If a suspension has been imposed under Section 16070 and one year has elapsed from the date the suspension actually commenced, that suspension shall be terminated if the driving privilege is suspended under Section 16370 or 16381 as the result of a judgment arising out of the accident for which proof of financial responsibility was required to be established. The department may reimpose the suspension of the driving privilege of a person under Section 16070 if the suspension under Section 16370 or 16381 is later set aside for a reason other than that the person has satisfied the judgment in full or to the extent provided in Chapter 2 (commencing with Section 16250) and has given proof of ability to respond in damages as provided in Chapter 3 (commencing with Section 16430).

(c) Notwithstanding Chapter 2 (commencing with Section 42200) of Division 18, all revenues derived from the penalty fees provided in subdivision (a) shall, after deduction by the department of the costs incurred by the department in administering this section, be deposited in the Financial Responsibility Penalty Account in the General Fund. The balance in this fund on each July 1, which is not subject to

appropriation as provided in Section 12980 of the Insurance Code, shall revert to the General Fund.

(d) (1) Subdivision (a) does not apply to a commercial driver's license holder.

(2) A commercial driver's license holder whose driving privilege is otherwise suspended under this chapter is not entitled to a restricted license, unless that person surrenders his or her commercial driver's license and is issued a noncommercial class C or M driver's license.

SEC. 17. Section 16077 of the Vehicle Code is amended to read:

16077. (a) The department, upon application and payment of a fifty dollar ($50) fee and a penalty fee of two hundred dollars ($200), may issue a restricted license to an applicant with serious health problems, or to an applicant with an immediate family member with serious health problems, when the applicant's privilege to drive is otherwise suspended under this chapter. The restricted license may be issued to enable the applicant to drive a motor vehicle for the purpose of receiving medical or mental health treatments of a prolonged and repetitive nature for the applicant or the member of the applicant's immediate family with serious health problems, if the applicant files and maintains proof of financial responsibility on file with the department pursuant to Section 16021 and there is no other suitable means of transportation available.

(b) The application shall set forth the nature of the health problem, the nature of the treatments, the duration and location of the treatments, and the schedule for visits. The applicant shall submit documentation signed by the treating physician and surgeon or licensed psychotherapist, as defined in subdivisions (a), (b), (c), and (e) of Section 1010 of the Evidence Code, as necessary to assist the department in its decision to grant or deny the restricted license. Upon reviewing the application, the department may determine that an investigation as to the person's fitness to operate a motor vehicle is warranted. If the department makes this determination, the department may conduct an investigation in a manner provided for in Chapter 3 (commencing with Section 13800) of Division 6.

(c) In reviewing the application, the department shall give due consideration to the circumstances set forth in the application and shall be guided by principles of fairness and humanity.

(d) Notwithstanding Chapter 2 (commencing with Section 42200) of Division 18, all revenues derived from the penalty fees provided in subdivision (a) shall, after deduction by the department of the costs incurred by the department in administering this section, be deposited in the Financial Responsibility Penalty Account in the General Fund.

(e) (1) Subdivision (a) does not apply to a commercial driver's license holder.

(2) A commercial driver's license holder whose driving privilege is otherwise suspended under this chapter is not entitled to a restricted license unless that person surrenders his or her commercial driver's license and is issued a noncommercial class C or M driver's license.

SEC. 18. Section 22452 of the Vehicle Code is amended to read:

22452. (a) Subdivisions (b) and (c) apply to the operation of the following vehicles:

(1) A bus or farm labor vehicle carrying passengers.

(2) A motortruck transporting employees in addition to those riding in the cab.

(3) A schoolbus and a school pupil activity bus transporting school pupils, except as otherwise provided in paragraph (4) of subdivision (c).

(4) A commercial motor vehicle transporting any quantity of a Division 2.3 chlorine, as classified by Title 49 of the Code of Federal Regulations.

(5) A commercial motor vehicle that is required to be marked or placarded in accordance with the regulations of Title 49 of the Code of Federal Regulations with one of the following federal classifications:

(A) Division 1.1.

(B) Division 1.2, or Division 1.3.

(C) Division 2.3 Poison gas.

(D) Division 4.3.

(E) Class 7.

(F) Class 3 Flammable.

(G) Division 5.1.

(H) Division 2.2.

(I) Division 2.3 Chlorine.

(J) Division 6.1 Poison.

(K) Division 2.2 Oxygen.

(L) Division 2.1.

(M) Class 3 Combustible liquid.

(N) Division 4.1.

(O) Division 5.1.

(P) Division 5.2.

(Q) Class 8.

(R) Class Division 1.4.

(S) A cargo tank motor vehicle, whether loaded or empty, used for the transportation of any hazardous material, as defined in Parts 107 to 180, inclusive, of Title 49 of the Code of Federal Regulations.

(6) A cargo tank motor vehicle transporting a commodity that at the time of loading has a temperature above its flashpoint, as determined under Section 173.120 of Title 49 of the Code of Federal Regulations.

(7) A cargo tank motor vehicle, whether loaded or empty, transporting any commodity under exemption in accordance with Subpart B of Part 107 of Title 49 of the Code of Federal Regulations.

(b) Before traversing a railroad grade crossing, the driver of a vehicle described in subdivision (a) shall stop that vehicle not less than 15 nor more than 50 feet from the nearest rail of the track and while so stopped shall listen, and look in both directions along the track, for an approaching train and for signals indicating the approach of a train, and shall not proceed until he or she can do so safely. Upon proceeding, the gears shall not be shifted manually while crossing the tracks.

(c) The driver of a commercial motor vehicle, other than those listed in subdivision (a), upon approaching a railroad grade crossing, shall be driven at a rate of speed that allows the commercial vehicle to stop before reaching the nearest rail of that crossing, and shall not be driven upon, or over, the crossing until due caution is taken to ascertain that the course is clear.

(d) A stop need not be made at a crossing in the following circumstances:

(1) Of railroad tracks running along and upon the roadway within a business or residence district.

(2) Where a traffic officer or an official traffic control signal directs traffic to proceed.

(3) Where an exempt sign was authorized by the Public Utilities Commission prior to January 1, 1978.

(4) Where an official railroad crossing stop exempt sign in compliance with Section 21400 has been placed by the Department of Transportation or a local authority pursuant to Section 22452.5. This paragraph does not apply with respect to any schoolbus or to any school pupil activity bus.

SEC. 19. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 575

An act to amend Sections 882.020, 1367.1, 1367.4, 2924, and 2924a of the Civil Code, and to amend Section 729.040, 729.050, 729.070, and

729.080 of the Code of Civil Procedure, relating to common interest developments.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 882.020 of the Civil Code is amended to read:

882.020. (a) Unless the lien of a mortgage, deed of trust, or other instrument that creates a security interest of record in real property to secure a debt or other obligation has earlier expired pursuant to Section 2911, the lien expires at, and is not enforceable by action for foreclosure commenced, power of sale exercised, or any other means asserted after, the later of the following times:

(1) If the final maturity date or the last date fixed for payment of the debt or performance of the obligation is ascertainable from the recorded evidence of indebtedness, 10 years after that date.

(2) If the final maturity date or the last date fixed for payment of the debt or performance of the obligation is not ascertainable from the recorded evidence of indebtedness, or if there is no final maturity date or last date fixed for payment of the debt or performance of the obligation, 60 years after the date the instrument that created the security interest was recorded.

(3) If a notice of intent to preserve the security interest is recorded within the time prescribed in paragraph (1) or (2), 10 years after the date the notice is recorded.

(b) For the purpose of this section, a power of sale is deemed to be exercised upon recordation of the deed executed pursuant to the power of sale.

(c) The times prescribed in this section may be extended in the same manner and to the same extent as a waiver made pursuant to Section 360.5 of the Code of Civil Procedure, except that an instrument is effective to extend the prescribed times only if it is recorded before expiration of the prescribed times.

SEC. 2. Section 1367.1 of the Civil Code is amended to read:

1367.1. (a) A regular or special assessment and any late charges, reasonable fees and costs of collection, reasonable attorney's fees, if any, and interest, if any, as determined in accordance with Section 1366, shall be a debt of the owner of the separate interest at the time the assessment or other sums are levied. At least 30 days prior to recording a lien upon the separate interest of the owner of record to collect a debt

that is past due under this subdivision, the association shall notify the owner of record in writing by certified mail of the following:

(1) A general description of the collection and lien enforcement procedures of the association and the method of calculation of the amount, a statement that the owner of the separate interest has the right to inspect the association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed: "IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."

(2) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any.

(3) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association.

(4) The right to request a meeting with the board as provided by paragraph (3) of subdivision (c).

(5) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4.

(6) The right to request alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7 before the association may initiate foreclosure against the owner's separate interest, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

(b) Any payments made by the owner of a separate interest toward the debt set forth, as required in subdivision (a), shall first be applied to the assessments owed, and, only after the assessments owed are paid in full shall the payments be applied to the fees and costs of collection, attorney's fees, late charges, or interest. When an owner makes a payment, the owner may request a receipt and the association shall provide it. The receipt shall indicate the date of payment and the person who received it. The association shall provide a mailing address for overnight payment of assessments.

(c) (1) (A) Prior to recording a lien for delinquent assessments, an association shall offer the owner and, if so requested by the owner, participate in dispute resolution pursuant to the association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4.

(B) Prior to initiating a foreclosure for delinquent assessments, an association shall offer the owner and, if so requested by the owner, shall participate in dispute resolution pursuant to the association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 or alternative dispute resolution with a neutral third party pursuant to Article 2 (commencing with Section 1369.510) of Chapter 7. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

(2) For liens recorded on or after January 1, 2006, the decision to record a lien for delinquent assessments shall be made only by the board of directors of the association and may not be delegated to an agent of the association. The board shall approve the decision by a majority vote of the board members in an open meeting. The board shall record the vote in the minutes of that meeting.

(3) An owner, other than an owner of any interest that is described in Section 11212 of the Business and Professions Code that is not otherwise exempt from this section pursuant to subdivision (a) of Section 11211.7, may submit a written request to meet with the board to discuss a payment plan for the debt noticed pursuant to subdivision (a). The association shall provide the owners the standards for payment plans, if any exist. The board shall meet with the owner in executive session within 45 days of the postmark of the request, if the request is mailed within 15 days of the date of the postmark of the notice, unless there is no regularly scheduled board meeting within that period, in which case the board may designate a committee of one or more members to meet with the owner. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans shall not impede an association's ability to record a lien on the owner's separate interest to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the owner is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the association may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan.

(d) The amount of the assessment, plus any costs of collection, late charges, and interest assessed in accordance with Section 1366, shall be a lien on the owner's separate interest in the common interest development from and after the time the association causes to be recorded with the county recorder of the county in which the separate interest is located, a notice of delinquent assessment, which shall state the amount of the assessment and other sums imposed in accordance with Section

1366, a legal description of the owner's separate interest in the common interest development against which the assessment and other sums are levied, and the name of the record owner of the separate interest in the common interest development against which the lien is imposed. The itemized statement of the charges owed by the owner described in paragraph (2) of subdivision (a) shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in subdivision (g), the notice of delinquent assessment shall state the name and address of the trustee authorized by the association to enforce the lien by sale. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the association for that purpose, or if no one is designated, by the president of the association. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail to every person whose name is shown as an owner of the separate interest in the association's records, and the notice shall be mailed no later than 10 calendar days after recordation. Within 21 days of the payment of the sums specified in the notice of delinquent assessment, the association shall record or cause to be recorded in the office of the county recorder in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the owner of the separate interest a copy of the lien release or notice that the delinquent assessment has been satisfied. A monetary charge imposed by the association as a means of reimbursing the association for costs incurred by the association in the repair of damage to common areas and facilities for which the member or the member's guests or tenants were responsible may become a lien against the member's separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c, provided the authority to impose a lien is set forth in the governing documents. It is the intent of the Legislature not to contravene Section 2792.26 of Title 10 of the California Code of Regulations, as that section appeared on January 1, 1996, for associations of subdivisions that are being sold under authority of a subdivision public report, pursuant to Part 2 (commencing with Section 11000) of Division 4 of the Business and Professions Code.

(e) Except as indicated in subdivision (d), a monetary penalty imposed by the association as a disciplinary measure for failure of a member to comply with the governing instruments, except for the late payments, may not be characterized nor treated in the governing instruments as an assessment that may become a lien against the member's subdivision separate interest enforceable by the sale of the interest under Sections 2924, 2924b, and 2924c.

(f) A lien created pursuant to subdivision (d) shall be prior to all other liens recorded subsequent to the notice of assessment, except that the

declaration may provide for the subordination thereof to any other liens and encumbrances.

(g) An association may not voluntarily assign or pledge the association's right to collect payments or assessments, or to enforce or foreclose a lien to a third party, except when the assignment or pledge is made to a financial institution or lender chartered or licensed under federal or state law, when acting within the scope of that charter or license, as security for a loan obtained by the association; however, the foregoing provision may not restrict the right or ability of an association to assign any unpaid obligations of a former member to a third party for purposes of collection. Subject to the limitations of this subdivision, after the expiration of 30 days following the recording of a lien created pursuant to subdivision (d), the lien may be enforced in any manner permitted by law, including sale by the court, sale by the trustee designated in the notice of delinquent assessment, or sale by a trustee substituted pursuant to Section 2934a. Any sale by the trustee shall be conducted in accordance with Sections 2924, 2924b, and 2924c applicable to the exercise of powers of sale in mortgages and deeds of trust. The fees of a trustee may not exceed the amounts prescribed in Sections 2924c and 2924d, plus

the cost of service for either of the following:

(1) The notice of default pursuant to subdivision (j) of Section 1367.1.

(2) The decision of the board to foreclose upon the separate interest of an owner as described in paragraph (3) of subdivision (c) of Section 1367.4.

(h) Nothing in this section or in subdivision (a) of Section 726 of the Code of Civil Procedure prohibits actions against the owner of a separate interest to recover sums for which a lien is created pursuant to this section or prohibits an association from taking a deed in lieu of foreclosure.

(i) If it is determined that a lien previously recorded against the separate interest was recorded in error, the party who recorded the lien shall, within 21 calendar days, record or cause to be recorded in the office of the county recorder in which the notice of delinquent assessment is recorded a lien release or notice of rescission and provide the owner of the separate interest with a declaration that the lien filing or recording was in error and a copy of the lien release or notice of rescission.

(j) In addition to the requirements of Section 2924, a notice of default shall be served by the association on the owner's legal representative in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure. The owner's legal representative shall be the person whose name is shown as the owner of a separate interest in the association's records, unless another person has been previously

designated by the owner as his or her legal representative in writing and mailed to the association in a manner that indicates that the association has received it.

(k) Upon receipt of a written request by an owner identifying a secondary address for purposes of collection notices, the association shall send additional copies of any notices required by this section to the secondary address provided. The association shall notify owners of their right to submit secondary addresses to the association, at the time the association issues the pro forma operating budget pursuant to Section 1365. The owner's request shall be in writing and shall be mailed to the association in a manner that shall indicate the association has received it. The owner may identify or change a secondary address at any time, provided that, if a secondary address is identified or changed during the collection process, the association shall only be required to send notices to the indicated secondary address from the point the association receives the request.

(*l*) (1) An association that fails to comply with the procedures set forth in this section shall, prior to recording a lien, recommence the required notice process.

(2) Any costs associated with recommencing the notice process shall be borne by the association and not by the owner of a separate interest.

(m) This section only applies to liens recorded on or after January 1, 2003.

(n) This section is subordinate to, and shall be interpreted in conformity with, Section 1367.4.

SEC. 3. Section 1367.4 of the Civil Code is amended to read:

1367.4. (a) Notwithstanding any law or any provisions of the governing documents to the contrary, this section shall apply to debts for assessments that arise on and after January 1, 2006.

(b) An association that seeks to collect delinquent regular or special assessments of an amount less than one thousand eight hundred dollars ($1,800), not including any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, may not collect that debt through judicial or nonjudicial foreclosure, but may attempt to collect or secure that debt in any of the following ways:

(1) By a civil action in small claims court, pursuant to Chapter 5.5 (commencing with Section 116.110) of Title 1 of the Code of Civil Procedure. An association that chooses to proceed by an action in small claims court, and prevails, may enforce the judgment as permitted under Article 8 (commencing with Section 116.810) of Title 1 of the Code of Civil Procedure. The amount that may be recovered in small claims court to collect upon a debt for delinquent assessments may not exceed the

jurisdictional limits of the small claims court and shall be the sum of the following:

(A) The amount owed as of the date of filing the complaint in the small claims court proceeding.

(B) In the discretion of the court, an additional amount to that described in subparagraph (A) equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments and any reasonable late charges, fees and costs of collection, attorney's fees, and interest, up to the jurisdictional limits of the small claims court.

(2) By recording a lien on the owner's separate interest upon which the association may not foreclose until the amount of the delinquent assessments secured by the lien, exclusive of any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, equals or exceeds one thousand eight hundred dollars ($1,800) or the assessments secured by the lien are more than 12 months delinquent. An association that chooses to record a lien under these provisions, prior to recording the lien, shall offer the owner and, if so requested by the owner, participate in dispute resolution as set forth in Article 5 (commencing with Section 1363.810) of Chapter 4.

(3) Any other manner provided by law, except for judicial or nonjudicial foreclosure.

(c) An association that seeks to collect delinquent regular or special assessments of an amount of one thousand eight hundred dollars ($1,800) or more, not including any accelerated assessments, late charges, fees and costs of collection, attorney's fees, or interest, or any assessments secured by the lien that are more than 12 months delinquent, may use judicial or nonjudicial foreclosure subject to the following conditions:

(1) Prior to initiating a foreclosure on an owner's separate interest, the association shall offer the owner and, if so requested by the owner, participate in dispute resolution pursuant to the association's "meet and confer" program required in Article 5 (commencing with Section 1363.810) of Chapter 4 or alternative dispute resolution as set forth in Article 2 (commencing with Section 1369.510) of Chapter 7. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the owner, except that binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

(2) The decision to initiate foreclosure of a lien for delinquent assessments that has been validly recorded shall be made only by the board of directors of the association and may not be delegated to an agent of the association. The board shall approve the decision by a majority vote of the board members in an executive session. The board

shall record the vote in the minutes of the next meeting of the board open to all members. The board shall maintain the confidentiality of the owner or owners of the separate interest by identifying the matter in the minutes by the parcel number of the property, rather than the name of the owner or owners. A board vote to approve foreclosure of a lien shall take place at least 30 days prior to any public sale.

(3) The board shall provide notice by personal service in accordance with the manner of service of summons in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure to an owner of a separate interest who occupies the separate interest or to the owner's legal representative, if the board votes to foreclose upon the separate interest. The board shall provide written notice to an owner of a separate interest who does not occupy the separate interest by first-class mail, postage prepaid, at the most current address shown on the books of the association. In the absence of written notification by the owner to the association, the address of the owner's separate interest may be treated as the owner's mailing address.

(4) A nonjudicial foreclosure by an association to collect upon a debt for delinquent assessments shall be subject to a right of redemption. The redemption period within which the separate interest may be redeemed from a foreclosure sale under this paragraph ends 90 days after the sale. In addition to the requirements of Section 2924f, a notice of sale in connection with an association's foreclosure of a separate interest in a common interest development shall include a statement that the property is being sold subject to the right of redemption created in this paragraph.

(d) The limitation on foreclosure of assessment liens for amounts under the stated minimum in this section does not apply to assessments owed by owners of separate interests in timeshare estates, as defined in subdivision (x) of Section 11112 of the Business and Professions Code, or to assessments owed by developers.

SEC. 4. Section 2924 of the Civil Code is amended to read:

2924. (a) Every transfer of an interest in property, other than in trust, made only as a security for the performance of another act, is to be deemed a mortgage, except when in the case of personal property it is accompanied by actual change of possession, in which case it is to be deemed a pledge. Where, by a mortgage created after July 27, 1917, of any estate in real property, other than an estate at will or for years, less than two, or in any transfer in trust made after July 27, 1917, of a like estate to secure the performance of an obligation, a power of sale is conferred upon the mortgagee, trustee, or any other person, to be exercised after a breach of the obligation for which that mortgage or transfer is a security, the power shall not be exercised except where the mortgage or transfer is made pursuant to an order, judgment, or decree

of a court of record, or to secure the payment of bonds or other evidences of indebtedness authorized or permitted to be issued by the Commissioner of Corporations, or is made by a public utility subject to the provisions of the Public Utilities Act, until all of the following apply:

(1) The trustee, mortgagee, or beneficiary, or any of their authorized agents shall first file for record, in the office of the recorder of each county wherein the mortgaged or trust property or some part or parcel thereof is situated, a notice of default. That notice of default shall include all of the following:

(A) A statement identifying the mortgage or deed of trust by stating the name or names of the trustor or trustors and giving the book and page, or instrument number, if applicable, where the mortgage or deed of trust is recorded or a description of the mortgaged or trust property.

(B) A statement that a breach of the obligation for which the mortgage or transfer in trust is security has occurred.

(C) A statement setting forth the nature of each breach actually known to the beneficiary and of his or her election to sell or cause to be sold the property to satisfy that obligation and any other obligation secured by the deed of trust or mortgage that is in default.

(D) If the default is curable pursuant to Section 2924c, the statement specified in paragraph (1) of subdivision (b) of Section 2924c.

(2) Not less than three months shall elapse from the filing of the notice of default.

(3) After the lapse of the three months described in paragraph (2), the mortgagee, trustee or other person authorized to take the sale shall give notice of sale, stating the time and place thereof, in the manner and for a time not less than that set forth in Section 2924f.

(b) In performing acts required by this article, the trustee shall incur no liability for any good faith error resulting from reliance on information provided in good faith by the beneficiary regarding the nature and the amount of the default under the secured obligation, deed of trust, or mortgage. In performing the acts required by this article, a trustee shall not be subject to Title 1.6c (commencing with Section 1788) of Part 4.

(c) A recital in the deed executed pursuant to the power of sale of compliance with all requirements of law regarding the mailing of copies of notices or the publication of a copy of the notice of default or the personal delivery of the copy of the notice of default or the posting of copies of the notice of sale or the publication of a copy thereof shall constitute prima facie evidence of compliance with these requirements and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value and without notice.

(d) All of the following shall constitute privileged communications pursuant to Section 47:

(1) The mailing, publication, and delivery of notices as required by this section.

(2) Performance of the procedures set forth in this article.

(3) Performance of the functions and procedures set forth in this article if those functions and procedures are necessary to carry out the duties described in Sections 729.040, 729.050, and 729.080 of the Code of Civil Procedure.

(e) There is a rebuttable presumption that the beneficiary actually knew of all unpaid loan payments on the obligation owed to the beneficiary and secured by the deed of trust or mortgage subject to the notice of default. However, the failure to include an actually known default shall not invalidate the notice of sale and the beneficiary shall not be precluded from asserting a claim to this omitted default or defaults in a separate notice of default.

SEC. 5. Section 2924a of the Civil Code is amended to read:

2924a. If, by the terms of any trust or deed of trust a power of sale is conferred upon the trustee, the attorney for the trustee, or any duly authorized agent, may conduct the sale and act in the sale as the auctioneer for the trustee.

SEC. 6. Section 729.040 of the Code of Civil Procedure is amended to read:

729.040. (a) Notwithstanding Section 701.660, when the purchaser of an interest in real property sold subject to the right of redemption pays the amount due, the levying officer conducting the sale shall execute and deliver a certificate of sale to the purchaser and record a duplicate of the certificate of sale in the office of the county recorder.

(b) The certificate of sale shall contain either:

(1) In the case of a judicial foreclosure, the information required by Section 701.670.

(2) In the case of a nonjudicial foreclosure, all of the information required by subdivisions (c), (d), and (e) of Section 701.670.

(c) In addition to the information required by subdivision (b), the certificate of sale shall also contain the following:

(1) The price paid for each distinct lot or parcel of real property sold subject to the right of redemption.

(2) The total price paid.

(3) A statement that the property is subject to the right of redemption, indicating the applicable redemption period.

SEC. 7. Section 729.050 of the Code of Civil Procedure is amended to read:

729.050. If property is sold subject to the right of redemption, promptly after the sale the levying officer or trustee who conducted the sale shall serve notice of the right of redemption on the judgment debtor.

Service shall be made personally or by mail. The notice of the right of redemption shall indicate the applicable redemption period.

SEC. 8. Section 729.070 of the Code of Civil Procedure is amended to read:

729.070. (a) If the purchaser and the person seeking to redeem the property disagree on the redemption price or as to whether the person is entitled to redeem the property, or if the purchaser refuses the tender of the redemption price pursuant to Section 729.080, the person seeking to redeem may file a petition with the court for an order determining the redemption price or whether the person is entitled to redeem the property. The petition shall be filed before the expiration of the redemption period. At the time the petition is filed, the petitioner shall deposit the undisputed amount of the redemption price with the levying officer, if deposit has not previously been made, and give written notice to the levying officer or trustee of the filing of the petition.

(b) The petition shall be in writing and shall include the following statements:

(1) The amounts demanded to which the person seeking to redeem objects and the reasons for the objection.

(2) Any amounts offset to which the purchaser objects and the justification for the offset.

(3) The status of the petitioner that qualifies the petitioner to redeem the property. A copy of the papers required by subdivision (a) of Section 729.060 shall be filed with the petition.

(c) The hearing on the petition shall be held not later than 20 days after the date the petition was filed unless continued by the court for good cause.

(d) Not less than 10 days before the hearing, the person seeking to redeem the property shall personally serve on the purchaser a copy of the petition together with a notice of the time and place of the hearing.

(e) At the hearing on the petition, the person seeking to redeem the property has the burden of proof.

(f) At the conclusion of the hearing, the court shall determine by order the amount required to redeem the property. The determination shall be made upon affidavit or evidence satisfactory to the court.

(g) If an amount in addition to that deposited with the levying officer is required to redeem the property, the person seeking to redeem shall, within 10 days after the issuance of the order, pay the additional amount to the levying officer.

SEC. 9. Section 729.080 of the Code of Civil Procedure is amended to read:

729.080. (a) If the redemption price is not deposited pursuant to Section 729.060 before the expiration of the redemption period, or if no

additional deposit is made pursuant to subdivision (g) of Section 729.070 before the expiration of the time provided, the levying officer who conducted the sale shall promptly execute and deliver to the purchaser a deed of sale that complies with the requirements of Section 701.670, or the nonjudicial foreclosure trustee pursuant to Section 729.035 shall deliver an executed trustee's deed and comply with the requirements of Section 2924j of the Civil Code.

(b) If the person seeking to redeem the property deposits the redemption price pursuant to Section 729.060 or 729.070 during the redemption period, the levying officer shall tender the deposit to the purchaser. If the purchaser accepts the tender or if the redemption price determined by court order is tendered, the levying officer or trustee shall promptly execute and deliver a certificate of redemption to the person seeking to redeem and shall immediately record a duplicate of the certificate in the office of the recorder of the county where the property is located.

(c) Tender of the redemption price determined by court order or agreed upon by the purchaser and the person seeking to redeem the property is equivalent to payment. If the tender is refused, the levying officer shall deposit the amount tendered with the county treasurer of the county where the property is located, payable to the order of the purchaser. If the amount deposited is not claimed by the purchaser, or the legal representative of the purchaser, within five years after the deposit is made, by making application to the treasurer or other official designated by the county, it shall be paid into the general fund of the county.

(d) Except as provided in subdivision (e), upon redemption the effect of the sale is terminated and the person who redeemed the property is restored to the estate therein sold at the sale.

(e) Liens extinguished by the sale, as provided in Section 701.630, do not reattach to the property after redemption, and the property that was subject to the extinguished lien may not be applied to the satisfaction of the claim or judgment under which the lien was created.

CHAPTER 576

An act to amend Section 12302 of the Elections Code, relating to pupils.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 12302 of the Elections Code is amended to read:

12302. (a) Except as provided in subdivision (b), a member of a precinct board shall be a voter of the state. The member may serve only in the precinct for which his or her appointment is received.

(b) In order to provide for a greater awareness of the elections process, the rights and responsibilities of voters, and the importance of participating in the electoral process, as well as to provide additional members of precinct boards, an elections official may appoint not more than five pupil per precinct to serve under the direct supervision of precinct board members designated by the elections official. A pupil may be appointed, notwithstanding his or her lack of eligibility to vote, subject to the approval of the governing board of the educational institution in which the pupil is enrolled, if the pupil possesses the following qualifications:

(1) Is at least 16 years of age at the time of the election to which he or she is serving as a member of a precinct board.

(2) Is a United States citizen or will be a citizen at the time of the election to which he or she is serving as a member of a precinct board.

(3) Is a pupil in good standing attending a public or private secondary educational institution.

(4) Is a pupil who has a grade point average of at least 2.5 on a 4.0 scale.

(c) A pupil appointed pursuant to subdivision (b) may not be used by a precinct board to tally votes.

CHAPTER 577

An act to add Chapter 4.6 (commencing with Section 65965) to Division 1 of Title 7 of the Government Code, relating to natural resources.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Numerous state and local laws regulate agricultural lands, wildlife habitat, wetlands, forests, cultural and historic resources, and other natural resources.

(b) A state or local public agency has the authority to review a proposal for the development of a project or facility and to issue a permit authorizing the project or facility to be developed.

(c) A state or local public agency has the authority to impose conditions upon the issuance of a permit to mitigate any adverse impact caused by a permitted activity on lands and resources, including, but not limited to, agricultural lands, wildlife habitat, wetlands, endangered species habitat, open-space areas, and cultural or historic resources.

(d) The conditions may include the conveyance of an interest in real property, including, but not limited to, fee title in land, or a conservation or open-space easement, to mitigate any adverse impact of the permitted activity.

(e) It is the intent of the Legislature in enacting this act to clarify existing law that a state or local public agency may authorize a nonprofit organization to hold an interest in real property that a property owner is required to transfer to the agency to mitigate any adverse impact upon natural resources resulting from the development of a project or facility.

SEC. 2. Chapter 4.6 (commencing with Section 65965) is added to Division 1 of Title 7 of the Government Code, to read:

Chapter 4.6. Mitigation Lands: Nonprofit Organizations

65965. (a) For purposes of this section, the following definitions apply:

(1) "Direct protection" means the protection and preservation of natural lands or resources, including, but not limited to, agricultural lands, wildlife habitat, wetlands, endangered species habitat, open-space areas, or outdoor recreational areas.

(2) "Stewardship" encompasses the range of activities involved in controlling, monitoring, and managing for conservation purposes a property, or a conservation or open-space easement, as defined by the terms of the easement, and its attendant resources.

(b) Notwithstanding any other provision of law, if a state or local public agency requires a property owner to transfer to the agency an interest in real property to mitigate any adverse impact upon natural resources caused by permitting the development of a project or facility, the state or local public agency may authorize a nonprofit organization to hold title to and manage that interest in real property, provided that the nonprofit organization is all of the following:

(1) Exempt from taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code, and qualified to do business in the state.

(2) A "qualified organization" as defined in Section 170(h)(3) of the Internal Revenue Code.

(3) An organization that has as its principal purpose and activity the direct protection or stewardship of natural land or resources, or cultural or historic resources, including, but not limited to, agricultural lands, wildlife habitat, wetlands, endangered species habitat, open-space areas, and outdoor recreational areas.

(c) The recorded instrument that places title with a nonprofit organization pursuant to subdivision (b) shall include, at a minimum, a provision that if the state or local public agency that authorized the nonprofit organization to hold the title, or its successor agency, determines that the interest in real property that is held by the nonprofit organization is not being held, monitored, or managed for conservation purposes in the manner specified in that instrument or in the mitigation agreement between the state or local public agency and the nonprofit organization, the interest in real property shall revert to the state or that local public agency, or to another public agency or nonprofit organization qualified pursuant to subdivision (b), approved by the state or local public agency.

(d) A state or local public agency shall exercise due diligence in reviewing the qualifications of a nonprofit organization to effectively manage and steward natural land or resources. The state or local public agency may adopt guidelines to assist the agency in that review process.

CHAPTER 578

An act to amend Sections 10177 and 23428.20 of the Business and Professions Code, to amend Sections 782, 782.5, 798.20, and 800.25 of the Civil Code, to amend Section 65008 of the Government Code, and to amend Sections 33050, 33435, 33436, 33724, 33769, 35811, 37630, 37923, 50955, and 51602 of the Health and Safety Code, relating to housing.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known, and may be cited, as the Civil Rights Housing Act of 2006.

SEC. 2. Section 10177 of the Business and Professions Code is amended to read:

10177. The commissioner may suspend or revoke the license of a real estate licensee, or may deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

(a) Procured, or attempted to procure, a real estate license or license renewal, for himself or herself or any salesperson, by fraud, misrepresentation, or deceit, or by making any material misstatement of fact in an application for a real estate license, license renewal, or reinstatement.

(b) Entered a plea of guilty or nolo contendere to, or been found guilty of, or been convicted of, a felony or a crime involving moral turpitude, and the time for appeal has elapsed or the judgment of conviction has been affirmed on appeal, irrespective of an order granting probation following that conviction, suspending the imposition of sentence, or of a subsequent order under Section 1203.4 of the Penal Code allowing that licensee to withdraw his or her plea of guilty and to enter a plea of not guilty, or dismissing the accusation or information.

(c) Knowingly authorized, directed, connived at, or aided in the publication, advertisement, distribution, or circulation of any material false statement or representation concerning his or her business, or any business opportunity or any land or subdivision, as defined in Chapter 1 (commencing with Section 11000) of Part 2, offered for sale.

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

(e) Willfully used the term "realtor" or any trade name or insignia of membership in any real estate organization of which the licensee is not a member.

(f) Acted or conducted himself or herself in a manner that would have warranted the denial of his or her application for a real estate license, or has either had a license denied or had a license issued by another agency of this state, another state, or the federal government revoked or suspended for acts that, if done by a real estate licensee, would be

grounds for the suspension or revocation of a California real estate license, if the action of denial, revocation, or suspension by the other agency or entity was taken only after giving the licensee or applicant fair notice of the charges, an opportunity for a hearing, and other due process protections comparable to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and only upon an express finding of a violation of law by the agency or entity.

(g) Demonstrated negligence or incompetence in performing any act for which he or she is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of his or her salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

(i) Has used his or her employment by a governmental agency in a capacity giving access to records, other than public records, in a manner that violates the confidential nature of the records.

(j) Engaged in any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

(k) Violated any of the terms, conditions, restrictions, and limitations contained in any order granting a restricted license.

(*l*) (1) Solicited or induced the sale, lease, or listing for sale or lease of residential property on the ground, wholly or in part, of loss of value, increase in crime, or decline of the quality of the schools due to the present or prospective entry into the neighborhood of a person or persons having any characteristic listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(m) Violated the Franchise Investment Law (Division 5 (commencing with Section 31000) of Title 4 of the Corporations Code) or regulations of the Commissioner of Corporations pertaining thereto.

(n) Violated the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code) or the regulations of the Commissioner of Corporations pertaining thereto.

(o) Failed to disclose to the buyer of real property, in a transaction in which the licensee is an agent for the buyer, the nature and extent of a licensee's direct or indirect ownership interest in that real property. The direct or indirect ownership interest in the property by a person related to the licensee by blood or marriage, by an entity in which the licensee has an ownership interest, or by any other person with whom the licensee has a special relationship shall be disclosed to the buyer.

(p) Violated Article 6 (commencing with Section 10237).

If a real estate broker that is a corporation has not done any of the foregoing acts, either directly or through its employees, agents, officers, directors, or persons owning or controlling 10 percent or more of the corporation's stock, the commissioner may not deny the issuance of a real estate license to, or suspend or revoke the real estate license of, the corporation, provided that any offending officer, director, or stockholder, who has done any of the foregoing acts individually and not on behalf of the corporation, has been completely disassociated from any affiliation or ownership in the corporation.

SEC. 2.5. Section 10177 of the Business and Professions Code is amended to read:

10177. The commissioner may suspend or revoke the license of a real estate licensee, or may deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

(a) Procured, or attempted to procure, a real estate license or license renewal, for himself or herself or any salesperson, by fraud, misrepresentation, or deceit, or by making any material misstatement of fact in an application for a real estate license, license renewal, or reinstatement.

(b) Entered a plea of guilty or nolo contendere to, or been found guilty of, or been convicted of, a felony or a crime involving moral turpitude, and the time for appeal has elapsed or the judgment of conviction has been affirmed on appeal, irrespective of an order granting probation following that conviction, suspending the imposition of sentence, or of a subsequent order under Section 1203.4 of the Penal Code allowing that licensee to withdraw his or her plea of guilty and to enter a plea of not guilty, or dismissing the accusation or information.

(c) Knowingly authorized, directed, connived at, or aided in the publication, advertisement, distribution, or circulation of any material

false statement or representation concerning his or her designation or certification of special education, credential, trade organization membership, or business, or concerning any business opportunity or any land or subdivision, as defined in Chapter 1 (commencing with Section 11000) of Part 2, offered for sale.

(d) Willfully disregarded or violated the Real Estate Law (Part 1 (commencing with Section 10000)) or Chapter 1 (commencing with Section 11000) of Part 2 or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law and Chapter 1 (commencing with Section 11000) of Part 2.

(e) Willfully used the term "realtor" or any trade name or insignia of membership in any real estate organization of which the licensee is not a member.

(f) Acted or conducted himself or herself in a manner that would have warranted the denial of his or her application for a real estate license, or has either had a license denied or had a license issued by another agency of this state, another state, or the federal government revoked or suspended for acts that, if done by a real estate licensee, would be grounds for the suspension or revocation of a California real estate license, if the action of denial, revocation, or suspension by the other agency or entity was taken only after giving the licensee or applicant fair notice of the charges, an opportunity for a hearing, and other due process protections comparable to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and only upon an express finding of a violation of law by the agency or entity.

(g) Demonstrated negligence or incompetence in performing any act for which he or she is required to hold a license.

(h) As a broker licensee, failed to exercise reasonable supervision over the activities of his or her salespersons, or, as the officer designated by a corporate broker licensee, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

(i) Has used his or her employment by a governmental agency in a capacity giving access to records, other than public records, in a manner that violates the confidential nature of the records.

(j) Engaged in any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

(k) Violated any of the terms, conditions, restrictions, and limitations contained in any order granting a restricted license.

(*l*) (1) Solicited or induced the sale, lease, or listing for sale or lease of residential property on the ground, wholly or in part, of loss of value, increase in crime, or decline of the quality of the schools due to the present or prospective entry into the neighborhood of a person or persons having any characteristic listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m), and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(m) Violated the Franchise Investment Law (Division 5 (commencing with Section 31000) of Title 4 of the Corporations Code) or regulations of the Commissioner of Corporations pertaining thereto.

(n) Violated the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code) or the regulations of the Commissioner of Corporations pertaining thereto.

(o) Failed to disclose to the buyer of real property, in a transaction in which the licensee is an agent for the buyer, the nature and extent of a licensee's direct or indirect ownership interest in that real property. The direct or indirect ownership interest in the property by a person related to the licensee by blood or marriage, by an entity in which the licensee has an ownership interest, or by any other person with whom the licensee has a special relationship shall be disclosed to the buyer.

(p) Violated Article 6 (commencing with Section 10237).

If a real estate broker that is a corporation has not done any of the foregoing acts, either directly or through its employees, agents, officers, directors, or persons owning or controlling 10 percent or more of the corporation's stock, the commissioner may not deny the issuance of a real estate license to, or suspend or revoke the real estate license of, the corporation, provided that any offending officer, director, or stockholder, who has done any of the foregoing acts individually and not on behalf of the corporation, has been completely disassociated from any affiliation or ownership in the corporation.

SEC. 3. Section 23428.20 of the Business and Professions Code is amended to read:

23428.20. (a) For the purposes of this article, "club" also means any bona fide nonprofit corporation that has been in existence for not less

than nine years, has more than 8,500 memberships issued and outstanding to owners of condominiums and owners of memberships in stock cooperatives, and owns, leases, operates, or maintains recreational facilities for its members.

(b) For the purposes of this article, "club" also means any bona fide nonprofit corporation that was formed as a condominium homeowners' association, has at least 250 members, has served daily meals to its members and guests for a period of not less than 12 years, owns or leases, operates, and maintains a clubroom or rooms for its membership, has an annual fee of not less than nine hundred dollars ($900) per year per member, and has as a condition of membership that one member of each household be at least 54 years old.

(c) Section 23399 and the numerical limitation of Section 23430 shall not apply to a club defined in this section.

(d) No license shall be issued pursuant to this section to any club that withholds membership or denies facilities or services to any person on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(e) Notwithstanding subdivision (d), with respect to familial status, subdivision (d) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (d) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (d).

SEC. 4. Section 782 of the Civil Code is amended to read:

782. (a) Any provision in any deed of real property in California, whether executed before or after the effective date of this section, that purports to restrict the right of any persons to sell, lease, rent, use or occupy the property to persons having any characteristic listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2 of the Government Code, by providing for payment of a penalty, forfeiture, reverter, or otherwise, is void.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed

to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of this code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 5. Section 782.5 of the Civil Code is amended to read:

782.5. (a) Any deed or other written instrument that relates to title to real property, or any written covenant, condition, or restriction annexed or made a part of, by reference or otherwise, any such deed or instrument, that contains any provision that purports to forbid, restrict, or condition the right of any person or persons to sell, buy, lease, rent, use, or occupy the property on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, with respect to any person or persons, shall be deemed to be revised to omit that provision.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of this code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

(c) This section shall not be construed to limit or expand the powers of a court to reform a deed or other written instrument.

SEC. 6. Section 798.20 of the Civil Code is amended to read:

798.20. (a) Membership in any private club or organization that is a condition for tenancy in a park shall not be denied on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of this code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 7. Section 800.25 of the Civil Code is amended to read:

800.25. (a) Membership in any private club or organization that is a condition for tenancy in a floating home marina shall not be denied on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of this code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 8. Section 65008 of the Government Code is amended to read:

65008. (a) Any action pursuant to this title by any city, county, city and county, or other local governmental agency in this state is null and void if it denies to any individual or group of individuals the enjoyment of residence, landownership, tenancy, or any other land use in this state because of any of the following reasons:

(1) (A) The lawful occupation, age, or any characteristic of the individual or group of individuals listed in subdivision (a) or (d) of Section 12955, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2.

(B) Notwithstanding subparagraph (A), with respect to familial status, subparagraph (A) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in subparagraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to subparagraph (A).

(2) The method of financing of any residential development of the individual or group of individuals.

(3) The intended occupancy of any residential development by persons or families of low, moderate, or middle income.

(b) (1) No city, county, city and county, or other local governmental agency shall, in the enactment or administration of ordinances pursuant to this title, prohibit or discriminate against any residential development or emergency shelter for any of the following reasons:

(A) Because of the method of financing.

(B) (i) Because of the lawful occupation, age, or any characteristic listed in subdivision (a) or (d) of Section 12955, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2, of the owners or intended occupants of the residential development or emergency shelter.

(ii) Notwithstanding clause (i), with respect to familial status, clause (i) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in clause (i) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to clause (i).

(C) Because the development or shelter is intended for occupancy by persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income.

(D) Because the development consists of a multifamily residential project that is consistent with both the jurisdiction's zoning ordinance and general plan as they existed on the date the application was deemed complete, except that a project shall not be deemed to be inconsistent with the zoning designation for the site if that zoning designation is inconsistent with the general plan only because the project site has not been rezoned to conform with a more recently adopted general plan.

(2) The discrimination prohibited by this subdivision includes the denial or conditioning of a residential development or shelter because of, in whole or in part, (A) the method of financing or (B) the occupancy of the development by persons protected by this subdivision, including, but not limited to, persons and families of low and moderate income.

(c) For the purposes of this section, "persons and families of middle income" means persons and families whose income does not exceed 150 percent of the median income for the county in which the persons or families reside.

(d) (1) No city, county, city and county, or other local governmental agency may impose different requirements on a residential development or emergency shelter that is subsidized, financed, insured, or otherwise assisted by the federal or state government or by a local public entity, as defined in Section 50079 of the Health and Safety Code, than those imposed on nonassisted developments, except as provided in subdivision (e). The discrimination prohibited by this subdivision includes the denial or conditioning of a residential development or shelter based in whole

or in part on the fact that the development is subsidized, financed, insured, or otherwise assisted as described in this paragraph.

(2) (A) No city, county, city and county, or other local governmental agency may, because of lawful occupation, age, or any characteristic of the intended occupants listed in subdivision (a) or (d) of Section 12955, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 or because the development is intended for occupancy by persons and families of low, moderate, or middle income, impose different requirements on these residential developments than those imposed on developments generally, except as provided in subdivision (e).

(B) Notwithstanding subparagraph (A), with respect to familial status, subparagraph (A) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in subparagraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to subparagraph (A).

(e) Notwithstanding subdivisions (a) to (d), inclusive, this section and this title do not prohibit either of the following:

(1) The County of Riverside from enacting and enforcing zoning to provide housing for older persons, in accordance with state or federal law, if that zoning was enacted prior to January 1, 1995.

(2) Any city, county, or city and county from extending preferential treatment to residential developments or emergency shelters assisted by the federal or state government or by a local public entity, as defined in Section 50079 of the Health and Safety Code, or other residential developments or emergency shelters intended for occupancy by persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income, or agricultural employees, as defined in subdivision (b) of Section 1140.4 of the Labor Code, and their families. This preferential treatment may include, but need not be limited to, reduction or waiver of fees or changes in architectural requirements, site development and property line requirements, building setback requirements, or vehicle parking requirements that reduce development costs of these developments.

(f) "Residential development," as used in this section, means a single-family residence or a multifamily residence, including manufactured homes, as defined in Section 18007 of the Health and Safety Code.

(g) This section shall apply to chartered cities.

(h) The Legislature finds and declares that discriminatory practices that inhibit the development of housing for persons and families of low, moderate, and middle income, or emergency shelters for the homeless, are a matter of statewide concern.

SEC. 8.5. Section 65008 of the Government Code is amended to read:

65008. (a) Any action pursuant to this title by any city, county, city and county, or other local governmental agency in this state is null and void if it denies to any individual or group of individuals the enjoyment of residence, landownership, tenancy, or any other land use in this state because of any of the following reasons:

(1) (A) The lawful occupation, age, or any characteristic listed in subdivision (a) or (d) of Section 12955, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 and Section 12955.2.

(B) Notwithstanding subparagraph (A), with respect to familial status, subparagraph (A) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in subparagraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to subparagraph (A).

(2) The method of financing of any residential development of the individual or group of individuals.

(3) The intended occupancy of any residential development by persons or families of very low, low, moderate, or middle income.

(b) (1) No city, county, city and county, or other local governmental agency shall, in the enactment or administration of ordinances pursuant to any law, including this title, prohibit or discriminate against any residential development or emergency shelter for any of the following reasons:

(A) Because of the method of financing.

(B) (i) Because of the lawful occupation, age, or any characteristic listed in subdivision (a) or (d) of Section 12955, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the owners or intended occupants of the residential development or emergency shelter.

(ii) Notwithstanding clause (i), with respect to familial status, clause (i) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in clause (i) shall construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and

799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to clause (i).

(C) Because the development or shelter is intended for occupancy by persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income.

(D) Because the development consists of a multifamily residential project that is consistent with both the jurisdiction's zoning ordinance and general plan as they existed on the date the application was deemed complete, except that a project shall not be deemed to be inconsistent with the zoning designation for the site if that zoning designation is inconsistent with the general plan only because the project site has not been rezoned to conform with a more recently adopted general plan.

(2) The discrimination prohibited by this subdivision includes the denial or conditioning of a residential development or shelter because of, in whole or in part, either of the following:

(A) The method of financing.

(B) The occupancy of the development by persons protected by this subdivision, including, but not limited to, persons and families of very low, low, or moderate income.

(3) A city, county, city and county. or other local government agency may not, pursuant to subdivision (d) of Section 65589.5, disapprove a housing development project or condition approval in a manner that renders the project infeasible if the basis for the disapproval or conditional approval includes any of the reasons prohibited by paragraph (1) or (2).

(c) For the purposes of this section, "persons and families of middle income" means persons and families whose income does not exceed 150 percent of the median income for the county in which the persons or families reside.

(d) (1) No city, county, city and county, or other local governmental agency may impose different requirements on a residential development or emergency shelter that is subsidized, financed, insured, or otherwise assisted by the federal or state government or by a local public entity, as defined in Section 50079 of the Health and Safety Code, than those imposed on nonassisted developments, except as provided in subdivision (e). The discrimination prohibited by this subdivision includes the denial or conditioning of a residential development or emergency shelter based in whole or in part on the fact that the development is subsidized, financed, insured, or otherwise assisted as described in this paragraph.

(2) (A) No city, county, city and county, or other local governmental agency may, because of the lawful occupation, age, or any characteristic of the intended occupants listed in subdivision (a) or (d) of Section 12955, as those characteristics are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 or because the development is intended for occupancy by persons and families of very low, low, moderate, or middle income, impose different requirements on these residential developments than those imposed on developments generally, except as provided in subdivision (e).

(B) Notwithstanding subparagraph (A), with respect to familial status, subparagraph (A) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in subparagraph (A) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of this code shall apply to subparagraph (A).

(e) Notwithstanding subdivisions (a) to (d), inclusive, this section and this title do not prohibit either of the following:

(1) The County of Riverside from enacting and enforcing zoning to provide housing for older persons, in accordance with state or federal law, if that zoning was enacted prior to January 1, 1995.

(2) Any city, county, or city and county from extending preferential treatment to residential developments or emergency shelters assisted by the federal or state government or by a local public entity, as defined in Section 50079 of the Health and Safety Code, or other residential developments or emergency shelters intended for occupancy by persons and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income, or agricultural employees, as defined in subdivision (b) of Section 1140.4 of the Labor Code, and their families. This preferential treatment may include, but need not be limited to, reduction or waiver of fees or changes in architectural requirements, site development and property line requirements, building setback requirements, or vehicle parking requirements that reduce development costs of these developments.

(f) "Residential development," as used in this section, means a single-family residence or a multifamily residence, including manufactured homes, as defined in Section 18007 of the Health and Safety Code.

(g) This section shall apply to chartered cities.

(h) The Legislature finds and declares that discriminatory practices that inhibit the development of housing for persons and families of low,

moderate, and middle income, or emergency shelters for the homeless, are a matter of statewide concern.

SEC. 9. Section 33050 of the Health and Safety Code is amended to read:

33050. (a) It is hereby declared to be the policy of the state that in undertaking community redevelopment projects under this part there shall be no discrimination because of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 10. Section 33435 of the Health and Safety Code is amended to read:

33435. (a) Agencies shall obligate lessees and purchasers of real property acquired in redevelopment projects and owners of property improved as a part of a redevelopment project to refrain from restricting the rental, sale, or lease of the property on any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. All deeds, leases, or contracts for the sale, lease, sublease, or other transfer of any land in a redevelopment project shall contain or be subject to the nondiscrimination or nonsegregation clauses hereafter prescribed.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 11. Section 33436 of the Health and Safety Code is amended to read:

33436. Express provisions shall be included in all deeds, leases, and contracts that the agency proposes to enter into with respect to the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of any land in a redevelopment project in substantially the following form:

(a) (1) In deeds the following language shall appear—"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(b) (1) In leases the following language shall appear—"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of

discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).

(c) In contracts entered into by the agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

SEC. 12. Section 33724 of the Health and Safety Code is amended to read:

33724. (a) All property of the renewal area agency, and all property of persons participating in the rebuilding or rehabilitation of the renewal area or who derive any benefit from the rebuilding or rehabilitation, shall be sold, transferred, leased, purchased, acquired, administered, and managed without discrimination on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 13. Section 33769 of the Health and Safety Code is amended to read:

33769. (a) An agency shall require that any residence that is constructed with financing obtained under this chapter shall be open, upon sale or rental of any portion thereof, to all regardless of any basis

listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. The agency shall also require that contractors and subcontractors engaged in residential construction financed under this chapter shall provide equal opportunity for employment, without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code. All contracts and subcontracts for residential construction financed under this chapter shall be let without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code and except as otherwise provided in Section 12940 of the Government Code. It shall be the policy of an agency financing residential construction under this chapter to encourage participation by minority contractors, and the agency shall adopt rules and regulations to implement this section.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 14. Section 35811 of the Health and Safety Code is amended to read:

35811. (a) No financial institution shall discriminate in the availability of, or in the provision of, financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing housing accommodations due, in whole or in part, to the consideration of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section

51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 15. Section 37630 of the Health and Safety Code is amended to read:

37630. (a) The local agency shall require that any property that is rehabilitated with financing obtained under this part shall be open, upon sale or rental of any portion thereof, to all regardless of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. The local agency shall also require that contractors and subcontractors engaged in historical rehabilitation financed under this part provide equal opportunity for employment, without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code. All contracts and subcontracts for historical rehabilitation financed under this part shall be let without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 16. Section 37923 of the Health and Safety Code is amended to read:

37923. (a) The local agency shall require that any residence that is rehabilitated, constructed, or acquired with financing obtained under this part shall be open, upon sale or rental of any portion thereof, to all regardless of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code. The local agency shall also require that contractors and subcontractors engaged in residential rehabilitation financed under this part provide equal

opportunity for employment, without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code. All contracts and subcontracts for residential rehabilitation financed under this part shall be let without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code. It shall be the policy of the local agency financing residential rehabilitation under this part to encourage participation by minority contractors, and the local agency shall adopt rules and regulations to implement this section.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 17. Section 50955 of the Health and Safety Code is amended to read:

50955. (a) The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, that contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code, and that contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction, or rehabilitation of housing developments, and contracts let by housing sponsors, contractors,

and subcontractors in the performance of management, construction or rehabilitation, shall be let without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code, and pursuant to an affirmative action program, which shall be at not less than the Federal Housing Administration affirmative action standards unless the board makes a specific finding that the particular requirement would be unworkable. The agency shall periodically review implementation of affirmative action programs required by this section.

It shall be the policy of the agency and housing sponsors to encourage participation with respect to all projects by minority developers, builders, and entrepreneurs in all levels of construction, planning, financing, and management of housing developments. In areas of minority concentration the agency shall require significant participation of minorities in the sponsorship, construction, planning, financing, and management of housing developments. The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing developments financed pursuant to this part be given to persons of low income residing in the area of that housing, and (2) determine and implement means to secure the participation of small businesses in the performance of contracts for work on housing developments and to develop the capabilities of these small businesses to more efficiently and competently participate in the economic mainstream. In order to achieve this participation by small businesses, the agency may, among other things, waive retention requirements otherwise imposed on contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed. The agency shall develop relevant selection criteria for the participation of small businesses to ensure that, to the greatest extent feasible, the participants possess the necessary nonfinancial capabilities. The agency may, with respect to these small businesses, waive bond requirements otherwise imposed upon contractors or subcontractors by regulation of the agency, but the agency shall in that case substantially reduce the risk through (1) a pooled-risk bonding program, (2) a bond program in cooperation with other federal or state agencies, or (3) development of a self-insured bonding program with adequate reserves.

The agency shall adopt rules and regulations to implement this section.

Prior to commitment of a mortgage loan, the agency shall require each housing sponsor, except with respect to mutual self-help housing, to submit an affirmative marketing program that meets standards set forth in regulations of the agency. The agency shall require such a housing

sponsor to conduct the affirmative marketing program so approved. Additionally, the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to housing at the state level.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

SEC. 18. Section 51602 of the Health and Safety Code is amended to read:

51602. (a) The agency shall require that occupancy of housing for which a loan is insured pursuant to this part shall be open to all regardless of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, and that contractors and subcontractors engaged in the construction or rehabilitation of housing funded by a loan insured pursuant to this part shall provide an equal opportunity for employment without discrimination as to any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, and except as otherwise provided in Section 12940 of the Government Code.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to subdivision (a).

(c) A qualified developer shall certify compliance with this section and Section 50955 according to requirements specified by the pertinent criteria of the agency.

SEC. 19. (a) Section 2.5 of this bill incorporates amendments to Section 10177 of the Business and Professions Code proposed by both this bill and AB 790. It shall only become operative if (1) both bills are

enacted and become effective on or before January 1, 2007, (2) each bill amends Section 10177 of the Business and Professions Code, and (3) this bill is enacted after AB 790, in which case Section 2 of this bill shall not become operative.

(b) Section 8.5 of this bill incorporates amendments to Section 65008 of the Government Code proposed by both this bill and AB 2511. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 65008 of the Government Code, and (3) this bill is enacted after AB 2511, in which case Section 8 of this bill shall not become operative.

CHAPTER 579

An act to amend Section 4673 of the Probate Code, relating to advanced health care directives, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 4673 of the Probate Code is amended to read:

4673. (a) A written advance health care directive is legally sufficient if all of the following requirements are satisfied:

(1) The advance directive contains the date of its execution.

(2) The advance directive is signed either by the patient or in the patient's name by another adult in the patient's presence and at the patient's direction.

(3) The advance directive is either acknowledged before a notary public or signed by at least two witnesses who satisfy the requirements of Sections 4674 and 4675.

(b) An electronic advance health care directive or power of attorney for health care is legally sufficient if the requirements in subdivision (a) are satisfied, except that for the purposes of paragraph (3) of subdivision (a), an acknowledgment before a notary public shall be required, and if a digital signature is used, it meets all of the following requirements:

(1) The digital signature either meets the requirements of Section 16.5 of the Government Code and Chapter 10 (commencing with Section 22000) of Division 7 of Title 2 of the California Code of Regulations or the digital signature uses an algorithm approved by the National Institute of Standards and Technology.

(2) The digital signature is unique to the person using it.

(3) The digital signature is capable of verification.

(4) The digital signature is under the sole control of the person using it.

(5) The digital signature is linked to data in such a manner that if the data are changed, the digital signature is invalidated.

(6) The digital signature persists with the document and not by association in separate files.

(7) The digital signature is bound to a digital certificate.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the end-of-life decisions of individuals who use digital signatures to sign advanced health care directive are honored and legally valid, it is necessary that this act take effect immediately.

CHAPTER 580

An act to add Article 1.1 (commencing with Section 12939) to Division 3 of Chapter 2 of the Insurance Code, and to amend Sections 12209, 17053.57, and 23657 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 1.1 (commencing with Section 12939) is added to Division 3 of Chapter 2 of the Insurance Code, to read:

Article 1.1. The California Community Development Financial Institution Tax Credit Program

12939. The Legislature finds and declares all of the following:

(a) There are specialized financial institutions in California that are specifically dedicated to, and whose core purpose is to, provide financial products and services to people and communities underserved by traditional financial markets. These Community Development Financial Institutions or CDFIs seek to bridge the growing gap that exists between the financial products and services available to the economic mainstream

and those offered to low-income people and communities, as well as the nonprofit institutions that serve them. In addition, they serve a critical role in addressing issues of poverty and access to credit in economically disadvantaged communities by providing services, including, but not limited to, credit counseling to consumers, financial literacy training, homeownership counseling, entrepreneurial education, and technical assistance to small business owners.

(b) These mission-driven financial institutions require additional capital in order to expand their ability to provide financial products and services for low-income individuals and communities, and the businesses and nonprofit agencies that serve them. For example, some offer responsible alternatives to high-cost check-cashing services and payday lenders that have moved into low-income communities. Others help finance small businesses, affordable housing, and community services and facilities that, in turn, help stabilize low-income neighborhoods and alleviate poverty.

(c) In carrying out their mission, funding community development is given priority over providing high returns to investors.

(d) It is the intent of the Legislature to provide an incentive in the form of California tax credits to attract much needed additional private capital investments that would not otherwise be available to CDFIs without the benefit of such incentive. It is the expectation of the Legislature that CDFIs will leverage these new investment dollars for the direct benefit of economically disadvantaged communities and low-income people in California.

12939.1. (a) The department, California Organized Investment Network (COIN), or any successor thereof, shall require the CDFIs receiving tax credit investments pursuant to Sections 12209, 17053.57, and 23657 of the Revenue and Taxation Code to submit reports to the department, COIN, or any successor thereof, on their use of the program and may specify by notice to those CDFIs the form, content, and manner of the reports.

(b) Biennially the department, COIN, or any successor thereof, shall include in the report required by Section 12922, information on the CDFI tax credit program based on the reports submitted by the CDFIs pursuant to subdivision (a).

(c) On or before December 31, 2010, the Legislative Analyst shall prepare an analysis, based upon data provided by the Franchise Tax Board, the Department of Insurance, and COIN, to the Legislative Analyst on or before September 30, 2010, of the tax credit investments provided for in Sections 12209, 17053.57, and 23657 of the Revenue and Taxation Code, including, but not limited to, the credits' fiscal impact, what programs, projects, and other uses were funded or carried

out by the CDFIs that were supported in whole or in part by the tax credit investments, and the resulting benefits to economically disadvantaged communities and low income people in California.

SEC. 2. Section 12209 of the Revenue and Taxation Code is amended to read:

12209. (a) For each year beginning on or after January 1, 1999, and before January 1, 2012, there shall be allowed as a credit against the amount of tax, as defined in Section 28 of Article XIII of the California Constitution, an amount equal to 20 percent of the amount of each qualified investment made by a taxpayer during the taxable year into a community development financial institution that is certified by the Department of Insurance, California Organized Investment Network, or any successor thereof.

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

(c) (1) Notwithstanding any other provision of this part, no credit shall be allowed under this section unless the California Organized Investment Network, or its successor within the Department of Insurance, certifies that the investment described in subdivision (a) qualifies for the credit under this section and certifies the total amount of the credit allocated to the taxpayer pursuant to this section.

(2) No credit shall be allowed by this section unless the applicant and the taxpayer provide satisfactory substantiation to, and in the form and manner requested by, the Department of Insurance, California Organized Investment Network, or any successor thereof, that the investment is a qualified investment as defined in paragraph (1) of subdivision (g). In addition, on or after January 1, 2007, the aggregate certified investments shall meet all of the following:

(A) Each year, until October 1, the total qualified investments certified in any calendar year from any one community development financial institution together with its affiliates, as defined in Section 1215 of the Insurance Code, does not exceed the lesser of either ten million dollars ($10,000,000) or 40 percent of the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3), or until a date or an amount determined in regulations promulgated by the Insurance Commissioner.

(B) Each year, until July 1, the annual aggregate amount of qualified investments specified in the first sentence of paragraph (3) that is reserved for investments by admitted insurers is 25 percent, or until a date or an

amount determined in regulations promulgated by the Insurance Commissioner.

(C) Each year, until July 1, the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3) that is reserved for individual investment amounts of less than or equal to three hundred thousand dollars ($300,000) is three million dollars ($3,000,000), or until a date or amounts determined in regulations promulgated by the Insurance Commissioner.

(3) The aggregate amount of qualified investments made by all taxpayers pursuant to this section, Section 17053.57, and Section 23657 shall not exceed ten million dollars ($10,000,000) for each calendar year. However, if the aggregate amount of qualified investments made in any calendar year is less than ten million dollars ($10,000,000), the difference may be carried over to the next year, and any succeeding year during which this section remains in effect, and added to the aggregate amount authorized for those years.

(d) The community development financial institution shall do all of the following:

(1) Apply to the Department of Insurance, California Organized Investment Network, or its successor, for certification of its status as a community development financial institution.

(2) Apply to the Department of Insurance, California Organized Investment Network, or its successor, on behalf of the taxpayer for certification of the amount of the investment and the credit amount allocated to the taxpayer, obtain the certification, and retain a copy of the certification.

(3) Obtain the taxpayer's California company identification number for tax administration purposes and provide this information to the Department of Insurance, California Organized Investment Network, or its successor, with the application required in paragraph (2).

(4) Provide an annual listing to the State Board of Equalization, in the form and manner agreed upon by the State Board of Equalization and the Department of Insurance, California Organized Investment Network, or its successor, of the names and taxpayer's California company identification numbers of any taxpayer who makes any withdrawal or partial withdrawal of a qualified investment before the expiration of 60 months from the date of the qualified investment.

(5) Submit reports to the department, COIN, or any successor thereof, as required pursuant to subdivision (a) of Section 12939.1 of the Insurance Code.

(e) The Insurance Commissioner may develop instructions, procedures, and standards for applications, and for administering the criteria for the evaluation of applications under this section. The

Insurance Commissioner may, from time to time, issue regulations to implement the provisions of this section.

(f) The Department of Insurance, California Organized Investment Network, or any successor thereof, shall do all of the following:

(1) Accept and evaluate applications for certification from financial institutions and issue certificates that the applicant is a community development financial institution qualified to receive qualified investments. To receive a certificate, an applicant shall satisfy the Department of Insurance, California Organized Investment Network, or any successor thereof, that it meets the specific requirements to be a community development financial institution for this state program as defined in paragraph (2) of subdivision (g). The certificate may be issued for a specified period of time, and may include reasonable conditions to effectuate the intent of this section. The Insurance Commissioner may suspend or revoke a certification, after affording the institution notice and the opportunity to be heard, if the commissioner finds that an institution no longer meets the requirement for certification.

(2) Accept and evaluate applications for certification from any community development financial institution on behalf of the taxpayer and issue certificates to taxpayers in an aggregate amount that shall not exceed the limit specified in subdivision (c). The certificate shall include the amount eligible to be made as an investment that qualifies for the credit and the total amount of the credit to which the taxpayer is entitled for the year. Applications for tax credits shall be accepted and evaluated throughout the year. Certificates shall be issued in the order that complete applications are received. If the aggregate amount of tax credit applications exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments on a first-come-first-served basis as determined by the order in which complete applications are received. All applications received on the same business day are deemed to be received at the same time. If the aggregate amount of tax credit applications received on a single business day exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments received on that day on a pro rata basis.

(3) Provide an annual listing to the State Board of Equalization, in the form or manner agreed upon by the State Board of Equalization and the Department of Insurance, California Organized Investment Network, or its successor, of the taxpayers who were issued certificates, their respective National Association of Insurance Commissioners company number and employer's tax identification number, the amount of the qualified investment made by each taxpayer, and the total amount of qualified investments.

(4) Include information specified pursuant to subdivision (b) of Section 12939.1 of the Insurance Code in the report required by Section 12922 of the Insurance Code.

(g) For purposes of this section:

(1) "Qualified investment" means an investment that is a deposit or loan that does not earn interest, or an equity investment, or an equitylike debt instrument that conforms to the specifications for these instruments as prescribed by the United States Department of the Treasury, Community Development Financial Institutions Fund, or its successor, or, in the absence of that prescription, as defined by the Insurance Commissioner. The investment must be equal to or greater than fifty thousand dollars ($50,000) and made for a minimum duration of 60 months. During that 60-month period, the community development financial institution shall have full use and control of the proceeds of the entire amount of the investment as well as any earnings on the investment for its community development purposes. The entire amount of the investment shall be received by the community development financial institution before the application for the tax credit is submitted. The community development financial institution shall use the proceeds of the investment for a purpose that is consistent with its community development mission and for the benefit of economically disadvantaged communities and low-income people in California.

(2) "Community development financial institution" means a private financial institution located in this state that is certified by the Department of Insurance, California Organized Investment Network, or its successor, that, consistent with the findings, declarations, and intent set forth in Section 12939 of the Insurance Code, has community development as its primary mission, and that lends in urban, rural, or reservation-based communities in this state. A community development financial institution may include a community development bank, a community development loan fund, a community development credit union, a microenterprise fund, a community development corporation-based lender, or a community development venture fund.

(h) (1) If a qualified investment is withdrawn before the end of the 60th month and not reinvested in another community development financial institution within 60 days, there shall be added to the "tax," as defined in Section 28 of Article XIII of the California Constitution, for the year in which the withdrawal occurs, the entire amount of any credit previously allowed under this section.

(2) If a qualified investment is reduced before the end of the 60th month, but not below fifty thousand dollars ($50,000), there shall be added to the "tax," as defined in Section 28 of Article XIII of the

California Constitution, for the taxable year in which the reduction occurs, an amount equal to 20 percent of the total reduction for the year.

(i) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" for the next four years, or until the credit has been exhausted, whichever occurs first.

(j) The State Board of Equalization shall, as requested by the Department of Insurance, California Organized Investment Network, or its successor, advise and assist in the administration of this section.

(k) This section shall remain in effect only until December 31, 2012, and as of that date is repealed.

SEC. 3. Section 17053.57 of the Revenue and Taxation Code is amended to read:

17053.57. (a) For each taxable year beginning on or after January 1, 1997, and before January 1, 2012, there shall be allowed as a credit against the amount of "net tax," as defined in Section 17039, an amount equal to 20 percent of the amount of each qualified investment made by a taxpayer during the taxable year into a community development financial institution that is certified by the Department of Insurance, California Organized Investment Network, or any successor thereof.

(b) (1) Notwithstanding any other provision of this part, no credit shall be allowed under this section unless the California Organized Investment Network, or its successor within the Department of Insurance, certifies that the investment described in subdivision (a) qualifies for the credit under this section and certifies the total amount of the credit allocated to the taxpayer pursuant to this section.

(2) No credit shall be allowed by this section unless the applicant and the taxpayer provide satisfactory substantiation to, and in the form and manner requested by, the Department of Insurance, California Organized Investment Network, or any successor thereof, that the investment is a qualified investment, as defined in paragraph (1) of subdivision (f). In addition, on or after January 1, 2007, the aggregate certified investments shall meet all of the following:

(A) Each year, until October 1, the total qualified investments certified in any calendar year from any one community development financial institution together with its affiliates, as defined in Section 1215 of the Insurance Code, does not exceed the lesser of either ten million dollars ($10,000,000) or 40 percent of the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3), or until a date or an amount determined in regulations promulgated by the Insurance Commissioner.

(B) Each year, until July 1, the annual aggregate amount of qualified investments specified in the first sentence of paragraph (3) that is reserved for investments by admitted insurers is 25 percent, or until a date or an

amount determined in regulations promulgated by the Insurance Commissioner.

(C) Each year, until July 1, the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3) that is reserved for individual investment amounts of less than or equal to three hundred thousand dollars ($300,000) is three million dollars ($3,000,000), or until a date or amounts determined in regulations promulgated by the Insurance Commissioner.

(3) The aggregate amount of qualified investments made by all taxpayers pursuant to this section, Section 12209, and Section 23657 shall not exceed ten million dollars ($10,000,000) for each calendar year. However, if the aggregate amount of qualified investments made in any calendar year is less than ten million dollars ($10,000,000), the difference may be carried over to the next year, and any succeeding year during which this section remains in effect, and added to the aggregate amount authorized for those years.

(c) The Community Development Financial Institution shall do all of the following:

(1) Apply to the Department of Insurance, California Organized Investment Network, or its successor, for certification of its status as a Community Development Financial Institution.

(2) Apply to the Department of Insurance, California Organized Investment Network, or its successor, on behalf of the taxpayer for certification of the amount of the investment and the credit amount allocated to the taxpayer, obtain the certification, and retain a copy of the certification.

(3) Obtain the taxpayer's identification number, or in the case of a partnership, the taxpayer identification numbers of all the partners for tax administration purposes and provide this information to the Department of Insurance, California Organized Investment Network, or its successor, with the application required in paragraph (2).

(4) Provide an annual listing to the Franchise Tax Board, in the form and manner agreed upon by the Franchise Tax Board and the Department of Insurance, California Organized Investment Network, or its successor, of the names and taxpayer identification numbers of any taxpayer who makes any withdrawal or partial withdrawal of a qualified investment before the expiration of 60 months from the date of the qualified investment.

(5) Submit reports to the department, COIN, or any successor thereof, as required pursuant to subdivision (a) of Section 12939.1 of the Insurance Code.

(d) The Insurance Commissioner may develop instructions, procedures, and standards for applications, and for administering the

criteria for the evaluation of applications under this section. The Insurance Commissioner may, from time to time, issue regulations to implement the provisions of this section.

(e) The Department of Insurance, California Organized Investment Network, or any successor thereof, shall do all of the following:

(1) Accept and evaluate applications for certification from financial institutions and issue certificates that the applicant is a Community Development Financial Institution qualified to receive qualified investments. To receive a certificate, an applicant shall satisfy the Department of Insurance, California Organized Investment Network, or any successor thereof, that it meets the specific requirements to be a community development financial institution for this state program as defined in paragraph (2) of subdivision (f). The certificate may be issued for a specified period of time, and may include reasonable conditions to effectuate the intent of this section. The Insurance Commissioner may suspend or revoke a certification, after affording the institution notice and the opportunity to be heard, if the commissioner finds that an institution no longer meets the requirement for certification.

(2) Accept and evaluate applications for certification from any Community Development Financial Institution on behalf of the taxpayer and issue certificates to taxpayers in an aggregate amount that shall not exceed the limit specified in subdivision (b). The certificate shall include the amount eligible to be made as an investment that qualifies for the credit and the total amount of the credit to which the taxpayer is entitled for the taxable year. Applications for tax credits shall be accepted and evaluated throughout the year. Certificates shall be issued in the order that complete applications are received. If the aggregate amount of tax credit applications exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments on a first-come-first-served basis as determined by the order in which complete applications are received. All applications received on the same business day are deemed to be received at the same time. If the aggregate amount of tax credit applications received on a single business day exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments received on that day on a pro rata basis.

(3) Provide an annual listing to the Franchise Tax Board, in a form or manner agreed upon by the Franchise Tax Board and the Department of Insurance, California Organized Investment Network, or its successor, of the taxpayers who were issued certificates, their respective tax identification numbers, the amount of the qualified investment made by each taxpayer, and the total amount of all qualified investments.

(4) Include information specified pursuant to subdivision (b) of Section 12939.1 of the Insurance Code in the report required by Section 12922 of the Insurance Code.

(f) For purposes of this section:

(1) "Qualified investment" means an investment that is a deposit or loan that does not earn interest, or an equity investment, or an equitylike debt instrument that conforms to the specifications for these instruments as prescribed by the United States Department of the Treasury, Community Development Financial Institutions Fund, or its successor, or, in the absence of that prescription, as defined by the Insurance Commissioner. The investment must be equal to or greater than fifty thousand dollars ($50,000) and made for a minimum duration of 60 months. During that 60-month period, the community development financial institution shall have full use and control of the proceeds of the entire amount of the investment as well as any earnings on the investment for its community development purposes. The entire amount of the investment shall be received by the community development financial institution before the application for the tax credit is submitted. The community development financial institution shall use the proceeds of the investment for a purpose that is consistent with its community development mission and for the benefit of economically disadvantaged communities and low-income people in California.

(2) "Community development financial institution" means a private financial institution located in this state that is certified by the Department of Insurance, California Organized Investment Network, or its successor, that, consistent with the legislative findings, declarations, and intent in Section 12939 of the Insurance Code, has community development as its primary mission, and that lends in urban, rural, or reservation-based communities in this state. A community development financial institution may include a community development bank, a community development loan fund, a community development credit union, a microenterprise fund, a community development corporation-based lender, or a community development venture fund.

(g) (1) If a qualified investment is withdrawn before the end of the 60th month and not reinvested in another Community Development Financial Institution within 60 days, there shall be added to the "net tax," as defined in Section 17039, for the taxable year in which the withdrawal occurs, the entire amount of any credit previously allowed under this section.

(2) If a qualified investment is reduced before the end of the 60th month, but not below fifty thousand dollars ($50,000), there shall be added to the "net tax," as defined in Section 17039, for the taxable year

in which the reduction occurs, an amount equal to 20 percent of the total reduction for the taxable year.

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

(i) The Franchise Tax Board shall, as requested by the Department of Insurance, California Organized Investment Network, or its successor, advise and assist in the administration of this section.

(j) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 4. Section 23657 of the Revenue and Taxation Code is amended to read:

23657. (a) For each taxable year beginning on or after January 1, 1997, and before January 1, 2012, there shall be allowed as a credit against the amount of "tax," as defined in Section 23036, an amount equal to 20 percent of the amount of each qualified investment made by a taxpayer during the taxable year into a community development financial institution that is certified by the Department of Insurance, California Organized Investment Network, or any successor thereof.

(b) (1) Notwithstanding any other provision of this part, no credit shall be allowed under this section unless the California Organized Investment Network, or its successor within the Department of Insurance, certifies that the investment described in subdivision (a) qualifies for the credit under this section and certifies the total amount of the credit allocated to the taxpayer pursuant to this section.

(2) No credit shall be allowed by this section unless the applicant and the taxpayer provide satisfactory substantiation to, and in the form and manner requested by, the Department of Insurance, California Organized Investment Network, or any successor thereof, that the investment is a qualified investment, as defined in paragraph (1) of subdivision (f). In addition, on or after January 1, 2007, the aggregate certified investments shall meet all of the following:

(A) Each year, until October 1, the total qualified investments certified in any calendar year from any one community development financial institution together with its affiliates, as defined in Section 1215 of the Insurance Code, does not exceed the lesser of either ten million dollars ($10,000,000) or 40 percent of the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3), or until a date or an amount determined in regulations promulgated by the Insurance Commissioner.

(B) Each year, until July 1, the annual aggregate amount of qualified investments specified in the first sentence of paragraph (3) that is reserved

for investments by admitted insurers is 25 percent, or until a date or an amount determined in regulations promulgated by the Insurance Commissioner.

(C) Each year, until July 1, the annual aggregate amount of qualified investments authorized in the first sentence of paragraph (3) that is reserved for individual investment amounts of less than or equal to three hundred thousand dollars ($300,000) is three million dollars ($3,000,000), or until a date or amounts determined in regulations promulgated by the Insurance Commissioner.

(3) The aggregate amount of qualified investments made by all taxpayers pursuant to this section, Section 12209, and Section 17053.57 shall not exceed ten million dollars ($10,000,000) for each calendar year. However, if the aggregate amount of qualified investments made in any calendar year is less than ten million dollars ($10,000,000), the difference may be carried over to the next year, and any succeeding year during which this section remains in effect, and added to the aggregate amount authorized for those years.

(c) The Community Development Financial Institution shall do all of the following:

(1) Apply to the Department of Insurance, California Organized Investment Network, or its successor, for certification of its status as a Community Development Financial Institution.

(2) Apply to the Department of Insurance, California Organized Investment Network, or its successor, on behalf of the taxpayer, for certification of the amount of the investment and the credit amount allocated to the taxpayer, obtain the certification, and retain a copy of the certification.

(3) Obtain the taxpayer's identification number, or in the case of an "S" corporation, the taxpayer identification numbers of all the shareholders for tax administration purposes and provide this information to the Department of Insurance, California Organized Investment Network, or its successor, with the application required in paragraph (2).

(4) Provide an annual listing to the Franchise Tax Board, in the form and manner agreed upon by the Franchise Tax Board and the Department of Insurance, California Organized Investment Network, or its successor, of the names and taxpayer identification numbers of any taxpayer who makes any withdrawal or partial withdrawal of a qualified investment before the expiration of 60 months from the date of the qualified investment.

(5) Submit reports to the department, COIN, or any successor thereof, as required pursuant to subdivision (a) of Section 12939.1 of the Insurance Code.

(d) The Insurance Commissioner may develop instructions, procedures, and standards for applications, and for administering the criteria for the evaluation of applications under this section. The Insurance Commissioner may, from time to time, issue regulations to implement the provisions of this section.

(e) The Department of Insurance, California Organized Investment Network, or any successor thereof, shall do all of the following:

(1) Accept and evaluate applications for certification from financial institutions and issue certificates that the applicant is a Community Development Financial Institution qualified to receive qualified investments. To receive a certificate, an applicant shall satisfy the Department of Insurance, California Organized Investment Network, or any successor thereof, that it meets the specific requirements to be a community development financial institution for this state program as defined in paragraph (2) of subdivision (f). The certificate may be issued for a specified period of time, and may include reasonable conditions to effectuate the intent of this section. The Insurance Commissioner may suspend or revoke a certification, after affording the institution notice and the opportunity to be heard, if the commissioner finds that an institution no longer meets the requirement for certification.

(2) Accept and evaluate applications for certification from any Community Development Financial Institution on behalf of the taxpayer and issue certificates to taxpayers in an aggregate amount that shall not exceed the limit specified in subdivision (b). The certificate shall include the amount eligible to be made as an investment that qualifies for the credit and the total amount of the credit to which the taxpayer is entitled for the taxable year. Applications for tax credits shall be accepted and evaluated throughout the year. Certificates shall be issued in the order that complete applications are received. If the aggregate amount of tax credit applications exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments on a first-come-first-served basis as determined by the order in which complete applications are received. All applications received on the same business day are deemed to be received at the same time. If the aggregate amount of tax credit applications received on a single business day exceeds the amount of tax credits available, tax credits shall be approved for qualifying investments received on that day on a pro rata basis.

(3) Provide an annual listing to the Franchise Tax Board, in the form or manner agreed upon by the Franchise Tax Board and the Department of Insurance, California Organized Investment Network, or its successor, of the taxpayers who were issued certificates, their respective tax identification numbers, the amount of the qualified investment made by each taxpayer, and the total amount of all qualified investments.

(4) Include information specified pursuant to subdivision (b) of Section 12939.1 of the Insurance Code in the report required by Section 12922 of the Insurance Code.

(f) For purposes of this section:

(1) "Qualified investment" means an investment that is a deposit or loan that does not earn interest, or an equity investment, or an equitylike debt instrument that conforms to the specifications for these instruments as prescribed by the United States Department of the Treasury, Community Development Financial Institutions Fund, or its successor, or, in the absence of that prescription, as defined by the Insurance Commissioner. The investment must be equal to or greater than fifty thousand dollars ($50,000) and made for a minimum duration of 60 months. During that 60-month period, the community development financial institution shall have full use and control of the proceeds of the entire amount of the investment as well as any earnings on the investment for its community development purposes. The entire amount of the investment shall be received by the community development financial institution before the application for the tax credit is submitted. The community development financial institution shall use the proceeds of the investment for a purpose that is consistent with its community development mission and for the benefit of economically disadvantaged communities and low-income people in California.

(2) "Community development financial institution" means a private financial institution located in this state that is certified by the Department of Insurance, California Organized Investment Network, or its successor, that, consistent with the legislative findings, declarations, and intent in Section 12939 of the Insurance Code, has community development as its primary mission, and that lends in urban, rural, or reservation-based communities in this state. A community development financial institution may include a community development bank, a community development loan fund, a community development credit union, a microenterprise fund, a community development corporation-based lender, or a community development venture fund.

(g) (1) If a qualified investment is withdrawn before the end of the 60th month and not reinvested in another Community Development Financial Institution within 60 days, there shall be added to the "tax," as defined in Section 23036, for the taxable year in which the withdrawal occurs, the entire amount of any credit previously allowed under this section.

(2) If a qualified investment is reduced before the end of the 60th month, but not below fifty thousand dollars ($50,000), there shall be added to the "tax," as defined in Section 23036, for the taxable year in

which the reduction occurs, an amount equal to 20 percent of the total reduction for the taxable year.

(h) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" for the next four taxable years, or until the credit has been exhausted, whichever occurs first.

(i) The Franchise Tax Board shall, as requested by the Department of Insurance, California Organized Investment Network or its successor, advise and assist in the administration of this section.

(j) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 5. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

CHAPTER 581

An act to add Section 44265.3 to the Education Code, and to amend Section 14132.06 of the Welfare and Institutions Code, relating to speech-language pathologists, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 44265.3 is added to the Education Code, to read:

44265.3. (a) Commencing January 1, 2007, the Commission on Teacher Credentialing shall issue the following credentials:

(1) A preliminary credential in speech-language pathology, to an individual who has been recommended by a commission-accredited program sponsor and who holds or has been recommended for a master's degree in speech-language pathology from a program accredited by the American Speech-Language-Hearing Association's Council on Academic Accreditation. The preliminary credential shall be valid for a period of two years.

(2) A professional clear credential in speech-language pathology to an individual who satisfies all of the following criteria:

(A) The individual holds a master's degree in speech-language pathology from a program accredited by the American Speech-Language-Hearing Association's Council on Academic

Accreditation, or an equivalent degree or academic program, as determined by the American Speech-Language-Hearing Association.

(B) The individual has achieved a passing score, as determined by the American Speech-Language-Hearing Association's certification requirements on the Educational Testing Service's national teachers' Praxis series written test in speech-language pathology or a successor exam.

(C) The individual has completed a mentored practical experience period, in the form of a 36-week, full-time mentored clinical experience, or an equivalent supervised practicum, as deemed by the commission.

(D) The individual satisfies other typical commission credentialing processing requirements, including, but not limited to, forms, fees, and fingerprint clearances.

(b) It is the intent of the Legislature in enacting this section to align the state credentialing requirements for personnel standards for California speech-language pathologists with standards for Medi-Cal local educational agency reimbursement, in order to ensure continued funding for the Local Education Agency (LEA) Medi-Cal Billing Option Program.

(c) A credential issued by the Commission on Teacher Credentialing on or before January 1, 2007, authorizing speech, language, and hearing services, shall continue to be valid, subject to commission renewal requirements.

(d) Upon renewal of a credential initially issued on or before January 1, 2007, the credentialholder shall have the option of renewing the credential under the standards applicable prior to January 1, 2007, or to update the credential to satisfy the requirements of subdivision (a). At any time after January 1, 2007, the credentialholder may update his or her credential, upon submission of an application and fee, and verification of requirements met in accordance with subdivision (a).

(e) To the extent allowable, as determined by the federal government, services provided by an individual with a credential for speech-language pathology, as specified in this section, shall be billable through the LEA Medi-Cal Billing Option Program.

SEC. 2. Section 14132.06 of the Welfare and Institutions Code is amended to read:

14132.06. (a) Services specified in this section that are provided by a local educational agency are covered Medi-Cal benefits, to the extent federal financial participation is available, and subject to utilization controls and standards adopted by the department, and consistent with Medi-Cal requirements for physician prescription, order, and supervision.

(b) Any provider enrolled on or after January 1, 1993, to provide services pursuant to this section may bill for those services provided on or after January 1, 1993.

(c) Nothing in this section shall be interpreted to expand the current category of professional health care practitioners permitted to directly bill the Medi-Cal program.

(d) Nothing in this section is intended to increase the scope of practice of any health professional providing services under this section or Medi-Cal requirements for physician prescription, order, and supervision.

(e) (1) For the purposes of this section, the local educational agency, as a condition of enrollment to provide services under this section, shall be considered the provider of services. A local educational agency provider, as a condition of enrollment to provide services under this section, shall enter into, and maintain, a contract with the department in accordance with guidelines contained in regulations adopted by the director and published in Title 22 of the California Code of Regulations.

(2) Notwithstanding paragraph (1), a local educational agency providing services pursuant to this section shall utilize current safety net and traditional health care providers, when those providers are accessible to specific schoolsites identified by the local educational agency to participate in this program, rather than adding duplicate capacity.

(f) For the purposes of this section, covered services may include all of the following local educational agency services:

(1) Health and mental health evaluations and health and mental health education.

(2) Medical transportation.

(3) Nursing services.

(4) Occupational therapy.

(5) Physical therapy.

(6) Physician services.

(7) Mental health and counseling services.

(8) School health aide services.

(9) Speech pathology services. These services may be provided by either of the following:

(A) A licensed speech pathologist.

(B) A credentialed speech-language pathologist, to the extent authorized by Chapter 5.3 (commencing with Section 2530) of Division 2 of the Business and Professions Code.

(10) Audiology services.

(11) Targeted case management services for children with an individualized education plan (IEP) or an individualized family service plan (IFSP).

(g) Local educational agencies may, but need not, provide any or all of the services specified in subdivision (f).

(h) For the purposes of this section, "local educational agency" means the governing body of any school district or community college district,

the county office of education, a state special school, a California State University campus, or a University of California campus.

(i) Any local educational agency provider enrolled to provide service pursuant to this section on January 1, 1995, may bill for targeted case management services for children with an individualized education plan (IEP) or an individualized family service plan (IFSP), provided on or after January 1, 1995.

(j) Notwithstanding any other provision of law, a community college district, a California State University campus, or a University of California campus, consistent with the requirements of this section, may bill for services provided to any student, regardless of age, who is a Medi-Cal recipient.

SEC. 3. Section 44265.3 of the Education Code, as added by Section 1 of this act, shall become operative on the date that the Attorney General issues an opinion holding that the new certifications by the Commission on Teacher Credentialing for the professional clear credential provided for under paragraph (2) of subdivision (a) of that section are equivalent for purposes of federal law provided in paragraph (2) of subdivision (c) of Section 440.110 of Title 42 of the Code of Federal Regulations.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that school districts continue to receive federal funding under the Medi-Cal program for speech therapy services provided to students, commencing July 1, 2006, it is necessary that this act take effect immediately.

CHAPTER 582

An act to amend Sections 13952 and 13955 of the Government Code, relating to crime victims.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13952 of the Government Code is amended to read:

13952. (a) An application for compensation shall be filed with the board in the manner determined by the board.

(b) (1) The application for compensation shall be verified under penalty of perjury by the individual who is seeking compensation, who may be the victim or derivative victim, or an individual seeking reimbursement for burial, funeral, or crime scene cleanup expenses pursuant to subdivision (a) of Section 13957. If the individual seeking compensation is a minor or is incompetent, the application shall be verified under penalty of perjury or on information and belief by the parent with legal custody, guardian, conservator, or relative caregiver of the victim or derivative victim for whom the application is made. However, if a minor seeks compensation only for expenses for medical, medical related, psychiatric, psychological, or other mental health counseling-related services and the minor is authorized by statute to consent to those services, the minor may verify the application for compensation under penalty of perjury.

(2) For purposes of this subdivision, "relative caregiver" means a relative as defined in subdivision (i) of Section 6550 of the Family Code, who assumed primary responsibility for the child while the child was in the relative's care and control, and who is not a biological or adoptive parent.

(c) (1) The board may require submission of additional information supporting the application that is reasonably necessary to verify the application and determine eligibility for compensation.

(2) The staff of the board shall determine whether an application for compensation contains all of the information required by the board. If the staff determines that an application does not contain all of the required information, the staff shall communicate that determination to the applicant with a brief statement of the additional information required. The applicant, within 30 calendar days of being notified that the application is incomplete, may either supply the additional information or appeal the staff's determination to the board, which shall review the application to determine whether it is complete.

(d) (1) The board may recognize an authorized representative of the victim or derivative victim, who shall represent the victim or derivative victim pursuant to rules adopted by the board.

(2) For purposes of this subdivision, an "authorized representative" means any of the following:

(A) An attorney.

(B) If the victim or derivative victim is a minor or an incompetent adult, the legal guardian or conservator, or an immediate family member, parent, or relative caregiver who is not the perpetrator of the crime that gave rise to the claim.

(C) A victim assistance advocate certified pursuant to Section 13835.10 of the Penal Code.

(D) An immediate family member of the victim or derivative victim, who has written authorization by the victim or derivative victim, and who is not the perpetrator of the crime that gave rise to the claim.

(E) Other persons who shall represent the victim or derivative victim pursuant to rules adopted by the board.

(3) Except for attorney's fees awarded under this chapter, no authorized representative described in paragraph (2) shall charge, demand, receive, or collect any amount for services rendered under this subdivision.

SEC. 2. Section 13955 of the Government Code is amended to read:

13955. Except as provided in Section 13956, a person shall be eligible for compensation when all of the following requirements are met:

(a) The person for whom compensation is being sought is any of the following:

(1) A victim.

(2) A derivative victim.

(3) (A) A person who is entitled to reimbursement for funeral, burial, or crime scene cleanup expenses pursuant to paragraph (9) of subdivision (a) of Section 13957.

(B) This paragraph applies without respect to any felon status of the victim.

(b) Either of the following conditions is met:

(1) The crime occurred within this state, whether or not the victim is a resident of the state. This paragraph shall apply only during those time periods during which the board determines that federal funds are available to the state for the compensation of victims of crime.

(2) Whether or not the crime occurred within the State of California, the victim was any of the following:

(A) A resident of the state.

(B) A member of the military stationed in California.

(C) A family member living with a member of the military stationed in this state.

(c) If compensation is being sought for a derivative victim, the derivative victim is a resident of this state, or resident of another state, who is any of the following:

(1) At the time of the crime was the parent, grandparent, sibling, spouse, child, or grandchild of the victim.

(2) At the time of the crime was living in the household of the victim.

(3) At the time of the crime was a person who had previously lived in the household of the victim for a period of not less than two years in a relationship substantially similar to a relationship listed in paragraph (1).

(4) Is another family member of the victim, including, but not limited to, the victim's fiancé or fiancée, and who witnessed the crime.

(5) Is the primary caretaker of a minor victim, but was not the primary caretaker at the time of the crime.

(d) The application is timely pursuant to Section 13953.

(e) (1) Except as provided in paragraph (2), the injury or death was a direct result of a crime.

(2) Notwithstanding paragraph (1), no act involving the operation of a motor vehicle, aircraft, or water vehicle that results in injury or death constitutes a crime for the purposes of this chapter, except when the injury or death from such an act was any of the following:

(A) Intentionally inflicted through the use of a motor vehicle, aircraft, or water vehicle.

(B) Caused by a driver who fails to stop at the scene of an accident in violation of Section 20001 of the Vehicle Code.

(C) Caused by a person who is under the influence of any alcoholic beverage or drug.

(D) Caused by a driver of a motor vehicle in the immediate act of fleeing the scene of a crime in which he or she knowingly and willingly participated.

(E) Caused by a person who commits vehicular manslaughter in violation of subdivision (c) of Section 192 or Section 192.5 of the Penal Code.

(F) Caused by any party where a peace officer is operating a motor vehicle in an effort to apprehend a suspect, and the suspect is evading, fleeing, or otherwise attempting to elude the peace officer.

(f) As a direct result of the crime, the victim or derivative victim sustained one or more of the following:

(1) Physical injury. The board may presume a child who has been the witness of a crime of domestic violence has sustained physical injury. A child who resides in a home where a crime or crimes of domestic violence have occurred may be presumed by the board to have sustained physical injury, regardless of whether the child has witnessed the crime.

(2) Emotional injury and a threat of physical injury.

(3) Emotional injury, where the crime was a violation of any of the following provisions:

(A) Section 261, 262, 271, 273a, 273d, 285, 286, 288, 288a, 288.5, or 289, or subdivision (b) or (c) of Section 311.4, of the Penal Code.

(B) Section 270 of the Penal Code, where the emotional injury was a result of conduct other than a failure to pay child support, and criminal charges were filed.

(C) Section 261.5 of the Penal Code, and criminal charges were filed.

(D) Section 278 or 278.5 of the Penal Code, where the deprivation of custody as described in those sections has endured for 30 calendar days or more. For purposes of this paragraph, the child, and not the nonoffending parent or other caretaker, shall be deemed the victim.

(g) The injury or death has resulted or may result in pecuniary loss within the scope of compensation pursuant to Sections 13957 to 13957.9, inclusive.

SEC. 3. The Legislature finds and declares that the amendments made to paragraph (3) of subdivision (a) of Section 13995 of the Government Code by Section 2 of this act are declaratory of existing law.

CHAPTER 583

An act to amend Sections 49069, 56043, and 56504 of the Education Code, relating to pupil records.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 49069 of the Education Code is amended to read:

49069. Parents of currently enrolled or former pupils have an absolute right to access to any and all pupil records related to their children that are maintained by school districts or private schools. The editing or withholding of any of those records, except as provided for in this chapter, is prohibited.

Each school district shall adopt procedures for the granting of requests by parents for copies of all pupil records pursuant to Section 49065, or to inspect and review records during regular school hours, provided that the requested access shall be granted no later than five business days following the date of the request. Procedures shall include the notification to the parent of the location of all official pupil records if not centrally located and the availability of qualified certificated personnel to interpret records if requested.

SEC. 2. Section 56043 of the Education Code is amended to read:

56043. The primary timelines affecting special education programs are as follows:

(a) A proposed assessment plan shall be developed within 15 calendar days of referral for assessment, not counting calendar days between the

pupil's regular school sessions or terms or calendar days of school vacation in excess of five schooldays from the date of receipt of the referral, unless the parent or guardian agrees, in writing, to an extension, pursuant to subdivision (a) of Section 56321.

(b) A parent or guardian shall have at least 15 calendar days from the receipt of the proposed assessment plan to arrive at a decision, pursuant to subdivision (c) of Section 56321.

(c) Once a child has been referred for an initial assessment to determine whether the child is an individual with exceptional needs and to determine the educational needs of the child, these determinations shall be made, and an individualized education program team meeting shall occur, within 60 days of receiving parental consent for the assessment, pursuant to subdivision (a) of Section 56302.1, except as specified in subdivision (b) of that section and pursuant to Section 56344.

(d) The individualized education program team shall review the pupil's individualized education program periodically, but not less frequently than annually, pursuant to subdivision (d) of Section 56341.1.

(e) A parent or guardian shall be notified of the individualized education program meeting early enough to ensure an opportunity to attend, pursuant to subdivision (b) of Section 56341.5. In the case of an individual with exceptional needs who is 16 years of age or younger, if appropriate, the meeting notice shall indicate that a purpose of the meeting will be the consideration of the postsecondary goals and transition services for the individual with exceptional needs, and the meeting notice described in this subdivision shall indicate that the individual with exceptional needs is invited to attend, pursuant to subdivision (e) of Section 56341.5.

(f) (1) An individualized education program required as a result of an assessment of a pupil shall be developed within a total time not to exceed 60 calendar days, not counting days between the pupil's regular school sessions, terms, or days of school vacation in excess of five schooldays, from the date of receipt of the parent's or guardian's written consent for assessment, unless the parent or guardian agrees, in writing, to an extension, pursuant to Section 56344.

(2) A meeting to develop an initial individualized education program for the pupil shall be conducted within 30 days of a determination that the child needs special education and related services pursuant to paragraph (2) of subsection (b) of Section 300.343 of Title 34 of the Code of Federal Regulations and in accordance with Section 56344.

(g) (1) Beginning not later than the first individualized education program to be in effect when the pupil is 16 years of age, and updated annually thereafter, the individualized education program shall include appropriate measurable postsecondary goals and transition services

needed to assist the pupil in reaching those goals, pursuant to paragraph (8) of subdivision (a) of Section 56345.

(2) The individualized education program for pupils in grades 7 to 12, inclusive, shall include any alternative means and modes necessary for the pupil to complete the district's prescribed course of study and to meet or exceed proficiency standards for graduation, pursuant to paragraph (1) of subdivision (b) of Section 56345.

(3) Beginning not later than one year before the pupil reaches the age of 18 years, the individualized education program shall contain a statement that the pupil has been informed of the pupil's rights under this part, if any, that will transfer to the pupil upon reaching the age of 18, pursuant to subdivision (g) of Section 56345.

(h) Beginning at age 16 or younger, and annually thereafter, a statement of needed transition services shall be included in the pupil's individualized education program, pursuant to Section 56345.1 and subclause (VIII) of clause (i) of subparagraph (A) of paragraph (1) of subsection (d) of Section 1414 of Title 20 of the United States Code.

(i) A pupil's individualized education program shall be implemented as soon as possible following the individualized education program meeting, pursuant to Section 3040 of Title 5 of the California Code of Regulations.

(j) An individualized education program team shall meet at least annually to review a pupil's progress, the individualized education program, including whether the annual goals for the pupil are being achieved, the appropriateness of the placement, and to make any necessary revisions, pursuant to subdivision (d) of Section 56343. The local educational agency shall maintain procedures to ensure that the individualized education program team reviews the pupil's individualized education program periodically, but not less frequently than annually, to determine whether the annual goals for the pupil are being achieved, and revises the individualized education program as appropriate to address, among other matters, the provisions specified in subdivision (d) of Section 56341.1, pursuant to subdivision (a) of Section 56380.

(k) A reassessment of a pupil shall occur not more frequently than once a year, unless the parent and the local educational agency agree otherwise in writing, and shall occur at least once every three years, unless the parent and the local educational agency agree, in writing, that a reassessment is unnecessary, pursuant to Section 56381, and in accordance with paragraph (2) of subsection (a) of Section 1414 of Title 20 of the United States Code.

(*l*) A meeting of an individualized education program team requested by a parent or guardian to review an individualized education program pursuant to subdivision (c) of Section 56343 shall be held within 30

calendar days, not counting days between the pupil's regular school sessions, terms, or days of school vacation in excess of five schooldays, from the date of receipt of the parent's or guardian's written request, pursuant to Section 56343.5.

(m) If an individual with exceptional needs transfers from district to district within the state, the following are applicable pursuant to Section 56325:

(1) If the child has an individualized education program and transfers into a district from a district not operating programs under the same local plan in which he or she was last enrolled in a special education program within the same academic year, the local educational agency shall provide the pupil with a free appropriate public education, including services comparable to those described in the previously approved individualized education program, in consultation with the parents, for a period not to exceed 30 days, by which time the local educational agency shall adopt the previously approved individualized education program or shall develop, adopt, and implement a new individualized education program that is consistent with federal and state law, pursuant to paragraph (1) of subdivision (a) of Section 56325.

(2) If the child has an individualized education program and transfers into a district from a district operating programs under the same special education local plan area of the district in which he or she was last enrolled in a special education program within the same academic year, the new district shall continue, without delay, to provide services comparable to those described in the existing approved individualized education program, unless the parent and the local educational agency agree to develop, adopt, and implement a new individualized education program that is consistent with state and federal law, pursuant to paragraph (2) of subdivision (a) of Section 56325.

(3) If the child has an individualized education program and transfers from an educational agency located outside the state to a district within the state within the same academic year, the local educational agency shall provide the pupil with a free appropriate public education, including services comparable to those described in the previously approved individualized education program, in consultation with the parents, until the local educational agency conducts an assessment as specified in paragraph (3) of subdivision (a) of Section 56325.

(4) In order to facilitate the transition for an individual with exceptional needs described in paragraphs (1) to (3), inclusive, the new school in which the pupil enrolls shall take reasonable steps to promptly obtain the pupil's records, as specified, pursuant to subdivision (b) of Section 56325.

(n) The parent or guardian shall have the right and opportunity to examine all school records of the child and to receive complete copies within five business days after a request is made by the parent or guardian, either orally or in writing, and before any meeting regarding an individualized education program of their child or any hearing or resolution session pursuant to Chapter 5 (commencing with Section 56500), in accordance with Section 56504 and Chapter 6.5 (commencing with Section 49060) of Part 27.

(o) Upon receipt of a request from an educational agency where an individual with exceptional needs has enrolled, a former educational agency shall send the pupil's special education records, or a copy thereof, to the new educational agency within five working days, pursuant to subdivision (a) of Section 3024 of Title 5 of the California Code of Regulations.

(p) The department shall do all of the following:

(1) Have a time limit of 60 calendar days after a complaint is filed with the state education agency to investigate the complaint.

(2) Give the complainant the opportunity to submit additional information about the allegations in the complaint.

(3) Review all relevant information and make an independent determination as to whether there is a violation of a requirement of this part or Part B of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.).

(4) Issue a written decision, pursuant to Section 300.661 of Title 34 of the Code of Federal Regulations.

(q) A prehearing mediation conference shall be scheduled within 15 calendar days of receipt by the Superintendent of the request for mediation, and shall be completed within 30 calendar days after the request for mediation, unless both parties to the prehearing mediation conference agree to extend the time for completing the mediation, pursuant to Section 56500.3.

(r) Any request for a due process hearing arising from subdivision (a) of Section 56501 shall be filed within three years from the date the party initiating the request knew or had reason to know of facts underlying the basis for the request, except that this timeline shall not apply to a parent if the parent was prevented from requesting the due process hearing, pursuant to subdivision (*l*) of Section 56505.

(s) The Superintendent shall ensure that, within 45 calendar days after receipt of a written due process hearing request, the hearing is immediately commenced and completed, including any mediation requested at any point during the hearing process, and a final administrative decision is rendered, pursuant to subdivision (a) of Section 56502.

(t) If either party to a due process hearing intends to be represented by an attorney in the due process hearing, notice of that intent shall be given to the other party at least 10 calendar days prior to the hearing, pursuant to subdivision (a) of Section 56507.

(u) Any party to a due process hearing shall have the right to be informed by the other parties to the hearing, at least 10 calendar days prior to the hearing, as to what those parties believe are the issues to be decided at the hearing and their proposed resolution of those issues, pursuant to paragraph (6) of subdivision (e) of Section 56505.

(v) Any party to a due process hearing shall have the right to receive from other parties to the hearing, at least five business days prior to the hearing, a copy of all documents, including all assessments completed and not completed by that date, and a list of all witnesses and their general area of testimony that the parties intend to present at the hearing, pursuant to paragraph (7) of subdivision (e) of Section 56505.

(w) An appeal of a due process hearing decision shall be made within 90 calendar days of receipt of the hearing decision, pursuant to subdivision (i) of Section 56505.

(x) When an individualized education program calls for a residential placement as a result of a review by an expanded individualized education program team, the individualized education program shall include a provision for a review, at least every six months, by the full individualized education program team of all of the following pursuant to paragraph (2) of subdivision (c) of Section 7572.5 of the Government Code:

(1) The case progress.

(2) The continuing need for out-of-home placement.

(3) The extent of compliance with the individualized education program.

(4) Progress toward alleviating the need for out-of-home care.

(y) No later than the pupil's 17th birthday, a statement shall be included in the pupil's individualized education program that the pupil has been informed of his or her rights that will transfer to the pupil upon reaching 18 years of age pursuant to Section 300.517 of Title 34 of the Code of Federal Regulations, Section 56041.5, and paragraph (8) of subdivision (a) of Section 56345.

(z) A complaint filed with the department shall allege a violation of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) or a provision of this part that occurred not more than one year prior to the date that the complaint is received by the department, pursuant to Section 56500.2 and subsection (c) of Section 300.662 of Title 34 of the Code of Federal Regulations.

SEC. 3. Section 56504 of the Education Code is amended to read:

56504. The parent shall have the right and opportunity to examine all school records of his or her child and to receive copies pursuant to this section and to Section 49065 within five business days after the request is made by the parent, either orally or in writing. The public education agency shall comply with a request for school records without unnecessary delay before any meeting regarding an individualized education program or any hearing pursuant to Section 300.507 or Sections 300.530 to 300.532, inclusive, of Title 34 of the Code of Federal Regulations or resolution session pursuant to Section 300.510 of Title 34 of the Code of Federal Regulations and in no case more than five business days after the request is made orally or in writing. The parent shall have the right to a response from the public education agency to reasonable requests for explanations and interpretations of the records. If any school record includes information on more than one pupil, the parents of those pupils have the right to inspect and review only the information relating to their child or to be informed of that specific information. A public education agency shall provide a parent, on request of the parent, a list of the types and locations of school records collected, maintained, or used by the agency. A public education agency may charge no more than the actual cost of reproducing the records, but if this cost effectively prevents the parent from exercising the right to receive the copy or copies the copy or copies shall be reproduced at no cost.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act implements a federal law or regulation and results only in costs mandated by the federal government, within the meaning of Section 17556 of the Government Code.

CHAPTER 584

An act to amend Sections 16522.5, 33221, 33222, 33223, 33224, 33225, 33226, 33251, 33252, 33257, 33261, 33262, 33263, 33264, 33291, 33292, 33296, 33297, and 33298 of, and to add Sections 21751 and 33228 to, the Food and Agricultural Code, relating to agriculture, and making an appropriation therefor.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 16522.5 of the Food and Agricultural Code is amended to read:

16522.5. (a) A dairy exemption number shall be evidence of ownership of cull beef cows and bulls of a recognized dairy breed presented for sale at a registered or posted salesyard, or licensed slaughter plant for immediate slaughter. Any person owning a dairy farm as defined in Section 32505 may apply to the secretary for an exemption number.

(b) Every five years, the secretary may charge a fee to cover the cost of issuing and renewing a dairy exemption number. The fee may not exceed fifty dollars ($50). The secretary may refuse to issue such number to persons who have violated any provision of Division 9 (commencing with Section 16301), Division 10 (commencing with Section 20001), or Division 11 (commencing with Section 23001) of the Food and Agricultural Code, or to persons convicted of livestock theft.

(c) The dairy exemption number shall be written on the bill of consignment, defined in Section 21703, when the cattle and consignment slip are presented to an inspector at the registered or posted salesyard, or licensed slaughter plant. The salesyard operator shall display the letters "EX" in the description line of the salesyard outbilling. An exemption number shall be deemed to meet the identification information requirements of Section 21703. The cows shall be consigned, owned, and sold in the name of the person having the exemption number.

(d) The secretary may revoke the dairy exemption number of any person who violates any provision of the Food and Agricultural Code, or who is convicted of livestock theft.

SEC. 1.4. Section 21751 is added to the Food and Agricultural Code, to read:

21751. (a) If cattle sold at a public auction have a dairy exemption number, the auctioneer shall announce at the sale that those cattle are being sold under the dairy exemption number provision and must go directly to slaughter.

(b) Any person who buys cattle under a dairy exemption number at a public auction and fails to send those cattle directly to slaughter is guilty of a public offense punishable by a fine not exceeding one hundred dollars ($100) per incident for the first violation, not exceeding two hundred fifty dollars ($250) per incident for a second violation, and not exceeding five hundred dollars ($500) per incident for a third or subsequent violation. These penalties shall take effect on July 1, 2007. Prior to that date, the department shall notify salesyard managers and dairy producers at salesyards that it is a violation of law to neglect to

send cattle covered by this section directly to slaughter, and issue oral or written warnings for noncompliance.

SEC. 1.8. Section 33221 of the Food and Agricultural Code is amended to read:

33221. As used in this article, "permit" means a permit that is issued pursuant to Section 33222.

SEC. 2. Section 33222 of the Food and Agricultural Code is amended to read:

33222. Every person, before engaging in the business of producing market milk, shall obtain a permit from the secretary or from the approved milk inspection service that is maintained by the county designated by the director pursuant to this chapter for each dairy farm.

SEC. 3. Section 33223 of the Food and Agricultural Code is amended to read:

33223. If a permit is issued by an approved milk inspection service designated by the secretary to a producer of market milk, no other permit shall be required of the producer by any other approved milk inspection service.

SEC. 4. Section 33224 of the Food and Agricultural Code is amended to read:

33224. Upon receipt of an application for a permit, the secretary or approved milk inspection service shall cause an investigation to be made of the dairy farm where milk is produced and of the herd that produces the milk.

SEC. 5. Section 33225 of the Food and Agricultural Code is amended to read:

33225. If this division and the standards that are established by or adopted pursuant to the authority that is granted in this division are complied with, and the applicant's milk is to be delivered within a county which maintains an approved milk inspection service, a permit shall be issued by the secretary or the approved milk inspection service, to the dairy farm. The permit shall be issued for a period not to exceed one year.

SEC. 6. Section 33226 of the Food and Agricultural Code is amended to read:

33226. Every person shall obtain a permit from the secretary before engaging in the business of processing or distributing market milk. Upon receipt of an application for a permit, the secretary shall cause an investigation to be made of the milk products plant or place of business from which milk is distributed. If this division and the standards that are established pursuant to the authority that is granted in this division are complied with, a permit shall be issued by the secretary to the milk

products plant or place of business. The permit shall be issued for a period not to exceed one year.

SEC. 7. Section 33228 is added to the Food and Agricultural Code, to read:

33228. (a) Any person, before engaging the business of cleaning or sanitizing bulk milk tanker trucks shall obtain a bulk milk tanker truck cleaning or sanitizing permit from the secretary for each facility not attached to a licensed milk products plant or market milk dairy farm that is used in the cleaning or sanitizing of bulk milk tanker trucks.

(b) Bulk milk tanker trucks shall be cleaned or sanitized only at a facility holding a valid bulk milk tanker truck cleaning facility permit, a licensed milk products plant, or a permitted market milk dairy farm.

(c) Upon receipt of an application for a bulk milk tanker truck cleaning facility permit, the secretary shall cause an inspection to be made of the facility. If this division and the standards that are established pursuant to the authority that is granted in this division are complied with, a permit shall be issued by the secretary to the bulk milk tanker truck cleaning or sanitizing facility or place of business. The permit shall be issued for a period not to exceed one year.

(d) The secretary shall establish a cost-related inspection fee for the inspection and permitting of bulk milk tanker truck cleaning or sanitizing facilities not attached to a licensed milk products plant or market milk dairy farm.

SEC. 8. Section 33251 of the Food and Agricultural Code is amended to read:

33251. The county that maintains an approved milk inspection service where an inspection fee is levied and collected shall determine the actual cost of making an inspection of a dairy farm that produces market milk within the area that is designated and assigned to that service by the secretary. Records of the cost determination shall be made and maintained by the county for examination by the director or other interested person.

SEC. 9. Section 33252 of the Food and Agricultural Code is amended to read:

33252. For the purpose of maintaining an approved milk inspection service, the county may, but is not required to, levy and collect an inspection fee or fees from producers of market milk that is produced at dairy farms within the area that is designated and assigned to that service by the director.

SEC. 10. Section 33257 of the Food and Agricultural Code is amended to read:

33257. If an approved milk inspection service inspects a dairy farm, the dairy farm inspection fee, if levied, shall be collected from the producer of market milk that is produced on the dairy farm.

SEC. 11. Section 33261 of the Food and Agricultural Code is amended to read:

33261. Charges that are made by any approved milk inspection service for inspection fees are subject to audit by the director, and for this purpose the director shall have access to all books, papers, records, or documents that pertain to any and all transactions of any approved milk inspection service and may inspect and copy them in any place within the state.

SEC. 12. Section 33262 of the Food and Agricultural Code is amended to read:

33262. Ten percent of the producers within any approved inspection area may file with the director a written protest as to the reasonableness of any inspection fee that is levied and collected from the producer pursuant to Section 33252.

SEC. 13. Section 33263 of the Food and Agricultural Code is amended to read:

33263. The secretary shall, after 30 days' public notice of the hearing, and after five days' written notice to any approved milk inspection service that is concerned, hold a hearing on the protest. The secretary may deny, postpone, or consolidate hearings for good cause. The secretary shall provide in writing the reasons for the denial, postponement, or consolidation of hearings.

SEC. 14. Section 33264 of the Food and Agricultural Code is amended to read:

33264. Upon the completion of hearing, the secretary may establish a reasonable fee for the inspection that is the subject of the protest. Thereafter until the order of the secretary is revoked, suspended, or amended, the producer, notwithstanding any other provision of this article, is not required to pay to the approved milk inspection service any inspection fee in excess of the fee that is designated as reasonable by the secretary. The secretary shall make, and maintain, written findings upon which inspection fees are established pursuant to this section. The written findings shall be readily available to any interested person for examination.

SEC. 15. Section 33291 of the Food and Agricultural Code is amended to read:

33291. Every person that is engaged in the production of market milk outside the jurisdiction of an approved milk inspection service and every person engaged in the processing, manufacture, or distribution of milk, milk products, or products resembling milk products, in the cleaning or sanitizing of bulk milk tanker trucks, or in the processing, manufacture, or freezing of ice cream, ice milk, sherbet, or any similar frozen product shall pay a cost-related inspection fee to the secretary.

SEC. 16. Section 33292 of the Food and Agricultural Code is amended to read:

33292. Every milk products plant that is subject to this chapter shall deduct from payments that are due producers for market milk, and shall pay to the secretary, the fee required to be paid by the producer.

SEC. 17. Section 33296 of the Food and Agricultural Code is amended to read:

33296. The secretary shall make, and maintain, written findings upon which inspection fees are fixed pursuant to Sections 33294 and 33295. The written findings shall be readily available to any interested person for examination.

SEC. 18. Section 33297 of the Food and Agricultural Code is amended to read:

33297. Any person subject to inspection fees provided for in Section 33291 may file with the secretary a written protest as to the reasonableness of any inspection fee that is levied and collected from those persons.

The director shall, after 30 days' notice, hold a hearing on the protest and upon completion of the hearing, the secretary shall make and maintain written findings as to whether or not the fee is reasonable.

SEC. 19. Section 33298 of the Food and Agricultural Code is amended to read:

33298. The secretary shall establish plan review fees for sanitary design and construction review activities relating to milk product plants and frozen milk product plants pursuant to Chapter 6 (commencing with Section 33701). The fees shall not exceed the actual direct costs required to perform sanitary design and construction plan checks. Any money collected by the secretary pursuant to this section shall be paid into the Department of Food and Agriculture Fund.

SEC. 20. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 585

An act to amend Section 17071.75 of the Education Code, relating to school facilities.

[Approved by Governor September 28, 2006. Filed with
Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 17071.75 of the Education Code is amended to read:

17071.75. After a one-time initial report of existing school building capacity has been completed, the ongoing eligibility of a school district for new construction funding shall be determined by making all of the following calculations:

(a) A school district that applies to receive funding for new construction shall use the following methods to determine projected enrollment:

(1) A school district that has two or more schoolsites each with a pupil population density that is greater than 115 pupils per acre in kindergarten and grades 1 to 6, inclusive, or a schoolsite pupil population density that is greater than 90 pupils per acre in grades 7 to 12, inclusive, as determined by the Superintendent using enrollment data from the California Basic Educational Data System for the 2004–05 school year, may submit an application for funding for projects that will relieve overcrowded conditions. That school district may also submit an alternative enrollment projection for the fifth year beyond the fiscal year in which the application is made using a methodology other than the cohort survival method as defined by the board pursuant to paragraph (2), to be reviewed by the Demographic Research Unit of the Department of Finance, in consultation with the department and the Office of Public School Construction. If the Office of Public School Construction and the Demographic Research Unit of the Department of Finance jointly determine that the alternative enrollment projection provides a reasonable estimate of expected enrollment demand, a recommendation shall be forwarded to the board to approve or disapprove the application, in accordance with all of the following:

(A) Total funding for new construction projects using this method shall be limited to five hundred million dollars ($500,000,000), from the Kindergarten-University Public Education Facilities Bond Act of 2004.

(B) The eligibility amount for proposed projects that relieve overcrowding is the difference between the alternative enrollment projection method for the year the application is submitted and the cohort survival method, as defined by paragraph (2), for the same year, adjusted by the existing pupil capacity in excess of the projected enrollment according to the cohort survival projection method.

(C) The Office of Public School Construction shall determine whether each proposed project will relieve overcrowding, including, but not limited to, the elimination of the use of Concept 6 calendars, four track year-round calendars, or busing in excess of 40 minutes, and recommend approval to the board. The number of unhoused pupil grants requested in the application for funding from the eligibility determined pursuant to this paragraph shall be limited to the number of seats necessary to relieve overcrowding, including, but not limited to, the elimination of the use of Concept 6 calendars, four track year-round calendars, or busing in excess of 40 minutes, less the number of unhoused pupil grants attributed to that school as a source school in an approved application pursuant to Section 17078.24.

(D) A school district shall use the same alternative enrollment projection methodology for all applications submitted pursuant to this paragraph and shall calculate those projections in accordance with the same districtwide or high school attendance area used for the enrollment projection made pursuant to paragraph (2).

(2) A school district shall calculate enrollment projections for the fifth year beyond the fiscal year in which the application is made. Projected enrollment shall be determined by utilizing the cohort survival enrollment projection system, as defined and approved by the board. The board may supplement the cohort survival enrollment projection by the number of unhoused pupils that are anticipated as a result of dwelling units proposed pursuant to approved and valid tentative subdivision maps.

(b) (1) Add the number of pupils that may be adequately housed in the existing school building capacity of the applicant school district as determined pursuant to Article 2 (commencing with Section 17071.10) to the number of pupils for whom facilities were provided from any state or local funding source after the existing school building capacity was determined pursuant to Article 2 (commencing with Section 17071.10). For this purpose, the total number of pupils for whom facilities were provided shall be determined using the pupil loading formula set forth in Section 17071.25.

(2) Subtract from the number of pupils calculated in paragraph (1) the number of pupils that were housed in facilities to which the school district or county office of education relinquished title as the result of a transfer of a special education program between a school district and a county office of education or special education local plan area, if applicable. For this purpose, the total number of pupils that were housed in the facilities to which title was relinquished shall be determined using the pupil loading formula adopted by the board pursuant to subparagraph (B) of paragraph (2) of subdivision (a) of Section 17071.25. For purposes

of this paragraph, title also includes any lease interest with a duration of greater than five years.

(c) Subtract the number of pupils pursuant to subdivision (b) from the number of pupils determined pursuant to paragraph (2) of subdivision (a).

(d) The calculations required to establish eligibility under this article shall result in a distinction between the number of existing unhoused pupils and the number of projected unhoused pupils.

(e) Apply the increase or decrease resulting from the difference between the most recent report made pursuant to Section 42268, and the report used in determining the baseline capacity of the school district pursuant to subdivision (a) of Section 17071.25.

(f) For purposes of calculating projected enrollment pursuant to subdivision (a), the board may adopt regulations to ensure that the enrollment calculation of individuals with exceptional needs receiving special education services is adjusted in the enrollment reporting period in which the transfer occurs and three previous school years as a result of any transfer of a special education program between a school district and a county office of education or a special education local plan area. However, the projected enrollment calculation of a county office of education shall only be adjusted if a transfer of title for the special education program facilities has occurred. The regulations, if adopted, shall ensure that if a transfer of title to special education program facilities constructed with state funds occurs within 10 years after initial occupancy of the facility, the receiving school district or school districts shall remit to the state a proportionate share of any financial hardship assistance provided for the project pursuant to Section 17075.10, if applicable.

(g) For a school district with an enrollment of 2,500, or less, an adjustment in enrollment projections shall not result in a loss of ongoing eligibility to that school district for a period of three years from the date of the approval of eligibility by the board.

CHAPTER 586

An act to add Section 37254.1 to the Education Code, relating to pupil instruction.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 37254.1 is added to the Education Code, to read:

37254.1. (a) Notwithstanding any other provision of law, the Long Beach Unified School District may require pupils, identified pursuant to a policy adopted by the governing board of the school district at a regularly scheduled board meeting, to participate in any one of the following programs:

(1) Supplemental instruction as described in Section 37252.

(2) Supplemental instruction as described in Section 37252.2.

(3) Supplemental instruction as described in Section 37252.8.

(4) Supplemental instruction as described in Section 37253.

(b) In addition to subdivision (a), any other school district may require pupils, identified pursuant to a policy adopted by the governing board of the school district at a regularly scheduled board meeting, to participate in any one of the programs set forth in subdivision (a).

(c) The school district shall provide a mechanism for a parent or legal guardian to decline to enroll his or her child in a program.

(d) Attendance in a program is not compulsory within the meaning of Section 48200.

CHAPTER 587

An act to amend Section 25503.8 of the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 25503.8 of the Business and Professions Code is amended to read:

25503.8. (a) Notwithstanding any other provision of this chapter, a beer manufacturer, the holder of a winegrower's license, a California winegrower's agent, a distilled spirits rectifier, a distilled spirits manufacturer, or a distilled spirits manufacturer's agent may purchase advertising space and time from, or on behalf of, an on-sale retail licensee if all of the following conditions are met:

(1) The on-sale licensee is the owner of any of the following:

(A) A fully enclosed auditorium or theater with a fixed seating capacity in excess of 6,000 seats, at least 60 percent of the use of which is for plays or musical concerts, not including sporting events.

(B) A motion picture studio facility at which public tours are conducted for at least four million people per year.

(C) A retail, entertainment development adjacent to, and under common ownership with, a theme park, amphitheater, and motion picture production studio.

(D) A theme or amusement park and the adjacent retail, dining, and entertainment area located in the City of Los Angeles, Los Angeles County, or Orange County.

(E) A fully enclosed theater, with box office sales and attendance by the public on a ticketed basis only, with a fixed seating capacity in excess of 6,000 seats, located in Los Angeles County within the area subject to the Los Angeles Sports and Entertainment District Specific Plan adopted by the City of Los Angeles pursuant to ordinance number 174225, as approved on September 6, 2001.

(F) A fully enclosed arena with a fixed seating capacity in excess of 15,000 seats located in Santa Clara County. With respect to the arena described in this subparagraph, advertising space may also be purchased from, or on behalf of, a lessee or manager of the arena.

(2) The advertising space or time is purchased only in connection with one of the following:

(A) In the case of a fully enclosed auditorium or theater, in connection with sponsorship of plays or musical concerts to be held on the premises of the auditorium or theater owned by the on-sale licensee.

(B) In the case of a motion picture studio facility, in connection with sponsorship of the public tours or special events conducted at the studio facility.

(C) In the case of a retail, entertainment development, in connection with sponsorship of public tours or special events conducted at the development.

(D) In the case of a theme or amusement park and the adjacent retail, dining, and entertainment area, located in the City of Los Angeles, Los Angeles County, or Orange County, in connection with daily activities and events at the theme or amusement park and the adjacent retail, dining, and entertainment area.

(E) In the case of the fully enclosed theater described in subparagraph (E) of paragraph (1) of subdivision (a), in connection with events conducted at the theater.

(F) In the case of a fully enclosed arena described in subparagraph (F) of paragraph (1) of subdivision (a), interior advertising in connection with events conducted within the arena.

(3) The on-sale licensee serves other brands of beer distributed by a competing beer wholesaler in addition to the brand manufactured or marketed by the beer manufacturer, other brands of wine distributed by a competing wine wholesaler in addition to the brand produced or marketed by the winegrower or California winegrower's agent, and other brands of distilled spirits distributed by a competing distilled spirits wholesaler in addition to the brand manufactured or marketed by the distilled spirits manufacturer or distilled spirits manufacturer's agent purchasing the advertising space or time.

(b) Any purchase of advertising space or time conducted pursuant to subdivision (a) shall be conducted pursuant to a written contract entered into by the beer manufacturer, the holder of the winegrower's license, the California winegrower's agent, the distilled spirits manufacturer, or the distilled spirits manufacturer's agent, and the on-sale licensee, which contract shall not in any way involve the holder of a wholesaler's license.

(c) Any beer manufacturer, distilled spirits manufacturer, distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent, who, through coercion or other illegal means, induces, directly or indirectly, a holder of a wholesaler's license to fulfill those contractual obligations entered into pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars ($10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(d) Any on-sale retail licensee, as described in subdivision (a), who solicits or coerces, directly or indirectly, a holder of a wholesaler's license to solicit a beer manufacturer, distilled spirits manufacturer, or distilled spirits manufacturer's agent, holder of a winegrower's license, or California winegrower's agent to purchase advertising space or time pursuant to subdivision (a) or (b) shall be guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine in an amount equal to the entire value of the advertising space or time involved in the contract, whichever is greater, plus ten thousand dollars ($10,000), or by both imprisonment and fine. The person shall also be subject to license revocation pursuant to Section 24200.

(e) For the purposes of this section, "beer manufacturer" includes any holder of a beer manufacturer's license, any holder of an out-of-state beer manufacturer's certificate, or any holder of a beer and wine importer's general license.

SEC. 2. The Legislature hereby finds and declares, with respect to Section 1 of this act, that a special statute is necessary and that a statute of general applicability cannot be enacted within the meaning of Section 16 of Article IV of the California Constitution, because of unique circumstances and concerns applicable to certain facilities in Santa Clara County.

CHAPTER 588

An act to amend Sections 1090, 5018, 5442, 15344, 17412, and 72024 of the Education Code, to amend Sections 12172.5, 24001, 29965, and 67659 of the Government Code, to amend Section 6939.6 of the Harbors and Navigation Code, to amend Sections 13845, 13846, 13848, and 13962 of the Health and Safety Code, to amend Sections 5532, 5785, 5785.3, and 5786.5 of the Public Resources Code, and to amend Sections 21555, 30731, and 50780.10 of the Water Code, relating to local elections.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1090 of the Education Code is amended to read:

1090. (a) The board of supervisors may allow, as compensation, to each member of the county board of education a sum not to exceed the following amounts:

(1) In any class one county, each member of the county board of education who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed six hundred dollars ($600) per month.

(2) In any class two county, each member of the county board of education who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed four hundred dollars ($400) per month.

(3) In any class three county, each member of the county board of education who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed three hundred dollars ($300) per month.

(4) In any class four county, each member of the county board of education who actually attends all meetings held may receive as

compensation for his or her services a sum not to exceed two hundred dollars ($200) per month.

(5) In any class five, class six, class seven, or class eight county, each member of the county board of education who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed one hundred sixty dollars ($160) per month.

(b) Any member who does not attend all meetings held in any month may receive as compensation for his or her services an amount not greater than the maximum amount allowed by subdivision (a) divided by the number of meetings held, and multiplied by the number of meetings actually attended.

(c) The amount of compensation shall be determined by the county board of supervisors, or, in a county having a fiscally independent county board of education, by the county board of education.

(d) A member of a county board of education may be paid for any meeting for which he or she is absent if the board by resolution duly adopted and included within its minutes finds that at the time of the meeting he or she was performing services outside the meeting on behalf of the board, he or she was ill or on jury duty, or the absence was due to a hardship deemed acceptable by the board.

(e) There may also be allowed to each member who uses a privately owned automobile in the discharge of necessary official duties as a member of the county board of education, the same amount as allowed by any county official in the performance of his or her official duties. The mileage rate allowed in this section shall be based on the total mileage claimed in a calendar month.

(f) For purposes of this section, the classification of counties shall be determined pursuant to Section 1205.

(g) On an annual basis, the county board of education may increase the compensation of individual board members beyond the limits delineated in this section, in an amount not to exceed 5 percent based on the present monthly rate of compensation. Any increase made pursuant to this section shall be effective upon approval by the county board of education. This action may be rejected by a majority of the voters in that county voting in a referendum established for that purpose, as prescribed by Chapter 2 (commencing with Section 9100) of Division 9 of the Elections Code.

SEC. 2. Section 5018 of the Education Code is amended to read:

5018. Any elementary school district having a governing board of three members may, and any elementary school district having a governing board of three members whose average daily attendance during the preceding fiscal year was 300 or more shall do either of the following:

(a) By its own action determine that the number of members of the governing board shall be increased to five, in which case two additional members shall be elected at an upcoming established election date, as specified in Section 1000 of the Elections Code, determined by the board.

(b) Request the county superintendent of schools having jurisdiction to submit the question of whether the number of members of the governing board shall be increased to five to the voters of the elementary school district at an upcoming established election date, as specified in Section 1000 of the Elections Code, determined by the county superintendent of schools. At the same election, two additional members shall be elected to take office if the number of governing board members is increased.

Candidates for the two additional offices shall state in the declarations of candidacy filed for the election that the candidates are candidates for the two additional offices separately from the other offices to be filled in the election and shall clearly indicate to the voters that they may vote for two of the candidates to take office if the voters approve the proposed increase in the number of board members.

If the voters at the election do not approve the increase in membership of the governing board, the same question may be submitted to the voters at subsequent governing board member elections. Requests to the county superintendent to submit the question to the voters of a district shall be filed with him or her by the governing board of the district no later than 100 days prior to the election.

If, pursuant to either subdivision (a) or subdivision (b), two additional governing board members are authorized and elected, the one receiving the higher number of votes shall hold office for a term commencing the first day of the month following the election until the first Friday in December in the second succeeding year following the election in which a regular governing board election is held, and the other one shall hold office for a term commencing the first day of the month following the election until the first Friday in December in the first succeeding year following the election in which a regular governing board election is held. Thereafter the governing board shall be composed of five members elected in the same manner and for the same term as governing boards having five members.

SEC. 3. Section 5442 of the Education Code is amended to read:

5442. Recount of votes in any school district or community college district shall be governed by Chapter 9 (commencing with Section 15600) of Division 15 of the Elections Code.

SEC. 4. Section 15344 of the Education Code is amended to read:

15344. Any election called pursuant to this chapter may be consolidated with any other election pursuant to the provisions of Part

3 (commencing with Section 10400) of Division 10 of the Elections Code.

SEC. 5. Section 17412 of the Education Code is amended to read:

17412. An election held pursuant to Section 17409 or Section 17413 shall be held in conjunction with either a statewide primary or general election, or an election date specified in Section 1000 of the Elections Code.

SEC. 6. Section 72024 of the Education Code is amended to read:

72024. (a) (1) In any community college district that is not located in a city and county, and in which the full-time equivalent students (FTES) for the prior college year exceeded 60,000, the governing board may prescribe, as compensation for the services of each member of the board who actually attends all meetings held by the board, a sum not to exceed one thousand five hundred dollars ($1,500) in any month.

(2) In any community college district in which the FTES for the prior college year was 60,000 or less, but more than 25,000, each member of the governing board of the district who actually attends all meetings held by the board may receive as compensation for his or her services a sum not to exceed seven hundred fifty dollars ($750) in any month.

(3) In any community college district in which the FTES for the prior college year was 25,000 or less, but more than 10,000, each member of the governing board of the district who actually attends all meetings held may receive as compensation for his or her services a sum not to exceed four hundred dollars ($400) in any month.

(4) In any community college district in which the FTES for the prior college year was 10,000 or less, but more than 1,000, each member of the governing board of the district who actually attends all meetings held by the board may receive as compensation for his or her services a sum not to exceed two hundred forty dollars ($240) in any month.

(5) In any community college district in which the FTES for the prior college year was 1,000 or less, but more than 150, each member of the governing board of the district who actually attends all meetings held by the board may receive as compensation for his or her services a sum not to exceed one hundred twenty dollars ($120) in any month.

(b) Any member of a governing board who does not attend all meetings held by the board in any month may receive, as compensation for his or her services, an amount not greater than a pro rata share of the number of meetings actually attended based upon the maximum compensation authorized by this subdivision.

(c) The compensation of members of the governing board of a community college district newly organized or reorganized shall be governed by subdivision (a). For this purpose, the total FTES in all of the community colleges of the district in the college year in which the

organization or reorganization became effective shall be deemed to be the FTES in the district for the prior college year.

(d) A member may be paid for any meeting when absent if the board, by resolution duly adopted and included in its minutes, finds that, at the time of the meeting, he or she is performing services outside the meeting for the community college district, he or she was ill or on jury duty, or the absence was due to a hardship deemed acceptable by the board. The compensation shall be a charge against the funds of the district.

(e) On an annual basis, the governing board may increase the compensation of individual board members beyond the limits delineated in this section, in an amount not to exceed 5 percent based on the present monthly rate of compensation. Any increase made pursuant to this section shall be effective upon approval by the governing board. The action may be rejected by a majority of the voters in that district voting in a referendum established for that purpose, as prescribed by Chapter 2 (commencing with Section 9100) of Division 9 of the Elections Code.

SEC. 7. Section 12172.5 of the Government Code is amended to read:

12172.5. The Secretary of State is the chief elections officer of the state, and shall administer the provisions of the Elections Code. The Secretary of State shall see that elections are efficiently conducted and that state election laws are enforced. The Secretary of State may require elections officers to make reports concerning elections in their jurisdictions.

If, at any time, the Secretary of State concludes that state election laws are not being enforced, the Secretary of State shall call the violation to the attention of the district attorney of the county or to the Attorney General. In these instances, the Secretary of State may assist the county elections officer in discharging his or her duties.

In order to determine whether an elections law violation has occurred the Secretary of State may examine voted, unvoted, spoiled and canceled ballots, vote-counting computer programs, absent voter envelopes and applications, and supplies referred to in Section 14432 of the Elections Code. The Secretary of State may also examine any other records of elections officials as he or she finds necessary in making his or her determination, subject to the restrictions set forth in Section 6253.5.

The Secretary of State may adopt regulations to assure the uniform application and administration of state election laws.

SEC. 8. Section 24001 of the Government Code is amended to read:

24001. Except as otherwise provided in Sections 27550.1 and 27641.1 or in this section, or in Section 21123 or 34711 of the Water Code, or in any landowner voting district, as defined in paragraph (8) of subdivision (b) of Section 10500 of the Elections Code, a person is not

eligible to a county or district office, unless he or she is a registered voter of the county or district in which the duties of the office are to be exercised at the time that nomination papers are issued to the person or at the time of the appointment of the person.

The board of supervisors or any other legally constituted appointing authority in a county or district may, if it finds that the best interests of the county or district will be served, waive the requirements of this section for an appointed county or district office.

SEC. 9. Section 29965 of the Government Code is amended to read:

29965. Unless prevented by petition protesting the passage of the ordinance, signed and filed with the board pursuant to Section 9144 of the Elections Code, the bonds shall be publicly canceled at the time and place fixed, and the clerk of the board of supervisors shall enter on the minutes of the board of supervisors a record of the bonds canceled sufficient to identify them and the fact and date of the cancellation.

SEC. 10. Section 67659 of the Government Code is amended to read:

67659. In accordance with Section 317 of the Elections Code, the authority is a district for purposes of initiative and referendum under Chapter 4 (commencing with Section 9300) of Division 9 of that code and the voters of the authority are the voters of Monterey County.

SEC. 11. Section 6939.6 of the Harbors and Navigation Code is amended to read:

6939.6. Any bonds issued pursuant to this article shall be authorized by ordinance passed by two-thirds of all of the members of the board. The ordinance shall not become effective until approved by a two-thirds vote of the county supervisors who represent any portion of the territory which is included within the district. Except as provided in this section, an election need not be held within the district, and it is unnecessary to secure the approval of the electors within the district for the issuance of bonds for the purposes and within the limitations of this article.

The ordinance shall become effective 30 days from the date of its passage, unless a petition protesting the ordinance is presented to the board pursuant to Section 9144 of the Elections Code, prior to the effective date of the ordinance. If the petition is timely filed, proceedings for the adoption of the ordinance shall be conducted pursuant to Article 2 (commencing with Section 9140) of Chapter 2 of Division 9 of the Elections Code, and, as used in these sections, "board of supervisors" means the board of port commissioners, and "county" means the Sacramento-Yolo Port District.

SEC. 12. Section 13845 of the Health and Safety Code is amended to read:

13845. (a) Except in the case where a county board of supervisors or a city council has appointed itself as the district board, the number of members of a district board may be increased or decreased if a majority of the voters voting on the question are in favor of the question at a general district or special election. The question shall specify the resulting number of members of the district board.

(b) The district board may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the district board shall adopt a resolution placing the question on the ballot.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and the ballot shall contain a statement of the question.

(d) If the voters approve of increasing the number of directors, the new members shall be elected or appointed pursuant to this chapter. If the district board is elected, the additional members may be elected at the same election.

(e) If the voters approve of decreasing the number of directors, the members of the district board continue to serve until the end of their current terms.

(f) The number of members of a district board may be changed by the local agency formation commission as a term and condition of approval by the commission of any change of organization or reorganization. Unless the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3 (commencing with Section 56000) of Title 5 of the Government Code, otherwise requires voter approval, the change ordered by the commission does not require approval by the voters of the district.

SEC. 13. Section 13846 of the Health and Safety Code is amended to read:

13846. (a) In the case of an elected district board, the directors may be elected by divisions if a majority of the voters voting upon the question are in favor of the question at a general district or special election. Conversely, in the case of a district that has an elected district board which is elected by election division, the directors may be elected at large if a majority of the voters voting upon the question are in favor of the question at a general district or special election.

(b) As used in this section, "election by division" means the election of each member of the district board by voters of only the respective election division.

(c) The district board may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the district board shall adopt a resolution placing the question on the ballot.

(d) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(e) If the majority of voters voting upon the question approves the election of directors by divisions, the district board shall promptly adopt a resolution dividing the district into as many divisions as there are directors. The resolution shall assign a number to each division. Using the last decennial census as a basis, the divisions shall be as nearly equal in population as possible. In establishing the boundaries of the divisions the district board may give consideration to the following factors: (1) topography, (2) geography, (3) cohesiveness, contiguity, integrity, and compactness of territory, and (4) community of interests of the divisions.

(f) If the majority of voters voting upon the question approves the election of directors by division, the board members shall be elected by election divisions and each member elected shall be a resident of the election division from which he or she is elected. At the district general election following the approval by the voters of the election of directors by divisions, the district board shall assign vacancies on the board created by the expiration of terms to the respective election divisions and the vacancies shall be filled from those election divisions.

(g) If the majority of voters voting upon the question approves the election of directors at large, the district board shall promptly adopt a resolution dissolving the election divisions which had existed.

SEC. 14. Section 13848 of the Health and Safety Code is amended to read:

13848. (a) If a majority of the voters voting upon the question at a general district or special election are in favor, a district that has an appointed district board shall have an elected district board or a district that has an elected district board shall have an appointed district board.

(b) The district board may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the district board shall adopt a resolution placing the question on the ballot.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the

question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(d) If a majority of voters voting upon the question approves of changing from an appointed district board to an elected district board, the members of the district board shall be elected at the next general district election. If a majority of voters voting upon the question approves of changing from an elected district board to an appointed district board, members shall be appointed to the district board as vacancies occur.

SEC. 15. Section 13962 of the Health and Safety Code is amended to read:

13962. (a) Upon receipt of a petition proposing an employee relations system for employees of the district, signed by at least 10 percent of the registered voters of the district, the district board shall either adopt an ordinance providing for the employee relations system, or adopt an ordinance subject to the approval of the voters of the district.

(b) District employees may circulate the petitions described in subdivision (a) at any time when they are not on duty.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(d) The question placed before the voters shall call for a "Yes" or "No" vote and shall be in substantially the following form:

"Shall the ordinance of the Board of Directors of the _____ (name of the district), adopting an employee relations system for the employees of the district, be approved?"

(e) If a majority of the voters voting on the question approve of the question, the ordinance shall go into effect.

SEC. 16. Section 5532 of the Public Resources Code is amended to read:

5532. (a) Except as otherwise provided in this section and Section 5531, Chapter 1 (commencing with Section 8000) of Part 1 of Division 8 of the Elections Code shall substantially govern the manner of appointment of circulators, the form of nomination documents and the securing of signatures to the nomination documents, the filing of the candidate's nomination documents, the payment of filing fees, and all other things necessary to get the name of the candidate upon the ballot.

(b) Circulators may obtain signatures to the nomination paper of any candidate at any time not more than 113 days nor less than 88 days prior to the election, and all nomination documents shall be filed with the secretary of the district not more than 113 days nor less than 88 days before the day of election and shall be examined by him or her.

(c) The election shall be consolidated with the general election as to territory that is the same, and the secretary of the district shall certify the names of all candidates to be placed upon the ballot to the county elections official or officials within the territory affected by the consolidation at least 67 days prior to the date of the election.

(d) Upon the filing of a sufficient nomination paper and declaration of candidacy by any candidate, the name of the candidate shall go upon the ballot at the ensuing general election. Upon receipt of the returns of the canvass by the respective boards of supervisors, the directors of the district shall meet and determine results of the election and declare the candidate or candidates elected.

(e) Notwithstanding any other provision of this section if, by 5 p.m. on the 83rd day prior to the day fixed for the ensuing general election, only one person has been nominated for any elective office to be filled at that election, or no one has been nominated for the office and if a petition signed by 10 percent of the voters or 50 voters, whichever is the smaller number, in the district, or division if elected by division, requesting that the election of directors be held has not been presented to the board of directors, the board of directors shall submit a certificate of these facts to the county elections official or officials and the board of directors, at a regular or special meeting held prior to the last Monday before the last Friday in November in which the election is held, shall appoint to the office or offices the person or persons, if any, who have been nominated. The board of directors shall make the appointments. If no person has been nominated for any office, the board of directors shall appoint any person to the office who is qualified at the first regular or special meeting after the date upon which the election would have been held. The board of directors may permit the candidates running unopposed to have their names appear on the ballot, at the board's option. The person appointed shall qualify and take office and serve exactly as if elected for the office.

(f) The secretary of the district shall issue certificates of election, signed by him or her and duly authenticated, immediately following the determination of the result of the election or the appointment by the directors of the district.

(g) The oath of office shall be taken, subscribed, and filed with the secretary of the district within 30 days after the officer has notice of his or her election or appointment or before the expiration of 15 days before the commencement of his or her term of office. No other filing is required.

SEC. 17. Section 5785 of the Public Resources Code is amended to read:

5785. (a) In the case of a district with an elected board of directors, the directors may be elected:

(1) At large.

(2) By divisions.

(3) From divisions.

(b) As used in this article:

(1) "By divisions" means the election of each member of the board of directors by voters of the division alone.

(2) "From divisions" means the election of members of the board of directors who are residents of the division from which they are elected by the voters of the entire district.

(c) A board of directors may be elected by any one of the methods described in subdivision (a) if a majority of the voters voting upon the question are in favor of the question at a general district or special election.

(d) The board of directors may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the board of directors shall adopt a resolution placing the question on the ballot.

(e) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(f) If the majority of voters voting upon the question approves the election of directors either by divisions or from divisions, the board of directors shall promptly adopt a resolution dividing the district into five divisions. The resolution shall assign a number to each division. Using the last decennial census as a basis, the divisions shall be as nearly equal in population as possible. In establishing the boundaries of the divisions, the district board may give consideration to the following factors:

(1) Topography.

(2) Geography.

(3) Cohesiveness, contiguity, integrity, and compactness of territory.

(4) Community of interests of the divisions.

(g) If the majority of voters voting upon the question approves of the election of directors either by divisions or from divisions, the members of the board of directors shall be elected by divisions or from divisions. Each member elected by division or from division shall be a resident of the election division by which or from which he or she is elected. At the district general election following the approval by the voters of the election of directors either by divisions or from divisions, the board of directors shall assign vacancies on the board of directors created by the

expiration of terms to the respective divisions and the vacancies shall be filled either by or from those divisions.

(h) If the majority of voters voting on the question approves of the election of directors at large, the board of directors shall promptly adopt a resolution dissolving the divisions that had existed.

SEC. 18. Section 5785.3 of the Public Resources Code is amended to read:

5785.3. (a) If a majority of the voters voting on the question at a general district or special district election are in favor, a district that has an appointed board of directors shall have an elected board of directors, or a district that has an elected board of directors shall have an appointed board of directors.

(b) The board of directors may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the board of directors shall adopt a resolution placing the question on the ballot.

(c) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(d) If a majority of voters voting upon the question approves of changing from an appointed board of directors to an elected board of directors, the members of the board of directors shall be elected at the next general district election. If a majority of voters voting upon the question approves of changing from an elected board of directors to an appointed board of directors, members shall be appointed to the board of directors as vacancies occur.

SEC. 19. Section 5786.5 of the Public Resources Code is amended to read:

5786.5. (a) If a district was formed without the power of eminent domain, the district shall not exercise eminent domain to acquire any real or personal property, except as provided by subdivision (d).

(b) If a district was formed with the power to acquire any real or personal property by eminent domain within the boundaries of the district, the district shall comply with the requirements of the Eminent Domain Law, Title 7 (commencing with Section 1230.010) of Part 3 of the Code of Civil Procedure.

(c) In addition to the requirements imposed by subdivision (b), before a district may exercise the power of eminent domain, it shall first obtain the approval of the city council if the property is located in incorporated territory or the county board of supervisors if the property is located in unincorporated territory. The district shall notify the property owner of

the district's request to the city council or county board of supervisors. The district shall mail the notice to the property owner at least 20 days before the date on which the city council or county board of supervisors will act on the district's request.

(d) (1) If a district was formed with the power to acquire real or personal property by the power of eminent domain, it shall not exercise that power if a majority of the voters voting upon the question are in favor of the question at a general district or special election. If a district was formed without the power to acquire real or personal property by the power of eminent domain, it may exercise that power if a majority of the voters voting upon the question are in favor of the question at a general district or special election.

(2) The board of directors may adopt a resolution placing the question on the ballot. Alternatively, upon receipt of a petition signed by at least 25 percent of the registered voters of the district, the board of directors shall adopt a resolution placing the question on the ballot.

(3) If the question is submitted to the voters at a general district election, the notice required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at a special election, the notice of election and ballot shall contain a statement of the question.

(4) Before circulating any petition pursuant to this subdivision, the proponents shall publish a notice of intention which shall include a written statement not to exceed 500 words in length, setting forth the reasons for the proposal. The notice shall be published pursuant to Section 6061 of the Government Code in one or more newspapers of general circulation within the district. If the district is located in more than one county, publication of the notice shall be made in at least one newspaper of general circulation in each county.

(5) The notice shall be signed by at least one, but not more than three, proponents and shall be in substantially the following form:

"Notice of Intent to Circulate Petition

Notice is hereby given of the intention to circulate a petition affecting power of eminent domain of the _____ (name of the district). The petition proposes that _____ (description of the proposal)."

(6) Within five days after the date of publication, the proponents shall file with the secretary of the board of directors a copy of the notice together with an affidavit made by a representative of the newspaper in which the notice was published certifying to the fact of publication. After the filing, the petition may be circulated for signatures.

(7) Sections 100 and 104 of the Elections Code shall govern the signing of the petition and the format of the petition. A petition may consist of a single instrument or separate counterparts. The proponents shall file the petition, together with all counterparts, with the secretary of the board of directors. The secretary shall not accept a petition for filing unless the signatures have been secured within six months of the date on which the first signature was obtained and the proponents submitted the petition to the secretary for filing within 60 days after the last signature was obtained.

(8) Within 30 days after the date of filing a petition, the secretary of the board of directors shall cause the petition to be examined by the county elections official, in accordance with Sections 9113 to 9115, inclusive, of the Elections Code, and shall prepare a certificate of sufficiency indicating whether the petition is signed by the requisite number of signers.

(9) If the certificate of the secretary shows the petition to be insufficient, the secretary shall immediately give notice by certified mail of the insufficiency to the proponents. That mailed notice shall state in what amount the petition is insufficient. Within 15 days after the date of the notice of insufficiency, the proponents may file with the secretary a supplemental petition bearing additional signatures.

(10) Within 10 days after the date of filing a supplemental petition, the secretary shall examine the supplemental petition and certify the results in writing of his or her examination.

(11) The secretary shall sign and date a certificate of sufficiency. That certificate shall also state the minimum signature requirements for a sufficient petition and show the results of the secretary's examination. The secretary shall mail a copy of the certificate of sufficiency to the proponents.

(12) Once the proponents have filed a sufficient petition, the board of directors shall adopt the resolution required by paragraph (2).

SEC. 20. Section 21555 of the Water Code is amended to read:

21555. With regard to submitting a proposal at the general district election, the notices required by Section 12112 of the Elections Code shall contain a statement of the change or changes proposed to appear on the ballot.

SEC. 21. Section 30731 of the Water Code is amended to read:

30731. If the question is submitted to the voters at a general district election, the notices required by Section 12112 of the Elections Code shall contain a statement of the question to appear on the ballot. If the question is submitted to the voters at any district election, other than a general district election, the notice of election and ballot shall contain a statement of the question.

SEC. 22. Section 50780.10 of the Water Code is amended to read:

50780.10. A "voter" means either of the following:

(a) A landowner or the legal representative of a landowner.

(b) A voter as defined in Section 359 of the Elections Code who resides within the boundaries of the district.

(c) A voter as defined in subdivision (a) may vote for both parcel seats and land assessment seats.

(d) A voter as defined in subdivision (a) who is also a voter as defined in subdivision (b) may vote for both resident voter seats and land assessment seats.

CHAPTER 589

An act to add Section 120155 to the Health and Safety Code, relating to vaccines.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 120155 is added to the Health and Safety Code, to read:

120155. (a) Any manufacturer or distributor of the influenza vaccine, or nonprofit health care service plan that exclusively contracts with a single medical group in a specified geographic area to provide, or to arrange for the provision of, medical services to its enrollees, shall report the information described in subdivision (c) relating to the supply of the influenza vaccine to the department upon notice from the department.

(b) Within each county or city health jurisdiction, entities that have possession of, or have a legal right to obtain possession of, the influenza vaccine, or entities that are conducting or intend to conduct influenza clinics for the public, their residents, or their employees, except those entities described in subdivision (a), shall cooperate with the local health officer in determining local inventories of influenza vaccine, including providing inventory, orders and distribution lists in a timely manner, when necessary.

(c) The information reported pursuant to subdivision (a) shall include, but is not limited to, the amount of the influenza vaccine that has been shipped, and the name, address, and, if applicable, the telephone number of the recipient.

(d) Subdivisions (a), (b), and (c) shall not apply to a physician and surgeon practice, unless the practice is an occupational health provider who conducts influenza vaccination campaigns on behalf of a corporation.

(e) It is the intent of the Legislature in enacting this section to assist small physician and surgeon practices, nursing facilities, and other health care providers that provide care for patients at risk of illness or death from influenza by facilitating the sharing of vaccine supplies, if necessary, between providers within a local jurisdiction.

(f) If a business believes that the information required by this section involves the release of a trade secret, the business shall nevertheless disclose the information to the department, and shall notify the department in writing of that belief at the time of disclosure. As used in this section, "trade secret" has the meanings given to it by Section 6254.7 of the Government Code and Section 1060 of the Evidence Code. Any information, including identifying information, including, but not limited to, the name of the agent or contact person of an entity that receives the influenza vaccine from a manufacturer or distributor, or nonprofit health care service plan described in subdivision (b), and the receiving entity's address and telephone number, that is reported pursuant to this section shall not be disclosed by the department to anyone, except to an officer or employee of the county, city, city and county, or the state in connection with the official duties of that officer or employee to protect the public health.

SEC. 2. The Legislature finds and declares the following: Section 1 of this act, which adds Section 120155 to the Health and Safety Code, imposes a limitation on the public's rights of access to the writings of public officials and agencies within the meaning of Section 3 of Article 1 of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) Access to business records related to the supply of influenza vaccine is necessary to protect the public health.

(b) Access to this information may be otherwise limited unless the confidentiality of this information is protected.

CHAPTER 590

An act to amend Section 1749 of the Insurance Code, relating to agents.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1749 of the Insurance Code is amended to read:

1749. The department shall require all new applicants for license as a fire and casualty broker-agent, personal lines broker-agent, or as a life agent to meet prelicensing education standards as follows:

(a) Require a minimum of 40 hours of prelicensing study as a prerequisite to qualification for a fire and casualty broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(b) Require a minimum of 20 hours of prelicensing study as a prerequisite for qualification for a personal lines broker-agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department.

(c) Require a minimum of 40 hours of prelicensing study as a prerequisite for qualification for a life agent license. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. Any additions to the minimum requirements provided by this section shall be approved by the curriculum board pursuant to Section 1749.1 and certified by the department. This curriculum shall also include instruction in workers' compensation and general principles of employers' liability.

(d) In addition to the 40 hours prelicensing education required to qualify for a license as a fire and casualty broker-agent or life agent, or the 20 hours prelicensing education required to qualify for a license as a personal lines broker-agent, the department shall require 12 hours of study on ethics and this code. Where an applicant seeks a license for both the fire and casualty broker-agent license and the life license, the applicant shall only be required to complete one 12-hour course on ethics and this code. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval.

(e) An applicant for a life agent license, a fire and casualty broker-agent license, or a personal lines broker-agent license who is currently licensed as such in another state and who has completed 40 hours of prelicensing education as a requirement for licensing in that state shall be required to complete only the course of study on ethics and

the Insurance Code, as required by Section 1749. Additionally, any applicant for such a license holding one or more of the designations specified in subdivisions (a) to (e), inclusive, of Section 1749.4 shall be exempted from any requirement for courses in general insurance that would otherwise be a condition of issuance of the license.

(f) An applicant for a fire and casualty broker-agent license who is licensed as a personal lines agent shall complete a minimum of 20 hours prelicensing study as a prerequisite. The curriculum for satisfying this requirement shall be approved by the curriculum board and submitted to the commissioner for final approval. The applicant shall not be required to repeat any prelicensing requirements completed as a prerequisite to being licensed as a personal lines agent.

(g) Review and approval of prelicensing courses not conducted in a classroom, as referenced in subdivisions (a), (b), (c), and (f) shall include an evaluation of the safeguards in place to ensure that the student completing the course is the person enrolled in the course, methods used to monitor the students' attendance are adequate, methods for the student to interact with the entity providing the training exist, and methods used to record the times spent completing the course are adequate.

(h) Prelicensing certificates of completion expire three years from completion date of the course, whether or not a license is issued.

CHAPTER 591

An act to amend Sections 33333.2 and 33333.4 of, and to add Sections 33342.5 and 33342.7 to, the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 28, 2006. Filed with Secretary of State September 28, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 33333.2 of the Health and Safety Code is amended to read:

33333.2. (a) A redevelopment plan containing the provisions set forth in Section 33670 shall contain all of the following limitations. A redevelopment plan that does not contain the provisions set forth in Section 33670 shall contain the limitations in paragraph (4):

(1) (A) A time limit on the establishing of loans, advances, and indebtedness to be paid with the proceeds of property taxes received pursuant to Section 33670 to finance in whole or in part the

redevelopment project, which may not exceed 20 years from the adoption of the redevelopment plan, except by amendment of the redevelopment plan as authorized by subparagraph (B). This limit, however, shall not prevent agencies from incurring debt to be paid from the Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's housing obligations under subdivision (a) of Section 33333.8. The loans, advances, or indebtedness may be repaid over a period of time longer than this time limit as provided in this section. No loans, advances, or indebtedness to be repaid from the allocation of taxes shall be established or incurred by the agency beyond this time limitation. This limit shall not prevent agencies from refinancing, refunding, or restructuring indebtedness after the time limit if the indebtedness is not increased and the time during which the indebtedness is to be repaid is not extended beyond the time limit to repay indebtedness required by this section.

(B) The time limitation established by subparagraph (A) may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, that (i) significant blight remains within the project area; and (ii) this blight cannot be eliminated without the establishment of additional debt. However, this amended time limitation may not exceed 30 years from the effective date of the ordinance adopting the redevelopment plan, except as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit, not to exceed 30 years from the adoption of the redevelopment plan, on the effectiveness of the redevelopment plan. After the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness and to enforce existing covenants or contracts, unless the agency has not completed its housing obligations pursuant to subdivision (a) of Section 33333.8, in which case the agency shall retain its authority to implement requirements under subdivision (a) of Section 33333.8, including its ability to incur and pay indebtedness for this purpose, and shall use this authority to complete these housing obligations as soon as is reasonably possible.

(3) A time limit, not to exceed 45 years from the adoption of the redevelopment plan, to repay indebtedness with the proceeds of property taxes received pursuant to Section 33670. After the time limit established pursuant to this paragraph, an agency may not receive property taxes pursuant to Section 33670, except as necessary to comply with subdivision (a) of Section 33333.8.

(4) A time limit, not to exceed 12 years from the adoption of the redevelopment plan, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be

extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

(b) If a redevelopment plan is amended to add territory, the amendment shall contain the time limits required by this section.

(c) When an agency is required to make a payment pursuant to Section 33681.9, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to paragraphs (2) and (3) of subdivision (a) by one year by adoption of an ordinance. In adopting this ordinance, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(d) When an agency is required pursuant to Section 33681.12 to make a payment to the county auditor for deposit in the county's Educational Revenue Augmentation Fund created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to paragraphs (2) and (3) of subdivision (a) by the following:

(1) One year for each year in which a payment is made, if the time limit for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is 10 years or less from the last day of the fiscal year in which such a payment is made.

(2) One year for each year in which a payment is made, if both of the following apply:

(A) The time limit for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made.

(B) The legislative body determines in the ordinance adopting the amendment that, with respect to the project, all of the following apply:

(i) The agency is in compliance with the requirements of Section 33334.2 or 33334.6, as applicable.

(ii) The agency has adopted an implementation plan in accordance with the requirements of Section 33490.

(iii) The agency is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable.

(iv) The agency is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber, or disburse an excess surplus.

(3) This subdivision shall not apply to any redevelopment plan if the time limits for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is more than 20 years after the last day of the fiscal year in which a payment is made.

(4) The legislative body by ordinance may adopt the amendments provided for under this subdivision following a public hearing. Notice of the public hearing shall be mailed to the governing body of each of the affected taxing entities at least 30 days prior to the hearing. Notice shall also be published in a newspaper of general circulation in the community at least once, not less than 10 days prior to the date of the public hearing. The ordinance shall contain a finding of the legislative body that funds used to make a payment to the county's Educational Revenue Augmentation Fund pursuant to Section 33681.12 would otherwise have been used to pay the costs of projects and activities necessary to carry out the goals and objectives of the redevelopment plan. In adopting an ordinance pursuant to this subdivision, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part.

(e) This section shall apply only to redevelopment projects for which a final redevelopment plan is adopted pursuant to Article 5 (commencing with Section 33360) on or after January 1, 1994, and to amendments that add territory and that are adopted on or after January 1, 1994.

SEC. 2. Section 33333.4 of the Health and Safety Code is amended to read:

33333.4. (a) Every legislative body that adopted a final redevelopment plan prior to October 1, 1976, that contains the provisions set forth in Section 33670 but does not contain all of the limitations required by Section 33333.2, shall adopt an ordinance on or before December 31, 1986, that contains all of the following:

(1) A limitation on the number of dollars of taxes that may be divided and allocated to the redevelopment agency pursuant to the plan, including any amendments to the plan. Taxes shall not be divided and shall not be allocated to the redevelopment agency beyond that limitation, except as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit on the establishing of loans, advances, and indebtedness to finance in whole, or in part, the redevelopment project. No loans, advances, or indebtedness to be repaid from the allocation of taxes shall be established or incurred by the agency beyond the time limitation, except as necessary to comply with subdivision (a) of Section 33333.8.

(3) A time limit, not to exceed 12 years, for commencement of eminent domain proceedings to acquire property within the project area. This

time limitation may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

(b) The limitations established in the ordinance adopted pursuant to this section shall apply to the redevelopment plan as if the redevelopment plan had been amended to include those limitations. However, in adopting the ordinance, neither the legislative body nor the agency is required to comply with Article 12 (commencing with Section 33450) or any other provision of this part relating to the amendment of redevelopment plans.

(c) The limitations established in the ordinance adopted pursuant to this section shall not be applied to limit allocation of taxes to an agency to the extent required to eliminate project deficits created under subdivision (g) of Section 33334.6 in accordance with the plan adopted pursuant thereto for the purpose of eliminating the deficit or to comply with subdivision (a) of Section 33333.8. In the event of a conflict between these limitations and the obligations under Section 33334.6 or subdivision (a) of Section 33333.8, the legislative body shall amend the ordinance adopted pursuant to this section to modify the limitations to the extent necessary to permit compliance with the plan adopted pursuant to subdivision (g) of Section 33334.6, to permit compliance with subdivision (a) of Section 33333.8, and to allow full expenditure of moneys in the agency's Low and Moderate Income Housing Fund in accordance with Section 33334.3. The procedure for amending the ordinance pursuant to this subdivision shall be the same as for adopting the ordinance under subdivision (b).

(d) This section shall not be construed to allow the impairment of any obligation or indebtedness incurred by the legislative body or the agency pursuant to this part.

(e) In any litigation to challenge or attack any ordinance adopted pursuant to this section, the court shall sustain the actions of the legislative body and the agency unless the court finds those actions were arbitrary or capricious. The Legislature finds and declares that this is necessary because redevelopment agencies with project areas established prior to October 1, 1976, have incurred existing obligations and indebtedness and have adopted projects, programs, and activities with the authority to receive and pledge the entire allocation of taxes authorized by Section 33670 and that it is necessary to protect against the possible impairment of existing obligations and indebtedness and to allow the completion of adopted projects and programs.

(f) The ordinance adopted by the legislative body in compliance with this section does not relieve any agency of its obligations under Section 33333.8, 33334.2, 33334.3, Article 9 (commencing with Section 33410), or any other requirement contained in this part.

(g) A redevelopment plan adopted on or after October 1, 1976, and prior to January 1, 1994, containing the provisions set forth in Section 33670, shall also contain:

(1) A limitation on the number of dollars of taxes that may be divided and allocated to the agency pursuant to the plan, including any amendments to the plan. Taxes shall not be divided and shall not be allocated to the agency beyond this limitation, except pursuant to amendment of the redevelopment plan, or as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit, not to exceed 12 years, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

SEC. 3. Section 33342.5 is added to the Health and Safety Code, to read:

33342.5. (a) A redevelopment plan adopted on or after January 1, 2007, shall describe the agency's program to acquire real property by eminent domain.

(b) The plan may prohibit the agency from acquiring by eminent domain specified types of real property, including, but not limited to, owner-occupied residences, single-family residences, or any residential property. The plan may prohibit the agency from acquiring by eminent domain real property in specified locations within the project area.

(c) An agency's program to acquire real property by eminent domain may be changed only by amending the redevelopment plan pursuant to Article 12 (commencing with Section 33450).

SEC. 4. Section 33342.7 is added to the Health and Safety Code, to read:

33342.7. (a) A legislative body that adopted a final redevelopment plan before January 1, 2007, shall adopt an ordinance on or before July 1, 2007, that contains a description of the agency's program to acquire real property by eminent domain. The plan may prohibit the agency from acquiring by eminent domain specified types of real property, including, but not limited to, owner-occupied residences, single-family residences, or any residential property. The plan may prohibit the agency from

acquiring by eminent domain real property in specified locations within the project area.

(b) An agency's program to acquire real property by eminent domain may be changed only by amending the redevelopment plan, pursuant to Article 12 (commencing with Section 33450).

SEC. 5. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 592

An act to add Article 6.5 (commencing with Section 110806) to Chapter 5 of Part 5 of Division 104 of the Health and Safety Code, relating to food.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Food recalls are voluntary and federal agencies responsible for food safety have no authority to compel companies to carry out recalls—with the exception for the Food and Drug Administration's (FDA) authority to require a recall for infant formula.

(b) In January 2004, the President of the United States identified the nation's food system as vulnerable to intentional acts of terrorism (Homeland Security Presidential Directive/HSPD-9 Defense of United States Agriculture and Food (January 30, 2004).

(c) According to the United States Government Accountability Office's (GAO) analysis of recalls in its October 2004 report on "Food Safety: USDA and FDA Need to Better Ensure Prompt and Complete Recalls of Potentially Unsafe Food," only 38 percent and 36 percent of recalled food was ultimately recovered in recalls overseen by USDA and FDA, respectively.

(d) According to the same GAO report, "the USDA and FDA do not know how promptly and completely the recalling companies and their distributors and other companies are carrying out recalls, and neither agency is using its data systems to effectively track and manage its recall programs."

(e) Continued weaknesses in our current voluntary system for monitoring food recalls heighten the risk that unsafe food will remain in the food supply and ultimately be consumed.

(f) It is the intent of the Legislature to improve food recall and public notification procedures in the event of a USDA meat or poultry recall and protect California consumers from potential contamination in the event of a serious food outbreak.

SEC. 2. Article 6.5 (commencing with Section 110806) is added to Chapter 5 of Part 5 of Division 104 of the Health and Safety Code, to read:

Article 6.5. Recalled Food

110806. (a) A meat or poultry supplier, distributor, broker, or processor that sells a meat- or poultry-related product in California that meets the criteria for a Class I or Class II recall according to the United States Department of Agriculture guidelines shall immediately notify the State Department of Health Services and shall provide the department with a list of all customers, including a firm name, address, contact person's name, telephone number, fax, and e-mail address, that have received or will receive any product subject to recall that the supplier, distributor, broker, or processor has handled or anticipates handling. The list shall include all pertinent identifying codes, including establishment numbers, package codes, product codes, pack dates, and lot numbers, if any, received or to be received, and any other relevant information. The information shall be electronically submitted to the department in a spreadsheet format specified by the department, and shall include, but not be limited to, a complete product distribution list of the recalled product, for each customer, including product ship date, amount of product shipped and amount of any product returned. The supplier, distributor, broker, or processor shall immediately notify each of its customers that received or may receive those products of the recall in a standardized format. The supplier, distributor, broker, or processor shall document this notification process, including who was notified, the date and time of the notification, and by what method they were notified. This information shall be maintained by the supplier, distributor, broker, or processor and shall be provided to the department upon request.

(b) The department may, after receiving the information required by subdivision (a), notify appropriate local health officers and environmental health directors, as soon as practicable, that a business in the local jurisdiction has handled or received, or anticipates handling or receiving, a recalled meat- or poultry-related product. The department shall, if it makes the notification authorized by this subdivision, provide appropriate

local health officers and environmental health directors with each supplier's, distributor's, broker's, processor's, or retailer's name, address, contact information, affected product identifying codes, including establishment numbers, package codes, product codes, pack dates, and lot numbers, if any, and all other supply chain information available.

(c) (1) If the department makes the notification authorized by subdivision (b), the department, local health officers, and environmental health directors may notify the public in a manner local health officers, in consultation with the department and environmental health directors, deem appropriate regarding recalled meat- and poultry-related products based on their determination that the retailer is present within the local jurisdiction and has received or made the product available to the public.

(2) If the retailer is a restaurant, and a determination has been made by a local health officer or environmental health officer that the contaminated product has not been served, sold, or otherwise offered to the public for consumption, and the contaminated product has been permanently removed from the restaurant's food supply, then the public notification shall exclude the name or any other identifying feature of the restaurant.

110807. This article shall become operative on July 1, 2007.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 593

An act to add Sections 97.01 and 97.1 to the Streets and Highways Code, relating to transportation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 97.01 is added to the Streets and Highways Code, to read:

97.01. The following segments are eligible for designation as Safety Awareness Zones pursuant to Section 97.1:

(a) The Golden Gate Bridge.

SEC. 2. Section 97.1 is added to the Streets and Highways Code, to read:

97.1. (a) A highway segment shall be designated as a Safety Awareness Zone if the all the following conditions have been met:

(1) The highway segment is eligible for designation under Section 97.01.

(2) Each local governing body or bodies, with jurisdiction over the area or areas in which the eligible segment is located, has adopted a resolution indicating its support for the designation as well as a Safety Awareness Zone Plan addressing education, enforcement, and engineering measures intended to support the designation.

(3) If the highway segment is a state highway, the Safety Awareness Zone Plan has been approved by the Director of Transportation and the Commissioner of the Department of the California Highway Patrol.

(b) A Safety Awareness Zone designation shall be deemed effective immediately upon satisfaction of all requirements pursuant to subdivision (a) and may remain in effect for a period not to exceed three years from the effective date. The designation may be renewed for a period not to exceed three years. Renewal of a designation for a highway segment that is a state highway shall require the approval by the Director of Transportation and the Commissioner of the Department of the California Highway Patrol of an updated Safety Awareness Zone Plan.

(c) The department shall develop a sign to notify motorists of the presence of a Safety Awareness Zone, and shall place and maintain the signs for as long as the designation is in effect pursuant to this section.

(d) Presence of a Safety Awareness Zone does not increase the civil liability of the state or local authority having jurisdiction over the highway segment under Division 3.6 (commencing with Section 810) of Title 1 of the Government Code or any other provision of law relating to civil liability.

(e) Projects on a highway segment specified as a Safety Awareness Zone shall not be elevated in priority for state funding purposes.

(f) For purposes of this section, "highway" has the meaning set forth in Section 360 of the Vehicle Code.

CHAPTER 594

An act to amend Sections 1250.410, 1255.040, 1255.410, 1255.450, and 1255.460 of, to add Section 1263.025 to, and to repeal Sections

1255.420 and 1255.430 of, the Code of Civil Procedure, to add Section 1091.6 to the Government Code, and to amend Sections 33333.2 and 33333.4 of the Health and Safety Code, relating to eminent domain.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1250.410 of the Code of Civil Procedure is amended to read:

1250.410. (a) At least 20 days prior to the date of the trial on issues relating to compensation, the plaintiff shall file with the court and serve on the defendant its final offer of compensation in the proceeding and the defendant shall file and serve on the plaintiff its final demand for compensation in the proceeding. The offer and the demand shall include all compensation required pursuant to this title, including compensation for loss of goodwill, if any, and shall state whether interest and costs are included. These offers and demands shall be the only offers and demands considered by the court in determining the entitlement, if any, to litigation expenses. Service shall be in the manner prescribed by Chapter 5 (commencing with Section 1010) of Title 14 of Part 2.

(b) If the court, on motion of the defendant made within 30 days after entry of judgment, finds that the offer of the plaintiff was unreasonable and that the demand of the defendant was reasonable viewed in the light of the evidence admitted and the compensation awarded in the proceeding, the costs allowed pursuant to Section 1268.710 shall include the defendant's litigation expenses.

(c) In determining the amount of litigation expenses allowed under this section, the court shall consider the offer required to be made by the plaintiff pursuant to Section 7267.2 of the Government Code, any deposit made by the plaintiff pursuant to Chapter 6 (commencing with Section 1255.010), and any other written offers and demands filed and served before or during the trial.

(d) If timely made, the offers and demands as provided in subdivision (a) shall be considered by the court on the issue of determining an entitlement to litigation expenses.

(e) As used in this section, "litigation expenses" means the party's reasonable attorney's fees and costs, including reasonable expert witness and appraiser fees.

SEC. 2. Section 1255.040 of the Code of Civil Procedure is amended to read:

1255.040. (a) If the plaintiff has not made a deposit that satisfies the requirements of this article and the property includes a dwelling containing not more than two residential units and the dwelling or one of its units is occupied as his or her residence by a defendant, the defendant may serve notice on the plaintiff requiring a deposit of the probable amount of compensation that will be awarded in the proceeding. The notice shall specify the date by which the defendant desires the deposit to be made. The date shall not be earlier than 30 days after the date of service of the notice and may be any later date.

(b) If the plaintiff deposits the probable amount of compensation, determined or redetermined as provided in this article, on or before the date specified by the defendant, the plaintiff may obtain an order for possession that authorizes the plaintiff to take possession of the property 30 days after the date for the deposit specified by the defendant or any later date as the plaintiff may request.

(c) Notwithstanding Section 1268.310, if the deposit is not made on or before the date specified by the defendant or such later date as the court specifies on motion and good cause shown by the plaintiff, the compensation awarded to the defendant in the proceeding shall draw legal interest from that date. The defendant is entitled to the full amount of such interest without offset for rents or other income received by him or her or the value of his or her continued possession of the property.

(d) If the proceeding is abandoned by the plaintiff, the interest under subdivision (c) may be recovered as costs in the proceeding in the manner provided for the recovery of litigation expenses under Section 1268.610. If, in the proceeding, the court or a jury verdict eventually determines the compensation that would have been awarded to the defendant, then the interest shall be computed on the amount of the award. If no determination is ever made, then the interest shall be computed on the probable amount of compensation as determined by the court.

(e) The serving of a notice pursuant to this section constitutes a waiver by operation of law, conditioned upon subsequent deposit by the plaintiff of the probable amount of compensation, of all claims and defenses in favor of the defendant except his or her claim for greater compensation.

(f) Notice of a deposit made under this section shall be served as provided by subdivision (a) of Section 1255.020. The defendant may withdraw the deposit as provided in Article 2 (commencing with Section 1255.210).

(g) No notice may be served by a defendant under subdivision (a) after entry of judgment unless the judgment is reversed, vacated, or set aside and no other judgment has been entered at the time the notice is served.

SEC. 3. Section 1255.410 of the Code of Civil Procedure is amended to read:

1255.410. (a) At the time of filing the complaint or at any time after filing the complaint and prior to entry of judgment, the plaintiff may move the court for an order for possession under this article, demonstrating that the plaintiff is entitled to take the property by eminent domain and has deposited pursuant to Article 1 (commencing with Section 1255.010) an amount that satisfies the requirements of that article.

The motion shall describe the property of which the plaintiff is seeking to take possession, which description may be by reference to the complaint, and shall state the date after which the plaintiff is seeking to take possession of the property. The motion shall include a statement substantially in the following form: "You have the right to oppose this motion for an order of possession of your property. If you oppose this motion you must serve the plaintiff and file with the court a written opposition to the motion within 30 days from the date you were served with this motion." The written opposition shall be signed under penalty of perjury and contain a brief description of the hardship that will be caused if the motion for an order of possession is granted.

(b) The plaintiff shall serve a copy of the motion on the record owner of the property and on the occupants, if any. The plaintiff shall set the court hearing on the motion not less than 60 days after service of the notice of motion on the record owner of unoccupied property. If the property is lawfully occupied by a person dwelling thereon or by a farm or business operation, service of the notice of motion shall be made not less than 90 days prior to the hearing on the motion.

(c) Not later than 30 days after service of the plaintiff's motion seeking to take possession of the property, any defendant or occupant of the property may oppose the motion in writing by serving the plaintiff and filing with the court the opposition. The written opposition shall be signed under penalty of perjury and contain a brief description of the hardship that will be caused if the motion for an order of possession is granted. The plaintiff shall serve and file any reply to the opposition not less than 15 days before the hearing.

(d) (1) If the motion is not opposed within 30 days of service on each defendant and occupant of the property, the court shall make an order for possession of the property if the court finds each of the following:

(A) The plaintiff is entitled to take the property by eminent domain.

(B) The plaintiff has deposited pursuant to Article 1 (commencing with Section 1255.010) an amount that satisfies the requirements of that article.

(2) If the motion is opposed by a defendant or occupant within 30 days of service, the court may make an order for possession of the property upon consideration of the relevant facts and any opposition, and upon completion of a hearing on the motion, if the court finds each of the following:

(A) The plaintiff is entitled to take the property by eminent domain.

(B) The plaintiff has deposited pursuant to Article 1 (commencing with Section 1255.010) an amount that satisfies the requirements of that article.

(C) There is an overriding need for the plaintiff to possess the property prior to the issuance of final judgment in the case, and the plaintiff will suffer a substantial hardship if the application for possession is denied or limited.

(D) The hardship that the plaintiff will suffer if possession is denied or limited outweighs any hardship on the defendant or occupant that would be caused by the granting of the order of possession.

(e) (1) Notwithstanding the time limits for notice prescribed by this section and Section 1255.450, a court may issue an order of possession upon an ex parte application by a water, wastewater, gas, electric, or telephone utility, as the court deems appropriate under the circumstances of the case, if the court finds each of the following:

(A) An emergency exists and as a consequence the utility has an urgent need for possession of the property. For purposes of this section, an emergency is defined to include, but is not limited to, a utility's urgent need to protect the public's health and safety or the reliability of utility service.

(B) An emergency order of possession will not displace or unreasonably affect any person in actual and lawful possession of the property to be taken or the larger parcel of which it is a part.

(2) Not later than 30 days after service of the order authorizing the plaintiff to take possession of the property, any defendant or occupant of the property may move for relief from an emergency order of possession that has been issued under this subdivision. The court may modify, stay, or vacate the order upon consideration of the relevant facts and any objections raised, and upon completion of a hearing if requested.

SEC. 4. Section 1255.420 of the Code of Civil Procedure is repealed.

SEC. 5. Section 1255.430 of the Code of Civil Procedure is repealed.

SEC. 6. Section 1255.450 of the Code of Civil Procedure is amended to read:

1255.450. (a) As used in this section, "record owner" means the owner of the legal or equitable title to the fee or any lesser interest in property as shown by recorded deeds or other recorded instruments.

(b) The plaintiff shall serve a copy of the order for possession issued under Section 1255.410 on the record owner of the property and on the occupants, if any. If the property is lawfully occupied by a person dwelling thereon or by a farm or business operation, service shall be made not less than 30 days prior to the time possession is to be taken pursuant to the order. In all other cases, service shall be made not less than 10 days prior to the time possession is to be taken pursuant to the order. Service may be made with or following service of summons.

(c) At least 30 days prior to the time possession is taken pursuant to an order for possession made pursuant to Section 1255.040, 1255.050, or 1255.460, the plaintiff shall serve a copy of the order on the record owner of the property and on the occupants, if any.

(d) Service of the order shall be made by personal service except that:

(1) If the person on whom service is to be made has previously appeared in the proceeding or been served with summons in the proceeding, service of the order may be made by mail upon that person and his or her attorney of record, if any.

(2) If the person on whom service is to be made resides out of the state, or has departed from the state or cannot with due diligence be found within the state, service of the order may be made by registered or certified mail addressed to that person at his or her last known address.

(e) When the record owner cannot be located, the court may, for good cause shown on ex parte application, authorize the plaintiff to take possession of unoccupied property without serving a copy of the order for possession upon a record owner.

(f) A single service upon or mailing to one of several persons having a common business or residence address is sufficient.

SEC. 7. Section 1255.460 of the Code of Civil Procedure is amended to read:

1255.460. An order for possession issued pursuant to Section 1255.410 shall:

(a) Recite that it has been made under this section.

(b) Describe the property to be acquired, which description may be by reference to the complaint.

(c) State the date after which plaintiff is authorized to take possession of the property.

SEC. 8. Section 1263.025 is added to the Code of Civil Procedure, to read:

1263.025. (a) A public entity shall offer to pay the reasonable costs, not to exceed five thousand dollars ($5,000), of an independent appraisal ordered by the owner of a property that the public entity offers to purchase under a threat of eminent domain, at the time the public entity makes the offer to purchase the property. The independent appraisal

shall be conducted by an appraiser licensed by the Office of Real Estate Appraisers.

(b) For purposes of this section, an offer to purchase a property "under a threat of eminent domain" is an offer to purchase a property pursuant to any of the following:

(1) Eminent domain.

(2) Following adoption of a resolution of necessity for the property pursuant to Section 1240.040.

(3) Following a statement that the public entity may take the property by eminent domain.

SEC. 9. Section 1091.6 is added to the Government Code, to read:

1091.6. An officer who is also a member of the governing body of an organization that has an interest in, or to which the public agency may transfer an interest in, property that the public agency may acquire by eminent domain shall not vote on any matter affecting that organization.

SEC. 10. Section 33333.2 of the Health and Safety Code is amended to read:

33333.2. (a) A redevelopment plan containing the provisions set forth in Section 33670 shall contain all of the following limitations. A redevelopment plan that does not contain the provisions set forth in Section 33670 shall contain the limitations in paragraph (4):

(1) (A) A time limit on the establishing of loans, advances, and indebtedness to be paid with the proceeds of property taxes received pursuant to Section 33670 to finance in whole or in part the redevelopment project, which may not exceed 20 years from the adoption of the redevelopment plan, except by amendment of the redevelopment plan as authorized by subparagraph (B). This limit, however, shall not prevent agencies from incurring debt to be paid from the Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's housing obligations under subdivision (a) of Section 33333.8. The loans, advances, or indebtedness may be repaid over a period of time longer than this time limit as provided in this section. No loans, advances, or indebtedness to be repaid from the allocation of taxes shall be established or incurred by the agency beyond this time limitation. This limit shall not prevent agencies from refinancing, refunding, or restructuring indebtedness after the time limit if the indebtedness is not increased and the time during which the indebtedness is to be repaid is not extended beyond the time limit to repay indebtedness required by this section.

(B) The time limitation established by subparagraph (A) may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, that (i) significant blight remains

within the project area; and (ii) this blight cannot be eliminated without the establishment of additional debt. However, this amended time limitation may not exceed 30 years from the effective date of the ordinance adopting the redevelopment plan, except as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit, not to exceed 30 years from the adoption of the redevelopment plan, on the effectiveness of the redevelopment plan. After the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness and to enforce existing covenants or contracts, unless the agency has not completed its housing obligations pursuant to subdivision (a) of Section 33333.8, in which case the agency shall retain its authority to implement requirements under subdivision (a) of Section 33333.8, including its ability to incur and pay indebtedness for this purpose, and shall use this authority to complete these housing obligations as soon as is reasonably possible.

(3) A time limit, not to exceed 45 years from the adoption of the redevelopment plan, to repay indebtedness with the proceeds of property taxes received pursuant to Section 33670. After the time limit established pursuant to this paragraph, an agency may not receive property taxes pursuant to Section 33670, except as necessary to comply with subdivision (a) of Section 33333.8.

(4) A time limit, not to exceed 12 years from the adoption of the redevelopment plan, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

(b) If a redevelopment plan is amended to add territory, the amendment shall contain the time limits required by this section.

(c) When an agency is required to make a payment pursuant to Section 33681.9, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to paragraphs (2) and (3) of subdivision (a) by one year by adoption of an ordinance. In adopting this ordinance, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(d) When an agency is required pursuant to Section 33681.12 to make a payment to the county auditor for deposit in the county's Educational Revenue Augmentation Fund created pursuant to Article 3 (commencing

with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to paragraphs (2) and (3) of subdivision (a) by the following:

(1) One year for each year in which a payment is made, if the time limit for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is 10 years or less from the last day of the fiscal year in which that payment is made.

(2) One year for each year in which a payment is made, if both of the following apply:

(A) The time limit for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made.

(B) The legislative body determines in the ordinance adopting the amendment that, with respect to the project, all of the following apply:

(i) The agency is in compliance with the requirements of Section 33334.2 or 33334.6, as applicable.

(ii) The agency has adopted an implementation plan in accordance with the requirements of Section 33490.

(iii) The agency is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable.

(iv) The agency is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber, or disburse an excess surplus.

(3) This subdivision shall not apply to any redevelopment plan if the time limits for the effectiveness of the redevelopment plan established pursuant to paragraph (2) of subdivision (a) is more than 20 years after the last day of the fiscal year in which a payment is made.

(4) The legislative body by ordinance may adopt the amendments provided for under this subdivision following a public hearing. Notice of the public hearing shall be mailed to the governing body of each of the affected taxing entities at least 30 days prior to the hearing. Notice shall also be published in a newspaper of general circulation in the community at least once, not less than 10 days prior to the date of the public hearing. The ordinance shall contain a finding of the legislative body that funds used to make a payment to the county's Educational Revenue Augmentation Fund pursuant to Section 33681.12 would otherwise have been used to pay the costs of projects and activities necessary to carry out the goals and objectives of the redevelopment plan. In adopting an ordinance pursuant to this subdivision, neither the legislative body nor the agency is required to comply with Section

33354.6, Article 12 (commencing with Section 33450), or any other provision of this part.

(e) This section shall apply only to redevelopment projects for which a final redevelopment plan is adopted pursuant to Article 5 (commencing with Section 33360) on or after January 1, 1994, and to amendments that add territory and that are adopted on or after January 1, 1994.

SEC. 11. Section 33333.4 of the Health and Safety Code is amended to read:

33333.4. (a) Every legislative body that adopted a final redevelopment plan prior to October 1, 1976, that contains the provisions set forth in Section 33670 but does not contain all of the limitations required by Section 33333.2, shall adopt an ordinance on or before December 31, 1986, that contains all of the following:

(1) A limitation on the number of dollars of taxes that may be divided and allocated to the redevelopment agency pursuant to the plan, including any amendments to the plan. Taxes shall not be divided and shall not be allocated to the redevelopment agency beyond that limitation, except as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit on the establishing of loans, advances, and indebtedness to finance in whole, or in part, the redevelopment project. No loans, advances, or indebtedness to be repaid from the allocation of taxes shall be established or incurred by the agency beyond the time limitation, except as necessary to comply with subdivision (a) of Section 33333.8.

(3) A time limit, not to exceed 12 years, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

(b) The limitations established in the ordinance adopted pursuant to this section shall apply to the redevelopment plan as if the redevelopment plan had been amended to include those limitations. However, in adopting the ordinance, neither the legislative body nor the agency is required to comply with Article 12 (commencing with Section 33450) or any other provision of this part relating to the amendment of redevelopment plans.

(c) The limitations established in the ordinance adopted pursuant to this section shall not be applied to limit allocation of taxes to an agency to the extent required to eliminate project deficits created under subdivision (g) of Section 33334.6 in accordance with the plan adopted pursuant thereto for the purpose of eliminating the deficit or to comply

with subdivision (a) of Section 33333.8. In the event of a conflict between these limitations and the obligations under Section 33334.6 or subdivision (a) of Section 33333.8, the legislative body shall amend the ordinance adopted pursuant to this section to modify the limitations to the extent necessary to permit compliance with the plan adopted pursuant to subdivision (g) of Section 33334.6, to permit compliance with subdivision (a) of Section 33333.8, and to allow full expenditure of moneys in the agency's Low and Moderate Income Housing Fund in accordance with Section 33334.3. The procedure for amending the ordinance pursuant to this subdivision shall be the same as for adopting the ordinance under subdivision (b).

(d) This section shall not be construed to allow the impairment of any obligation or indebtedness incurred by the legislative body or the agency pursuant to this part.

(e) In any litigation to challenge or attack any ordinance adopted pursuant to this section, the court shall sustain the actions of the legislative body and the agency unless the court finds those actions were arbitrary or capricious. The Legislature finds and declares that this is necessary because redevelopment agencies with project areas established prior to October 1, 1976, have incurred existing obligations and indebtedness and have adopted projects, programs, and activities with the authority to receive and pledge the entire allocation of taxes authorized by Section 33670 and that it is necessary to protect against the possible impairment of existing obligations and indebtedness and to allow the completion of adopted projects and programs.

(f) The ordinance adopted by the legislative body in compliance with this section does not relieve any agency of its obligations under Section 33333.8, 33334.2, 33334.3, Article 9 (commencing with Section 33410), or any other requirement contained in this part.

(g) A redevelopment plan adopted on or after October 1, 1976, and prior to January 1, 1994, containing the provisions set forth in Section 33670, shall also contain:

(1) A limitation on the number of dollars of taxes that may be divided and allocated to the agency pursuant to the plan, including any amendments to the plan. Taxes shall not be divided and shall not be allocated to the agency beyond this limitation, except pursuant to amendment of the redevelopment plan, or as necessary to comply with subdivision (a) of Section 33333.8.

(2) A time limit, not to exceed 12 years, for commencement of eminent domain proceedings to acquire property within the project area. This time limitation may be extended only by amendment of the redevelopment plan after the agency finds, based on substantial evidence, both of the following:

(A) That significant blight remains within the project area.

(B) That this blight cannot be eliminated without the use of eminent domain.

SEC. 12. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 595

An act to amend Sections 33030, 33031, 33320.1, 33328.7, 33352, 33367, 33378, 33445, 33485, 33486, 33500, and 33501 of, and to add Sections 33328.1, 33360.5, 33451.5, 33501.1, 33501.2, 33501.3, and 33501.7 to, the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. In enacting this act, the Legislature finds and declares all of the following:

(a) The United States Supreme Court's ruling in Kelo v. City of New London, 125 S.Ct. 2655 (2005), noted that many states already impose "public use" requirements on the power of eminent domain that are stricter than the federal baseline. Some states have eminent domain statutes that carefully limit the grounds upon which takings may be exercised. The Supreme Court specifically noted that under California's redevelopment law local officials may only take land for economic development purposes in blighted areas. The Kelo decision also noted that the Court's opinion does not preclude a state from placing further restrictions on the exercise of the taking of power.

(b) The Senate Local Government Committee held a hearing on August 15, 2005, in Sacramento that explored how the Kelo decision affects California's local governments. On October 26, 2005, the Senate Local Government Committee, the Senate Transportation and Housing Committee, the Assembly Housing and Community Development Committee, and the Assembly Local Government Committee held a

joint hearing in San Diego that examined redevelopment law and practices, focusing particularly on the statutory definition of blight. On November 15, 2005, the Senate Local Government Committee, the Senate Transportation and Housing Committee, the Assembly Housing and Community Development Committee, the Assembly Local Government Committee, and the Assembly Judiciary Committee held a joint hearing in Sacramento that examined the policy questions that surround how redevelopment officials use their eminent domain powers as well as recommendations for reforms to the state laws that govern community redevelopment agencies.

(c) These hearings allowed legislators to review the statutory changes enacted by the Community Redevelopment Law Reform Act of 1993, Chapter 942 of the Statutes of 1993. The hearings also permitted legislators to review the subsequent appellate court decisions that interpreted those statutory changes, particularly the opinions relating to the statutory definition of blight. As a result of those reviews, several legislators believe that they should propose additional reforms to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).

(d) In Regus v. City of Baldwin Park (1977) 70 Cal.App.3d 968, the court warned that by "misemploying the extraordinary powers of urban renewal a redevelopment agency captures pending tax revenues which it can then use as a grubstake to subsidize commercial development within the project area in the hope of striking it rich." In Emmington v. Solano County Redevelopment Agency (1987) 195 Cal.App.3d 491, the court declared that "the blighted condition of the area is the very basis of the redevelopment agency's jurisdiction to acquire the property by eminent domain and expend public funds for its redevelopment." In Beach-Courchesne v. City of Diamond Bar (2000) 82 Cal.App.4th 511, the court declared that the "determination of blight is a prerequisite to invoking redevelopment."

(e) It is the intent of the Legislature, in amending Sections 33030, 33031, 33320.1, 33333.6, 33352, 33367, 33485, and 33486 of the Health and Safety Code to restrict the statutory definition of blight and to require better documentation of local officials' findings regarding the conditions of blight. The legislative purpose of these statutory amendments is to focus public officials' attention and their extraordinary redevelopment powers on properties with physical and economic conditions that are so significantly degraded that they seriously harm the prospects for physical and economic development without the use of redevelopment.

(f) It is the intent of the Legislature, in amending Sections 33328.7, 33378, 33500, and 33501 of, and adding Sections 33328.1, 33360.5, 33451.5, 33501.1, 33501.2, 33501.3, and 33501.7 to, the Health and

Safety Code, to lower the barriers to challenge local officials' decisions regarding redevelopment and, in particular, to increase the opportunities to review local officials' findings regarding the conditions of blight. The legislative purpose of these statutory amendments and additions is to increase the opportunities for oversight of redevelopment activities by property owners, residents, voters, the Attorney General, and other public agencies and officials.

(g) It is the intent of the Legislature that the statutory changes made by the act be liberally construed to effectuate their purposes.

SEC. 2. Section 33030 of the Health and Safety Code is amended to read:

33030. (a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains both of the following:

(1) An area that is predominantly urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.

(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

SEC. 3. Section 33031 of the Health and Safety Code is amended to read:

33031. (a) This subdivision describes physical conditions that cause blight:

(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

(2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.

(3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.

(4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

(b) This subdivision describes economic conditions that cause blight:

(1) Depreciated or stagnant property values.

(2) Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).

(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

(4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.

(5) Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.

(6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant in public health, safety, or welfare problems.

(7) A high crime rate that constitutes a serious threat to the public safety and welfare.

SEC. 4. Section 33320.1 of the Health and Safety Code is amended to read:

33320.1. (a) "Project area" means, except as provided in Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly urbanized area of a community that is a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in this part, and that is selected by the planning commission pursuant to Section 33322.

(b) As used in this section, "predominantly urbanized" means that not less than 80 percent of the land in the project area is either of the following:

(1) Has been or is developed for urban uses.

(2) Is an integral part of one or more areas developed for urban uses that are surrounded or substantially surrounded by parcels that have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purpose of this subdivision. Parcels that are not blighted shall not be included in the project area for the purpose of obtaining the allocation of taxes from the area pursuant to Section 33670 without other substantial justification for their inclusion.

(c) For the purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcel is developed in a manner that is consistent with zoning standards or is otherwise permitted under law.

(d) The requirement that a project be predominantly urbanized shall apply only to a project area for which a final redevelopment plan is adopted on or after January 1, 1984, or to an area that is added to a project area by an amendment to a redevelopment plan, which amendment is adopted on or after January 1, 1984.

SEC. 5. Section 33328.1 is added to the Health and Safety Code, to read:

33328.1. (a) When the county officials charged with the responsibility of allocating taxes pursuant Sections 33670 and 33670.5 deliver the report required pursuant to Section 33328, they shall also prepare and deliver to the Department of Finance, in the form and manner prescribed by the department, a report that includes all of the following:

(1) The information specified in subdivisions (a), (b), and (c) of Section 33328.

(2) A projection of the total amount of tax revenues that may be allocated pursuant to Sections 33670 and 33670.5 for the duration of the project area.

(3) A projection of the amount of tax revenues that would have been allocated to each school district, county office of education, and community college district for the duration of the project area, but for the allocation of tax revenues pursuant to Sections 33670 and 33670.5.

(4) A projection of the amount of tax revenues that may be allocated to each school district, county office of education, and community college district pursuant to Sections 33401, 33607.5, 33607.7, and 33676 for the duration of the project area.

(b) When the redevelopment agency transmits the map of the project area pursuant to Section 33327, the agency shall also prepare and deliver to the Department of Finance, in the form and manner prescribed by the department, a report that includes all of the following:

(1) A projection of any change in the number of residents, including, but not limited to, the number of schoolage children, within the project area for the duration of the project area.

(2) A projection prepared by each school district, county office of education, and community college district within the project area of any change in the need for school facilities within the project area for the duration of the project area.

SEC. 6. Section 33328.7 of the Health and Safety Code is amended to read:

33328.7. Any costs incurred by a county, a school district, a county office of education, or a community college district, in preparing a report pursuant to Section 33328, 33328.1, 33328.3, or 33328.5, shall be reimbursed by the redevelopment agency which filed for the report as provided in those sections. In the event a final redevelopment plan is adopted for all or a portion of the project area concerning which the report is prepared, the agency may charge and account for the reimbursed costs as a cost of the redevelopment project. Otherwise these costs shall be accounted for as general administrative expenses of the agency.

SEC. 7. Section 33352 of the Health and Safety Code is amended to read:

33352. Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following:

(a) The reasons for the selection of the project area, a description of the specific projects then proposed by the agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b).

(b) A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. The description shall contain specific, quantifiable evidence that documents both of the following:

(1) The physical and economic conditions specified in Section 33031.

(2) That the described physical and economic conditions are so prevalent and substantial that, collectively, they seriously harm the entire project area.

(c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.

(d) An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing.

(e) The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan.

(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the

project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.

(g) An analysis of the preliminary plan.

(h) The report and recommendations of the planning commission.

(i) The summary referred to in Section 33387.

(j) The report required by Section 65402 of the Government Code.

(k) The report required by Section 21151 of the Public Resources Code.

(*l*) The report of the county fiscal officer as required by Section 33328.

(m) If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:

(1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project.

(2) The number of persons and families of low or moderate income expected to be displaced by the project.

(3) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413.

(4) The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation, other than replacement housing.

(5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.

(6) A projected timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives.

(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations,

the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.

(2) As used in this subdivision:

(A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.

(B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.

SEC. 8. Section 33360.5 is added to the Health and Safety Code, to read:

33360.5. (a) No later than 45 days prior to the public hearing on a proposed plan adoption by an agency or the joint public hearing of the agency and the legislative body, the agency shall deliver a copy of the preliminary report and notice of the date of the public hearing to the Department of Finance and the Department of Housing and Community Development by first-class mail.

(b) Upon receiving the report, the Department of Finance shall prepare an estimate of how the proposed plan adoption will affect the General Fund. The Department of Finance shall determine whether the adoption will affect the need for school facilities.

(c) Within 21 days of the receipt of the report, the Department of Finance or the Department of Housing and Community Development may send any comments regarding the proposed plan adoption in writing to the agency and the legislative body. The agency and the legislative body shall consider these comments, if any, at the public hearing on the proposed plan adoption. If these comments are not available within the prescribed time limit, the agency and the legislative body may proceed without them.

(d) The Department of Finance or the Department of Housing and Community Development may also send their comments regarding the proposed plan adoption to the Attorney General for further action pursuant to Chapter 5 (commencing with Section 33501).

SEC. 9. Section 33367 of the Health and Safety Code is amended to read:

33367. The ordinance shall contain all of the following:

(a) The purposes and intent of the legislative body with respect to the project area.

(b) The plan incorporated by reference.

(c) A designation of the approved plan as the official redevelopment plan of the project area.

(d) The findings and determinations of the legislative body, which shall be based on clearly articulated and documented evidence, that:

(1) The project area is a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in this part.

(2) The redevelopment plan would redevelop the area in conformity with this part and in the interests of the public peace, health, safety, and welfare.

(3) The adoption and carrying out of the redevelopment plan is economically sound and feasible.

(4) The redevelopment plan is consistent with the general plan of the community, including, but not limited to, the community's housing element, which substantially complies with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(5) The carrying out of the redevelopment plan would promote the public peace, health, safety, and welfare of the community and would effectuate the purposes and policy of this part.

(6) The condemnation of real property, if provided for in the redevelopment plan, is necessary to the execution of the redevelopment plan and adequate provisions have been made for payment for property to be acquired as provided by law.

(7) The agency has a feasible method or plan for the relocation of families and persons displaced from the project area, if the redevelopment plan may result in the temporary or permanent displacement of any occupants of housing facilities in the project area.

(8) (A) There are, or shall be provided, in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families and persons displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of and available to the displaced families and persons and reasonably accessible to their places of employment.

(B) Families and persons shall not be displaced prior to the adoption of a relocation plan pursuant to Sections 33411 and 33411.1. Dwelling units housing persons and families of low or moderate income shall not be removed or destroyed prior to the adoption of a replacement housing plan pursuant to Sections 33334.5, 33413, and 33413.5.

(9) All noncontiguous areas of a project area are either blighted or necessary for effective redevelopment and are not included for the purpose of obtaining the allocation of taxes from the area pursuant to Section 33670 without other substantial justification for their inclusion.

(10) Inclusion of any lands, buildings, or improvements which are not detrimental to the public health, safety, or welfare is necessary for

the effective redevelopment of the area of which they are a part; that any area included is necessary for effective redevelopment and is not included for the purpose of obtaining the allocation of tax increment revenues from the area pursuant to Section 33670 without other substantial justification for its inclusion.

(11) The elimination of blight and the redevelopment of the project area could not be reasonably expected to be accomplished by private enterprise acting alone without the aid and assistance of the agency.

(12) The project area is predominantly urbanized, as defined by subdivision (b) of Section 33320.1.

(13) The time limitation and, if applicable, the limitation on the number of dollars to be allocated to the agency that are contained in the plan are reasonably related to the proposed projects to be implemented in the project area and to the ability of the agency to eliminate blight within the project area.

(14) The implementation of the redevelopment plan will improve or alleviate the physical and economic conditions of blight in the project area, as described in the report prepared pursuant to Section 33352.

(e) A statement that the legislative body is satisfied that permanent housing facilities will be available within three years from the time occupants of the project area are displaced and that, pending the development of the facilities, there will be available to the displaced occupants adequate temporary housing facilities at rents comparable to those in the community at the time of their displacement.

SEC. 10. Section 33378 of the Health and Safety Code is amended to read:

33378. (a) With respect to any ordinance that is subject to referendum pursuant to Sections 33365 and 33450, the language of the statement of the ballot measure shall set forth with clarity and in language understandable to the average person that a "Yes" vote is a vote in favor of adoption or amendment of the redevelopment plan and a "No" vote is a vote against the adoption or amendment of the redevelopment plan.

(b) (1) Notwithstanding any other provision of law, including the charter of any city or city and county, referendum petitions circulated in cities or counties over 500,000 in population shall bear valid signatures numbering not less than 10 percent of the total votes cast within the city or county for Governor at the last gubernatorial election.

(2) Notwithstanding any other provision of law, including the charter of any city or city and county, or Section 9242 of the Elections Code, the referendum petitions of all cities and counties shall be submitted to the clerk of the legislative body within 90 days of the adoption of an ordinance subject to referendum under this act.

(c) With respect to any ordinance that is subject to referendum pursuant to Sections 33365 and 33450 and either provides for tax-increment financing pursuant to Section 33670 or expands a project area that is subject to tax-increment financing, the referendum measure shall include, in the ballot pamphlet, an analysis by the county auditor-controller and, at the option of the legislative body, a separate analysis by the agency, of the redevelopment plan or amendment that will include both of the following:

(1) An estimate of the potential impact on property taxes per each ten thousand dollars ($10,000) of assessed valuation for taxpayers located in the city or county, as the case may be, outside the redevelopment project area during the life of the redevelopment project.

(2) An estimate of what would happen to the project area in the absence of the redevelopment project or in the absence of the proposed amendment to the plan.

SEC. 11. Section 33445 of the Health and Safety Code is amended to read:

33445. (a) Notwithstanding Section 33440, an agency may, with the consent of the legislative body, pay all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement that is publicly owned either within or without the project area, if the legislative body determines all of the following:

(1) That the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located, regardless of whether the improvement is within another project area, or in the case of a project area in which substantially all of the land is publicly owned that the improvement is of benefit to an adjacent project area of the agency.

(2) That no other reasonable means of financing the buildings, facilities, structures, or other improvements, are available to the community.

(3) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area or provide housing for low- or moderate-income persons, and is consistent with the implementation plan adopted pursuant to Section 33490.

(b) The determinations by the agency and the local legislative body pursuant to subdivision (a) shall be final and conclusive. For redevelopment plans, and amendments to those plans which add territory to a project, adopted after October 1, 1976, acquisition of property and installation or construction of each facility shall be provided for in the

redevelopment plan. A redevelopment agency shall not pay for the normal maintenance or operations of buildings, facilities, structures, or other improvements that are publicly owned. Normal maintenance or operations do not include the construction, expansion, addition to, or reconstruction of, buildings, facilities, structures, or other improvements that are publicly owned otherwise undertaken pursuant to this section.

(c) When the value of the land or the cost of the installation and construction of the building, facility, structure, or other improvement, or both, has been, or will be, paid or provided for initially by the community or other public corporation, the agency may enter into a contract with the community or other public corporation under which it agrees to reimburse the community or other public corporation for all or part of the value of the land or all or part of the cost of the building, facility, structure, or other improvement, or both, by periodic payments over a period of years.

(d) The obligation of the agency under the contract shall constitute an indebtedness of the agency for the purpose of carrying out the redevelopment project for the project area, which indebtedness may be made payable out of taxes levied in the project area and allocated to the agency under subdivision (b) of Section 33670 or out of any other available funds.

(e) In a case where the land has been or will be acquired by, or the cost of the installation and construction of the building, facility, structure, or other improvement has been paid by, a parking authority, joint powers entity, or other public corporation to provide a building, facility, structure, or other improvement that has been or will be leased to the community, the contract may be made with, and the reimbursement may be made payable to, the community.

(f) With respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4,000,000 persons or more, the agency shall, in order to exercise the powers granted by this section, enter into an agreement with the rapid transit district that includes the county, or a portion thereof, in which agreement the rapid transit district shall be given all of the following responsibilities:

(1) To participate with the other parties to the agreement to design, determine the location and extent of the necessary rights-of-way for, and construct, the transportation, collection, and distribution systems and related peripheral parking structures and facilities.

(2) To operate and maintain the transportation, collection, and distribution systems and related peripheral parking structures and facilities in accordance with the rapid transit district's outstanding agreements and the agreement required by this paragraph.

(g) (1) Notwithstanding any other authority granted in this section, an agency shall not pay for, either directly or indirectly, with tax increment funds the construction, including land acquisition, related site clearance, and design costs, or rehabilitation of a building that is, or that will be used as, a city hall or county administration building.

(2) This subdivision shall not preclude an agency from making payments to construct, rehabilitate, or replace a city hall if an agency does any of the following:

(A) Allocates tax increment funds for this purpose during the 1988–89 fiscal year and each fiscal year thereafter in order to comply with federal and state seismic safety and accessibility standards.

(B) Uses tax increment funds for the purpose of rehabilitating or replacing a city hall that was seriously damaged during an earthquake that was declared by the President of the United States to be a natural disaster.

(C) Uses the proceeds of bonds, notes, certificates of participation, or other indebtedness that was issued prior to January 1, 1994, for the purpose of constructing or rehabilitating a city hall, as evidenced by documents approved at the time of the issuance of the indebtedness.

SEC. 12. Section 33451.5 is added to the Health and Safety Code, to read:

33451.5. (a) This section shall apply only to proposed plan amendments that would do any of the following:

(1) Change the limitation on the number of dollars of taxes which may be divided and allocated to the redevelopment agency.

(2) Change the limit on the amount of bonded indebtedness that can be outstanding at one time.

(3) Change the time limit on the establishing of loans, advances, and indebtedness to be paid with the proceeds of property taxes received pursuant to Section 33670.

(4) Change the time limit on the effectiveness of the redevelopment plan.

(5) Change the boundaries of the project area.

(6) Merge existing project areas.

(b) No later than 45 days prior to the public hearing on a proposed plan amendment by an agency or the joint public hearing of the agency and the legislative body, the agency shall notify the Department of Finance and the Department of Housing and Community Development by first-class mail of the public hearing, the date of the public hearing, and the proposed amendment. This notice shall be accompanied by the report required to be prepared pursuant to subdivision (c).

(c) No later than 45 days prior to the public hearing on a proposed plan amendment by the agency or the joint public hearing by the agency

and the legislative body, the agency shall prepare a report that contains all of the following:

(1) A map of the project area that identifies the portion, if any, of the project area that is no longer blighted, the portion of the project area that is blighted, and the portion of the project area that contains necessary and essential parcels for the elimination of the remaining blight.

(2) A description of the remaining blight.

(3) A description of the projects or programs proposed to eliminate any remaining blight.

(4) A description of how these projects or programs will improve the conditions of blight.

(5) The reasons why the projects or programs cannot be completed without the plan amendment.

(6) The proposed method of financing these programs or projects. This description shall include the amount of tax increment revenues that is projected to be generated as a result of the proposed plan amendment, including amounts projected to be deposited into the Low and Moderate Income Housing Fund and amounts to be paid to the affecting taxing entities. This description shall also include sources and amounts of moneys other than tax increment revenues that are available to finance these projects or programs. This description shall also include the reasons that the remaining blight cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without the use of the tax increment revenues available to the agency because of the proposed amendment.

(7) An amendment to the agency's implementation plan that includes, but is not limited to, the agency's housing responsibilities pursuant to Section 33490. However, the agency shall not be required to hold a separate public hearing on the implementation plan pursuant to subdivision (d) of Section 33490 in addition to the public hearing on the amendment to the redevelopment plan.

(8) A new neighborhood impact report if required by subdivision (m) of Section 33352.

(d) Upon receiving the report, the Department of Finance shall prepare an estimate of how the proposed plan amendment will affect the General Fund. The Department of Finance shall determine whether the amendment will affect the need for school facilities.

(e) Within 21 days of the receipt of the report, the Department of Finance or the Department of Housing and Community Development may send any comments regarding the proposed plan amendment in writing to the agency and the legislative body. The agency and the legislative body shall consider these comments, if any, at the public hearing on the proposed plan amendment. If these comments are not

available within the prescribed time limit, the agency and the legislative body may proceed without them.

(f) The Department of Finance or the Department of Housing and Community Development may also send their comments regarding the proposed plan amendment to the Attorney General for further action pursuant to Chapter 5 (commencing with Section 33501).

SEC. 13. Section 33485 of the Health and Safety Code is amended to read:

33485. The Legislature finds and declares that the provisions of this part, which require that taxes allocated pursuant to Section 16 of Article XVI of the California Constitution and Section 33670 be applied to the project area in which those taxes are generated, are designed to assure (1) that project areas are terminated when the redevelopment of those areas has been completed and (2) that the increased revenues that result from redevelopment accrue to the benefit of affected taxing jurisdictions at the completion of redevelopment activities in a project area. Mergers of project areas are desirable as a matter of public policy if they result in substantial benefit to the public and if they contribute to the revitalization of blighted areas through the increased economic vitality of those areas and through increased and improved housing opportunities in or near such areas. The Legislature further finds and declares that it is necessary to enact a statute that sets out uniform statewide standards for merger of project areas to assure that those mergers serve a vital public purpose.

SEC. 14. Section 33486 of the Health and Safety Code is amended to read:

33486. (a) For the purpose of allocating taxes pursuant to Section 33670 and subject to the provisions of this article, redevelopment project areas under the jurisdiction of a redevelopment agency for which redevelopment plans have been adopted pursuant to Article 5 (commencing with Section 33360), may be merged, without regard to contiguity of the areas, by the amendment of each affected redevelopment plan as provided in Article 12 (commencing with Section 33450). Before adopting the ordinance amending each affected redevelopment plan, the legislative body shall find, based on substantial evidence, that both of the following conditions exist:

(1) Significant blight remains within one of the project areas.

(2) This blight cannot be eliminated without merging the project areas and the receipt of property taxes.

(b) (1) Except as provided in paragraph (2), taxes attributable to each project area merged pursuant to this section that are allocated to the redevelopment agency pursuant to Section 33670 may be allocated to the entire merged project area for the purpose of paying the principal

of, and interest on, indebtedness incurred by the redevelopment agency to finance or refinance, in whole or in part, the merged redevelopment project.

(2) If the redevelopment agency has, prior to merger of redevelopment project areas, incurred any indebtedness on account of a constituent project area so merged, taxes attributable to that area that are allocated to the agency pursuant to Section 33670 shall be first used to comply with the terms of any bond resolution or other agreement pledging the taxes from the constituent project area.

(c) After the merger of redevelopment projects pursuant to subdivision (a), the clerk of the legislative body shall transmit a copy of the ordinance amending the plans for projects to be merged to the governing body of each of the taxing agencies that receives property taxes from or levies property taxes upon any property in the project.

SEC. 15. Section 33500 of the Health and Safety Code is amended to read:

33500. (a) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a redevelopment plan at any time within 90 days after the date of the adoption of the ordinance adopting or amending the plan.

(b) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within 90 days after the date on which the agency or the legislative body made those findings or determinations.

SEC. 16. Section 33501 of the Health and Safety Code is amended to read:

33501. (a) An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of bonds and the redevelopment plan to be financed or refinanced, in whole or in part, by the bonds, or to determine the validity of a redevelopment plan not financed by bonds, including without limiting the generality of the foregoing, the legality and validity of all proceedings theretofore taken for or in any way connected with the establishment of the agency, its authority to transact business and exercise its powers, the designation of the survey area, the selection of the project area, the formulation of the preliminary plan, the validity of the finding and determination that the project area is predominantly urbanized, and the validity of the adoption of the redevelopment plan, and also including the legality and validity of all proceedings theretofore taken and (as provided in the bond resolution) proposed to be taken for the authorization, issuance, sale, and delivery

of the bonds, and for the payment of the principal thereof and interest thereon.

(b) Notwithstanding subdivision (a), an action to determine the validity of a redevelopment plan, or amendment to a redevelopment plan, may be brought within 90 days after the date of the adoption of the ordinance adopting or amending the plan.

(c) For the purposes of protecting the interests of the state, the Attorney General and the Department of Finance are interested persons pursuant to Section 863 of the Code of Civil Procedure in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

(d) For purposes of contesting the inclusion in a project area of lands that are enforceably restricted, as that term is defined in Sections 422 and 422.5 of the Revenue and Taxation Code, or lands that are in agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, the Department of Conservation, the county agricultural commissioner, the county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice, are interested persons pursuant to Section 863 of the Code of Civil Procedure, in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

SEC. 17. Section 33501.1 is added to the Health and Safety Code, to read:

33501.1. Notwithstanding Chapter 9 (commencing with Section 860) of Title 10 of the Code of Civil Procedure, the Attorney General may, pursuant to subdivision (b) of Section 387 of the Code of Civil Procedure, intervene as of right in an action specified in Section 33501 challenging the validity of any finding and determination that a project area is blighted. The Attorney General may seek permissive intervention pursuant to subdivision (a) of Section 387 of the Code of Civil Procedure in any other action brought pursuant to Section 33501.

SEC. 18. Section 33501.2 is added to the Health and Safety Code, to read:

33501.2. (a) An action shall not be brought pursuant to Section 33501 unless the alleged grounds for noncompliance with this division were presented to the agency or the legislative body orally or in writing by any person before the close of the public hearing required by this division.

(b) A person shall not bring an action pursuant to Section 33501 unless a person objected to the decision of the agency or the legislative body before the close of the public hearing required by this division.

(c) This section does not preclude any organization formed after the approval of a project from bringing an action pursuant to Section 33501 if a member of that organization has complied with subdivision (b).

(d) This section does not apply to the Attorney General.

(e) This section does not apply to any alleged grounds for noncompliance with this division for which there was no public hearing or other opportunity for members of the public to raise those objections orally or in writing before the decision by the agency or the legislative body, or if the agency or the legislative body failed to give the notice required by law.

SEC. 19. Section 33501.3 is added to the Health and Safety Code, to read:

33501.3. If an action specified in Section 33501 challenging the validity of any finding and determination that the project area is blighted is filed in any court, each party filing any pleading or brief with the court in that proceeding shall serve, within three days of the filing with the court, a copy of that pleading or brief on the Attorney General. Relief, temporary or permanent, shall not be granted to a party unless that party files proof with the court showing that it has complied with this section. A court may, by court order, allow a party to serve the Attorney General after the three-day period, but only upon showing of good cause for not complying with the three-day notice requirement, and that late service will not prejudice the Attorney General's ability to review, and possibly participate in, the action.

SEC. 20. Section 33501.7 is added to the Health and Safety Code, to read:

33501.7. Notwithstanding any other provision of law, an agency or legislative body shall not permit or require a property owner or a real party in interest to indemnify the agency or the legislative body against actions brought pursuant to Section 33501 to challenge the adoption or amendment of a redevelopment plan, as a condition of adopting or amending a redevelopment plan.

SEC. 21. It is the intent of the Legislature by amending Section 33501 of the Health and Safety Code in Section 10 of this act to determine that the Attorney General and the Department of Finance are interested persons pursuant to Section 863 of the Code of Civil Procedure in actions specified in subdivision (c) of Section 33501 of the Health and Safety Code. It is not the intent of the Legislature to preclude a court from exercising its discretion to find that the Attorney General or the Department of Finance are interested persons in other actions brought pursuant to Section 33501 of the Health and Safety Code. It is the intent of the Legislature that no court should consider, in any manner, the fact that the Legislature did not determine that the Attorney General and the

Department of Finance are interested persons in other actions brought pursuant to Section 33501 of the Health and Safety Code.

SEC. 22. In enacting Section 17 of this act to add Section 33501.1 to the Health and Safety Code, it is the intent of the Legislature to create for the Attorney General an exception to the ruling in Green v. Community Redevelopment Agency (1979) 96 Cal.App.3d 491.

SEC. 23. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 596

An act to amend Section 186.22 of the Penal Code, relating to crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 186.22 of the Penal Code is amended to read:

186.22. (a) Any person who actively participates in any criminal street gang with knowledge that its members engage in or have engaged in a pattern of criminal gang activity, and who willfully promotes, furthers, or assists in any felonious criminal conduct by members of that gang, shall be punished by imprisonment in a county jail for a period not to exceed one year, or by imprisonment in the state prison for 16 months, or two or three years.

(b) (1) Except as provided in paragraphs (4) and (5), any person who is convicted of a felony committed for the benefit of, at the direction of, or in association with any criminal street gang, with the specific intent to promote, further, or assist in any criminal conduct by gang members, shall, upon conviction of that felony, in addition and consecutive to the punishment prescribed for the felony or attempted felony of which he or she has been convicted, be punished as follows:

(A) Except as provided in subparagraphs (B) and (C), the person shall be punished by an additional term of two, three, or four years at the court's discretion.

(B) If the felony is a serious felony, as defined in subdivision (c) of Section 1192.7, the person shall be punished by an additional term of five years.

(C) If the felony is a violent felony, as defined in subdivision (c) of Section 667.5, the person shall be punished by an additional term of 10 years.

(2) If the underlying felony described in paragraph (1) is committed on the grounds of, or within 1,000 feet of, a public or private elementary, vocational, junior high, or high school, during hours in which the facility is open for classes or school-related programs or when minors are using the facility, that fact shall be a circumstance in aggravation of the crime in imposing a term under paragraph (1).

(3) The court shall order the imposition of the middle term of the sentence enhancement, unless there are circumstances in aggravation or mitigation. The court shall state the reasons for its choice of sentencing enhancements on the record at the time of the sentencing.

(4) Any person who is convicted of a felony enumerated in this paragraph committed for the benefit of, at the direction of, or in association with any criminal street gang, with the specific intent to promote, further, or assist in any criminal conduct by gang members, shall, upon conviction of that felony, be sentenced to an indeterminate term of life imprisonment with a minimum term of the indeterminate sentence calculated as the greater of:

(A) The term determined by the court pursuant to Section 1170 for the underlying conviction, including any enhancement applicable under Chapter 4.5 (commencing with Section 1170) of Title 7 of Part 2, or any period prescribed by Section 3046, if the felony is any of the offenses enumerated in subparagraph (B) or (C) of this paragraph.

(B) Imprisonment in the state prison for 15 years, if the felony is a home invasion robbery, in violation of subparagraph (A) of paragraph (1) of subdivision (a) of Section 213; carjacking, as defined in Section 215; a felony violation of Section 246; or a violation of Section 12022.55.

(C) Imprisonment in the state prison for seven years, if the felony is extortion, as defined in Section 519; or threats to victims and witnesses, as defined in Section 136.1.

(5) Except as provided in paragraph (4), any person who violates this subdivision in the commission of a felony punishable by imprisonment in the state prison for life shall not be paroled until a minimum of 15 calendar years have been served.

(c) If the court grants probation or suspends the execution of sentence imposed upon the defendant for a violation of subdivision (a), or in cases involving a true finding of the enhancement enumerated in subdivision (b), the court shall require that the defendant serve a minimum of 180 days in a county jail as a condition thereof.

(d) Any person who is convicted of a public offense punishable as a felony or a misdemeanor, which is committed for the benefit of, at the

direction of or in association with, any criminal street gang with the specific intent to promote, further, or assist in any criminal conduct by gang members, shall be punished by imprisonment in the county jail not to exceed one year, or by imprisonment in the state prison for one, two, or three years, provided that any person sentenced to imprisonment in the county jail shall be imprisoned for a period not to exceed one year, but not less than 180 days, and shall not be eligible for release upon completion of sentence, parole, or any other basis, until he or she has served 180 days. If the court grants probation or suspends the execution of sentence imposed upon the defendant, it shall require as a condition thereof that the defendant serve 180 days in a county jail.

(e) As used in this chapter, "pattern of criminal gang activity" means the commission of, attempted commission of, conspiracy to commit, or solicitation of, sustained juvenile petition for, or conviction of two or more of the following offenses, provided at least one of these offenses occurred after the effective date of this chapter and the last of those offenses occurred within three years after a prior offense, and the offenses were committed on separate occasions, or by two or more persons:

(1) Assault with a deadly weapon or by means of force likely to produce great bodily injury, as defined in Section 245.

(2) Robbery, as defined in Chapter 4 (commencing with Section 211) of Title 8 of Part 1.

(3) Unlawful homicide or manslaughter, as defined in Chapter 1 (commencing with Section 187) of Title 8 of Part 1.

(4) The sale, possession for sale, transportation, manufacture, offer for sale, or offer to manufacture controlled substances as defined in Sections 11054, 11055, 11056, 11057, and 11058 of the Health and Safety Code.

(5) Shooting at an inhabited dwelling or occupied motor vehicle, as defined in Section 246.

(6) Discharging or permitting the discharge of a firearm from a motor vehicle, as defined in subdivisions (a) and (b) of Section 12034.

(7) Arson, as defined in Chapter 1 (commencing with Section 450) of Title 13.

(8) The intimidation of witnesses and victims, as defined in Section 136.1.

(9) Grand theft, as defined in subdivision (a) or (c) of Section 487.

(10) Grand theft of any firearm, vehicle, trailer, or vessel.

(11) Burglary, as defined in Section 459.

(12) Rape, as defined in Section 261.

(13) Looting, as defined in Section 463.

(14) Money laundering, as defined in Section 186.10.

(15) Kidnapping, as defined in Section 207.

(16) Mayhem, as defined in Section 203.

(17) Aggravated mayhem, as defined in Section 205.

(18) Torture, as defined in Section 206.

(19) Felony extortion, as defined in Sections 518 and 520.

(20) Felony vandalism, as defined in paragraph (1) of subdivision (b) of Section 594.

(21) Carjacking, as defined in Section 215.

(22) The sale, delivery, or transfer of a firearm, as defined in Section 12072.

(23) Possession of a pistol, revolver, or other firearm capable of being concealed upon the person in violation of paragraph (1) of subdivision (a) of Section 12101.

(24) Threats to commit crimes resulting in death or great bodily injury, as defined in Section 422.

(25) Theft and unlawful taking or driving of a vehicle, as defined in Section 10851 of the Vehicle Code.

(26) Felony theft of an access card or account information, as defined in Section 484e.

(27) Counterfeiting, designing, using, attempting to use an access card, as defined in Section 484f.

(28) Felony fraudulent use of an access card or account information, as defined in Section 484g.

(29) Unlawful use of personal identifying information to obtain credit, goods, services, or medical information, as defined in Section 530.5.

(30) Wrongfully obtaining Department of Motor Vehicles documentation, as defined in Section 529.7.

(31) Prohibited possession of a firearm in violation of Section 12021.

(32) Carrying a concealed firearm in violation of Section 12025.

(33) Carrying a loaded firearm in violation of Section 12031.

(f) As used in this chapter, "criminal street gang" means any ongoing organization, association, or group of three or more persons, whether formal or informal, having as one of its primary activities the commission of one or more of the criminal acts enumerated in paragraphs (1) to (25), inclusive, or (31) to (33), inclusive, of subdivision (e), having a common name or common identifying sign or symbol, and whose members individually or collectively engage in or have engaged in a pattern of criminal gang activity.

(g) Notwithstanding any other law, the court may strike the additional punishment for the enhancements provided in this section or refuse to impose the minimum jail sentence for misdemeanors in an unusual case where the interests of justice would best be served, if the court specifies on the record and enters into the minutes the circumstances indicating that the interests of justice would best be served by that disposition.

(h) Notwithstanding any other provision of law, for each person committed to the Division of Juvenile Facilities for a conviction pursuant to subdivision (a) or (b) of this section, the offense shall be deemed one for which the state shall pay the rate of 100 percent of the per capita institutional cost of the Division of Juvenile Facilities, pursuant to Section 912.5 of the Welfare and Institutions Code.

(i) In order to secure a conviction or sustain a juvenile petition, pursuant to subdivision (a) it is not necessary for the prosecution to prove that the person devotes all, or a substantial part, of his or her time or efforts to the criminal street gang, nor is it necessary to prove that the person is a member of the criminal street gang. Active participation in the criminal street gang is all that is required.

(j) A pattern of gang activity may be shown by the commission of one or more of the offenses enumerated in paragraphs (26) to (30), inclusive, of subdivision (e), and the commission of one or more of the offenses enumerated in paragraphs (1) to (25), inclusive, or (31) to (33), inclusive of subdivision (e). A pattern of gang activity cannot be established solely by proof of commission of offenses enumerated in paragraphs (26) to (30), inclusive, of subdivision (e), alone.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 597

An act to add Section 328 to the Military and Veterans Code, relating to the National Guard, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature to enact legislation recognizing the important contributions of the State Military Reserve and the Naval Militia to the public safety of this state, particularly in their role as a volunteer reserve force that works in conjunction with the

California National Guard and to assume critical state duties of the National Guard should it be called into active federal service. The purpose of this act is to help defray costs of service that volunteers must bear as members of the State Military Reserve and Naval Militia.

SEC. 2. Section 328 is added to the Military and Veterans Code, to read:

328. (a) The purpose of this section is to help defray the uniform and travel costs paid by volunteers in the State Military Reserve and Naval Militia.

(b) On January 1, 2007, the amount of seventy-five thousand dollars ($75,000) is hereby appropriated from the General Fund to the Military Department for the purposes of providing a combined uniform and travel allowance to each volunteer member of the State Military Reserve or Naval Militia, on or before the last day of the month following the volunteer member's completion of one year of satisfactory service in the State Military Reserve or Naval Militia, and annually thereafter following the completion of any subsequent full year of satisfactory service.

(c) For the purposes of this section, "satisfactory service" shall consist of 100 percent constructive attendance at training assemblies or as otherwise defined by Military Department regulations.

(d) The amount of the allowance shall be one hundred twenty-five dollars ($125) per year.

CHAPTER 598

An act to add Chapter 3 (commencing with Section 8340) to Division 4.1 of the Public Utilities Code, relating to electricity.

[Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Global warming will have serious adverse consequences on the economy, health, and environment of California.

(b) The Governor, in Executive Order S-3-05, has called for the reduction of California's emission of greenhouse gases to 1990 levels by 2020.

(c) Over the past three decades, the state has taken significant strides towards implementing an environmentally and economically sound energy policy through reliance on energy efficiency, conservation, and

renewable energy resources in order to promote a sustainable energy future that ensures an adequate and reliable energy supply at reasonable and stable prices.

(d) To the extent energy efficiency and renewable resources are unable to satisfy increasing energy and capacity needs, the Energy Action Plan II establishes a policy that the state will rely on clean and efficient fossil fuel fired generation and will "encourage the development of cost-effective, highly-efficient, and environmentally-sound supply resources to provide reliability and consistency with the state's energy priorities."

(e) California's investor-owned electric utilities currently have long-term procurement plans that include proposals for making new long-term financial commitments to electrical generating resources over the next decade, which will generate electricity while producing emissions of greenhouse gases for the next 30 years or longer. New long-term financial commitments to zero- or low-carbon generating resources should be encouraged.

(f) The Public Utilities Commission (PUC) and State Energy Resources Conservation and Development Commission (Energy Commission) both have concluded, and the Legislature finds, that federal regulation of emissions of greenhouse gases is likely during this decisionmaking timeframe.

(g) It is vital to ensure all electricity load-serving entities internalize the significant and underrecognized cost of emissions recognized by the PUC with respect to the investor-owned electric utilities, and to reduce California's exposure to costs associated with future federal regulation of these emissions.

(h) The establishment of a policy to reduce emissions of greenhouse gases, including an emissions performance standard for all procurement of electricity by load-serving entities, is a logical and necessary step to meet the goals of the Energy Action Plan II and the Governor's goals for reduction of emissions of greenhouse gases.

(i) A greenhouse gases emission performance standard for new long-term financial commitments to electrical generating resources will reduce potential financial risk to California consumers for future pollution-control costs.

(j) A greenhouse gases emission performance standard for new long-term financial commitments to electric generating resources will reduce potential exposure of California consumers to future reliability problems in electricity supplies.

(k) In order to have any meaningful impact on climate change, the Governor's goals for reducing emissions of greenhouse gases must be

applied to the state's electricity consumption, not just the state's electricity production.

(*l*) The 2005 Integrated Energy Policy Report adopted by the Energy Commission recommends that any greenhouse gases emission performance standard for utility procurement of baseload generation be set no lower than levels achieved by a new combined-cycle natural gas turbine.

(m) As the largest electricity consumer in the region, California has an obligation to provide clear guidance on performance standards for procurement of electricity by load-serving entities.

SEC. 2. Chapter 3 (commencing with Section 8340) is added to Division 4.1 of the Public Utilities Code, to read:

Chapter 3. Greenhouse Gases Emission Performance Standard for Baseload Electrical Generating Resources

8340. For purposes of this chapter, the following terms have the following meanings:

(a) "Baseload generation" means electricity generation from a powerplant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent.

(b) "Combined-cycle natural gas" with respect to a powerplant means the powerplant employs a combination of one or more gas turbines and steam turbines in which electricity is produced in the steam turbine from otherwise lost waste heat exiting from one or more of the gas turbines.

(c) "Community choice aggregator" means a "community choice aggregator" as defined in Section 331.1.

(d) "Electrical corporation" means an "electrical corporation" as defined in Section 218.

(e) "Electric service provider" means an "electric service provider" as defined in Section 218.3, but does not include corporations or persons employing cogeneration technology or producing electricity from other than a conventional power source consistent with subdivision (b) of Section 218.

(f) "Energy Commission" means the State Energy Resources Conservation and Development Commission.

(g) "Greenhouse gases" means those gases listed in subdivision (h) of Section 42801.1 of the Health and Safety Code.

(h) "Load-serving entity" means every electrical corporation, electric service provider, or community choice aggregator serving end-use customers in the state.

(i) "Local publicly owned electric utility" means a "local publicly owned electric utility" as defined in Section 9604.

(j) "Long-term financial commitment" means either a new ownership investment in baseload generation or a new or renewed contract with a term of five or more years, which includes procurement of baseload generation.

(k) "Output-based methodology" means a greenhouse gases emission performance standard that is expressed in pounds of greenhouse gases emitted per megawatthour and factoring in the useful thermal energy employed for purposes other than the generation of electricity.

(*l*) "Plant capacity factor" means the ratio of the electricity produced during a given time period, measured in kilowatthours, to the electricity the unit could have produced if it had been operated at its rated capacity during that period, expressed in kilowatthours.

(m) "Powerplant" means a facility for the generation of electricity, and includes one or more generating units at the same location.

(n) "Zero- or low-carbon generating resource" means an electrical generating resource that will generate electricity while producing emissions of greenhouse gases at a rate substantially below the greenhouse gas emission performance standard, as determined by the commission.

8341. (a) No load-serving entity or local publicly owned electric utility may enter into a long-term financial commitment unless any baseload generation supplied under the long-term financial commitment complies with the greenhouse gases emission performance standard established by the commission, pursuant to subdivision (d), for a load-serving entity, or by the Energy Commission, pursuant to subdivision (e), for a local publicly owned electric utility.

(b) (1) The commission shall not approve a long-term financial commitment by an electrical corporation unless any baseload generation supplied under the long-term financial commitment complies with the greenhouse gases emission performance standard established by the commission pursuant to subdivision (d).

(2) The commission may, in order to enforce the requirements of this section, review any long-term financial commitment proposed to be entered into by an electric service provider or a community choice aggregator.

(3) The commission shall adopt rules to enforce the requirements of this section, for load-serving entities. The commission shall adopt procedures, for all load-serving entities, to verify the emissions of greenhouse gases from any baseload generation supplied under a contract subject to the greenhouse gases emission performance standard to ensure compliance with the standard.

(4) In determining whether a long-term financial commitment is for baseload generation, the commission shall consider the design of the

powerplant and the intended use of the powerplant, as determined by the commission based upon the electricity purchase contract, any certification received from the Energy Commission, any other permit or certificate necessary for the operation of the powerplant, including a certificate of public convenience and necessity, any procurement approval decision for the load-serving entity, and any other matter the commission determines is relevant under the circumstances.

(5) Costs incurred by an electrical corporation to comply with this section, including those costs incurred for electricity purchase agreements that are approved by the commission that comply with the greenhouse gases emission performance standard, are to be treated as procurement costs incurred pursuant to an approved procurement plan and the commission shall ensure timely cost recovery of those costs pursuant to paragraph (3) of subdivision (d) of Section 454.5.

(6) A long-term financial commitment entered into through a contract approved by the commission, for electricity generated by a zero- or low-carbon generating resource that is contracted for, on behalf of consumers of this state on a cost-of-service basis, shall be recoverable in rates, in a manner determined by the commission consistent with Section 380. The commission may, after a hearing, approve an increase from one-half to 1 percent in the return on investment by the third party entering into the contract with an electrical corporation with respect to investment in zero- or low-carbon generation resources authorized pursuant to this subdivision.

(c) (1) The Energy Commission shall adopt regulations for the enforcement of this chapter with respect to a local publicly owned electric utility.

(2) The Energy Commission may, in order to ensure compliance with the greenhouse gases emission performance standard by local publicly owned electric utilities, apply the procedures adopted by the commission to verify the emissions of greenhouse gases from baseload generation pursuant to subdivision (b).

(3) In determining whether a long-term financial commitment is for baseload generation, the Energy Commission shall consider the design of the powerplant and the intended use of the powerplant, as determined by the Energy Commission based upon the electricity purchase contract, any certification received from the Energy Commission, any other permit for the operation of the powerplant, any procurement approval decision for the load-serving entity, and any other matter the Energy Commission determines is relevant under the circumstances.

(d) (1) On or before February 1, 2007, the commission, through a rulemaking proceeding, and in consultation with the Energy Commission and the State Air Resources Board, shall establish a greenhouse gases

emission performance standard for all baseload generation of load-serving entities, at a rate of emissions of greenhouse gases that is no higher than the rate of emissions of greenhouse gases for combined-cycle natural gas baseload generation. Enforcement of the greenhouse gases emission performance standard shall begin immediately upon the establishment of the standard. All combined-cycle natural gas powerplants that are in operation, or that have an Energy Commission final permit decision to operate as of June 30, 2007, shall be deemed to be in compliance with the greenhouse gases emission performance standard.

(2) In determining the rate of emissions of greenhouse gases for baseload generation, the commission shall include the net emissions resulting from the production of electricity by the baseload generation.

(3) The commission shall establish an output-based methodology to ensure that the calculation of emissions of greenhouse gases for cogeneration recognizes the total usable energy output of the process, and includes all greenhouse gases emitted by the facility in the production of both electrical and thermal energy.

(4) In calculating the emissions of greenhouse gases by facilities generating electricity from biomass, biogas, or landfill gas energy, the commission shall consider net emissions from the process of growing, processing, and generating the electricity from the fuel source.

(5) Carbon dioxide that is injected in geological formations, so as to prevent releases into the atmosphere, in compliance with applicable laws and regulations shall not be counted as emissions of the powerplant in determining compliance with the greenhouse gases emissions performance standard.

(6) In adopting and implementing the greenhouse gases emission performance standard, the commission, in consultation with the Independent System Operator shall consider the effects of the standard on system reliability and overall costs to electricity customers.

(7) In developing and implementing the greenhouse gases emission performance standard, the commission shall address long-term purchases of electricity from unspecified sources in a manner consistent with this chapter.

(8) In developing and implementing the greenhouse gases emission performance standard, the commission shall consider and act in a manner consistent with any rules adopted pursuant to Section 824a-3 of Title 16 of the United States Code.

(9) An electrical corporation that provides electric service to 75,000 or fewer retail end-use customers in California may file with the commission a proposal for alternative compliance with this section, which the commission may accept upon a showing by the electrical corporation of both of the following:

(A) A majority of the electrical corporation's retail end-use customers for electric service are located outside of California.

(B) The emissions of greenhouse gases to generate electricity for the retail end-use customers of the electrical corporation are subject to a review by the utility regulatory commission of at least one other state in which the electrical corporation provides regulated retail electric service.

(e) (1) On or before June 30, 2007, the Energy Commission, at a duly noticed public hearing and in consultation with the commission and the State Air Resources Board, shall establish a greenhouse gases emission performance standard for all baseload generation of local publicly owned electric utilities at a rate of emissions of greenhouse gases that is no higher than the rate of emissions of greenhouse gases for combined-cycle natural gas baseload generation. The greenhouse gases emission performance standard established by the Energy Commission for local publicly owned electric utilities shall be consistent with the standard adopted by the commission for load-serving entities. Enforcement of the greenhouse gases emission performance standard shall begin immediately upon the establishment of the standard. All combined-cycle natural gas powerplants that are in operation, or that have an Energy Commission final permit decision to operate as of June 30, 2007, shall be deemed to be in compliance with the greenhouse gases emission performance standard.

(2) The greenhouse gases emission performance standard shall be adopted by regulation pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(3) In determining the rate of emissions of greenhouse gases for baseload generation, the Energy Commission shall include the net emissions resulting from the production of electricity by the baseload generation.

(4) The Energy Commission shall establish an output-based methodology to ensure that the calculation of emissions of greenhouse gases for cogeneration recognizes the total usable energy output of the process, and includes all greenhouse gas emitted by the facility in the production of both electrical and thermal energy.

(5) In calculating the emissions of greenhouse gases by facilities generating electricity from biomass, biogas, or landfill gas energy, the Energy Commission shall consider net emissions from the process of growing, processing, and generating the electricity from the fuel source.

(6) Carbon dioxide that is captured from the emissions of a powerplant and that is permanently disposed of in geological formations in

compliance with applicable laws and regulations, shall not be counted as emissions from the powerplant.

(7) In adopting and implementing the greenhouse gases emission performance standard, the Energy Commission, in consultation with the Independent System Operator, shall consider the effects of the standard on system reliability and overall costs to electricity customers.

(8) In developing and implementing the greenhouse gases emission performance standard, the Energy Commission shall address long-term purchases of electricity from unspecified sources in a manner consistent with this chapter.

(9) In developing and implementing the greenhouse gases emission performance standard, the Energy Commission shall consider and act in a manner consistent with any rules adopted pursuant to Section 824a-3 of Title 16 of the United States Code.

(f) The Energy Commission, in a duly noticed public hearing and in consultation with the commission and the State Air Resources Board, shall reevaluate and continue, modify, or replace the greenhouse gases emission performance standard when an enforceable greenhouse gases emissions limit is established and in operation, that is applicable to local publicly owned electric utilities.

(g) The commission, through a rulemaking proceeding and in consultation with the Energy Commission and the State Air Resources Board, shall reevaluate and continue, modify, or replace the greenhouse gases emission performance standard when an enforceable greenhouse gases emissions limit is established and in operation, that is applicable to load-serving entities.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 599

An act to add Chapter 8 (commencing with Section 105440) to Part 5 of Division 103 of the Health and Safety Code, relating to public health.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) An estimated 100,000 chemicals are registered for use today in the United States. Another 2,000 chemicals are added each year. Some toxicological screening data exists for only 7 to 10 percent of these chemicals. More than 90 percent of these chemicals have never been tested for their effects on human health. Large numbers of these chemicals are found in cosmetics, personal care products, pesticides, food dyes, cleaning products, fuels, and plastics. Because of their ubiquity in modern life, Californians are commonly exposed to multiple chemicals every day. Many of these chemicals persist in the environment, and accumulate and remain in body fat, and have been shown to be toxic.

(b) Biomonitoring studies have scientifically demonstrated that human exposure to a multitude of chemicals is widespread. The federal Centers for Disease Control and Prevention has documented the presence of 148 environmental chemicals in the blood and urine of Americans of all ages and races.

(c) Biomonitoring studies will provide data that will help California scientists, researchers, public health personnel, and community members explore linkages between chemical exposures and health.

(d) Biomonitoring data supports public health by establishing trends in chemical exposures, validating modeling and survey methods, supporting epidemiological studies, identifying highly exposed communities, addressing the data gaps between chemical exposures and specific health outcomes, informing health responses to unanticipated emergency exposures, assessing the effectiveness of current regulations, and helping to set priorities for reform.

(e) In September 2001, the Legislature passed Senate Bill 702 (Chapter 538, Statutes of 2001), making California the first state in the nation to begin planning a statewide environmental health tracking network for chronic diseases and environmental hazards and exposures. To help implement the program, the Senate Bill 702 Expert Working Group has recommended the establishment of a statewide biomonitoring program.

(f) In September 2003, the Legislature passed Assembly Bill 1360 (Chapter 664, Statutes of 2003), that requires the development and use in California of a comprehensive system of environmental measurements known as environmental indicators. The basis for the bill was the April 2002 report, "Environmental Protection Indicators for California," by the California Environmental Protection Agency and the Resources Agency. This report identifies biomonitoring as part of an overall system of environmental indicators that California should develop to guide policy and budgetary decisions.

(g) The Legislature, therefore, finds and declares that the establishment of a statewide biomonitoring program will assist in the evaluation of the presence of toxic chemicals in a representative sample of Californians, establish trends in the levels of these chemicals in Californians' bodies over time, and assess effectiveness of public health efforts and regulatory programs to decrease exposures of Californians to specific chemical contaminants. A statewide and community-based biomonitoring program will expand biomedical, epidemiological, and behavioral public health research. California, an established leader in health promotion, health policy, and health care delivery and response, should encourage and fund this research, which will contribute to the health and well-being of millions of people.

SEC. 2. Chapter 8 (commencing with Section 105440) is added to Part 5 of Division 103 of the Health and Safety Code, to read:

Chapter 8. California Environmental Contaminant Biomonitoring Program

Article 1. General

105440. (a) This chapter shall be known, and may be cited, as the California Environmental Contaminant Biomonitoring Program.

(b) For the purposes of this chapter, the following terms have the following meanings:

(1) "Agency" means the California Environmental Protection Agency.

(2) "Biomonitoring" means the process by which chemicals and their metabolites are identified and measured within different biological specimens.

(3) "Biological specimen" means a sample taken from a biophysical substance, that is reasonably available within a human body, for use as a medium to measure the presence and concentration of toxic chemicals.

(4) "Community" means geographically or nongeographically based populations that may participate in the community-based biomonitoring program. A "nongeographical community" includes, but is not limited to, populations that may share a common chemical exposure through similar occupations, populations experiencing a common health outcome that may be linked to chemical exposures, or populations that may experience similar chemical exposures because of comparable consumption, lifestyle, product use, or subpopulations that share ethnicity, age, or gender.

(5) "Department" means the State Department of Health Services.

(6) "Designated chemicals" means those chemicals that are known to, or strongly suspected of, adversely impacting human health or

development, based upon scientific, peer-reviewed animal, human, or in vitro studies, and consist of only those substances including chemical families or metabolites that are included in the federal Centers for Disease Control and Prevention studies that are known collectively as the National Reports on Human Exposure to Environmental Chemicals program and any substances as specified pursuant to subdivision (c) of Section 105449.

(7) "Director" means the Director of Health Services.

(8) "DTSC" means the Department of Toxic Substances Control within the agency.

(9) "Office" means the Office of Environmental Health Hazard Assessment within the agency.

(10) "Panel" means the Scientific Guidance Panel established pursuant to Article 2 (commencing with Section 105448).

(11) "Program" or "biomonitoring program" means the California Environmental Contaminant Biomonitoring Program, which shall be established and operated by the department, in collaboration with the agency, the office, and DTSC.

(12) "Secretary" means the Secretary of the California Environmental Protection Agency.

105441. The department, in collaboration with the agency, shall establish the California Environmental Contaminant Biomonitoring Program. The department is the lead entity for the program unless otherwise specified in this chapter. The program shall utilize biological specimens, as appropriate, to identify designated chemicals that are present in the bodies of Californians. Biomonitoring shall utilize scientifically based statewide surveys. Additional community-based surveys shall be contingent on funding and shall be statistically valid and scientifically based. Biomonitoring shall take place on a strictly voluntary and confidential basis. Results reported pursuant to this chapter shall not disclose individual confidential information of participants. Appropriate biological specimens shall be used to monitor and assess the presence and concentration of designated chemicals. Biological specimens shall be analyzed by laboratories operated by the department, DTSC, or their contractors.

105443. (a) All participants shall be evaluated for the presence of designated chemicals as a component of the biomonitoring process. Participants shall be provided with information and fact sheets about the program's activities and its findings. Individual participants may request and shall receive their complete results. Any results provided to participants shall be subject to the Institutional Review Board protocols and guidelines. When either physiological or chemical data obtained from a participant indicate a significant known health risk, program staff experienced in communicating biomonitoring results shall consult with

the individual and recommend followup steps, as appropriate. Program administrators shall receive training in administering the program in an ethical, culturally sensitive, participatory, and community-based manner.

(b) Individuals selected to participate in the biomonitoring program shall reflect the age, economic, racial, and ethnic composition of the state. Other selection criteria may be applied, as appropriate, for studies of specific populations.

(c) Informational materials and outreach activities directed to program participants and communities shall, to the extent possible, be culturally appropriate and translated as needed. Educational materials shall be adapted to the biological specimens being used.

105444. (a) The program shall develop guidelines and model protocols that address the science and practice of biomonitoring to implement this chapter, including, but not limited to, study design, subject recruitment, and data collection and management, and that accomplish all of the following:

(1) Ensure confidentiality and informed consent.

(2) Communicate findings to participants, communities, and the general public.

(3) Emphasize all aspects of the program in a culturally sensitive manner.

(4) Serve as a guide for other biomonitoring programs supported by state funds.

(b) The program shall incorporate, as appropriate, the methods utilized by the federal Centers for Disease Control and Prevention for the studies known collectively as the National Report on Human Exposure to Environmental Chemicals.

(c) The program shall be implemented in collaboration with the California Environmental Health Tracking Program and the environmental indicators system maintained by the office pursuant to Section 71081 of the Public Resources Code.

(d) The department, office, and DTSC shall collaborate on the development of fact sheets and other informational and outreach materials for the biomonitoring program.

(e) The department, in collaboration with the office and DTSC, shall conduct statistical and epidemiological analyses of the biomonitoring results.

(f) Personal information as defined in Section 1798.3 of the Civil Code, shall not be shared without the written and informed consent of the individual to whom it pertains.

(g) No governmental agency or private person or entity shall discriminate against a person or community based upon the biomonitoring results.

Article 2. The Scientific Guidance Panel

105448. (a) In implementing the program, the department and the agency shall establish a Scientific Guidance Panel. The panel shall be composed of nine members, whose expertise shall encompass the disciplines of public health, epidemiology, biostatistics, environmental medicine, risk analysis, exposure assessment, developmental biology, laboratory sciences, bioethics, maternal and child health with a specialty in breastfeeding, and toxicology.

(b) The Governor shall appoint five members to the panel, the Senate Committee on Rules shall appoint two members, and the Speaker of the Assembly shall appoint two members. The appointments shall be made after soliciting recommendations of the Office of the President of the University of California.

(c) All members shall be appointed to the panel by September 1, 2007. Members shall be appointed for three-year terms, except that, with respect to the initial appointees each appointing power shall appoint one member for a one-year term and one member for a two-year term. Members may be reappointed for additional terms without limitation.

(d) The panel shall meet as often as it deems necessary, with consideration of available resources, but at a minimum, three times per year. The office shall be responsible for staffing and administration of the panel.

(e) The panel meetings shall be open to the public and be subject to the Bagley-Keene Open Meetings Act (Article 9 (commencing with Section 11120) of Part 1 of Division 3 of Title 2 of the Government Code).

(f) Members of the panel shall be reimbursed for travel and other necessary expenses incurred in the performance of their duties under this chapter, but shall not receive a salary or compensation.

105449. (a) The panel shall provide scientific peer review and make recommendations regarding the design and implementation of the program, including specific recommendations for chemicals that are priorities for biomonitoring in California, as specified in subdivisions (b) and (c), with the program retaining final decisionmaking authority.

(b) The panel shall recommend priority chemicals for inclusion in the program using the following criteria:

(1) The degree of potential exposure to the public or specific subgroups, including, but not limited to, occupational.

(2) The likelihood of a chemical being a carcinogen or toxicant based on peer-reviewed health data, the chemical structure, or the toxicology of chemically related compounds.

(3) The limits of laboratory detection for the chemical, including the ability to detect the chemical at low enough levels that could be expected in the general population.

(4) Other criteria that the panel may agree to.

(c) The panel may recommend additional designated chemicals not included in the CDC report, for inclusion in the program using the following criteria:

(1) Exposure or potential exposure to the public or specific subgroups.

(2) The known or suspected health effects resulting from some level of exposure based on peer-reviewed scientific studies.

(3) The need to assess the efficacy of public health actions to reduce exposure to a chemical.

(4) The availability of a biomonitoring analytical method with adequate accuracy, precision, sensitivity, specificity, and speed.

(5) The availability of adequate biospecimen samples.

(6) The incremental analytical cost to perform the biomonitoring analysis for the chemical.

105451. (a) As appropriate, the program shall utilize the principles of the agency's Environmental Justice Strategy and Environmental Justice Action Plan developed pursuant to Sections 71110 to 71113, inclusive, of the Public Resources Code, so that the activities of the panel and the implementation of the program provide opportunities for public participation and community capacity building with meaningful stakeholder input. This strategy and plan shall accord the highest respect and value to every individual and community by developing and conducting public health and environmental protection programs, policies, and activities in a manner that promotes equity and affords fair treatment, accessibility, and protection for all Californians, regardless of race, age, culture, income, or geographic location.

(b) (1) To carry out this section, the program shall develop a strategy and plan that are to be followed in the implementation of the program. This strategy and plan shall be used to establish the framework for integrating public participation in this program. The department may utilize models used by boards, departments, and offices at the agency for community outreach pursuant to this section.

(2) Public participation shall include, but need not be limited to, conducting stakeholder meetings and workshops to solicit relevant information, data, suggestions, and feedback for the development and implementation of the program.

Article 3. Fiscal Provisions

105453. Implementation of this chapter shall be contingent on a specific appropriation being provided for this purpose in the annual Budget Act or other measure.

Article 4. Reporting

105459. (a) By January 1, 2010, and every two years thereafter, the department, in collaboration with the agency, the office, and DTSC, shall submit a report to the Legislature containing the findings of the program, and shall include in the report additional activities and recommendations for improving the program based upon activities and findings to date. Copies of the report shall be made available via appropriate media to the public within 30 calendar days following its submission to the Legislature.

(b) The department shall provide the public access to information which they are required to release pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(c) The department and the office shall disseminate biomonitoring findings to the general public via appropriate media, including governmental and other Web sites in a manner that is understandable to the average person.

(d) Any health and environmental exposure data made available to the general public shall be provided in a summary format to protect the confidentiality of program participants. The data shall be made available, after appropriate quality assurance and quality control, by July 1, 2010, and at least every two years thereafter.

CHAPTER 600

An act to add Section 8588.15 to the Government Code, relating to public safety.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Recent emergencies, such as "9/11" and Hurricane Katrina, have underscored the need for government to have in place emergency disaster preparedness plans, procedures, and accessible information.

(b) Specifically, these disasters have demonstrated that emergency disaster preparedness plans, procedures, and accessible information have not been developed to serve the unique needs of those with physical, sensory, and cognitive disabilities; California is among those states that lack procedures to address the needs of those with disabilities, in evacuating public and private facilities and private residences during an emergency or disaster.

(c) California has a system in place to maintain and improve all phases of emergency management, known as the Standardized Emergency Management System. In order to ensure that the needs of people with disabilities are met during emergency and disaster situations, the Governor's Office of Emergency Services shall ensure representation of the disabled community on all pertinent Standardized Emergency Management System Specialist Committees.

SEC. 2. Section 8588.15 is added to the Government Code, to read:

8588.15. (a) The Director of the Governor's Office of Emergency Services shall appoint representatives of the disabled community to serve on the evacuation, sheltering, communication, recovery, and other pertinent Standardized Emergency Management System committees, including one representative to the Technical Working Group. Representatives of the disabled community shall, to the extent practicable, be from the following groups:

(1) Persons who are blind or visually impaired.

(2) Persons with sensory or cognitive disabilities.

(3) Persons with physical disabilities.

(b) Within the Standardized Emergency Management System structure, the director shall ensure, to the extent practicable, that the needs of the disabled community are met by ensuring all committee recommendations regarding preparedness, planning, and procedures relating to emergencies include the needs of people with disabilities.

(c) The director shall produce a report containing recommendations regarding preparedness, planning, procedures, and provision of accessible information on emergency evacuations regarding the needs of people with disabilities and submit it to the Legislature and appropriate state and local agencies by January 1, 2009. The recommendations shall include, but not be limited to, proposed legislative and regulatory actions, relevant research or technology design, and training and exercise considerations.

(d) The director shall prepare and disseminate sample brochures and other relevant materials on preparedness, planning, and procedures

relating to emergency evacuations that include the needs of the disabled community, and shall work with nongovernmental associations and entities to make them available in accessible formats, including, but not limited to Braille, large print, and electronic media.

(e) The director and the State Fire Marshal's office shall seek research funding to assist in the development of new technologies and information systems that will assist in the evacuation of the groups designated in subdivision (a) during emergency and disaster situations.

(f) It is the intent of the Legislature for the purpose of implementing this section and to the extent permitted by federal law, that funds may be used from the Federal Trust Fund from funds received from the federal Department of Homeland Security for implementation of homeland security programs.

CHAPTER 601

An act to amend Section 48900 of, and to repeal Sections 32050 and 32051 of the Education Code, and to add Section 245.6 to the Penal Code, relating to hazing.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 32050 of the Education Code is repealed.

SEC. 2. Section 32051 of the Education Code is repealed.

SEC. 3. Section 48900 of the Education Code is amended to read:

48900. A pupil may not be suspended from school or recommended for expulsion, unless the superintendent or the principal of the school in which the pupil is enrolled determines that the pupil has committed an act as defined pursuant to any of subdivisions (a) to (q), inclusive:

(a) (1) Caused, attempted to cause, or threatened to cause physical injury to another person.

(2) Willfully used force or violence upon the person of another, except in self-defense.

(b) Possessed, sold, or otherwise furnished any firearm, knife, explosive, or other dangerous object, unless, in the case of possession of any object of this type, the pupil had obtained written permission to possess the item from a certificated school employee, which is concurred in by the principal or the designee of the principal.

(c) Unlawfully possessed, used, sold, or otherwise furnished, or been under the influence of, any controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind.

(d) Unlawfully offered, arranged, or negotiated to sell any controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, an alcoholic beverage, or an intoxicant of any kind, and either sold, delivered, or otherwise furnished to any person another liquid, substance, or material and represented the liquid, substance, or material as a controlled substance, alcoholic beverage, or intoxicant.

(e) Committed or attempted to commit robbery or extortion.

(f) Caused or attempted to cause damage to school property or private property.

(g) Stolen or attempted to steal school property or private property.

(h) Possessed or used tobacco, or any products containing tobacco or nicotine products, including, but not limited to, cigarettes, cigars, miniature cigars, clove cigarettes, smokeless tobacco, snuff, chew packets, and betel. However, this section does not prohibit use or possession by a pupil of his or her own prescription products.

(i) Committed an obscene act or engaged in habitual profanity or vulgarity.

(j) Unlawfully possessed or unlawfully offered, arranged, or negotiated to sell any drug paraphernalia, as defined in Section 11014.5 of the Health and Safety Code.

(k) Disrupted school activities or otherwise willfully defied the valid authority of supervisors, teachers, administrators, school officials, or other school personnel engaged in the performance of their duties.

(*l*) Knowingly received stolen school property or private property.

(m) Possessed an imitation firearm. As used in this section, "imitation firearm" means a replica of a firearm that is so substantially similar in physical properties to an existing firearm as to lead a reasonable person to conclude that the replica is a firearm.

(n) Committed or attempted to commit a sexual assault as defined in Section 261, 266c, 286, 288, 288a, or 289 of the Penal Code or committed a sexual battery as defined in Section 243.4 of the Penal Code.

(o) Harassed, threatened, or intimidated a pupil who is a complaining witness or a witness in a school disciplinary proceeding for the purpose of either preventing that pupil from being a witness or retaliating against that pupil for being a witness, or both.

(p) Unlawfully offered, arranged to sell, negotiated to sell, or sold the prescription drug Soma.

(q) Engaged in, or attempted to engage in, hazing as defined in subdivision (b) of Section 245.6 of the Penal Code.

(r) A pupil may not be suspended or expelled for any of the acts enumerated in this section, unless that act is related to school activity or school attendance occurring within a school under the jurisdiction of the superintendent or principal or occurring within any other school district. A pupil may be suspended or expelled for acts that are enumerated in this section and related to school activity or attendance that occur at any time, including, but not limited to, any of the following:

(1) While on school grounds.

(2) While going to or coming from school.

(3) During the lunch period whether on or off the campus.

(4) During, or while going to or coming from, a school sponsored activity.

(s) A pupil who aids or abets, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person may suffer suspension, but not expulsion, pursuant to this section, except that a pupil who has been adjudged by a juvenile court to have committed, as an aider and abettor, a crime of physical violence in which the victim suffered great bodily injury or serious bodily injury shall be subject to discipline pursuant to subdivision (a).

(t) As used in this section, "school property" includes, but is not limited to, electronic files and databases.

(u) A superintendent or principal may use his or her discretion to provide alternatives to suspension or expulsion, including, but not limited to, counseling and an anger management program, for a pupil subject to discipline under this section.

(v) It is the intent of the Legislature that alternatives to suspension or expulsion be imposed against any pupil who is truant, tardy, or otherwise absent from school activities.

SEC. 4. Section 245.6 is added to the Penal Code, to read:

245.6. (a) It shall be unlawful to engage in hazing, as defined in this section.

(b) "Hazing" means any method of initiation or preinitiation into a student organization or student body, whether or not the organization or body is officially recognized by an educational institution, which is likely to cause serious bodily injury to any former, current, or prospective student of any school, community college, college, university, or other educational institution in this state. The term "hazing" does not include customary athletic events or school-sanctioned events.

(c) A violation of this section that does not result in serious bodily injury is a misdemeanor, punishable by a fine of not less than one hundred

dollars ($100), nor more than five thousand dollars ($5,000), or imprisonment in the county jail for not more than one year, or both.

(d) Any person who personally engages in hazing that results in death or serious bodily injury as defined in paragraph (4) of subdivision (f) of Section 243 of the Penal Code, is guilty of either a misdemeanor or a felony, and shall be punished by imprisonment in county jail not exceeding one year, or by imprisonment in the state prison.

(e) The person against whom the hazing is directed may commence a civil action for injury or damages. The action may be brought against any participants in the hazing, or any organization to which the student is seeking membership whose agents, directors, trustees, managers, or officers authorized, requested, commanded, participated in, or ratified the hazing.

(f) Prosecution under this section shall not prohibit prosecution under any other provision of law.

SEC. 5. This act shall be known and may be cited as "Matt's Law" in memory of Matthew William Carrington, who died on February 2, 2005, as a result of hazing.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 602

An act to amend Section 1263.510 of, and to add Sections 1245.245 and 1263.615 to, the Code of Civil Procedure, relating to eminent domain.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1245.245 is added to the Code of Civil Procedure, to read:

1245.245. (a) Property acquired by a public entity by any means set forth in subdivision (e) that is subject to a resolution of necessity adopted pursuant to this article shall only be used for the public use stated in the

resolution unless the governing body of the public entity adopts a resolution authorizing a different use of the property by a vote of at least two-thirds of all members of the governing body of the public entity, or a greater vote as required by statute, charter, or ordinance. The resolution shall contain all of the following:

(1) A general statement of the new public use that is proposed for the property and a reference to the statute that would have authorized the public entity to acquire the property by eminent domain for that use.

(2) A description of the general location and extent of the property proposed to be used for the new use, with sufficient detail for reasonable identification.

(3) A declaration that the governing body has found and determined each of the following:

(A) The public interest and necessity require the proposed use.

(B) The proposed use is planned and located in the manner that will be most compatible with the greatest public good and least private injury.

(C) The property described in the resolution is necessary for the proposed use.

(b) Property acquired by a public entity by any means set forth in subdivision (e) that is subject to a resolution of necessity pursuant to this article, and is not used for the public use stated in the resolution of necessity within 10 years of the adoption of the resolution of necessity, shall be sold in accordance with the terms of subdivisions (f) to (g), inclusive, unless the governing body adopts a resolution according to the terms of subdivision (a) or a resolution according to the terms of this subdivision reauthorizing the existing stated public use of the property by a vote of at least two-thirds of all members of the governing body of the public entity or a greater vote as required by statute, charter, or ordinance. A reauthorization resolution under this subdivision shall contain all of the following:

(1) A general statement of the public use that is proposed to be reauthorized for the property and a reference to the statute that authorized the public entity to acquire the property by eminent domain for that use.

(2) A description of the general location and extent of the property proposed to be used for the public use, but not yet in use for the public use, with sufficient detail for reasonable identification.

(3) A declaration that the governing body has found and determined each of the following:

(A) The public interest and necessity require the proposed use.

(B) The proposed use is planned and located in the manner that will be most compatible with the greatest public good and least private injury.

(C) The property described in the resolution is necessary for the proposed use.

(c) In addition to any notice required by law, the notice required for a new or reauthorization resolution sought pursuant to subdivision (a) or (b) shall comply with the requirements of Section 1245.235 and shall be sent to each person who was given notice required by Section 1245.235 in connection with the original acquisition of the property by the public entity.

(d) Judicial review of an action pursuant to subdivision (a) or (b) may be obtained by a person who had an interest in the property described in the resolution at the time that the property was acquired by the public entity, and shall be governed by Section 1085.

(e) The following property acquisitions are subject to the requirements of this section:

(1) Any acquisition by a public entity pursuant to eminent domain.

(2) Any acquisition by a public entity following adoption of a resolution of necessity pursuant to this article for the property.

(3) Any acquisition by a public entity prior to the adoption of a resolution of necessity pursuant to this article for the property, but subsequent to a written notice that the public entity may take the property by eminent domain.

(f) If the public entity fails to adopt either a new resolution pursuant to subdivision (a) or a reauthorization resolution pursuant to subdivision (b), as required by this section, and that property was not used for the public use stated in a resolution of necessity adopted pursuant to this article or a resolution adopted pursuant to subdivision (a) or (b) between the time of its acquisition and the time of the public entity's failure to adopt a resolution pursuant to subdivision (a) or (b), the public entity shall offer the person or persons from whom the property was acquired the right of first refusal to purchase the property pursuant to this section, as follows:

(1) At the present market value, as determined by independent licensed appraisers.

(2) For property that was a single family residence at the time of acquisition, at an affordable price, which price shall not be greater than the price paid by the agency for the original acquisition, adjusted for inflation, and shall not be greater than fair market value, if the following requirements are met:

(A) The person or persons from whom the property was acquired certify their income to the public entity as persons or families of low or moderate income.

(B) If the single-family residence is offered at a price that is less than fair market value, the public entity may verify the certifications of income in accordance with procedures used for verification of incomes of

purchasers and occupants of housing financed by the California Housing Finance Agency.

(C) If the single-family residence is offered at a price that is less than fair market value, the public entity shall impose terms, conditions, and restrictions to ensure that the residence will either:

(i) Remain owner-occupied by the person or persons from whom the property was acquired for at least five years.

(ii) Remain available to persons or families of low or moderate income and households with incomes no greater than the incomes of the present occupants in proportion to the area median income for the longest feasible time, but for not less than 55 years for rental units and 45 years for home ownership units.

(D) The Department of Housing and Community Development shall provide to the public entity recommendations of standards and criteria for those prices, terms, conditions, and restrictions.

(g) If after a diligent effort the public entity is unable to locate the person from whom the property was acquired, if the person from whom the property was acquired does not choose to purchase the property as provided in subdivision (f) of this section, or if the public entity fails to adopt a resolution as required pursuant to subdivision (a) or (b) but is not required to offer a right of first refusal pursuant to subdivision (f), the public entity shall sell the property as surplus property pursuant to Article 8 (commencing with Section 54220) of Chapter 5 of Division 2 of Title 5 of the Government Code.

(h) If residential property acquired by a public entity by any means set forth in subdivision (e) is sold as surplus property pursuant to subdivision (g), and that property was not used for the public use stated in a resolution of necessity adopted pursuant to this article or a resolution adopted pursuant to subdivision (a) or (b) between the time of its acquisition and the time of its sale as surplus property, the public entity shall pay to the person or persons from whom the public entity acquired the property the sum of any financial gain between the original acquisition price, adjusted for inflation, and the final sale price.

(i) Upon completion of any acquisition described in subdivision (e) or upon the adoption of a resolution of necessity pursuant to this section, whichever is later, the public entity shall give written notice to the person or persons from whom the property was acquired as described in subdivision (e) stating that the notice, right of first refusal, and return of financial gain rights discussed in this section may accrue.

(j) At least 60 days before selling the property pursuant to subdivision (g), the public entity shall make a diligent effort to locate the person from whom the property was acquired. At any time before the proposed sale, the person from whom the property was acquired may exercise the

rights provided by this section. As used in this section, "diligent effort" means that the public entity has done all of the following:

(1) Mailed the notice of the proposed sale by certified mail, return receipt requested, to the last known address of the person from whom the property was acquired.

(2) Mailed the notice of the proposed sale by certified mail, return receipt requested, to each person with the same name as the person from whom the property was acquired at any other address on the last equalized assessment roll.

(3) Published the notice of the proposed pursuant to Section 6061 of the Government Code in at least one newspaper of general circulation within the city or county in which the property is located.

(4) Posted the notice of the proposed sale in at least three public places within the city or county in which the property is located.

(5) Posted the notice of the proposed sale on the property proposed to be sold.

(k) For purposes of this section, "adjusted for inflation" means the original acquisition price increased to reflect the proportional increase in the Consumer Price Index for all items for the State of California, as determined by the United States Bureau of Labor Statistics, for the period from the date of acquisition to the date the property is offered for sale.

SEC. 2. Section 1263.510 of the Code of Civil Procedure is amended to read:

1263.510. (a) The owner of a business conducted on the property taken, or on the remainder if the property is part of a larger parcel, shall be compensated for loss of goodwill if the owner proves all of the following:

(1) The loss is caused by the taking of the property or the injury to the remainder.

(2) The loss cannot reasonably be prevented by a relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill.

(3) Compensation for the loss will not be included in payments under Section 7262 of the Government Code.

(4) Compensation for the loss will not be duplicated in the compensation otherwise awarded to the owner.

(b) Within the meaning of this article, "goodwill" consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage.

(c) If the public entity and the owner enter into a leaseback agreement pursuant to Section 1263.615, the following shall apply:

(1) No additional goodwill shall accrue during the lease.

(2) The entering of a leaseback agreement shall not be a factor in determining goodwill. Any liability for goodwill shall be established and paid at the time of acquisition of the property by eminent domain or subsequent to notice that the property may be taken by eminent domain.

SEC. 3. Section 1263.615 is added to the Code of Civil Procedure, to read:

1263.615. (a) A public entity shall offer a one-year leaseback agreement to the owner of a property to be acquired by any method set forth in subdivision (b) for that property owner's continued use of the property upon acquisition, subject to the property owner's payment of fair market rents and compliance with other conditions set forth in subdivision (c), unless the public entity states in writing that the development, redevelopment, or use of the property for its stated public use is scheduled to begin within two years of its acquisition. This section shall not apply if the public entity states in writing that a leaseback of the property would create or allow the continuation of a public nuisance to the surrounding community.

(b) The following property acquisitions are subject to the requirements of this section:

(1) Any acquisition by a public entity pursuant to eminent domain.

(2) Any acquisition by a public entity following adoption of a resolution of necessity pursuant to Article 2 (commencing with Section 1245.210) of Chapter 4 for the property.

(3) Any acquisition by a public entity prior to the adoption of a resolution of necessity pursuant to Article 2 (commencing with Section 1245.210) of Chapter 4 for the property, but subsequent to a written notice that the public entity may take the property by eminent domain.

(c) The following conditions shall apply to any leaseback offered pursuant to this section:

(1) The lessee shall be responsible for any additional waste or nuisance on the property, and for any other liability arising from the continued use of the property.

(2) The lessor may demand a security deposit to cover any potential liability arising from the leaseback. The security deposit shall be reasonable in light of the use of the leased property.

(3) The lessor shall be indemnified from any legal liability and attorney's fees resulting from any lawsuit against the lessee or lessor, arising from the operation of the lessee's business or use of the property.

(4) The lessor shall require the lessee to carry adequate insurance to cover potential liabilities arising from the lease and use of the property, and shall require that insurance to name the lessor as an additional insured.

(5) Additional goodwill shall not accrue during any lease.

(6) The lessee shall be subject to unlawful detainer proceedings as provided by law.

(d) A public entity shall offer to renew a leaseback agreement for one-year terms, subject to any rent adjustment to reflect inflation and upon compliance with other conditions set forth in subdivision (c), unless the public entity states in writing that the development, redevelopment, or use of the property for its stated public use is scheduled to begin within two years of the termination date of the lease. At least 60 days prior to the lease termination date, the public entity lessor shall either offer a one-year renewal of the lease or send a statement declaring that the lease will not be renewed because the development, redevelopment, or use of the property is scheduled to begin within two years of the lease termination date. The lessee shall either accept or reject a lease renewal offer at least 30 days prior to the lease termination date. The lessee's failure to accept a renewal offer in a timely manner shall constitute a rejection of the renewal offer. A lessor's failure to offer a renewal or give the notice as required shall extend the lease term for 60-day increments until an offer or notice is made, and if a notice of termination is given after the lease termination date, the lessee shall have no less than 60 days to vacate the property. A lessee's failure to accept within 30 days a renewal offer made subsequent to the lease termination date shall constitute a rejection of the offer.

(e) A party who holds over after expiration of the lease shall be subject to unlawful detainer proceedings and shall also be subject to the lessor for holdover damages.

(f) A leaseback entered into pursuant to this section shall not affect the amount of compensation otherwise payable to the property owner for the property to be acquired.

SEC. 4. This act shall apply prospectively and shall apply to property acquired after January 1, 2007.

CHAPTER 603

An act to amend Section 33373 of, and to repeal and add Section 33456 of, the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 33373 of the Health and Safety Code is amended to read:

33373. (a) Not later than 60 days after the adoption of the redevelopment plan by the legislative body there shall be recorded with the county recorder of the county in which the project area is situated a description of the land within the project area and a statement that proceedings for the redevelopment of the project area have been instituted under this part.

(b) If the redevelopment plan authorizes the agency to acquire property by eminent domain, the statement required pursuant to subdivision (a) shall contain the following:

(1) A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project.

(2) A general description of the provisions of the redevelopment plan that authorize the use of the power of eminent domain by the agency.

(3) A general description of any limitations on the use of the power of eminent domain contained in the redevelopment plan, including, without limitation, the time limit required by Section 33333.2.

(c) For a redevelopment plan adopted on or before December 31, 2006, that authorizes the acquisition of property by eminent domain, the agency shall, on or before December 31, 2007, cause a revised statement to be recorded with the county recorder of the county in which the project area is located containing all of the information required by subdivisions (a) and (b).

(d) An agency shall not commence an action in eminent domain until the statement required by this section is recorded with the county recorder of the county in which the project area is located.

(e) Additional recordation of documents may be effected pursuant to Section 27295 of the Government Code.

SEC. 2. Section 33456 of the Health and Safety Code is repealed.

SEC. 3. Section 33456 is added to the Health and Safety Code, to read:

33456. (a) Not later than 60 days after the adoption of an amendment to a redevelopment plan pursuant to this article there shall be recorded with the county recorder of the county in which the project area is located a statement that the redevelopment plan has been amended. If the amendment adds territory to the redevelopment project area, the statement shall contain a description of the added territory, a prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project, a general description

of the provisions of the amended redevelopment plan, if any, that authorize the use of the power of eminent domain by the agency within the added territory, and a general description of any limitations on the use of the power of eminent domain within the added territory, including, without limitation, the time limit required by Section 33333.2. If the amendment changes any limitation on the use of eminent domain contained in the redevelopment plan, the statement shall contain a description of the land within the project area and a general description of the change.

(b) An agency shall not commence an action in eminent domain to acquire property located within territory added to a project area by an amendment to a redevelopment plan until the statement required by this section is recorded with the county recorder of the county in which the project area is located.

(c) Additional recordation of documents may be effected pursuant to Section 27295 of the Government Code.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 604

An act to add Section 8608 to the Government Code, relating to disaster preparedness.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 8608 is added to the Government Code, to read:

8608. (a) The Office of Emergency Services shall approve and adopt, and incorporate the California Animal Response Emergency System (CARES) program developed under the oversight of the Department of Food and Agriculture into the standardized emergency management system established pursuant to subdivision (a) of Section 8607.

(b) No later than January 31, 2007, the Department of Food and Agriculture shall enter into a memorandum of understanding with the Office of Emergency Services and other interested parties to incorporate the CARES program into their emergency planning.

CHAPTER 605

An act to amend Sections 22442, 22443.1, 22443.3, and 22445 of, and to add Sections 6126.4, 22441.1, 22442.4, and 22443.2 to, the Business and Professions Code, relating to immigration consultants.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 6126.4 is added to the Business and Professions Code, to read:

6126.4. Section 6126.3 shall apply to a person acting in the capacity of an immigration consultant pursuant to Chapter 19.5 (commencing with Section 22440) who advertises or holds himself or herself out as practicing or entitled to practice law, or otherwise practices law.

SEC. 2. Section 22441.1 is added to the Business and Professions Code, to read:

22441.1. (a) A person engaged in the business or acting in the capacity of an immigration consultant shall satisfactorily pass a background check conducted by the Secretary of State.

(b) The Secretary of State shall disqualify an individual from acting as an immigration consultant for any of the following reasons:

(1) Conviction of a felony.

(2) Conviction of a disqualifying misdemeanor where not more than 10 years have passed since the completion of probation. A conviction after a plea of nolo contendere is deemed to be a conviction within the meaning of this paragraph. The list of disqualifying misdemeanors shall be the same as the disqualifying misdemeanors applicable to notaries public appointed and commissioned pursuant to Chapter 3 (commencing with Section 8200) of Division 1 of Title 2 of the Government Code.

(3) Failure to disclose any arrest or conviction in the disclosure form required pursuant to subdivision (c) of Section 22443.1.

(c) The Secretary of State shall complete a background check on every person engaged in the business or acting in the capacity of an immigration

consultant who was bonded and qualified pursuant to this chapter on or before December 31, 2006.

(d) The Secretary of State shall not file a bond, disclosure form, or photograph from a person who has failed to pass the background check required by this section.

SEC. 3. Section 22442 of the Business and Professions Code is amended to read:

22442. (a) Every person engaged in the business or acting in the capacity of an immigration consultant who enters into a contract or agreement with a client to provide services shall, prior to providing any services, provide the client with a written contract, the contents of which shall be prescribed by the Department of Consumer Affairs in regulations.

(b) The written contract shall include all provisions relating to the following:

(1) The services to be performed.

(2) The costs of the services to be performed.

(3) There shall be printed on the face of the contract in 10-point boldface type a statement that the immigration consultant is not an attorney and may not perform the legal services that an attorney performs.

(4) The written contract shall list the documents to be prepared by the immigration consultant, and shall explain the purpose and process of each document.

(5) The written contract shall state the purpose for which the immigration consultant has been hired and the actions to be taken by the immigration consultant regarding each document, including the agency and office where each document will be filed and the approximate processing times according to current published agency guidelines.

(6) The written contract shall include a provision that informs the client that he or she may report complaints relating to immigration consultants to the Office of Immigrant Assistance of the Department of Justice. The written contract shall also include a provision stating that complaints concerning the unauthorized practice of law may be reported to the State Bar of California. These required provisions shall include the toll-free telephone numbers and Internet Web sites of those entities.

(c) An immigration consultant may not include provisions in the written contract relating to the following:

(1) Any guarantee or promise, unless the immigration consultant has some basis in fact for making the guarantee or promise.

(2) Any statement that the immigration consultant can or will obtain special favors from or has special influence with the United States Citizenship and Immigration Services, or any other governmental agency, employee, or official, that may have a bearing on a client's immigration matter.

(d) The provisions of the written contract shall be stated both in English and in the client's native language.

(e) A written contract is void if it is not written pursuant to subdivision (d).

(f) The client shall have the right to rescind the contract within 72 hours of signing the contract. The contents of this subdivision shall be conspicuously set forth in the written contract in both English and the client's native language.

(g) An immigration consultant may not make the statements described in subdivision (c) orally to a client.

(h) This section does not apply to employees of nonprofit, tax-exempt corporations who help clients complete application forms in an immigration matter free of charge or for a fee, including reasonable costs, consistent with that authorized by the Board of Immigration Appeals under Section 292.2 of Title 8 of the Code of Federal Regulations.

SEC. 4. Section 22442.4 is added to the Business and Professions Code, to read:

22442.4. (a) A person engaged in the business or acting in the capacity of an immigration consultant shall submit to the Department of Justice, fingerprint images and related information required by the Department of Justice for the purpose of obtaining information as to the existence and content of a record of state and federal convictions and arrests and information as to the existence and content of a record of state and federal arrests for which the Department of Justice establishes that the person is free on bail, or on his or her recognizance, pending trial or appeal. An immigration consultant who has been issued a bond as described in Section 22443.1 on or before December 31, 2006, shall submit the fingerprint images and related information to the Department of Justice on or before July 1, 2007.

(b) The Department of Justice shall forward the fingerprint images and related information received pursuant to subdivision (a) to the Federal Bureau of Investigation and request a federal summary of criminal information.

(c) The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the Secretary of State pursuant to paragraph (1) of subdivision (p) of Section 11105 of the Penal Code.

(d) The Secretary of State shall request from the Department of Justice subsequent arrest notification service, pursuant to Section 11105.2 of the Penal Code, for each person who submitted information pursuant to subdivision (a).

(e) The Department of Justice shall charge a fee sufficient to cover the cost of processing the requests described in this section.

(f) The Secretary of State shall not post on its Internet Web site information received from the Department of Justice.

SEC. 5. Section 22443.1 of the Business and Professions Code is amended to read:

22443.1. (a) (1) Prior to engaging in the business or acting in the capacity of an immigration consultant, each person shall file with the Secretary of State a bond of fifty thousand dollars ($50,000) executed by a corporate surety admitted to do business in this state and conditioned upon compliance with this chapter. The total aggregate liability on the bond shall be limited to fifty thousand dollars ($50,000).

(2) The bond may be terminated pursuant to Section 995.440 of, and Article 13 (commencing with Section 996.310) of Chapter 2 of Title 14 of Part 2 of, the Code of Civil Procedure.

(b) The bond required by this section shall be in favor of, and payable to, the people of the State of California and shall be for the benefit of any person damaged by any fraud, misstatement, misrepresentation, unlawful act or omission, or failure to provide the services of the immigration consultant or the agents, representatives, or employees of the immigration consultant while acting within the scope of that employment or agency.

(c) An immigration consultant who is required to file a surety bond with the Secretary of State shall also file a disclosure form with the Secretary of State that contains all of the following information:

(1) The immigration consultant's name, date of birth, residence address, business address, residence telephone number, and business telephone number.

(2) The name and address of the immigration consultant's agent for service of process if one is required to be or has been appointed.

(3) Whether the immigration consultant has ever been convicted of a violation of this chapter or of Section 6126.

(4) Whether the immigration consultant has ever been arrested or convicted of a crime.

(5) If applicable, the name, business address, business telephone number, and agent for service of process of the corporation or partnership employing the immigration consultant.

(d) An immigration consultant shall notify the Secretary of State's office in writing within 30 days when the surety bond required by this section is renewed, and of any change of name, address, telephone number, or agent for service of process.

(e) The Secretary of State shall post information on its Internet Web site demonstrating that an immigration consultant is in compliance with

the bond required by this section and has satisfactorily passed the background check required under Section 22441.1, and shall also post a copy of the immigration consultant's photograph. The Secretary of State shall ensure that the information is current and shall update the information at least every 30 days. The Secretary of State shall only post this information and photograph on its Internet Web site if the person has filed and maintained the bond, filed the disclosure form and photograph required to be filed with the Secretary of State, and passed the background check required by Section 22441.1.

(f) The Secretary of State shall develop the disclosure form required to file a bond under this section and make it available to any immigration consultant filing a bond pursuant to this section.

(g) An immigration consultant shall submit all of the following with the disclosure form:

(1) A copy of valid and current photo identification to determine the immigration consultant's identity, such as a California driver's license or identification card, passport, or other identification acceptable to the Secretary of State.

(2) A photograph of himself or herself with the dimensions and in the style that would be acceptable to the U.S. Department of State for obtaining a United States passport, as instructed by the Secretary of State. An immigration consultant bonded on or before December 31, 2006, shall submit the photograph on or before July 1, 2007.

(h) The Secretary of State shall charge and collect a filing fee to cover the cost of filing the bond.

(i) The Secretary of State shall enforce the provisions of this chapter that govern the filing and maintenance of bonds.

(j) This section does not apply to employees of nonprofit, tax-exempt corporations who help clients complete application forms in an immigration matter free of charge or for a fee, including reasonable costs, consistent with that authorized by the Board of Immigration Appeals under Section 292.2 of Title 8 of the Code of Federal Regulations.

SEC. 6. Section 22443.2 is added to the Business and Professions Code, to read:

22443.2. (a) The Secretary of State shall issue a cease and desist order to a person subject to this chapter's provisions who has failed to comply with the provisions governing the filing and maintenance of bonds or who does not satisfactorily pass a background check required by Section 22441.1, and shall give notice of the person's noncompliance or failure to satisfactorily pass the background check to the Attorney General. Prior to issuing a cease and desist order to a person pursuant to this subdivision, the Secretary of State shall provide the person with

notice and an opportunity to demonstrate that grounds do not exist for disqualification.

(b) For orders issued for failure to comply with the provisions governing the filing and maintenance of bonds, the order shall include a statement that notice of the person's noncompliance shall be sent to the Attorney General.

SEC. 7. Section 22443.3 of the Business and Professions Code is amended to read:

22443.3. It is unlawful for any person to disseminate by any means any statement indicating directly or by implication that the person engages in the business or acts in the capacity of an immigration consultant, or proposes to engage in the business or act in the capacity of an immigration consultant, unless the person has on file with the Secretary of State a disclosure statement and a bond, in the amount of, and subject to the terms described in, Section 22443.1, that is maintained throughout the period covered by the statement, such as, but not limited to, the period of a Yellow Pages listing.

SEC. 8. Section 22445 of the Business and Professions Code is amended to read:

22445. (a) (1) A person who violates this chapter shall be subject to a civil penalty not to exceed one hundred thousand dollars ($100,000) for each violation, to be assessed and collected in a civil action brought by any person injured by the violation or in a civil action brought in the name of the people of the State of California by the Attorney General, a district attorney, or a city attorney. An action brought in the name of the people of the State of California shall not preclude an action being brought by an injured person.

(2) The court shall impose a civil penalty for each violation of this chapter. In assessing the amount of the civil penalty, the court may consider relevant circumstances presented by the parties to the case, including, but not limited to, the following: the nature and seriousness of the misconduct, the number of violations, the persistence of the misconduct, the length of time over which the misconduct occurred, the willfulness of the defendant's misconduct, and the defendant's assets, liabilities, and net worth.

(3) Any action brought pursuant to this section by the Attorney General, a district attorney, or a city attorney shall also seek relief under subdivision (c) of Section 22446.5.

(4) If the Attorney General brings the action, one-half of the civil penalty collected shall be paid to the treasurer of the county in which the judgment was entered, and one-half to the General Fund. If a district attorney brings the action, the civil penalty collected shall be paid to the treasurer of the county in which the judgment was entered. If a city

attorney brings the action, one-half of the civil penalty collected shall be paid to the treasurer of the city in which the judgment was entered, and one-half to the treasurer of the county in which the judgment was entered.

(b) In addition to the provisions of subdivision (a), a violation of this chapter is a misdemeanor punishable by a fine of not less than two thousand dollars ($2,000) or more than ten thousand dollars ($10,000), as to each client with respect to whom a violation occurs, or imprisonment in the county jail for not more than one year, or by both fine and imprisonment. However, payment of restitution to a client shall take precedence over payment of a fine.

(c) A second or subsequent violation of Sections 22442.2, 22442.3, and 22442.4 is a misdemeanor subject to the penalties specified in subdivisions (a) and (b). A second or subsequent violation of any other provision of this chapter is a felony punishable by imprisonment in state prison.

(d) An action brought pursuant to this section shall be commenced within four years after discovery of the commission of the offense.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 606

An act to amend Sections 30914 and 30914.5 of the Streets and Highways Code, and to amend Sections 5205.5 and 21655.9 of the Vehicle Code, relating to transportation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 30914 of the Streets and Highways Code is amended to read:

30914. (a) In addition to any other authorized expenditures of toll bridge revenues, the following major projects may be funded from toll revenues of all bridges:

(1) Dumbarton Bridge: Improvement of the western approaches from Route 101 if affected local governments are involved in the planning.

(2) San Mateo-Hayward Bridge and approaches: Widening of the bridge to six lanes, construction of rail transit capital improvements on the bridge structure, and improvements to the Route 92/Route 880 interchange.

(3) Construction of West Grand connector or an alternate project designed to provide comparable benefit by reducing vehicular traffic congestion on the eastern approaches to the San Francisco-Oakland Bay Bridge. Affected local governments shall be involved in the planning.

(4) Not less than 90 percent of the revenues determined by the authority as derived from the toll increase approved in 1988 for class I vehicles on the San Francisco-Oakland Bay Bridge authorized by Section 30917 shall be used exclusively for rail transit capital improvements designed to reduce vehicular traffic congestion on that bridge. This amount shall be calculated as 21 percent of the revenue generated each year by the collection of the base toll at the level established by the 1988 increase on the San Francisco-Oakland Bay Bridge.

(b) Notwithstanding any funding request for the transbay bus terminal pursuant to Section 31015, the Metropolitan Transportation Commission shall allocate toll bridge revenues in an annual amount not to exceed three million dollars ($3,000,000), plus a 3.5-percent annual increase, to the department or to the Transbay Joint Powers Authority after the department transfers the title of the Transbay Terminal Building to that entity, for operation and maintenance expenditures. This allocation shall be payable from funds transferred by the Bay Area Toll Authority. This transfer of funds is subordinate to any obligations of the authority, now or hereafter existing, having a statutory or first priority lien against the toll bridge revenues. The first annual 3.5-percent increase shall be made on July 1, 2004. The transfer is further subject to annual certification by the department or the Transbay Joint Powers Authority that the total Transbay Terminal Building operating revenue is insufficient to pay the cost of operation and maintenance without the requested funding.

(c) If the voters approve a toll increase in 2004 pursuant to Section 30921, the authority shall, consistent with the provisions of subdivisions (d) and (f), fund the projects described in this subdivision and in subdivision (d) that shall collectively be known as the Regional Traffic Relief Plan by bonding or transfers to the Metropolitan Transportation Commission. These projects have been determined to reduce congestion

or to make improvements to travel in the toll bridge corridors, from toll revenues of all bridges:

(1) BART/MUNI Connection at Embarcadero and Civic Center Stations. Provide direct access from the BART platform to the MUNI platform at the above stations and equip new fare gates that are TransLink ready. Three million dollars ($3,000,000). The project sponsor is BART.

(2) MUNI Metro Third Street Light Rail Line. Provide funding for the surface and light rail transit and maintenance facility to support MUNI Metro Third Street Light Rail service connecting to Caltrain stations and the E-Line waterfront line. Thirty million dollars ($30,000,000). The project sponsor is MUNI.

(3) MUNI Waterfront Historic Streetcar Expansion. Provide funding to rehabilitate historic streetcars and construct trackage and terminal facilities to support service from the Caltrain Terminal, the Transbay Terminal, and the Ferry Building, and connecting the Fisherman's Wharf and northern waterfront. Ten million dollars ($10,000,000). The project sponsor is MUNI.

(4) East to West Bay Commuter Rail Service over the Dumbarton Rail Bridge. Provide funding for the necessary track and station improvements and rolling stock to interconnect the BART and Capitol Corridor at Union City with Caltrain service over the Dumbarton Rail Bridge, and interconnect and provide track improvements for the ACE line with the same Caltrain service at Centerville. Provide a new station at Sun Microsystems in Menlo Park. One hundred thirty-five million dollars ($135,000,000). The project is jointly sponsored by the San Mateo County Transportation Authority, Capitol Corridor, the Alameda County Congestion Management Agency, and the Alameda County Transportation Improvement Authority.

(5) Vallejo Station. Construct intermodal transportation hub for bus and ferry service, including parking structure, at site of Vallejo's current ferry terminal. Twenty-eight million dollars ($28,000,000). The project sponsor is the City of Vallejo.

(6) Solano County Express Bus Intermodal Facilities. Provide competitive grant fund source, to be administered by the Metropolitan Transportation Commission. Eligible projects are Curtola Park and Ride, Benicia Intermodal Facility, Fairfield Transportation Center and Vacaville Intermodal Station. Priority to be given to projects that are fully funded, ready for construction, and serving transit service that operates primarily on existing or fully funded high-occupancy vehicle lanes. Twenty million dollars ($20,000,000). The project sponsor is Solano Transportation Authority.

(7) Solano County Corridor Improvements near Interstate 80/Interstate 680 Interchange. Provide funding for improved mobility in corridor

based on recommendations of joint study conducted by the Department of Transportation and the Solano Transportation Authority. Cost-effective transit infrastructure investment or service identified in the study shall be considered a high priority. One hundred million dollars ($100,000,000). The project sponsor is Solano Transportation Authority.

(8) Interstate 80: Eastbound High-Occupancy Vehicle (HOV) Lane Extension from Route 4 to Carquinez Bridge. Construct HOV-lane extension. Fifty million dollars ($50,000,000). The project sponsor is the Department of Transportation.

(9) Richmond Parkway Transit Center. Construct parking structure and associated improvements to expand bus capacity. Sixteen million dollars ($16,000,000). The project sponsor is Alameda-Contra Costa Transit District, in coordination with West Contra Costa Transportation Advisory Committee, Western Contra Costa Transit Authority, City of Richmond, and the Department of Transportation.

(10) Sonoma-Marin Area Rail Transit District (SMART) Extension to Larkspur or San Quentin. Extend rail line from San Rafael to a ferry terminal at Larkspur or San Quentin. Thirty-five million dollars ($35,000,000). Up to five million dollars ($5,000,000) may be used to study, in collaboration with the Water Transit Authority, the potential use of San Quentin property as an intermodal water transit terminal. The project sponsor is SMART.

(11) Greenbrae Interchange/Larkspur Ferry Access Improvements. Provide enhanced regional and local access around the Greenbrae Interchange to reduce traffic congestion and provide multimodal access to the Richmond-San Rafael Bridge and Larkspur Ferry Terminal by constructing a new full service diamond interchange at Wornum Drive south of the Greenbrae Interchange, extending a multiuse pathway from the new interchange at Wornum Drive to East Sir Francis Drake Boulevard and the Cal Park Hill rail right-of-way, adding a new lane to East Sir Francis Drake Boulevard and rehabilitating the Cal Park Hill Rail Tunnel and right-of-way approaches for bicycle and pedestrian access to connect the San Rafael Transit Center with the Larkspur Ferry Terminal. Sixty-five million dollars ($65,000,000). The project sponsor is Marin County Congestion Management Agency.

(12) Direct High-Occupancy Vehicle (HOV) lane connector from Interstate 680 to the Pleasant Hill or Walnut Creek BART stations or in close proximity to either station or as an extension of the southbound Interstate 680 High-Occupancy Vehicle Lane through the Interstate 680/State Highway Route 4 interchange from North Main in Walnut Creek to Livorna Road. The County Connection shall utilize up to one million dollars ($1,000,000) of the funds described in this paragraph to develop options and recommendations for providing express bus service

on the Interstate 680 High-Occupancy Vehicle Lane south of the Benicia Bridge in order to connect to BART. Upon completion of the plan, the Contra Costa Transportation Authority shall adopt a preferred alternative provided by the County Connection plan for future funding. Following adoption of the preferred alternative, the remaining funds may be expended either to fund the preferred alternative or to extend the high-occupancy vehicle lane as described in this paragraph. Fifteen million dollars ($15,000,000). The project is sponsored by the Contra Costa Transportation Authority.

(13) Rail Extension to East Contra Costa/E-BART. Extend BART from Pittsburg/Bay Point Station to Byron in East Contra Costa County. Ninety-six million dollars ($96,000,000). Project funds may only be used if the project is in compliance with adopted BART policies with respect to appropriate land use zoning in vicinity of proposed stations. The project is jointly sponsored by BART and Contra Costa Transportation Authority.

(14) Capitol Corridor Improvements in Interstate 80/Interstate 680 Corridor. Fund track and station improvements, including the Suisun Third Main Track and new Fairfield Station. Twenty-five million dollars ($25,000,000). The project sponsor is Capitol Corridor Joint Powers Authority and the Solano Transportation Authority.

(15) Central Contra Costa Bay Area Rapid Transit (BART) Crossover. Add new track before Pleasant Hill BART Station to permit BART trains to cross to return track towards San Francisco. Twenty-five million dollars ($25,000,000). The project sponsor is BART.

(16) Benicia-Martinez Bridge: New Span. Provide partial funding for completion of new five-lane span between Benicia and Martinez to significantly increase capacity in the I-680 corridor. Fifty million dollars ($50,000,000). The project sponsor is the Bay Area Toll Authority.

(17) Regional Express Bus North. Competitive grant program for bus service in Richmond-San Rafael Bridge, Carquinez, Benicia-Martinez and Antioch Bridge corridors. Provide funding for park and ride lots, infrastructure improvements, and rolling stock. Eligible recipients include Golden Gate Bridge Highway and Transportation District, Vallejo Transit, Napa VINE, Fairfield-Suisun Transit, Western Contra Costa Transit Authority, Eastern Contra Costa Transit Authority, and Central Contra Costa Transit Authority. The Golden Gate Bridge Highway and Transportation District shall receive a minimum of one million six hundred thousand dollars ($1,600,000). Napa VINE shall receive a minimum of two million four hundred thousand dollars ($2,400,000). Twenty million dollars ($20,000,000). The project sponsor is the Metropolitan Transportation Commission.

(18) TransLink. Integrate the Bay Area's regional smart card technology, TransLink, with operator fare collection equipment and expand system to new transit services. Twenty-two million dollars ($22,000,000). The project sponsor is the Metropolitan Transportation Commission.

(19) Real-Time Transit Information. Provide a competitive grant program for transit operators for assistance with implementation of high-technology systems to provide real-time transit information to riders at transit stops or via telephone, wireless, or Internet communication. Priority shall be given to projects identified in the commission's connectivity plan adopted pursuant to subdivision (d) of Section 30914.5. Twenty million dollars ($20,000,000). The funds shall be administered by the Metropolitan Transportation Commission.

(20) Safe Routes to Transit: Plan and construct bicycle and pedestrian access improvements in close proximity to transit facilities. Priority shall be given to those projects that best provide access to regional transit services. Twenty-two million five hundred thousand dollars ($22,500,000). City Car Share shall receive two million five hundred thousand dollars ($2,500,000) to expand its program within approximately one-quarter mile of transbay regional transit terminals or stations. The City Car Share project is sponsored by City Car Share and the Safe Routes to Transit project is jointly sponsored by the East Bay Bicycle Coalition and the Transportation and Land Use Coalition. These sponsors must identify a public agency cosponsor for purposes of specific project fund allocations.

(21) BART Tube Seismic Strengthening. Add seismic capacity to existing BART tube connecting the east bay with San Francisco. One hundred forty-three million dollars ($143,000,000). The project sponsor is BART.

(22) Transbay Terminal/Downtown Caltrain Extension. A new Transbay Terminal at First and Mission Streets in San Francisco providing added capacity for transbay, regional, local, and intercity bus services, the extension of Caltrain rail services into the terminal, and accommodation of a future high-speed passenger rail line to the terminal and eventual rail connection to the east bay. Eligible expenses include project planning, design and engineering, construction of a new terminal and its associated ramps and tunnels, demolition of existing structures, design and development of a temporary terminal, property and right-of-way acquisitions required for the project, and associated project-related administrative expenses. A bus- and train-ready terminal facility, including purchase and acquisition of necessary rights-of-way for the terminal, ramps, and rail extension, is the first priority for toll funds for the Transbay Terminal/Downtown Caltrain Extension Project.

The temporary terminal operation shall not exceed five years. One hundred fifty million dollars ($150,000,000). The project sponsor is the Transbay Joint Powers Authority.

(23) Oakland Airport Connector. New transit connection to link BART, Capitol Corridor and AC Transit with Oakland Airport. The Port of Oakland shall provide a full funding plan for the connector. Thirty million dollars ($30,000,000). The project sponsors are the Port of Oakland and BART.

(24) AC Transit Enhanced Bus-Phase 1 on Telegraph Avenue, International Boulevard, and East 14th Street (Berkeley-Oakland-San Leandro). Develop enhanced bus service on these corridors, including bus bulbs, signal prioritization, new buses, and other improvements. Priority of investment shall improve the AC connection to BART on these corridors. Sixty-five million dollars ($65,000,000). The project sponsor is AC Transit.

(25) Commute Ferry Service for Alameda/Oakland/Harbor Bay. Purchase two vessels for ferry services between Alameda and Oakland areas and San Francisco. Second vessel funds to be released upon demonstration of appropriate terminal locations, new transit-oriented development, adequate parking, and sufficient landside feeder connections to support ridership projections. Twelve million dollars ($12,000,000). The project sponsor is Water Transit Authority. If the Water Transit Authority demonstrates to the Metropolitan Transportation Commission that it has secured alternative funding for the two vessel purchases described in this paragraph, the funds may be used for terminal improvements.

(26) Commute Ferry Service for Berkeley/Albany. Purchase two vessels for ferry services between the Berkeley/Albany Terminal and San Francisco. Parking access and landside feeder connections must be sufficient to support ridership projections. Twelve million dollars ($12,000,000). The project sponsor is Water Transit Authority. If the Water Transit Authority demonstrates to the Metropolitan Transportation Commission that it has secured alternative funding for the two vessel purchases described in this paragraph, the funds may be used for terminal improvements. If the Water Transit Authority does not have an entitled terminal site within the Berkeley/Albany catchment area by 2010 that meets its requirements, the funds described in this paragraph and the operating funds described in paragraph (7) of subdivision (d) shall be transferred to another site in the East Bay. The City of Richmond shall be given first priority to receive this transfer of funds if it has met the planning milestones identified in its special study developed pursuant to paragraph (28).

(27) Commute Ferry Service for South San Francisco. Purchase two vessels for ferry services to the Peninsula. Parking access and landside feeder connections must be sufficient to support ridership projections. Twelve million dollars ($12,000,000). The project sponsor is Water Transit Authority. If the Water Transit Authority demonstrates to the Metropolitan Transportation Commission that it has secured alternative funding for the two vessel purchases described in this paragraph, the funds may be used for terminal improvements.

(28) Water Transit Facility Improvements, Spare Vessels, and Environmental Review Costs. Provide two backup vessels for water transit services, expand berthing capacity at the Port of San Francisco, and expand environmental studies and design for eligible locations. Forty-eight million dollars ($48,000,000). The project sponsor is Water Transit Authority. Up to one million dollars ($1,000,000) of the funds described in this paragraph shall be made available for the Water Transit Authority to study accelerating development and other milestones that would potentially increase ridership at the City of Richmond ferry terminal.

(29) Regional Express Bus Service for San Mateo, Dumbarton, and Bay Bridge Corridors. Expand park and ride lots, improve HOV access, construct ramp improvements, and purchase rolling stock. Twenty-two million dollars ($22,000,000). The project sponsors are AC Transit and Alameda County Congestion Management Agency.

(30) I-880 North Safety Improvements. Reconfigure various ramps on I-880 and provide appropriate mitigations between 29th Avenue and 16th Avenue. Ten million dollars ($10,000,000). The project sponsors are Alameda County Congestion Management Agency, City of Oakland, and the Department of Transportation.

(31) BART Warm Springs Extension. Extension of the existing BART system from Fremont to Warm Springs in southern Alameda County. Ninety-five million dollars ($95,000,000). Up to ten million dollars ($10,000,000) shall be used for grade separation work in the City of Fremont necessary to extend BART. The project would facilitate a future rail service extension to the Silicon Valley. The project sponsor is BART.

(32) I-580 (Tri Valley) Rapid Transit Corridor Improvements. Provide rail or High-Occupancy Vehicle lane direct connector to Dublin BART and other improvements on I-580 in Alameda County for use by express buses. Sixty-five million dollars ($65,000,000). The project sponsor is Alameda County Congestion Management Agency.

(33) Regional Rail Master Plan. Provide planning funds for integrated regional rail study pursuant to subdivision (f) of Section 30914.5. Six million five hundred thousand dollars ($6,500,000). The project sponsors are Caltrain and BART.

(34) Integrated Fare Structure Program. Provide planning funds for the development of zonal monthly transit passes pursuant to subdivision (e) of Section 30914.5. One million five hundred thousand dollars ($1,500,000). The project sponsor is the Translink Consortium.

(35) Transit Commuter Benefits Promotion. Marketing program to promote tax-saving opportunities for employers and employees as specified in Section 132(f)(3) or 162(a) of the Internal Revenue Code. Goal is to increase the participation rate of employers offering employees a tax-free benefit to commute to work by transit. The project sponsor is the Metropolitan Transportation Commission. Five million dollars ($5,000,000).

(36) Caldecott Tunnel Improvements. Provide funds to plan and construct a fourth bore at the Caldecott Tunnel between Contra Costa and Alameda Counties. The fourth bore will be a two-lane bore with a shoulder or shoulders north of the current three bores. The County Connection shall study all feasible alternatives to increase transit capacity in the westbound corridor of State Highway Route 24 between State Highway Route 680 and the Caldecott Tunnel, including the study of the use of an express lane, high-occupancy vehicle lane, and an auxiliary lane. The cost of the study shall not exceed five hundred thousand dollars ($500,000) and shall be completed not later than January 15, 2006. Fifty million five hundred thousand dollars ($50,500,000). The project sponsor is the Contra Costa Transportation Authority.

(d) Not more than 38 percent of the revenues generated from the toll increase shall be made available annually for the purpose of providing operating assistance for transit services as set forth in the authority's annual budget resolution. The funds shall be made available to the provider of the transit services subject to the performance measures described in Section 30914.5. If the funds cannot be obligated for operating assistance consistent with the performance measures, these funds shall be obligated for other operations consistent with this chapter.

Except for operating programs that do not have planned funding increases and subject to the 38-percent limit on total operating cost funding in any single year, following the first year of scheduled operations, an escalation factor, not to exceed 1.5 percent per year, shall be added to the operating cost funding through fiscal year 2015–16, to partially offset increased operating costs. The escalation factors shall be contained in the operating agreements described in Section 30914.5. Subject to the limitations of this paragraph, the Metropolitan Transportation Commission may annually fund the following operating programs as another component of the Regional Traffic Relief Plan:

(1) Golden Gate Express Bus Service over the Richmond Bridge (Route 40). Two million one hundred thousand dollars ($2,100,000).

(2) Napa Vine Service terminating at the Vallejo Intermodal Terminal. Three hundred ninety thousand dollars ($390,000).

(3) Regional Express Bus North Pool serving the Carquinez and Benicia Bridge Corridors. Three million four hundred thousand dollars ($3,400,000).

(4) Regional Express Bus South Pool serving the Bay Bridge, San Mateo Bridge, and Dumbarton Bridge Corridors. Six million five hundred thousand dollars ($6,500,000).

(5) Dumbarton Rail. Five million five hundred thousand dollars ($5,500,000).

(6) Water Transit Authority, Alameda/Oakland/Harbor Bay. A portion of the operating funds may be dedicated to landside transit operations. Six million four hundred thousand dollars ($6,400,000).

(7) Water Transit Authority, Berkeley/Albany. A portion of the operating funds may be dedicated to landside transit operations. Three million two hundred thousand dollars ($3,200,000).

(8) Water Transit Authority, South San Francisco. A portion of the operating funds may be dedicated to landside operations. Three million dollars ($3,000,000).

(9) Vallejo Ferry. Two million seven hundred thousand dollars ($2,700,000).

(10) Owl Bus Service on BART Corridor. One million eight hundred thousand dollars ($1,800,000).

(11) MUNI Metro Third Street Light Rail Line. Two million five hundred thousand dollars ($2,500,000) without escalation.

(12) AC Transit Enhanced Bus Service on Telegraph Avenue, International Boulevard, and East 14th Street in Berkeley-Oakland-San Leandro. Three million dollars ($3,000,000) without escalation.

(13) TransLink, three-year operating program. Twenty million dollars ($20,000,000) without escalation.

(14) Water Transit Authority, regional planning and operations. Three million dollars ($3,000,000) without escalation.

(e) For all projects authorized under subdivision (c), the project sponsor shall submit an initial project report to the Metropolitan Transportation Commission before July 1, 2004. This report shall include all information required to describe the project in detail, including the status of any environmental documents relevant to the project, additional funds required to fully fund the project, the amount, if any, of funds expended to date, and a summary of any impediments to the completion of the project. This report, or an updated report, shall include a detailed financial plan and shall notify the commission if the project sponsor will request toll revenue within the subsequent 12 months. The project sponsor shall update this report as needed or requested by the commission. No

funds shall be allocated by the commission for any project authorized by subdivision (c) until the project sponsor submits the initial project report, and the report is reviewed and approved by the commission.

If multiple project sponsors are listed for projects listed in subdivision (c), the commission shall identify a lead sponsor in coordination with all identified sponsors, for purposes of allocating funds. For any projects authorized under subdivision (c), the commission shall have the option of requiring a memorandum of understanding between itself and the project sponsor or sponsors that shall include any specific requirements that must be met prior to the allocation of funds provided under subdivision (c).

(f) The Metropolitan Transportation Commission shall annually assess the status of programs and projects and shall allocate a portion of funding made available under Section 30921 or 30958 for public information and advertising to support the services and projects identified in subdivisions (c) and (d). If a program or project identified in subdivision (c) has cost savings after completion, taking into account construction costs and an estimate of future settlement claims, or cannot be completed or cannot continue due to delivery or financing obstacles making the completion or continuation of the program or project unrealistic, the commission shall consult with the program or project sponsor. After consulting with the sponsor, the commission shall hold a public hearing concerning the program or project. After the hearing, the commission may vote to modify the program or the project's scope, decrease its level of funding, or reassign some or all of the funds to another project within the same bridge corridor. If a program or project identified in subdivision (c) is to be implemented with other funds not derived from tolls, the commission shall follow the same consultation and hearing process described above and may vote thereafter to reassign the funds to another project consistent with the intent of this chapter. If an operating program or project as identified in subdivision (d) cannot achieve its performance objectives described in subdivision (a) of Section 30914.5 or cannot continue due to delivery or financing obstacles making the completion or continuation of the program or project unrealistic, the commission shall consult with the program or the project sponsor. After consulting with the sponsor, the commission shall hold a public hearing concerning the program or project. After the hearing, the commission may vote to modify the program or the project's scope, decrease its level of funding, or to reassign some or all of the funds to another or an additional regional transit program or project within the same corridor. If a program or project does not meet the required performance measures, the commission shall give the sponsor a time certain to achieve the performance measures before reassigning its funding.

(g) If the voters approve a toll increase pursuant to Section 30921, the authority shall within 24 months of the election date, include the projects in a long-range plan that are consistent with the commission's findings required by this section and Section 30914.5. The authority shall update its long-range plan as required to maintain its viability as a strategic plan for funding projects authorized by this section. The authority shall by January 1, 2007, submit its updated long-range plan to the transportation policy committee of each house of the Legislature for review.

(h) If the voters approve a toll increase pursuant to Section 30921, and if additional funds from this toll increase are available following the funding obligations of subdivisions (c) and (d), the authority may set aside a reserve to fund future rolling stock replacement to enhance the sustainability of the services enumerated in subdivision (d). The authority shall, by January 1, 2020, submit a 20-year toll bridge expenditure plan to the Legislature for adoption. This expenditure plan shall have, as its highest priority, replacement of transit vehicles purchased pursuant to subdivision (c).

SEC. 2. Section 30914.5 of the Streets and Highways Code is amended to read:

30914.5. (a) Prior to the allocation of revenue for transit operating assistance under subdivision (d) of Section 30914, the Metropolitan Transportation Commission shall adopt performance measures related to fare-box recovery, ridership, and other performance measures as needed. The performance measures shall be developed in consultation with the affected transit operators and the commission's advisory council.

(b) The Metropolitan Transportation Commission shall execute an operating agreement with the sponsors of the projects described in subdivision (d) of Section 30914. This agreement shall include, at a minimum, a fully funded operating plan that conforms to and is consistent with the adopted performance measures. The agreement shall also include a schedule of projected fare revenues or other operating revenues to indicate that the service is viable in the near-term and is expected to meet the adopted performance measures in future years. For any individual project sponsor, this operating agreement may include additional requirements, as determined by the commission, to be met prior to the allocation of transit assistance under subdivision (d) of Section 30914.

(c) Prior to the annual allocation of transit operating assistance funds by the Metropolitan Transportation Commission pursuant to subdivision (d) of Section 30914, the Metropolitan Transportation Commission shall conduct, or shall require the sponsoring agency to conduct, an independent audit that contains audited financial information, including

an opinion on the status and cost of the project and its compliance with the approved performance measures. Notwithstanding this requirement, each operator shall be given a one-year trial period to operate new service. In the first year of new service, the sponsor shall develop a reporting and accounting structure for the performance measures. Commencing with the third operating year, sponsors shall be subject to the approved performance measures.

(d) The Metropolitan Transportation Commission shall adopt a regional transit connectivity plan by May 1, 2006. The connectivity plan shall be incorporated into the commission's Transit Coordination Implementation Plan pursuant to Section 66516.5 of the Government Code. The connectivity plan shall require operators to comply with the plan utilizing commission authority pursuant to Section 66516.5 of the Government Code. The commission shall consult with the Partnership Transit Coordination Council in developing a plan that identifies and evaluates opportunities for improving transit connectivity and shall include, but not be limited to, the following components:

(1) A network of key transit hubs connecting regional rapid transit services to one another, and to feeder transit services. "Regional rapid transit" means long-haul transit service that crosses county lines, and operates mostly in dedicated rights-of-way, including freeway high-occupancy vehicle lanes, crossing a bridge, or on the bay. The identified transit hubs shall operate either as a timed transfer network or as pulsed hub connections, providing regularly scheduled connections between two or more transit lines.

(2) Physical infrastructure and right-of-way improvements necessary to improve system reliability and connections at transit hubs. Physical infrastructure improvements may include, but are not limited to, improved rail-to-rail transfer facilities, including cross-platform transfers, and intermodal transit improvements that facilitate rail-to-bus, rail-to-ferry, ferry-to-ferry, ferry-to-bus, and bus-to-bus transfers. Capital improvements identified in the plan shall be eligible for funding in the commission's regional transportation plan.

(3) Regional standards and procedures to ensure maximum coordination of schedule connections to minimize transfer times between transit lines at key transit hubs, including, but not limited to, the following:

(A) Policies and procedures for improved fare collection.

(B) Enhanced trip-planning services, including Internet-based programs, telephone information systems, and printed schedules.

(C) Enhanced schedule coordination through the implementation of real-time transit-vehicle location systems that facilitate communication between systems and result in improved timed transfers between routes.

(D) Performance measures and data collection to monitor the performance of the connectivity plan.

The connectivity plan shall focus on, but not be limited to, feeder transit lines connecting to regional rapid transit services, and the connection of regional rapid transit services to one another. The connectivity plan shall be adopted following a Metropolitan Transportation Commission public hearing at least 60 days prior to adoption. The commission shall adopt performance measures and collect appropriate data to monitor the performance of the connectivity plan. The plan shall be evaluated every three years by the commission as part of the update to its regional transportation plan. No agency shall be eligible to receive funds under this section unless the agency is a participant operator in the commission's regional transit connectivity plan.

The provisions of this subdivision shall only be effective if the voters approve the toll increase as set forth in Section 30921, and the expenditures incurred by the Metropolitan Transportation Commission up to five hundred thousand dollars ($500,000) that are related to the requirements of this subdivision, including any study, shall be reimbursed from toll revenues identified in paragraph (33) of subdivision (c) of Section 30914.

(e) The TransLink Consortium, per the TransLink Interagency Participation Agreement, shall, by July 1, 2008, develop a plan for an integrated fare program covering all regional rapid transit trips funded in full or in part by this section. "Regional rapid transit" means long-haul transit services that cross county lines, and operate mostly in dedicated rights-of-way, including freeway high-occupancy vehicle lanes, crossing a bridge, or on the bay. Interregional rail services, originating or terminating from outside the Bay Area, shall not be considered regional rapid transit. The purpose of the integrated fare program is to encourage greater use of the region's transit network by making it easier and less costly for transit riders whose regular commute involves multizonal travel and may involve the transfer between two or more transit agencies, including regional-to-regional and regional-to-local transfers. The integrated fare program shall include a zonal fare system for the sole purpose of creating a monthly zonal pass (monthly pass), allowing for unlimited or discounted fares for transit riders making a minimum number of monthly transit trips between two or more zones. The number of minimum trips shall be established by the plan. The integrated fare program shall not apply to fare structures that are not purchased on a monthly basis. For the purposes of these zonal fares, geographic zones shall be created in the Bay Area. To the extent practical, zone boundaries for overlapping systems shall be in the same places and shall correspond

to the boundaries of the local transit service areas. A regional rapid transit zone may cover more than one local service area, or may subdivide an existing local service area. The monthly pass shall be created in at least the following two forms:

(1) For the use of interzonal regional rapid transit trips without local transit discounts.

(2) For the use of interzonal regional rapid transit trips with local transit discounts. The plan may recommend the elimination of existing transit pass arrangements to simplify the marketing of the monthly pass. The integrated fare program shall establish a monitoring program to evaluate the impact of the integrated fare program on the operating finances of the participating agencies. The integrated fare program shall be adjusted as necessary to ensure that the program does not jeopardize the viability of local or regional rapid transit routes impacted by the program, and to the extent feasible, provide an equitable revenue-sharing arrangement among the participating agencies. This subdivision shall only be effective if the voters approve the toll increase as set forth in Section 30921, and any expenditures related to the implementation of this subdivision incurred by the TransLink Consortium shall be reimbursed by toll revenues designated in paragraph (34) of subdivision (c) of Section 30914.

(f) The Metropolitan Transportation Commission (MTC) shall, by September 29, 2007, adopt a Bay Area Regional Rail Plan (plan) for the development of passenger rail services in the San Francisco Bay Area over the short, medium, and long term. Up to six million dollars ($6,000,000) of the funds described in paragraph (33) of subdivision (c) of Section 30914 may be expended by MTC, the San Francisco Bay Area Rapid Transit District (BART), and the Peninsula Corridor Joint Powers Board (Caltrain) for the plan. A project management team comprised of staff from MTC, Caltrain, the High-Speed Rail Authority, and BART shall provide day-to-day project management of the technical development of the plan. The plan shall formulate strategies to integrate passenger rail systems, improve interfaces with connecting services, expand the regional rapid transit network, and coordinate investments with transit-supportive land use. The plan shall be directed by a steering committee consisting of appointees from the Department of Transportation (Caltrans), BART, Caltrain, the National Railroad Passenger Corporation (Amtrak), the Capitol Corridor Joint Powers Authority, the Altamont Commuter Express, the High-Speed Rail Authority, MTC, the Sonoma-Marin Area Rail Transit District (SMART), the Santa Clara Valley Transportation Authority, the Solano Transportation Authority, the Association of Bay Area Governments, the Transbay Joint Powers Authority, the Port of Oakland, the Alameda

County Congestion Management Agency, the Contra Costa Transportation Authority, the Transportation Authority of Marin, the Napa County Transportation Planning Agency, the San Francisco County Transportation Authority, the San Mateo City-County Association of Governments, the San Francisco Municipal Transportation Agency, and the owners of standard gauge rail. Under direction from the steering committee and with input from Bay Area transit agencies, MTC shall act as the fiscal agent for the study and oversee consultant contracts on behalf of the project management team. The plan proposals shall be evaluated using performance criteria, including, but not limited to, transit-supportive land use and access, ridership, cost-effectiveness, regional network connectivity, and capital and operating financial stability. Additional performance criteria shall be developed as necessary. The plan shall include, but not be limited to, all of the following:

(1) Identification of issues in connectivity, access, capacity, operations, and cost-effectiveness.

(2) Identification of opportunities to enhance rail connectivity and to maximize passenger convenience when transferring between systems, including the study of the feasibility and construction of an intermodal transfer hub at Niles (Shinn Street) Junction.

(3) Recommendation of improvements to the interface with shuttles, buses, other rail systems, and other feeder modes.

(4) Identification of potential impacts on capacity constraints and operations on existing passenger and freight carriers.

(5) Identification of bottlenecks where added capacity could cost-effectively increase performance.

(6) Recommendation of potential efficiency improvements through economies of scale, such as through joint vehicle procurement and maintenance facilities.

(7) Recommendation of strategies to acquire right-of-way and station property to preserve future service options.

(8) Identification of potential capital and operating funding sources for proposed actions.

(9) Identification of locations where the presence of passenger rail could stimulate redevelopment and thereby direct growth to the urban core.

(10) Recommendation of technology-appropriate service expansion in specific corridors. Technologies to be considered include conventional rail transit modes, bus rapid transit, and emerging rail technologies. Identify phasing strategies for the implementation of rail services where appropriate.

(11) Examination of how recommendations would integrate with proposed high-speed rail to the Central Valley and southern California.

The intent of this element of the study is to help reduce the number of alternatives that the High-Speed Rail Authority would need to evaluate as part of any follow-on environmental assessment of future high-speed rail system access to the Bay Area. Selection of a preferred alignment for the Bay Area shall remain the responsibility of the High-Speed Rail Authority pursuant to Section 185032 of the Public Utilities Code.

(12) Recommendation of a governance strategy to implement and operate future regional rail services.

This subdivision shall only be effective if the voters approve the toll increase as set forth in Section 30921. Any expenditures incurred by the Metropolitan Transportation Commission or the project sponsors identified in paragraph (33) of subdivision (c) of Section 30914 related to the requirements of this subdivision, including any study and administration, shall be appropriate charges against toll revenue to be reimbursed from toll revenues.

SEC. 3. Section 5205.5 of the Vehicle Code is amended to read:

5205.5. (a) For the purposes of implementing Section 21655.9, the department shall make available for issuance, for a fee determined by the department to be sufficient to reimburse the department for the actual costs incurred pursuant to this section, distinctive decals, labels, and other identifiers that clearly distinguish the following vehicles from other vehicles:

(1) A vehicle that meets California's super ultra-low emission vehicle (SULEV) standard for exhaust emissions and the federal inherently low-emission vehicle (ILEV) evaporative emission standard, as defined in Part 88 (commencing with Section 88.101-94) of Title 40 of the Code of Federal Regulations.

(2) A vehicle that was produced during the 2004 model-year or earlier and meets California ultra-low emission vehicle (ULEV) standard for exhaust emissions and the federal ILEV standard.

(3) A hybrid vehicle or an alternative fuel vehicle that meets California's advanced technology partial zero-emission vehicle (AT PZEV) standard for criteria pollutant emissions and has a 45 miles per gallon or greater fuel economy highway rating.

(4) A hybrid vehicle that was produced during the 2004 model-year or earlier and has a 45 miles per gallon or greater fuel economy highway rating, and meets California's ultra-low emission vehicle (ULEV), super ultra-low emission vehicle (SULEV), or partial zero-emission vehicle (PZEV) standards.

(b) Neither an owner of a hybrid vehicle that meets the AT PZEV standard, with the exception of a vehicle that meets the federal ILEV standard, nor an owner of a hybrid vehicle described in paragraph (4) of subdivision (a), is entitled to a decal, label, or other identifier pursuant

to this section unless, and until, the federal government acts to approve the use of high-occupancy vehicle lanes by vehicles of the types identified in paragraph (3) or (4) of subdivision (a), regardless of the number of occupants.

(c) The department shall include a summary of the provisions of this section on each motor vehicle registration renewal notice, or on a separate insert, if space is available and the summary can be included without incurring additional printing or postage costs.

(d) The Department of Transportation shall remove individual high-occupancy vehicle (HOV) lanes, or portions of those lanes, during periods of peak congestion from the access provisions provided in subdivision (a), following a finding by the Department of Transportation as follows:

(1) The lane, or portion thereof, exceeds a level of service C, as discussed in subdivision (b) of Section 65089 of the Government Code.

(2) The operation or projected operation of the vehicles described in subdivision (a) in these lanes, or portions thereof, will significantly increase congestion.

The finding also shall demonstrate the infeasibility of alleviating the congestion by other means, including, but not limited to, reducing the use of the lane by noneligible vehicles, or further increasing vehicle occupancy.

(e) The State Air Resources Board shall publish and maintain a listing of all vehicles eligible for participation in the programs described in this section. The board shall provide that listing to the department.

(f) For purposes of subdivision (a), the Department of the California Highway Patrol and the department, in consultation with the Department of Transportation, shall design and specify the placement of the decal, label, or other identifier on the vehicle. Each decal, label, or other identifier issued for a vehicle shall display a unique number, which number shall be printed on, or affixed to, the vehicle registration.

(g) (1) For purposes of subdivision (a), the department shall issue no more than 75,000 distinctive decals, labels, or other identifiers that clearly distinguish the vehicles specified in paragraphs (3) and (4) of subdivision (a).

(2) The department shall notify the Department of Transportation immediately after the date on which the department has issued 50,000 decals, labels, and other identifiers under this section for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(3) The Department of Transportation shall determine whether significant high-occupancy vehicle lane breakdown has occurred throughout the state, in accordance with the following timeline:

(A) For lanes that are nearing capacity, the Department of Transportation shall make the determination not later than 90 days after the date provided by the department under paragraph (2).

(B) For lanes that are not nearing capacity, the Department of Transportation shall make the determination not later than 180 days after the date provided by the department under paragraph (2).

(4) In making the determination that significant high-occupancy vehicle lane breakdown has occurred, the Department of Transportation shall consider the following factors in the HOV lane:

(A) Reduction in level of service.

(B) Sustained stop-and-go conditions.

(C) Slower than average speed than the adjacent mixed-flow lanes.

(D) Consistent increase in travel time.

(5) After making the determinations pursuant to subparagraphs (A) and (B) of paragraph (3), if the Department of Transportation determines that significant high-occupancy vehicle lane breakdown has occurred throughout the state, the Department of Transportation shall immediately notify the department of that determination, and the department, on the date of receiving that notification, shall discontinue issuing the decals, labels, or other identifiers for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(h) If the Metropolitan Transportation Commission, serving as the Bay Area Toll Authority, grants toll-free and reduced-rate passage on toll bridges under its jurisdiction to any vehicle pursuant to Section 30102.5 of the Streets and Highways Code, it shall also grant the same toll-free and reduced-rate passage to a vehicle displaying an identifier issued by the department pursuant to paragraph (1) or (2) of subdivision (a) and to a vehicle displaying a valid identifier issued by the department pursuant to paragraph (3) or (4) of subdivision (a) if the vehicle is registered to an address outside of the region identified in Section 66502 of the Government Code.

(i) An owner of a vehicle specified in paragraph (3) or (4) of subdivision (a) whose vehicle is registered to an address in the region identified in Section 66502 of the Government Code and who seeks a vehicle identifier under subdivision (a) in order to have access to a high-occupancy vehicle lane within the jurisdiction of the Bay Area Toll Authority shall do both of the following:

(1) Obtain and maintain an active account to operate within the automatic vehicle identification system described in Section 27565 of the Streets and Highways Code and shall submit to the department a form, approved by the department and issued by the Bay Area Toll Authority, that contains the vehicle owner's name, the license plate number and vehicle identification number of the vehicle, the vehicle

make and year model, and the automatic vehicle identification system account number, as a condition to obtaining a vehicle identifier pursuant to subdivision (a) that allows for the use of that vehicle in high-occupancy vehicle lanes regardless of the number of occupants.

(2) Be eligible for toll-free or reduced-rate passage on toll bridges within the jurisdiction of the Bay Area Toll Authority only if, at time of passage, the vehicle meets the passenger occupancy rate requirement established for that toll-free or reduced-rate passage.

(j) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 4. Section 21655.9 of the Vehicle Code is amended to read:

21655.9. (a) (1) Whenever the Department of Transportation or a local authority authorizes or permits exclusive or preferential use of highway lanes or highway access ramps for high-occupancy vehicles pursuant to Section 21655.5, the use of those lanes or ramps shall also be extended to vehicles that are issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5 regardless of vehicle occupancy or ownership.

(2) A local authority during periods of peak congestion shall suspend for a lane the access privileges extended pursuant to paragraph (1) for those vehicles issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5, if a periodic review of lane performance by that local authority discloses both of the following factors regarding the lane:

(A) The lane, or a portion thereof, exceeds a level of service C, as described in subdivision (b) of Section 65089 of the Government Code.

(B) The operation or projected operation of vehicles in the lane, or a portion thereof, will significantly increase congestion.

(b) A person shall not drive a vehicle described in subdivision (a) of Section 5205.5 with a single occupant upon a high-occupancy vehicle lane pursuant to this section unless the decal, label, or other identifier issued pursuant to Section 5205.5 is properly displayed on the vehicle, and the vehicle registration described in Section 5205.5 is with the vehicle.

(c) A person shall not operate or own a vehicle displaying a decal, label, or other identifier, as described in Section 5205.5, if that decal, label, or identifier was not issued for that vehicle pursuant to Section 5205.5. A violation of this subdivision is a misdemeanor.

(d) If the provisions in Section 5205.5 authorizing the department to issue decals, labels, or other identifiers to hybrid and alternative fuel vehicles are repealed, vehicles displaying those decals, labels, or other

identifiers shall not access high-occupancy vehicle lanes without meeting the occupancy requirements otherwise applicable to those lanes.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 4.5. Section 21655.9 of the Vehicle Code is amended to read:

21655.9. (a) (1) Whenever the Department of Transportation or a local authority authorizes or permits exclusive or preferential use of highway lanes or highway access ramps for high-occupancy vehicles pursuant to Section 21655.5, the use of those lanes or ramps shall also be extended to vehicles that are issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5 regardless of vehicle occupancy or ownership.

(2) A local authority during periods of peak congestion shall suspend for a lane the access privileges extended pursuant to paragraph (1) for those vehicles issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5, if a periodic review of lane performance by that local authority discloses both of the following factors regarding the lane:

(A) The lane, or a portion thereof, exceeds a level of service C, as described in subdivision (b) of Section 65089 of the Government Code.

(B) The operation or projected operation of vehicles in the lane, or a portion thereof, will significantly increase congestion.

(b) A person shall not drive a vehicle described in subdivision (a) of Section 5205.5 with a single occupant upon a high-occupancy vehicle lane pursuant to this section unless the decal, label, or other identifier issued pursuant to Section 5205.5 is properly displayed on the vehicle, and the vehicle registration described in Section 5205.5 is with the vehicle.

(c) A person shall not operate or own a vehicle displaying a decal, label, or other identifier, as described in Section 5205.5, if that decal, label, or identifier was not issued for that vehicle pursuant to Section 5205.5. A violation of this subdivision is a misdemeanor.

(d) If the provisions in Section 5205.5 authorizing the department to issue decals, labels, or other identifiers to hybrid and alternative fuel vehicles are inoperative, vehicles displaying those decals, labels, or other identifiers shall not access high-occupancy vehicle lanes without meeting the occupancy requirements otherwise applicable to those lanes.

(e) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 5. Section 4.5 of this bill incorporates amendments to Section 21655.9 of the Vehicle Code proposed by both this bill and AB 2600.

It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 21655.9 of the Vehicle Code, and (3) this bill is enacted after AB 2600, in which case Section 4 of this bill shall not become operative.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 607

An act to amend Section 18707 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 18707 of the Revenue and Taxation Code is amended to read:

18707. All money transferred to the California Military Family Relief Fund, upon appropriation by the Legislature, shall be allocated as follows:

(a) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

(b) (1) To the Military Department for the establishment of financial aid grants to members of the California National Guard who are California residents, who have been called to active duty. The Military Department shall establish eligibility criteria for the grants.

(2) In addition to criteria established by the Military Department pursuant to paragraph (1), members of the California National Guard who are California residents shall show proof of all of the following to be eligible to receive a grant:

(A) Membership in the California National Guard.

(B) Residency in California.

(C) Deployment to active duty for at least 60 consecutive days.

(D) The military salary of the member, combined with any ongoing partial receipt of civilian salary, has decreased by 10 percent or more from the member's civilian salary, or the household income of the

member's family has decreased by 10 percent or more from the member's household income prior to deployment.

(3) Grants awarded pursuant to this article may only be used for any of the following: food, housing, child care, utilities, medical services, medical prescriptions, insurance, and vehicle related payments.

(4) Members of the California National Guard who are California residents may not be eligible to receive a grant if the member receives a punitive discharge or an administrative discharge with service characterized as under other than honorable conditions.

CHAPTER 608

An act to add Article 4.5 (commencing with Section 51250) to Chapter 2 of Part 28 of, the Education Code, relating to schoolage military dependents.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Military services personnel serve our country every day. Not only do military services personnel perform patriotic duties, but they also make daily sacrifices, such as deployment and living overseas. As a result, military families also experience the hardships of the military services personnel.

(b) There are over 98,000 schoolage military dependents. Many of these individuals face significant obstacles. Twenty-five percent of these pupils lose course credits due to multiple school transfers, including transferring from out-of-state and out-of-country United States Department of Defense schools to public schools in California. Many schoolage dependents are often inadvertently penalized by varying requirements at the different schools they attend as the result of the federal military mobilization, multiple duty station transfers, or both, of their parents or legal guardians.

SEC. 2. Article 4.5 (commencing with Section 51250) is added to Chapter 2 of Part 28 of the Education Code, to read:

Article 4.5. Schoolage Military Dependents

51250. The department shall establish a formal liaison with the United States Department of Defense and school districts and county offices of education that enroll military dependents to do all of the following:

(a) Examine course credit transfer issues and establish guidelines for course credit transfer.

(b) Develop procedures to facilitate the integration of military dependents into new public schools.

(c) Establish procedures to assist military dependents in meeting local graduation requirements.

(d) Create model memorandums of agreement between military bases and school districts or county offices of education regarding enabling schoolage military dependents to experience a smoother transition from one school to another school.

51251. (a) A governing board of a school district and a county office of education may undertake any or all of the following in order to properly address the needs of military dependents:

(1) Establish a course credit transfer policy for schoolage military dependents provided that, under the policy, the military dependents would still substantially meet the graduation requirements prescribed by the governing board. A school district may require a military dependent, within reason, to meet the graduation requirements of the district, established pursuant to paragraph (2) of subdivision (a) of Section 51225.3, that are in addition to state graduation requirements.

(2) Provide early entry transfer, pretranscript evaluation, pupil support services, and other similar assistance to aid schoolage military dependents in meeting graduation requirements.

(b) A governing board of a school district may take the actions described in subdivision (a) if both of the following circumstances have been met:

(1) The parent or legal guardian of the military dependent is serving on active duty or has been discharged from military service within the last year.

(2) The transfer of the military dependent to a new school is the direct result of a military transfer or discharge of the parent or legal guardian of the dependent.

(c) For the purposes of this section, the following terms have the following meanings:

(1) "Early entry transfer" means that a pupil shall have completed the transfer process prior to arriving on the campus of the school to which the pupil is transferring and that upon arrival at the school to which the pupil is transferring, the pupil shall be able to attend his or her assigned

classes and participate in his or her desired extracurricular activities, provided the pupil meets the eligibility requirements for those activities.

(2) "Pretranscript evaluation" means that the school to which the pupil is transferring shall review the coursework-to-date of the pupil, including any unofficial transcripts, prior to the receipt of official transcripts or the arrival of the pupil. This evaluation process shall be designed to clarify any questions about the placement of the pupil in classes at the school to which the pupil is transferring and shall include communication with school counselors and teachers at the school from which the pupil is transferring by any or all of the following means: videoconferencing, e-mail correspondence, and telephone calls.

CHAPTER 609

An act to amend Sections 21100, 22651.7, 22658, 22953, and 40000.15 of, and to repeal Section 22658.2 of, the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 21100 of the Vehicle Code is amended to read:

21100. Local authorities may adopt rules and regulations by ordinance or resolution regarding the following matters:

(a) Regulating or prohibiting processions or assemblages on the highways.

(b) Licensing and regulating the operation of vehicles for hire and drivers of passenger vehicles for hire.

(c) Regulating traffic by means of traffic officers.

(d) Regulating traffic by means of official traffic control devices meeting the requirements of Section 21400.

(e) Regulating traffic by means of a person given temporary or permanent appointment for that duty by the local authority whenever official traffic control devices are disabled or otherwise inoperable, at the scenes of accidents or disasters, or at locations as may require traffic direction for orderly traffic flow.

A person shall not be appointed pursuant to this subdivision unless and until the local authority has submitted to the commissioner or to the chief law enforcement officer exercising jurisdiction in the enforcement of traffic laws within the area in which the person is to perform the duty,

for review, a proposed program of instruction for the training of a person for that duty, and unless and until the commissioner or other chief law enforcement officer approves the proposed program. The commissioner or other chief law enforcement officer shall approve a proposed program if he or she reasonably determines that the program will provide sufficient training for persons assigned to perform the duty described in this subdivision.

(f) Regulating traffic at the site of road or street construction or maintenance by persons authorized for that duty by the local authority.

(g) (1) Licensing and regulating the operation of tow truck service or tow truck drivers whose principal place of business or employment is within the jurisdiction of the local authority, excepting the operation and operators of any auto dismantlers' tow vehicle licensed under Section 11505 or any tow truck operated by a repossessing agency licensed under Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code and its registered employees.

(2) The Legislature finds that the safety and welfare of the general public is promoted by permitting local authorities to regulate tow truck service companies and operators by requiring licensure, insurance, and proper training in the safe operation of towing equipment, thereby ensuring against towing mistakes that may lead to violent confrontation, stranding motorists in dangerous situations, impeding the expedited vehicle recovery, and wasting state and local law enforcement's limited resources.

(3) Nothing in this subdivision shall limit the authority of a city or city and county pursuant to Section 12111.

(h) Operation of bicycles, and, as specified in Section 21114.5, electric carts by physically disabled persons, or persons 50 years of age or older, on the public sidewalks.

(i) Providing for the appointment of nonstudent school crossing guards for the protection of persons who are crossing a street or highway in the vicinity of a school or while returning thereafter to a place of safety.

(j) Regulating the methods of deposit of garbage and refuse in streets and highways for collection by the local authority or by any person authorized by the local authority.

(k) (1) Regulating cruising.

(2) The ordinance or resolution adopted pursuant to this subdivision shall regulate cruising, which is the repetitive driving of a motor vehicle past a traffic control point in traffic that is congested at or near the traffic control point, as determined by the ranking peace officer on duty within the affected area, within a specified time period and after the vehicle operator has been given an adequate written notice that further driving past the control point will be a violation of the ordinance or resolution.

(3) A person is not in violation of an ordinance or resolution adopted pursuant to this subdivision unless both of the following apply:

(A) That person has been given the written notice on a previous driving trip past the control point and then again passes the control point in that same time interval.

(B) The beginning and end of the portion of the street subject to cruising controls are clearly identified by signs that briefly and clearly state the appropriate provisions of this subdivision and the local ordinance or resolution on cruising.

(*l*) Regulating or authorizing the removal by peace officers of vehicles unlawfully parked in a fire lane, as described in Section 22500.1, on private property. A removal pursuant to this subdivision shall be consistent, to the extent possible, with the procedures for removal and storage set forth in Chapter 10 (commencing with Section 22650).

SEC. 2. Section 22651.7 of the Vehicle Code is amended to read:

22651.7. (a) In addition to, or as an alternative to, removal, a peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, or a regularly employed and salaried employee who is engaged in directing traffic or enforcing parking laws and regulations, of a jurisdiction in which a vehicle is located may immobilize the vehicle with a device designed and manufactured for the immobilization of vehicles, on a highway or any public lands located within the territorial limits in which the officer or employee may act if the vehicle is found upon a highway or public lands and it is known to have been issued five or more notices of parking violations that are delinquent because the owner or person in control of the vehicle has not responded to the agency responsible for processing notices of parking violation within 21 calendar days of notice of citation issuance or citation issuance or 14 calendar days of the mailing of a notice of delinquent parking violation, or the registered owner of the vehicle is known to have been issued five or more notices for failure to pay or failure to appear in court for traffic violations for which no certificate has been issued by the magistrate or clerk of the court hearing the case showing that the case has been adjudicated or concerning which the registered owner's record has not been cleared pursuant to Chapter 6 (commencing with Section 41500) of Division 17. The vehicle may be immobilized until that person furnishes to the immobilizing law enforcement agency all of the following:

(1) Evidence of his or her identity.

(2) An address within this state at which he or she can be located.

(3) Satisfactory evidence that the full amount of parking penalties has been deposited for all notices of parking violation issued for the vehicle and any other vehicle registered to the registered owner of the

immobilized vehicle and that bail has been deposited for all traffic violations of the registered owner that have not been cleared. The requirements in this paragraph shall be fully enforced by the immobilizing law enforcement agency on and after the time that the Department of Motor Vehicles is able to provide access to the necessary records. A notice of parking violation issued to the vehicle shall be accompanied by a warning that repeated violations may result in the impounding or immobilization of the vehicle. In lieu of furnishing satisfactory evidence that the full amount of parking penalties or bail, or both, have been deposited that person may demand to be taken without unnecessary delay before a magistrate, for traffic offenses, or a hearing examiner, for parking offenses, within the county in which the offenses charged are alleged to have been committed and who has jurisdiction of the offenses and is nearest or most accessible with reference to the place where the vehicle is immobilized. Evidence of current registration shall be produced after a vehicle has been immobilized or, at the discretion of the immobilizing law enforcement agency, a notice to appear for violation of subdivision (a) of Section 4000 shall be issued to that person.

(b) A person, other than a person authorized under subdivision (a), shall not immobilize a vehicle.

SEC. 3. Section 22658 of the Vehicle Code is amended to read:

22658. (a) The owner or person in lawful possession of private property, including an association of a common interest development as defined in Section 1351 of the Civil Code, may cause the removal of a vehicle parked on the property to a storage facility that meets the requirements of subdivision (n) under any of the following circumstances:

(1) There is displayed, in plain view at all entrances to the property, a sign not less than 17 inches by 22 inches in size, with lettering not less than one inch in height, prohibiting public parking and indicating that vehicles will be removed at the owner's expense, and containing the telephone number of the local traffic law enforcement agency and the name and telephone number of each towing company that is a party to a written general towing authorization agreement with the owner or person in lawful possession of the property. The sign may also indicate that a citation may also be issued for the violation.

(2) The vehicle has been issued a notice of parking violation, and 96 hours have elapsed since the issuance of that notice.

(3) The vehicle is on private property and lacks an engine, transmission, wheels, tires, doors, windshield, or any other major part or equipment necessary to operate safely on the highways, the owner or person in lawful possession of the private property has notified the local traffic law enforcement agency, and 24 hours have elapsed since that notification.

(4) The lot or parcel upon which the vehicle is parked is improved with a single-family dwelling.

(b) The tow truck operator removing the vehicle, if the operator knows or is able to ascertain from the property owner, person in lawful possession of the property, or the registration records of the Department of Motor Vehicles the name and address of the registered and legal owner of the vehicle, shall immediately give, or cause to be given, notice in writing to the registered and legal owner of the fact of the removal, the grounds for the removal, and indicate the place to which the vehicle has been removed. If the vehicle is stored in a storage facility, a copy of the notice shall be given to the proprietor of the storage facility. The notice provided for in this section shall include the amount of mileage on the vehicle at the time of removal and the time of the removal from the property. If the tow truck operator does not know and is not able to ascertain the name of the owner or for any other reason is unable to give the notice to the owner as provided in this section, the tow truck operator shall comply with the requirements of subdivision (c) of Section 22853 relating to notice in the same manner as applicable to an officer removing a vehicle from private property.

(c) This section does not limit or affect any right or remedy that the owner or person in lawful possession of private property may have by virtue of other provisions of law authorizing the removal of a vehicle parked upon private property.

(d) The owner of a vehicle removed from private property pursuant to subdivision (a) may recover for any damage to the vehicle resulting from any intentional or negligent act of a person causing the removal of, or removing, the vehicle.

(e) (1) An owner or person in lawful possession of private property, or an association of a common interest development, causing the removal of a vehicle parked on that property is liable for double the storage or towing charges whenever there has been a failure to comply with paragraph (1), (2), or (3) of subdivision (a) or to state the grounds for the removal of the vehicle if requested by the legal or registered owner of the vehicle as required by subdivision (f).

(2) A property owner or owner's agent or lessee who causes the removal of a vehicle parked on that property pursuant to the exemption set forth in subparagraph (A) of paragraph (1) of subdivision (*l*) and fails to comply with that subdivision is guilty of an infraction, punishable by a fine of one thousand dollars ($1,000).

(f) An owner or person in lawful possession of private property, or an association of a common interest development, causing the removal of a vehicle parked on that property shall notify by telephone or, if impractical, by the most expeditious means available, the local traffic

law enforcement agency within one hour after authorizing the tow. An owner or person in lawful possession of private property, an association of a common interest development, causing the removal of a vehicle parked on that property, or the tow truck operator who removes the vehicle, shall state the grounds for the removal of the vehicle if requested by the legal or registered owner of that vehicle. A towing company that removes a vehicle from private property in compliance with subdivision (*l*) is not responsible in a situation relating to the validity of the removal. A towing company that removes the vehicle under this section shall be responsible for the following:

(1) Damage to the vehicle in the transit and subsequent storage of the vehicle.

(2) The removal of a vehicle other than the vehicle specified by the owner or other person in lawful possession of the private property.

(g) (1) (A) Possession of a vehicle under this section shall be deemed to arise when a vehicle is removed from private property and is in transit.

(B) Upon the request of the owner of the vehicle or that owner's agent, the towing company or its driver shall immediately and unconditionally release a vehicle that is not yet removed from the private property and in transit.

(C) A person failing to comply with subparagraph (B) is guilty of a misdemeanor.

(2) If a vehicle is released to a person in compliance with subparagraph (B) of paragraph (1), the vehicle owner or authorized agent shall immediately move that vehicle to a lawful location.

(h) A towing company may impose a charge of not more than one-half of the regular towing charge for the towing of a vehicle at the request of the owner, the owner's agent, or the person in lawful possession of the private property pursuant to this section if the owner of the vehicle or the vehicle owner's agent returns to the vehicle after the vehicle is coupled to the tow truck by means of a regular hitch, coupling device, drawbar, portable dolly, or is lifted off the ground by means of a conventional trailer, and before it is removed from the private property. The regular towing charge may only be imposed after the vehicle has been removed from the property and is in transit.

(i) (1) (A) A charge for towing or storage, or both, of a vehicle under this section is excessive if the charge exceeds the greater of the following:

(i) That which would have been charged for that towing or storage, or both, made at the request of a law enforcement agency under an agreement between a towing company and the law enforcement agency that exercises primary jurisdiction in the city in which is located the private property from which the vehicle was, or was attempted to be, removed, or if the private property is not located within a city, then the

law enforcement agency that exercises primary jurisdiction in the county in which the private property is located.

(ii) That which would have been charged for that towing or storage, or both, under the rate approved for that towing operator by the California Highway Patrol for the jurisdiction in which the private property is located and from which the vehicle was, or was attempted to be, removed.

(B) A towing operator shall make available for inspection and copying his or her rate approved by the California Highway Patrol, if any, with in 24 hours of a request without a warrant to law enforcement, the Attorney General, district attorney, or city attorney.

(2) If a vehicle is released within 24 hours from the time the vehicle is brought into the storage facility, regardless of the calendar date, the storage charge shall be for only one day. Not more than one day's storage charge may be required for a vehicle released the same day that it is stored.

(3) If a request to release a vehicle is made and the appropriate fees are tendered and documentation establishing that the person requesting release is entitled to possession of the vehicle, or is the owner's insurance representative, is presented within the initial 24 hours of storage, and the storage facility fails to comply with the request to release the vehicle or is not open for business during normal business hours, then only one day's storage charge may be required to be paid until after the first business day. A business day is any day in which the lienholder is open for business to the public for at least eight hours. If a request is made more than 24 hours after the vehicle is placed in storage, charges may be imposed on a full calendar day basis for each day, or part thereof, that the vehicle is in storage.

(j) (1) A person who charges a vehicle owner a towing, service, or storage charge at an excessive rate, as described in subdivision (h) or (i), is civilly liable to the vehicle owner for four times the amount charged.

(2) A person who knowingly charges a vehicle owner a towing, service, or storage charge at an excessive rate, as described in subdivision (h) or (i), or who fails to make available his or her rate as required in subparagraph (B) of paragraph (1) of subdivision (i), is guilty of a misdemeanor, punishable by a fine of not more than two thousand five hundred dollars ($2,500), or by imprisonment in the county jail for not more than three months, or by both that fine and imprisonment.

(k) (1) A person operating or in charge of a storage facility where vehicles are stored pursuant to this section shall accept a valid credit card or cash for payment of towing and storage by a registered owner or the owner's agent claiming the vehicle. "Credit card" means "credit card" as defined in subdivision (a) of Section 1747.02 of the Civil Code,

except for the purposes of this section, credit card does not include a credit card issued by a retail seller.

(2) A person described in paragraph (1) shall conspicuously display, in that portion of the storage facility office where business is conducted with the public, a notice advising that all valid credit cards and cash are acceptable means of payment.

(3) A person operating or in charge of a storage facility who refuses to accept a valid credit card or who fails to post the required notice under paragraph (2) is guilty of a misdemeanor, punishable by a fine of not more than two thousand five hundred dollars ($2,500), or by imprisonment in the county jail for not more than three months, or by both that fine and imprisonment.

(4) A person described in paragraph (1) who violates paragraph (1) or (2) is civilly liable to the registered owner of the vehicle or the person who tendered the fees for four times the amount of the towing and storage charges.

(5) A person operating or in charge of the storage facility shall have sufficient moneys on the premises of the primary storage facility during normal business hours to accommodate, and make change in, a reasonable monetary transaction.

(6) Credit charges for towing and storage services shall comply with Section 1748.1 of the Civil Code. Law enforcement agencies may include the costs of providing for payment by credit when making agreements with towing companies as described in subdivision (i).

(*l*) (1) (A) A towing company shall not remove or commence the removal of a vehicle from private property without first obtaining the written authorization from the property owner or lessee, including an association of a common interest development, or an employee or agent thereof, who shall be present at the time of removal and verify the alleged violation, except that presence and verification is not required if the person authorizing the tow is the property owner, or the owner's agent who is not a tow operator, of a residential rental property of 15 or fewer units that does not have an onsite owner, owner's agent or employee, and the tenant has verified the violation, requested the tow from that tenant's assigned parking space, and provided a signed request or electronic mail, or has called and provides a signed request or electronic mail within 24 hours, to the property owner or owner's agent, which the owner or agent shall provide to the towing company within 48 hours of authorizing the tow. The signed request or electronic mail shall contain the name and address of the tenant, and the date and time the tenant requested the tow. A towing company shall obtain within 48 hours of receiving the written authorization to tow a copy of a tenant request required pursuant to this subparagraph. For the purpose of this

subparagraph, a person providing the written authorization who is required to be present on the private property at the time of the tow does not have to be physically present at the specified location of where the vehicle to be removed is located on the private property.

(B) The written authorization under subparagraph (A) shall include all of the following:

(i) The make, model, vehicle identification number, and license plate number of the removed vehicle.

(ii) The name, signature, job title, residential or business address and working telephone number of the person, described in subparagraph (A), authorizing the removal of the vehicle.

(iii) The grounds for the removal of the vehicle.

(iv) The time when the vehicle was first observed parked at the private property.

(v) The time that authorization to tow the vehicle was given.

(C) (i) When the vehicle owner or his or her agent claims the vehicle, the towing company prior to payment of a towing or storage charge shall provide a photocopy of the written authorization to the vehicle owner or the agent.

(ii) If the vehicle was towed from a residential property, the towing company shall redact the information specified in clause (ii) of subparagraph (B) in the photocopy of the written authorization provided to the vehicle owner or the agent pursuant to clause (i).

(iii) The towing company shall also provide to the vehicle owner or the agent a separate notice that provides the telephone number of the appropriate local law enforcement or prosecuting agency by stating "If you believe that you have been wrongfully towed, please contact the local law enforcement or prosecuting agency at [insert appropriate telephone number]." The notice shall be in English and in the most populous language, other than English, that is spoken in the jurisdiction.

(D) A towing company shall not remove or commence the removal of a vehicle from private property described in subdivision (a) of Section 22953 unless the towing company has made a good faith inquiry to determine that the owner or the property owner's agent complied with Section 22953.

(E) (i) General authorization to remove or commence removal of a vehicle at the towing company's discretion shall not be delegated to a towing company or its affiliates except in the case of a vehicle unlawfully parked within 15 feet of a fire hydrant or in a fire lane, or in a manner which interferes with an entrance to, or exit from, the private property.

(ii) In those cases in which general authorization is granted to a towing company or its affiliate to undertake the removal or commence the removal of a vehicle that is unlawfully parked within 15 feet of a fire

hydrant or in a fire lane, or that interferes with an entrance to, or exit from, private property, the towing company and the property owner, or owner's agent, or person in lawful possession of the private property shall have a written agreement granting that general authorization.

(2) If a towing company removes a vehicle under a general authorization described in subparagraph (E) of paragraph (1) and that vehicle is unlawfully parked within 15 feet of a fire hydrant or in a fire lane, or in a manner that interferes with an entrance to, or exit from, the private property, the towing company shall take, prior to the removal of that vehicle, a photograph of the vehicle that clearly indicates that parking violation. Prior to accepting payment, the towing company shall keep one copy of the photograph taken pursuant to this paragraph, and shall present that photograph and provide, without charge, a photocopy to the owner or an agent of the owner, when that person claims the vehicle.

(3) A towing company shall maintain the original written authorization, or the general authorization described in subparagraph (E) of paragraph (1) and the photograph of the violation, required pursuant to this section, and any written requests from a tenant to the property owner or owner's agent required by subparagraph (A) of paragraph (1), for a period of three years and shall make them available for inspection and copying within 24 hours of a request without a warrant to law enforcement, the Attorney General, district attorney, or city attorney.

(4) A person who violates this subdivision is guilty of a misdemeanor, punishable by a fine of not more than two thousand five hundred dollars ($2,500), or by imprisonment in the county jail for not more than three months, or by both that fine and imprisonment.

(5) A person who violates this subdivision is civilly liable to the owner of the vehicle or his or her agent for four times the amount of the towing and storage charges.

(m) (1) A towing company that removes a vehicle from private property under this section shall notify the local law enforcement agency of that tow after the vehicle is removed from the private property and is in transit.

(2) A towing company is guilty of a misdemeanor if the towing company fails to provide the notification required under paragraph (1) within 60 minutes after the vehicle is removed from the private property and is in transit or 15 minutes after arriving at the storage facility, whichever time is less.

(3) A towing company that does not provide the notification under paragraph (1) within 30 minutes after the vehicle is removed from the private property and is in transit is civilly liable to the registered owner

of the vehicle, or the person who tenders the fees, for three times the amount of the towing and storage charges.

(4) If notification is impracticable, the times for notification, as required pursuant to paragraphs (2) and (3), shall be tolled for the time period that notification is impracticable. This paragraph is an affirmative defense.

(n) A vehicle removed from private property pursuant to this section shall be stored in a facility that meets all of the following requirements:

(1) (A) Is located within a 10-mile radius of the property from where the vehicle was removed.

(B) The 10-mile radius requirement of subparagraph (A) does not apply if a towing company has prior general written approval from the law enforcement agency that exercises primary jurisdiction in the city in which is located the private property from which the vehicle was removed, or if the private property is not located within a city, then the law enforcement agency that exercises primary jurisdiction in the county in which is located the private property.

(2) (A) Remains open during normal business hours and releases vehicles after normal business hours.

(B) A gate fee may be charged for releasing a vehicle after normal business hours, weekends, and state holidays. However, the maximum hourly charge for releasing a vehicle after normal business hours shall be one-half of the hourly tow rate charged for initially towing the vehicle, or less.

(C) Notwithstanding any other provision of law and for purposes of this paragraph, "normal business hours" are Monday to Friday, inclusive, from 8 a.m. to 5 p.m., inclusive, except state holidays.

(3) Has a public pay telephone in the office area that is open and accessible to the public.

(o) (1) It is the intent of the Legislature in the adoption of subdivision (k) to assist vehicle owners or their agents by, among other things, allowing payment by credit cards for towing and storage services, thereby expediting the recovery of towed vehicles and concurrently promoting the safety and welfare of the public.

(2) It is the intent of the Legislature in the adoption of subdivision (*l*) to further the safety of the general public by ensuring that a private property owner or lessee has provided his or her authorization for the removal of a vehicle from his or her property, thereby promoting the safety of those persons involved in ordering the removal of the vehicle as well as those persons removing, towing, and storing the vehicle.

(3) It is the intent of the Legislature in the adoption of subdivision (g) to promote the safety of the general public by requiring towing companies to unconditionally release a vehicle that is not lawfully in

their possession, thereby avoiding the likelihood of dangerous and violent confrontation and physical injury to vehicle owners and towing operators, the stranding of vehicle owners and their passengers at a dangerous time and location, and impeding expedited vehicle recovery, without wasting law enforcement's limited resources.

(p) The remedies, sanctions, restrictions, and procedures provided in this section are not exclusive and are in addition to other remedies, sanctions, restrictions, or procedures that may be provided in other provisions of law, including, but not limited to, those that are provided in Sections 12110 and 34660.

SEC. 4. Section 22658.2 of the Vehicle Code is repealed.

SEC. 5. Section 22953 of the Vehicle Code is amended to read:

22953. (a) An owner or person in lawful possession of private property that is held open to the public, or a discernible portion thereof, for parking of vehicles at no fee, or an employee or agent thereof, shall not tow or remove, or cause the towing or removal, of a vehicle within one hour of the vehicle being parked.

(b) Notwithstanding subdivision (a), a vehicle may be removed immediately after being illegally parked within 15 feet of a fire hydrant, in a fire lane, in a manner that interferes with an entrance to, or an exit from, the private property, or in a parking space or stall legally designated for disabled persons.

(c) Subdivision (a) does not apply to property designated for parking at residential property, or to property designated for parking at a hotel or motel where the parking stalls or spaces are clearly marked for a specific room.

(d) It is the intent of the Legislature in the adoption of subdivision (a) to avoid causing the unnecessary stranding of motorists and placing them in dangerous situations, when traffic citations and other civil remedies are available, thereby promoting the safety of the general public.

(e) A person who violates subdivision (a) is civilly liable to the owner of the vehicle or his or her agent for two times the amount of the towing and storage charges.

SEC. 6. Section 40000.15 of the Vehicle Code is amended to read:

40000.15. A violation of any of the following provisions shall constitute a misdemeanor, and not an infraction:

Subdivision (g), (j), (k), (*l*), or (m) of Section 22658, relating to unlawfully towed or stored vehicles.

Sections 23103 and 23104, relating to reckless driving.

Section 23109, relating to speed contests or exhibitions.

Subdivision (a) of Section 23110, relating to throwing at vehicles.

Section 23152, relating to driving under the influence.

Subdivision (b) of Section 23222, relating to possession of marijuana.

Subdivision (a) or (b) of Section 23224, relating to persons under 21 years of age knowingly driving, or being a passenger in, a motor vehicle carrying any alcoholic beverage.

Section 23253, relating to directions on toll highways or vehicular crossings.

Section 23332, relating to trespassing.

Section 24002.5, relating to unlawful operation of a farm vehicle.

Section 24011.3, relating to vehicle bumper strength notices.

Section 27150.1, relating to sale of exhaust systems.

Section 27362, relating to child passenger seat restraints.

Section 28050, relating to true mileage driven.

Section 28050.5, relating to nonfunctional odometers.

Section 28051, relating to resetting odometers.

Section 28051.5, relating to devices to reset odometers.

Subdivision (d) of Section 28150, relating to possessing four or more jamming devices.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 610

An act relating to food labeling and safety.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Asian Traditional Food Act.

SEC. 2. (a) The Legislature finds and declares both of the following:

(1) Given the rich heritage and traditions of Asian-Americans, a process must be considered to allow for foods tied to traditional Asian ceremonies to be sold and consumed according to those traditions.

(2) Requiring food retailers to follow health and sanitation standards is necessary to preserve public health.

(b) (1) The State Department of Health Services shall conduct a study of the sale and consumption of Banh Chung, Banh Tet, and moon cakes, as a means of finding methods that may permit the sale and consumption of these foods at traditional Asian ceremonies and cultural events while providing adequate health and sanitation standards that protect public health.

(2) The department shall submit this study to the Legislature no later than January 1, 2008.

CHAPTER 611

An act to add Part 6.1 (commencing with Section 22959.1) to Division 5 of Title 2 of the Government Code, relating to public employee health benefits.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Part 6.1 (commencing with Section 22959.1) is added to Division 5 of Title 2 of the Government Code, to read:

PART 6.1. VISION CARE PROGRAM FOR STATE ANNUITANTS

22959.1. This part shall be known and may be cited as the Vision Care Program for State Annuitants. The purpose of this part is to do all of the following:

(a) Promote increased economy and efficiency in the provision of vision benefits to annuitants.

(b) Enable the state to use economies of scale to provide a vision care plan similar to those commonly provided in private industry and in other states.

(c) Recognize and protect the state's investment in each permanent employee's service by providing into retirement the option of a vision care program, and to promote and preserve continued good health among state annuitants.

22959.2. The Vision Care Program for State Annuitants shall be administered by the Department of Personnel Administration.

22959.3. Unless otherwise indicated, the definition of terms in Article 2 (commencing with Section 22760) of Part 5 apply to this part.

22959.4. (a) An annuitant who retires from the state may enroll in a vision care plan offered under this part, if any of the following apply:

(1) The annuitant was enrolled in a health benefit plan, a dental care plan, or vision care plan at the time of separation for retirement, and retired within 120 days of the date of separation.

(2) The annuitant was not enrolled in a health benefit plan, a dental care plan, or vision care plan at the time of separation for retirement, but was eligible for enrollment as an employee at the time of separation for retirement, and retired within 120 days of the date of separation.

(3) The annuitant is part of the Legislators' Retirement System receiving an allowance pursuant to Article 6 (commencing with Section 9359) of Chapter 3.5 of Part 1 of Division 2.

(b) The Department of Personnel Administration has no duty to locate or notify any annuitant who may be eligible to enroll, or to provide names or addresses to any person, agency, or entity for the purpose of notifying those annuitants.

22959.5. (a) A person who was enrolled in a vision care plan at the time he or she became an annuitant under state or federal provisions, may continue his or her enrollment, including eligible family members, without discrimination as to benefit coverage as an enrolled person within this program. An annuitant who is eligible for this program is a person who meets the requirements of Section 22959.4 and at the time of retirement was employed with the state as one of the following:

(1) A civil service employee of the state.

(2) An elected member of the Legislature.

(3) A legislative employee.

(4) A constitutional officer.

(5) An employee of the judicial branch of state government.

(b) Annuitants of the California State University and University of California systems may not participate in this program.

22959.6. (a) The Department of Personnel Administration may contract with one or more vision care plans for annuitants and eligible family members, provided the carrier or carriers have operated successfully in the area of vision care benefits for a reasonable period, as determined by the Department of Personnel Administration.

(b) The Department of Personnel Administration, as the program administrator, has full administrative authority over this program and associated funds and shall require the monthly premium to be paid by the annuitant for the vision care plan. The premium to be paid by the annuitant shall be deducted from his or her monthly allowance. A vision care plan or plans provided under this authority shall be funded by the annuitants' premium. All premiums received from annuitants shall be deposited in the Vision Care Program for State Annuitants Fund, which

is hereby created in the State Treasury. Any income earned on the moneys in the Vision Care Program for State Annuitants Fund shall be credited to the fund. The Vision Care Program for State Annuitants Fund is available, upon appropriation by the Legislature, for the purposes specified in subdivision (d).

(c) An annuitant may enroll in a vision care plan provided by a carrier that also provides a health benefit plan pursuant to Section 22850 if the employee or annuitant is also enrolled in the health benefit plan provided by that carrier. However, nothing in this section may be construed to require an annuitant to enroll in a vision care plan and a health benefit plan provided by the same carrier. An annuitant enrolled in this program shall only enroll into a vision plan or vision plans contracted for by the Department of Personnel Administration.

(d) No contract for a vision care plan may be entered into unless the Department of Personnel Administration determines it is reasonable to do so. Notwithstanding any other provision of law, any premium moneys paid into this program by annuitants for the purposes of the annuitant vision care plan that is contracted for shall be used for the cost of providing vision care benefits to eligible, enrolled annuitants and their eligible and enrolled dependents, the payment of claims for those vision benefits, and the cost of administration of the vision care plan or plans under this vision care program, those costs being determined by the Department of Personnel Administration.

(e) If the Director of the Department of Personnel Administration determines that it is not economically feasible to continue this program anytime after its commencement, the Director may, upon written notice to enrollees and to the contracting plan or plans, terminate this program within a reasonable time. The notice of termination to the plan or plans shall be determined by the Department of Personnel Administration. The notice to enrollees of the termination of the program shall commence no later than three months prior to the actual date of termination of the program.

(f) Premium rates for this program shall be determined by the Department of Personnel Administration in conjunction with the contracted plan or plans and shall be considered separate and apart from active employee premium rates.

(g) The Director shall report to the Legislature, prior to the end of the second quarter of the third plan year, on the continued economic sustainability of the Vision Care Program for State Annuitants.

CHAPTER 612

An act to amend Section 2425.3 of the Business and Professions Code, relating to medicine.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) It is the intent of the Legislature to determine the number of physicians with cultural and linguistic competency who are practicing medicine in California.

(b) Data on physicians serving any given area allows for the consistent determination of which areas of California are underserved by physicians with cultural or linguistic competency.

SEC. 2. Section 2425.3 of the Business and Professions Code is amended to read:

2425.3. (a) The Medical Board of California shall request that a licensed physician report to the board, at the time of license renewal, any specialty board certification he or she holds that is issued by a member board of the American Board of Medical Specialties or approved by the Medical Board of California.

(b) A licensed physician shall also report to the board, at the time of license renewal, his or her practice status, designated as one of the following:

(1) Full-time practice in California.

(2) Full-time practice outside of California.

(3) Part-time practice in California.

(4) Medical administrative employment that does not include direct patient care.

(5) Retired.

(6) Other practice status, as may be further defined by the Division of Licensing.

(c) (1) A licensed physician may report to the board, at the time of license renewal, and the board shall collect, information regarding his or her cultural background and foreign language proficiency.

(2) Information collected pursuant to this subdivision shall be aggregated on an annual basis based on categories utilized by the board in the collection of the data, and shall be aggregated into both statewide totals and ZIP Code of primary practice location totals.

(3) Aggregated information under this subdivision shall be compiled annually and reported on the board's Internet Web site on or before October 1 of each year.

(d) The information collected pursuant to subdivisions (a) and (b) may also be placed on the board's Internet Web site.

CHAPTER 613

An act relating to military and veterans, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the National Guard Family Resource Center Act.

SEC. 2. The Legislature finds and declares all of the following:

(a) The California National Guard serves essential public safety purposes and routinely supports state and local authorities in protecting the lives and property of the people of the state during periods of natural diaster and civil disturbance, and provides homeland security to the people of this state, as well as serving the nation as a reserve component of the Army and the Air Force.

(b) The California National Guard is a federally recognized military organization that is routinely asked by the President to perform dangerous duties in armed conflicts, contingency operations, mobilizations, war, and other emergencies of national significance.

(c) The California National Guard has a proud tradition of federal military service where thousands of Californians have answered the call to duty and served proudly, and thousands more continue to serve their nation at home and abroad.

(d) The families of the members of the California National Guard endure extraordinary hardships when the members are called to duty by the President.

(e) The spouses and family members of deployed members of the California National Guard also serve their state and their nation, often without adequate recognition of their own sacrifices and contributions to the public good.

(f) The spouses and family members of the California National Guard could further contribute to the public good and accomplishing the mission

of deployed members of the California National Guard by improved communications with their deployed spouses and family members.

SEC. 3. (a) There is hereby appropriated from the General Fund to the Military Department, the sum of ninety-nine thousand dollars ($99,000) for the 2006–07 fiscal year to support the creation of National Guard Family Resource Centers. These funds shall be provided to the Military Department to provide upgraded armory facilities and access at the battalion headquarters armory locations in Azusa, Burbank, Fresno, Inglewood, Modesto, San Bernardino, and Walnut Creek.

(b) The Legislature understands that the cost of each center shall be approximately thirty-one thousand two hundred seventy-nine dollars ($31,279) for a total of two hundred eighteen thousand nine hundred fifty-three dollars ($218,953). It is the intent of the Legislature that these funds shall be used in conjunction with privately raised funds donated through qualified 501(c)(19) Veterans Organizations or 501(c)(3) Charitable Organizations to enable the completion of Family Resource Centers at the seven battalion headquarters listed in subdivision (a). It is the intent of the Legislature that the Military Department, in concert with private organizations such as the National Guard Association of California, shall be actively involved in raising the additional funds from private donations.

(c) The funds provided to the Military Department under this act shall be used only for the construction costs of the reception and information area, Internet cafe, administrative support area, conference area, children's play area, families helping families closet, and general construction costs.

(d) The funds appropriated under this act shall be made available in equal parts to each of the seven armories listed in subdivision (a), and shall be made available for each armory only after sufficient funds or in-kind resources have been obtained from other sources to complete the construction of a Family Resource Center at that armory, as described in subdivision (c).

(e) The Military Department is encouraged to leverage existing resources, such as the Distance Learning Centers, National Guard Enhanced Classrooms, GUARDNET, NIPR, and other appropriate means to communicate with deployed National Guard members, as long as that use does not conflict with federal law or military regulations. In order to maximize scarce California resources, the Family Resource Centers should utilize federal networks to the maximum extent allowed by federal law and federal military regulations.

(f) No funds appropriated by this act shall be used for pay, allowances, or other related payroll costs for the Military Department, troop command, division, or brigade headquarters, or armory personnel.

(g) The Family Resource Centers shall be staffed by volunteers and existing Military Department or California National Guard personnel, to include armory repair and maintenance personnel and full-time unit staffing. Notwithstanding federal law and federal military regulations, the Adjutant General shall be the approving authority to allow volunteers access to armories for the purpose of operating Family Resource Centers.

(h) It is the intent of the Legislature to allow state employees to support the construction and operation of these Family Resource Centers consistent with their existing job requirements. Furthermore, the Legislature recognizes the importance of these centers in promoting the accomplishment of the Military Department mission and improving recruiting and retention in the California National Guard. Therefore, the Legislature recognizes that the Adjutant General is authorized under existing provisions to use funds otherwise made available to the department to support the creation and operation of Family Resource Centers in accordance with his or her strategic plan for the department.

(i) When the availability of Family Resource Centers is limited, priority of use shall go to family members of deployed soldiers and airmen of the California National Guard. However, on a space-available basis, these centers shall also be made available for use by family members of deployed federal reservists and active component military personnel.

(j) Within 365 days of the appropriation by this act, the Military Department shall provide a report to the Legislature indicating the status of the seven Family Resource Centers and the number of military families it has served. Included in the report shall be the amount of funds raised from private donors. It is the intent of the Legislature to encourage private donations to the Military Department to make the creation and operation of future Family Resource Centers a public-private endeavor.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to better serve the needs of National Guard members and their families at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 614

An act to amend Sections 5205.5, 21655.9, and 40000.13 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 5205.5 of the Vehicle Code is amended to read:

5205.5. (a) For the purposes of implementing Section 21655.9, the department shall make available for issuance, for a fee determined by the department to be sufficient to reimburse the department for the actual costs incurred pursuant to this section, distinctive decals, labels, and other identifiers that clearly distinguish the following vehicles from other vehicles:

(1) A vehicle that meets California's super ultra-low emission vehicle (SULEV) standard for exhaust emissions and the federal inherently low-emission vehicle (ILEV) evaporative emission standard, as defined in Part 88 (commencing with Section 88.101-94) of Title 40 of the Code of Federal Regulations.

(2) A vehicle that was produced during the 2004 model-year or earlier and meets California ultra-low emission vehicle (ULEV) standard for exhaust emissions and the federal ILEV standard.

(3) A hybrid vehicle or an alternative fuel vehicle that meets California's advanced technology partial zero-emission vehicle (AT PZEV) standard for criteria pollutant emissions and has a 45 miles per gallon or greater fuel economy highway rating.

(4) A hybrid vehicle that was produced during the 2004 model-year or earlier and has a 45 miles per gallon or greater fuel economy highway rating, and meets California's ultra-low emission vehicle (ULEV), super ultra-low emission vehicle (SULEV), or partial zero-emission vehicle (PZEV) standards.

(b) Neither an owner of a hybrid vehicle that meets the AT PZEV standard, with the exception of a vehicle that meets the federal ILEV standard, nor an owner of a hybrid vehicle described in paragraph (4) of subdivision (a), is entitled to a decal, label, or other identifier pursuant to this section unless, and until, the federal government acts to approve the use of high-occupancy vehicle lanes by vehicles of the types identified in paragraph (3) or (4) of subdivision (a), regardless of the number of occupants.

(c) The department shall include a summary of the provisions of this section on each motor vehicle registration renewal notice, or on a separate insert, if space is available and the summary can be included without incurring additional printing or postage costs.

(d) The Department of Transportation shall remove individual high-occupancy vehicle (HOV) lanes, or portions of those lanes, during

periods of peak congestion from the access provisions provided in subdivision (a), following a finding by the Department of Transportation as follows:

(1) The lane, or portion thereof, exceeds a level of service C, as discussed in subdivision (b) of Section 65089 of the Government Code.

(2) The operation or projected operation of the vehicles described in subdivision (a) in these lanes, or portions thereof, will significantly increase congestion.

The finding also shall demonstrate the infeasibility of alleviating the congestion by other means, including, but not limited to, reducing the use of the lane by noneligible vehicles, or further increasing vehicle occupancy.

(e) The State Air Resources Board shall publish and maintain a listing of all vehicles eligible for participation in the programs described in this section. The board shall provide that listing to the department.

(f) For purposes of subdivision (a), the Department of the California Highway Patrol and the department, in consultation with the Department of Transportation, shall design and specify the placement of the decal, label, or other identifier on the vehicle. Each decal, label, or other identifier issued for a vehicle shall display a unique number, which number shall be printed on, or affixed to, the vehicle registration.

(g) (1) For purposes of subdivision (a), the department shall issue no more than 85,000 distinctive decals, labels, or other identifiers that clearly distinguish the vehicles specified in paragraphs (3) and (4) of subdivision (a).

(2) The department shall notify the Department of Transportation immediately after the date on which the department has issued 50,000 decals, labels, and other identifiers under this section for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(3) The Department of Transportation shall determine whether significant high-occupancy vehicle lane breakdown has occurred throughout the state, in accordance with the following timeline:

(A) For lanes that are nearing capacity, the Department of Transportation shall make the determination not later than 90 days after the date provided by the department under paragraph (2).

(B) For lanes that are not nearing capacity, the Department of Transportation shall make the determination not later than 180 days after the date provided by the department under paragraph (2).

(4) In making the determination that significant high-occupancy vehicle lane breakdown has occurred, the Department of Transportation shall consider the following factors in the HOV lane:

(A) Reduction in level of service.

(B) Sustained stop-and-go conditions.

(C) Slower than average speed than the adjacent mixed-flow lanes.

(D) Consistent increase in travel time.

(5) After making the determinations pursuant to subparagraphs (A) and (B) of paragraph (3), if the Department of Transportation determines that significant high-occupancy vehicle lane breakdown has occurred throughout the state, the Department of Transportation shall immediately notify the department of that determination, and the department, on the date of receiving that notification, shall discontinue issuing the decals, labels, or other identifiers for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(h) If the Metropolitan Transportation Commission, serving as the Bay Area Toll Authority, grants toll-free and reduced-rate passage on toll bridges under its jurisdiction to any vehicle pursuant to Section 30102.5 of the Streets and Highways Code, it shall also grant the same toll-free and reduced-rate passage to a vehicle displaying an identifier issued by the department pursuant to paragraph (1) or (2) of subdivision (a) and to a vehicle displaying a valid identifier issued by the department pursuant to paragraph (3) or (4) of subdivision (a) if either of the following apply:

(1) The vehicle is registered to an address outside of the region identified in Section 66502 of the Government Code.

(2) If the vehicle is registered to an address inside the region, the owner of the vehicle complies with subdivision (i) unless subdivision (j) is applicable.

(i) An owner of a vehicle specified in paragraph (3) or (4) of subdivision (a) whose vehicle is registered to an address in the region identified in Section 66502 of the Government Code and who seeks a vehicle identifier under subdivision (a) shall obtain an account to operate within the automatic vehicle identification system described in Section 27565 of the Streets and Highways Code and shall submit to the department a form, approved by the department and issued by the Bay Area Toll Authority, that contains the vehicle owner's name, the license plate number and vehicle identification number of the vehicle, the vehicle make and year model, and the automatic vehicle identification system account number, as a condition to obtaining a vehicle identifier pursuant to subdivision (a) that allows for the use of that vehicle in high-occupancy vehicle lanes regardless of the number of occupants.

(j) If the automatic vehicle identification system readers on all high-occupancy vehicle lanes on all of the toll bridges identified in subdivision (a) of Section 30910 of the Streets and Highways Code are not fully operational and fully funded with bridge tolls controlled by the Bay Area Toll Authority within 90 days of the federal government

approval described in subdivision (b), then subdivision (i) shall not be applicable and both of the following shall apply:

(1) The Metropolitan Transportation Commission, acting as the Bay Area Toll Authority, shall grant toll-free and reduced-rate passage to all vehicles displaying an identifier issued by the department pursuant to subdivision (a).

(2) The department shall not require documentation that the owner of a vehicle registered to an address in the region identified in Section 66502 of the Government Code has obtained an automatic vehicle identification system account as a condition to the issuance of an identifier under subdivision (a).

(k) If the Director of Transportation determines that federal law does not authorize the state to allow vehicles that are identified by distinctive decals, labels, or other identifiers on vehicles described in subdivision (a) to use highway lanes or highway access ramps for high-occupancy vehicles regardless of vehicle occupancy, the Director of Transportation shall submit a notice of that determination to the Secretary of State.

(*l*) This section shall remain in effect only until January 1, 2011, or only until the date that the Secretary of State receives the notice described in subdivision (k), whichever occurs first, and as of that date is repealed.

SEC. 2. Section 5205.5 of the Vehicle Code is amended to read:

5205.5. (a) For the purposes of implementing Section 21655.9, the department shall make available for issuance, for a fee determined by the department to be sufficient to reimburse the department for the actual costs incurred pursuant to this section, distinctive decals, labels, and other identifiers that clearly distinguish the following vehicles from other vehicles:

(1) A vehicle that meets California's super ultra-low emission vehicle (SULEV) standard for exhaust emissions and the federal inherently low-emission vehicle (ILEV) evaporative emission standard, as defined in Part 88 (commencing with Section 88.101-94) of Title 40 of the Code of Federal Regulations.

(2) A vehicle that was produced during the 2004 model-year or earlier and meets California ultra-low emission vehicle (ULEV) standard for exhaust emissions and the federal ILEV standard.

(3) A hybrid vehicle or an alternative fuel vehicle that meets California's advanced technology partial zero-emission vehicle (AT PZEV) standard for criteria pollutant emissions and has a 45 miles per gallon or greater fuel economy highway rating.

(4) A hybrid vehicle that was produced during the 2004 model-year or earlier and has a 45 miles per gallon or greater fuel economy highway rating, and meets California's ultra-low emission vehicle (ULEV), super

ultra-low emission vehicle (SULEV), or partial zero-emission vehicle (PZEV) standards.

(b) Neither an owner of a hybrid vehicle that meets the AT PZEV standard, with the exception of a vehicle that meets the federal ILEV standard, nor an owner of a hybrid vehicle described in paragraph (4) of subdivision (a), is entitled to a decal, label, or other identifier pursuant to this section unless, and until, the federal government acts to approve the use of high-occupancy vehicle lanes by vehicles of the types identified in paragraph (3) or (4) of subdivision (a), regardless of the number of occupants.

(c) The department shall include a summary of the provisions of this section on each motor vehicle registration renewal notice, or on a separate insert, if space is available and the summary can be included without incurring additional printing or postage costs.

(d) The Department of Transportation shall remove individual high-occupancy vehicle (HOV) lanes, or portions of those lanes, during periods of peak congestion from the access provisions provided in subdivision (a), following a finding by the Department of Transportation as follows:

(1) The lane, or portion thereof, exceeds a level of service C, as discussed in subdivision (b) of Section 65089 of the Government Code.

(2) The operation or projected operation of the vehicles described in subdivision (a) in these lanes, or portions thereof, will significantly increase congestion.

The finding also shall demonstrate the infeasibility of alleviating the congestion by other means, including, but not limited to, reducing the use of the lane by noneligible vehicles, or further increasing vehicle occupancy.

(e) The State Air Resources Board shall publish and maintain a listing of all vehicles eligible for participation in the programs described in this section. The board shall provide that listing to the department.

(f) For purposes of subdivision (a), the Department of the California Highway Patrol and the department, in consultation with the Department of Transportation, shall design and specify the placement of the decal, label, or other identifier on the vehicle. Each decal, label, or other identifier issued for a vehicle shall display a unique number, which number shall be printed on, or affixed to, the vehicle registration.

(g) (1) For purposes of subdivision (a), the department shall issue no more than 85,000 distinctive decals, labels, or other identifiers that clearly distinguish the vehicles specified in paragraphs (3) and (4) of subdivision (a).

(2) The department shall notify the Department of Transportation immediately after the date on which the department has issued 50,000

decals, labels, and other identifiers under this section for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(3) The Department of Transportation shall determine whether significant high-occupancy vehicle lane breakdown has occurred throughout the state, in accordance with the following timeline:

(A) For lanes that are nearing capacity, the Department of Transportation shall make the determination not later than 90 days after the date provided by the department under paragraph (2).

(B) For lanes that are not nearing capacity, the Department of Transportation shall make the determination not later than 180 days after the date provided by the department under paragraph (2).

(4) In making the determination that significant high-occupancy vehicle lane breakdown has occurred, the Department of Transportation shall consider the following factors in the HOV lane:

(A) Reduction in level of service.

(B) Sustained stop-and-go conditions.

(C) Slower than average speed than the adjacent mixed-flow lanes.

(D) Consistent increase in travel time.

(5) After making the determinations pursuant to subparagraphs (A) and (B) of paragraph (3), if the Department of Transportation determines that significant high-occupancy vehicle lane breakdown has occurred throughout the state, the Department of Transportation shall immediately notify the department of that determination, and the department, on the date of receiving that notification, shall discontinue issuing the decals, labels, or other identifiers for the vehicles described in paragraphs (3) and (4) of subdivision (a).

(h) If the Metropolitan Transportation Commission, serving as the Bay Area Toll Authority, grants toll-free and reduced-rate passage on toll bridges under its jurisdiction to any vehicle pursuant to Section 30102.5 of the Streets and Highways Code, it shall also grant the same toll-free and reduced-rate passage to a vehicle displaying an identifier issued by the department pursuant to paragraph (1) or (2) of subdivision (a) and to a vehicle displaying a valid identifier issued by the department pursuant to paragraph (3) or (4) of subdivision (a) if the vehicle is registered to an address outside of the region identified in Section 66502 of the Government Code.

(i) An owner of a vehicle specified in paragraph (3) or (4) of subdivision (a) whose vehicle is registered to an address in the region identified in Section 66502 of the Government Code and who seeks a vehicle identifier under subdivision (a) in order to have access to a high-occupancy vehicle lane within the jurisdiction of the Bay Area Toll Authority shall do both of the following:

(1) Obtain and maintain an active account to operate within the automatic vehicle identification system described in Section 27565 of the Streets and Highways Code and shall submit to the department a form, approved by the department and issued by the Bay Area Toll Authority, that contains the vehicle owner's name, the license plate number and vehicle identification number of the vehicle, the vehicle make and year model, and the automatic vehicle identification system account number, as a condition to obtaining a vehicle identifier pursuant to subdivision (a) that allows for the use of that vehicle in high-occupancy vehicle lanes regardless of the number of occupants.

(2) Be eligible for toll-free or reduced-rate passage on toll bridges within the jurisdiction of the Bay Area Toll Authority only if, at time of passage, the vehicle meets the passenger occupancy rate requirement established for that toll-free or reduced-rate passage.

(j) If the Director of Transportation determines that federal law does not authorize the state to allow vehicles that are identified by distinctive decals, labels, or other identifiers on vehicles described in subdivision (a) to use highway lanes or highway access ramps for high-occupancy vehicles regardless of vehicle occupancy, the Director of Transportation shall submit a notice of that determination to the Secretary of State.

(k) This section shall remain in effect only until January 1, 2011, or only until the date the Secretary of State receives the notice described in subdivision (j), whichever occurs first, and as of that date is repealed.

SEC. 3. Section 21655.9 of the Vehicle Code is amended to read:

21655.9. (a) Whenever the Department of Transportation authorizes or permits exclusive or preferential use of highway lanes or highway access ramps for high-occupancy vehicles pursuant to Section 21655.5, the use of those lanes or ramps shall also be extended to vehicles that are issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5 regardless of vehicle occupancy or ownership.

(b) A person shall not drive a vehicle described in subdivision (a) of Section 5205.5 with a single occupant upon a high-occupancy vehicle lane pursuant to this section unless the decal, label, or other identifier issued pursuant to Section 5205.5 is properly displayed on the vehicle, and the vehicle registration described in Section 5205.5 is with the vehicle.

(c) A person shall not operate or own a vehicle displaying a decal, label, or other identifier, as described in Section 5205.5, if that decal, label, or identifier was not issued for that vehicle pursuant to Section 5205.5. A violation of this subdivision is a misdemeanor.

(d) If the provisions in Section 5205.5 authorizing the department to issue decals, labels, or other identifiers to hybrid and alternative fuel vehicles are repealed, vehicles displaying those decals, labels, or other

identifiers shall not access high-occupancy vehicle lanes without meeting the occupancy requirements otherwise applicable to those lanes.

(e) This section shall remain in effect only until January 1, 2011, or only until the date that the Secretary of State receives the notice described in subdivision (k) of Section 5205.5, whichever occurs first, and as of that date is repealed.

SEC. 4. Section 21655.9 of the Vehicle Code is amended to read:

21655.9. (a) (1) Whenever the Department of Transportation or a local authority authorizes or permits exclusive or preferential use of highway lanes or highway access ramps for high-occupancy vehicles pursuant to Section 21655.5, the use of those lanes or ramps shall also be extended to vehicles that are issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5 regardless of vehicle occupancy or ownership.

(2) A local authority during periods of peak congestion shall suspend for a lane the access privileges extended pursuant to paragraph (1) for those vehicles issued distinctive decals, labels, or other identifiers pursuant to Section 5205.5, if a periodic review of lane performance by that local authority discloses both of the following factors regarding the lane:

(A) The lane, or a portion thereof, exceeds a level of service C, as described in subdivision (b) of Section 65089 of the Government Code.

(B) The operation or projected operation of vehicles in the lane, or a portion thereof, will significantly increase congestion.

(b) A person shall not drive a vehicle described in subdivision (a) of Section 5205.5 with a single occupant upon a high-occupancy vehicle lane pursuant to this section unless the decal, label, or other identifier issued pursuant to Section 5205.5 is properly displayed on the vehicle, and the vehicle registration described in Section 5205.5 is with the vehicle.

(c) A person shall not operate or own a vehicle displaying a decal, label, or other identifier, as described in Section 5205.5, if that decal, label, or identifier was not issued for that vehicle pursuant to Section 5205.5. A violation of this subdivision is a misdemeanor.

(d) If the provisions in Section 5205.5 authorizing the department to issue decals, labels, or other identifiers to hybrid and alternative fuel vehicles are repealed, vehicles displaying those decals, labels, or other identifiers shall not access high-occupancy vehicle lanes without meeting the occupancy requirements otherwise applicable to those lanes.

(e) This section shall remain in effect only until January 1, 2011, or only until the date that the Secretary of State receives the notice described in subdivision (*l*) of Section 5205.5, whichever occurs first, and as of

that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 5. Section 40000.13 of the Vehicle Code, as amended by Section 4 of Chapter 330 of the Statutes of 1999, is amended to read:

40000.13. A violation of any of the following provisions is a misdemeanor, and not an infraction:

(a) Section 16560, relating to interstate highway carriers.

(b) Sections 20002 and 20003, relating to duties at accidents.

(c) Section 21200.5, relating to riding a bicycle while under the influence of an alcoholic beverage or any drug.

(d) Section 21651, subdivision (b), relating to wrong-way driving on divided highways.

(e) Section 21655.9, subdivision (c), relating to illegal use of decals, labels, or other identifiers.

(f) Section 22520.5, a second or subsequent conviction of an offense relating to vending on or near freeways.

(g) Section 22520.6, a second or subsequent conviction of an offense relating to roadside rest areas and vista points.

(h) This section shall remain in effect only until January 1, 2011, or only until the date that the Secretary of State receives the notice from the Director of Transportation as described in Section 5205.5, whichever occurs first, and as of that date is repealed.

SEC. 6. Section 40000.13 of the Vehicle Code, as added by Section 5 of Chapter 330 of the Statutes of 1999, is amended to read:

40000.13. A violation of any of the following provisions is a misdemeanor, and not an infraction:

(a) Section 16560, relating to interstate highway carriers.

(b) Sections 20002 and 20003, relating to duties at accidents.

(c) Section 21200.5, relating to riding a bicycle while under the influence of an alcoholic beverage or any drug.

(d) Section 21651, subdivision (b), relating to wrong-way driving on divided highways.

(e) Section 22520.5, a second or subsequent conviction of an offense relating to vending on or near freeways.

(f) Section 22520.6, a second or subsequent conviction of an offense relating to roadside rest areas and vista points.

(g) This section shall become operative on January 1, 2011, or on the date that the Secretary of State receives the notice from the Director of Transportation as described in Section 5205.5, whichever occurs first.

SEC. 7. Section 2 of this bill incorporates amendments to Section 5205.5 of the Vehicle Code proposed by both this bill and AB 1407. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section

5205.5 of the Vehicle Code, and (3) this bill is enacted after AB 1407, in which case Section 1 of this bill shall not become operative.

SEC. 8. Section 4 of this bill incorporates amendments to Section 21655.9 of the Vehicle Code proposed by both this bill and AB 1407. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 21655.9 of the Vehicle Code, and (3) this bill is enacted after AB 1407, in which case Section 3 of this bill shall not become operative.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 615

An act to add Section 1569.69 to the Health and Safety Code, relating to residential facilities for the elderly.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1569.69 is added to the Health and Safety Code, to read:

1569.69. (a) Each residential care facility for the elderly licensed under this chapter shall ensure that each employee of the facility who assists residents with the self-administration of medications meets the following training requirements:

(1) In facilities licensed to provide care for 16 or more persons, the employee shall complete 16 hours of initial training. This training shall consist of eight hours of hands-on shadowing training, which shall be completed prior to assisting with the self-administration of medications, and eight hours of other training or instruction, as described in subdivision (f), which shall be completed within the first two weeks of employment.

(2) In facilities licensed to provide care for 15 or fewer persons, the employee shall complete six hours of initial training. This training shall

consist of two hours of hands-on shadowing training, which shall be completed prior to assisting with the self-administration of medications, and four hours of other training or instruction, as described in subdivision (f), which shall be completed within the first two weeks of employment.

(3) An employee shall be required to complete the training requirements for hands-on shadowing training described in this subdivision prior to assisting any resident in the self-administration of medications. The training and instruction described in this subdivision shall be completed, in their entirety, within the first two weeks of employment.

(4) The training shall cover all of the following areas:

(A) The role, responsibilities, and limitations of staff who assist residents with the self-administration of medication, including tasks limited to licensed medical professionals.

(B) An explanation of the terminology specific to medication assistance.

(C) An explanation of the different types of medication orders: prescription, over-the-counter, controlled, and other medications.

(D) An explanation of the basic rules and precautions of medication assistance.

(E) Information on medication forms and routes for medication taken by residents.

(F) A description of procedures for providing assistance with the self-administration of medications in and out of the facility, and information on the medication documentation system used in the facility.

(G) An explanation of guidelines for the proper storage, security, and documentation of centrally stored medications.

(H) A description of the processes used for medication ordering, refills and the receipt of medications from the pharmacy.

(I) An explanation of medication side effects, adverse reactions, and errors.

(5) To complete the training requirements set forth in this subdivision, each employee shall pass an examination that tests the employee's comprehension of, and competency in, the subjects listed in paragraph (3).

(6) Residential care facilities for the elderly shall encourage pharmacists and licensed medical professionals to use plain English when preparing labels on medications supplied to residents. As used in this section, "plain English" means that no abbreviations, symbols, or Latin medical terms shall be used in the instructions for the self-administration of medication.

(7) The training requirements of this section are not intended to replace or supplant those required of all staff members who assist residents with personal activities of daily living as set forth in Section 1569.625.

(8) The training requirements of this section shall be repeated if either of the following occur:

(A) An employee returns to work for the same licensee after a break of service of more than 180 consecutive calendar days.

(B) An employee goes to work for another licensee in a facility in which he or she assists residents with the self-administration of medication.

(b) Each employee who received training and passed the exam required in paragraph (5) of subdivision (a), and who continues to assist with the self-administration of medicines, shall also complete four hours of in-service training on medication-related issues in each succeeding 12-month period.

(c) The requirements set forth in subdivisions (a) and (b) do not apply to persons who are licensed medical professionals.

(d) Each residential care facility for the elderly that provides employee training under this section shall use the training material and the accompanying examination that are developed by, or in consultation with, a licensed nurse, pharmacist, or physician. The licensed residential care facility for the elderly shall maintain the following documentation for each medical consultant used to develop the training:

(1) The name, address, and telephone number of the consultant.

(2) The date when consultation was provided.

(3) The consultant's organization affiliation, if any, and any educational and professional qualifications specific to medication management.

(4) The training topics for which consultation was provided.

(e) Each person who provides employee training under this section shall meet the following education and experience requirements:

(1) A minimum of five hours of initial, or certified continuing, education or three semester units, or the equivalent, from an accredited educational institution, on topics relevant to medication management.

(2) The person shall meet any of the following practical experience or licensure requirements:

(A) Two years full-time experience, within the last four years, as a consultant with expertise in medication management in areas covered by the training described is subdivision (a).

(B) Two years full-time experience, or the equivalent, within the last four years, as an administrator for a residential care facility for the elderly, during which time the individual has acted in substantial compliance with applicable regulations.

(C) Two years full-time experience, or the equivalent, within the last four years, as a direct care provider assisting with the self-administration of medications for a residential care facility for the elderly, during which time the individual has acted in substantial compliance with applicable regulations.

(D) Possession of a license as a medical professional.

(3) The licensed residential care facility for the elderly shall maintain the following documentation on each person who provides employee training under this section:

(A) The person's name, address, and telephone number.

(B) Information on the topics or subject matter covered in the training.

(C) The time, dates, and hours of training provided.

(f) Other training or instruction, as required in paragraphs (1) and (2) of subdivision (a), may be provided off site, and may use various methods of instruction, including, but not limited to, all of the following:

(1) Lectures by presenters who are knowledgeable about medication management.

(2) Video instruction tapes, interactive material, online training, and books.

(3) Other written or visual materials approved by organizations or individuals with expertise in medication management.

(g) Residential care facilities for the elderly licensed to provide care for 16 or more persons shall maintain documentation that demonstrates that a consultant pharmacist or nurse has reviewed the facility's medication management program and procedures at least twice a year.

(h) Nothing in this section authorizes unlicensed personnel to directly administer medications.

(i) This section shall become operative on January 1, 2008.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 616

An act to amend Section 20585 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 20585 of the Revenue and Taxation Code is amended to read:

20585. Postponement shall not be allowed under this chapter or Chapter 3 (commencing with Section 20625), Chapter 3.3 (commencing with Section 20639), or Chapter 3.5 (commencing with Section 20640) if household income exceeds either of the following amounts:

(a) For the 1976 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed twenty thousand dollars ($20,000).

(b) For all subsequent calendar years and approved fiscal years, postponement shall not be allowed under this chapter, Chapter 3 (commencing with Section 20625), Chapter 3.3 (commencing with Section 20639), or Chapter 3.5 (commencing with Section 20640) if household income exceeds an amount determined as follows:

(1) On or before March 1 of each year, the California Department of Industrial Relations shall transmit to the Controller the percentages of increase in the California Consumer Price Index for all Urban Consumers and in the California Consumer Price Index for Urban Wage Earners and Clerical Workers of December of the prior calendar year over December of the preceding calendar year.

(2) The Controller shall compute an inflation adjustment factor by adding 100 percent to the larger of the California Consumer Price Index percentage increases furnished pursuant to paragraph (1).

(3) In 1978, the Franchise Tax Board shall multiply twenty thousand dollars ($20,000) by the inflation adjustment factor to determine the maximum allowable gross household income for the 1977 calendar year and for approved fiscal years commencing within that calendar year. In 1979 and subsequent calendar years through and including 1983, the Controller shall multiply the maximum allowable household income determined for the preceding calendar year by the inflation adjustment factor to determine the maximum allowable household income for the applicable calendar year and approved fiscal years commencing within that calendar year. In determining the maximum allowable household income pursuant to this section, the Controller shall round that amount to the nearest hundred dollar amount.

(c) For calendar year 1984 and subsequent calendar years and for approved fiscal years commencing within those years, postponement shall not be allowed under this chapter, Chapter 3 (commencing with

Section 20626), Chapter 3.3 (commencing with Section 20639), or Chapter 3.5 (commencing with Section 20640), if household income exceeds an amount determined as follows:

(1) For claimants who filed and qualified in the calendar year 1983 and for whom postponement has been allowed for each subsequent calendar year up to and including the calendar year 2007, thirty-four thousand dollars ($34,000). For these same claimants, for the calendar year 2008 or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-five thousand five hundred dollars ($35,500).

(2) For all other claimants, for calendar years up to and including 2006, household income shall not exceed twenty-four thousand dollars ($24,000). For these same claimants, for the 2007 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-one thousand five hundred dollars ($31,500). For these same claimants, for the 2008 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-five thousand five hundred dollars ($35,500).

(3) (A) For all claimants for the calendar year 2009 or for any approved fiscal year commencing within that calendar year, postponement shall not be allowed under this chapter, Chapter 3 (commencing with Section 20626), Chapter 3.3 (commencing with Section 20639), or Chapter 3.5 (commencing with Section 20640), if household income exceeds thirty-nine thousand dollars ($39,000).

(B) For the 2010 calendar year and each subsequent calendar year, and for any approved fiscal year commencing within that calendar year, the household income amount specified in subparagraph (A) shall be adjusted for inflation, in accordance with an inflation factor determined pursuant to paragraphs (1) and (2) of subdivision (b).

CHAPTER 617

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 379.6 of the Public Utilities Code is amended to read:

379.6. (a) (1) The commission, in consultation with the State Energy Resources Conservation and Development Commission, shall administer, until January 1, 2012, the self-generation incentive program for distributed generation resources originally established pursuant to Chapter 329 of the Statutes of 2000.

(2) Except as provided in paragraph (3), the extension of the program pursuant to Chapter 894 of the Statutes of 2003, as amended by Chapter 675 of the Statutes of 2004 and Chapter 22 of the Statutes of 2005, shall apply to all eligible technologies, as determined by the commission, until January 1, 2008.

(3) The commission shall administer solar technologies separately, after January 1, 2007, pursuant to the California Solar Initiative adopted by the commission in Decision 06-01-024.

(b) Commencing January 1, 2008, until January 1, 2012, eligibility for the program pursuant to paragraphs (1) and (2) of subdivision (a) shall be limited to fuel cells and wind distributed generation technologies that meet or exceed the emissions standards required under the distributed generation certification program requirements of Article 3 (commencing with Section 94200) of Subchapter 8 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations.

(c) Eligibility for the self-generation incentive program's level 3 incentive category shall be subject to the following conditions:

(1) Commencing January 1, 2007, all combustion-operated distributed generation projects using fossil fuel shall meet an oxides of nitrogen (NO_x) emissions rate standard of 0.07 pounds per megawatthour and a minimum efficiency of 60 percent. A minimum efficiency of 60 percent shall be measured as useful energy output divided by fuel input. The efficiency determination shall be based on 100 percent load.

(2) Combined heat and power units that meet the 60-percent efficiency standard may take a credit to meet the applicable NO_x emissions standard of 0.07 pounds per megawatthour. Credit shall be at the rate of one megawatthour for each 3.4 million British thermal units (Btus) of heat recovered.

(3) Notwithstanding paragraph (1), a project that does not meet the applicable NO_x emissions standard is eligible if it meets both of the following requirements:

(A) The project operates solely on waste gas. The commission shall require a customer that applies for an incentive pursuant to this paragraph to provide an affidavit or other form of proof, that specifies that the

project shall be operated solely on waste gas. Incentives awarded pursuant to this paragraph shall be subject to refund and shall be refunded by the recipient to the extent the project does not operate on waste gas. As used in this paragraph, "waste gas" means natural gas that is generated as a byproduct of petroleum production operations and is not eligible for delivery to the utility pipeline system.

(B) The air quality management district or air pollution control district, in issuing a permit to operate the project, determines that operation of the project will produce an onsite net air emissions benefit, compared to permitted onsite emissions if the project does not operate. The commission shall require the customer to secure the permit prior to receiving incentives.

(d) In determining the eligibility for the self-generation incentive program, minimum system efficiency shall be determined either by calculating electrical and process heat efficiency as set forth in Section 218.5, or by calculating overall electrical efficiency.

(e) In administering the self-generation incentive program, the commission may adjust the amount of rebates, include other ultraclean and low-emission distributed generation technologies, as defined in Section 353.2, and evaluate other public policy interests, including, but not limited to, ratepayers, and energy efficiency and environmental interests.

(f) On or before November 1, 2008, the State Energy Resources Conservation and Development Commission, in consultation with the commission and the State Air Resources Board, shall evaluate the costs and benefits, including air pollution, efficiency, and transmission and distribution system improvements, of providing ratepayer subsidies for renewable and fossil fuel "ultraclean and low-emission distributed generation," as defined in Section 353.2, as part of the integrated energy policy report adopted pursuant to Chapter 4 (commencing with Section 25300) of Division 15 of the Public Resources Code. The State Energy Resources Conservation and Development Commission shall include recommendations for changes in the eligibility of technologies and fuels under the program, and whether the level of subsidy should be adjusted, after considering its conclusions on costs and benefits pursuant to this subdivision.

CHAPTER 618

An act to amend Section 5600.3 of the Welfare and Institutions Code, relating to mental health.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the California Veterans Mental Health Services Act of 2006.

SEC. 2. Section 5600.3 of the Welfare and Institutions Code is amended to read:

5600.3. To the extent resources are available, the primary goal of the use of funds deposited in the mental health account of the local health and welfare trust fund should be to serve the target populations identified in the following categories, which shall not be construed as establishing an order of priority:

(a) (1) Seriously emotionally disturbed children or adolescents.

(2) For the purposes of this part, "seriously emotionally disturbed children or adolescents" means minors under the age of 18 years who have a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, which results in behavior inappropriate to the child's age according to expected developmental norms. Members of this target population shall meet one or more of the following criteria:

(A) As a result of the mental disorder, the child has substantial impairment in at least two of the following areas: self-care, school functioning, family relationships, or ability to function in the community; and either of the following occur:

(i) The child is at risk of removal from home or has already been removed from the home.

(ii) The mental disorder and impairments have been present for more than six months or are likely to continue for more than one year without treatment.

(B) The child displays one of the following: psychotic features, risk of suicide or risk of violence due to a mental disorder.

(C) The child meets special education eligibility requirements under Chapter 26.5 (commencing with Section 7570) of Division 7 of Title 1 of the Government Code.

(b) (1) Adults and older adults who have a serious mental disorder.

(2) For the purposes of this part, "serious mental disorder" means a mental disorder which is severe in degree and persistent in duration, which may cause behavioral functioning which interferes substantially with the primary activities of daily living, and which may result in an inability to maintain stable adjustment and independent functioning

without treatment, support, and rehabilitation for a long or indefinite period of time. Serious mental disorders include, but are not limited to, schizophrenia, as well as major affective disorders or other severely disabling mental disorders. This section shall not be construed to exclude persons with a serious mental disorder and a diagnosis of substance abuse, developmental disability, or other physical or mental disorder.

(3) Members of this target population shall meet all of the following criteria:

(A) The person has a mental disorder as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a substance use disorder or developmental disorder or acquired traumatic brain injury pursuant to subdivision (a) of Section 4354 unless that person also has a serious mental disorder as defined in paragraph (2).

(B) (i) As a result of the mental disorder, the person has substantial functional impairments or symptoms, or a psychiatric history demonstrating that without treatment there is an imminent risk of decompensation to having substantial impairments or symptoms.

(ii) For the purposes of this part, "functional impairment" means being substantially impaired as the result of a mental disorder in independent living, social relationships, vocational skills, or physical condition.

(C) As a result of a mental functional impairment and circumstances, the person is likely to become so disabled as to require public assistance, services, or entitlements.

(4) For the purpose of organizing outreach and treatment options, to the extent resources are available, this target population includes, but is not limited to, persons who are any of the following:

(A) Homeless persons who are mentally ill.

(B) Persons evaluated by appropriately licensed persons as requiring care in acute treatment facilities including state hospitals, acute inpatient facilities, institutes for mental disease, and crisis residential programs.

(C) Persons arrested or convicted of crimes.

(D) Persons who require acute treatment as a result of a first episode of mental illness with psychotic features.

(5) California veterans in need of mental health services and who meet the existing eligibility requirements of this section, shall be provided services to the extent resources are available. Veterans who may be eligible for mental health services through the United States Department of Veterans Affairs should be advised of these services by the county.

(A) No eligible veteran shall be denied county mental health services based solely on his or her status as a veteran.

(B) Counties shall refer a veteran to the county veterans service officer, if any, to determine the veteran's eligibility for, and the

availability of, mental health services provided by the United States Department of Veterans Affairs or other federal health care provider.

(C) Counties should consider contracting with community-based veterans' services agencies, where possible, to provide high-quality, veteran specific mental health services.

(c) Adults or older adults who require or are at risk of requiring acute psychiatric inpatient care, residential treatment, or outpatient crisis intervention because of a mental disorder with symptoms of psychosis, suicidality, or violence.

(d) Persons who need brief treatment as a result of a natural disaster or severe local emergency.

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 619

An act to add Division 112 (commencing with Section 130500) to the Health and Safety Code, relating to pharmacy assistance.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) Affordability is critical in providing access to prescription drugs for California residents, particularly the uninsured and those with inadequate insurance.

(b) The California Discount Prescription Drug Program is enacted to make prescription drugs more affordable for qualified California residents, thereby increasing the overall health of California residents, promoting healthy communities, and protecting the public health and welfare.

(c) It is not the intent of the state to discourage employers from offering or paying for prescription drug benefits for their employees or to replace employer-sponsored prescription drug benefit plans that provide benefits comparable to those made available to qualified California residents under this program.

SEC. 2. Division 112 (commencing with Section 130500) is added to the Health and Safety Code, to read:

DIVISION 112. CALIFORNIA DISCOUNT PRESCRIPTION DRUG PROGRAM

Chapter 1. General Provisions

130500. This division shall be known, and may be cited, as the California Discount Prescription Drug Program.

130501. For purposes of this division, the following definitions shall apply:

(a) "Average manufacturer's price" has the same meaning as this term is defined in Section 1927(k)(1) of the federal Social Security Act (42 U.S.C. Sec. 1396r-8)(k)(1).

(b) "Department" means the State Department of Health Services.

(c) "Eligible Californian" means a resident of the state who meets any one or more of the following:

(1) Has total unreimbursed medical expenses equal to at least 10 percent of his or her family's income where the family's income does not exceed the state median family income.

(2) To the extent allowed by federal law, is enrolled in the Medicare Program, but whose prescription drugs are not covered by the Medicare Program.

(3) Has a family income that does not exceed 300 percent of the federal poverty guidelines and who does not have outpatient prescription drug coverage paid for by any one of the following:

(A) In whole by the Medi-Cal program.

(B) In whole or in part by the Healthy Families Program or other programs funded by the state.

(C) In whole or in part by another third-party payer, provided that the individual has not reached the annual limit on his or her prescription drug coverage.

(4) For purposes of this subdivision, the cost of drugs provided under this division is considered an expense incurred by the family for eligibility determination purposes.

(d) "Fund" means the California Discount Prescription Drug Program Fund.

(e) "Manufacturer" means a drug manufacturer as defined in Section 4033 of the Business and Professions Code.

(f) "Manufacturer's rebate" means the rebate for an individual drug or aggregate rebate for a group of drugs necessary to make the price for the drug ingredients equal to or less than the applicable benchmark price.

(g) "Medicaid best price" has the same meaning as this term is defined in Section 1927(c)(1)(C) of the Social Security Act (42 U.S.C. Sec. 1396r-8)(c)(1)(C).

(h) "Multiple-source drug" has the same meaning as this term is defined in Section 1927(k)(7) of the Social Security Act (42 U.S.C. Sec. 1396r-8)(k)(7).

(i) "National drug code" or "NDC" means the unique 10-digit, three-segment number assigned to each drug product listed under Section 510 of the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 360). This number identifies the labeler or vendor, product, and trade package.

(j) "National sales data" means prescription data obtained from a national-level prescription tracking service.

(k) "Participating manufacturer" means a drug manufacturer that has contracted with the department to provide an individual drug or group of drugs for the program.

(*l*) "Participating pharmacy" means a pharmacy that has executed a pharmacy provider agreement with the department for this program.

(m) "Pharmacy contract rate" means the negotiated per prescription reimbursement rate for drugs dispensed to eligible Californians. The department shall establish a single, basic pharmacy rate, but may contract at different rates with pharmacies in order to provide access throughout the state.

(n) "Prescription drug" means any drug that bears the legend: "Caution: federal law prohibits dispensing without prescription," "Rx only," or words of similar import.

(o) "Private discount drug program" means a prescription drug discount card or manufacturer patient assistance program that provides discounted or free drugs to eligible individuals. For the purposes of this division, a private discount drug program is not considered insurance or a third-party payer program.

(p) "Program" means the California Discount Prescription Drug Program.

(q) "Single-source drug" has the same meaning as this term, and the term innovator multiple-source drug, are defined in Section 1927(k)(7) of the Social Security Act (42 U.S.C. Sec. 1396r-8)(k)(7).

(r) "Therapeutic category" means a drug or a grouping of drugs determined by the department to have similar attributes and to be alternatives for the treatment of a specific disease or condition.

(s) "Volume weighted average discount" means the aggregated average discount for the drugs of a manufacturer, weighted by each drug's percentage of the total prescription volume of that manufacturer's drugs. Drugs excluded from contracting by the department, pursuant to subdivision (d) of Section 130506 and in a manner consistent with

subdivision (c) of Section 130506, shall be excluded from the calculation of the volume weighted average discount. National sales data shall be used to calculate the volume weighted average discount pursuant to Section 130506. Program utilization data shall be used to calculate the volume weighted average discount pursuant to Section 130507.

130502. The California Discount Prescription Drug Program is hereby established within the department.

Chapter 2. Prescription Drug Discounts

130505. (a) The amount a participating, eligible Californian pays for a drug through the program shall be equal to the lower of the participating pharmacy's usual and customary charge or the pharmacy contract rate pursuant to subdivision (c), less a program discount for the specific drug or an average discount for a group of drugs or all drugs covered by the program.

(b) In determining program discounts on individual drugs, the department shall take into account the rebates provided by the drug's manufacturer.

(c) The department may contract with participating pharmacies for a rate other than the pharmacies' usual and customary rate for prescription drugs, including multiple-source drugs.

(d) This division shall apply only to prescription drugs dispensed to eligible Californians on an outpatient basis.

130506. (a) The department shall negotiate drug discount agreements with manufacturers to provide discounts for single-source and multiple-source prescription drugs through the program. The department shall attempt to negotiate the maximum possible discount for an eligible Californian. The department shall attempt to negotiate, with each manufacturer, discounts to offer single-source prescription drugs under the program at a volume weighted average discount that is equal to or below any one of the following benchmark prices:

(1) Eighty-five percent of the average manufacturer price for a drug, as published by the Centers for Medicare and Medicaid Services.

(2) The lowest price provided to any nonpublic entity in the state by a manufacturer to the extent that the Medicaid best price exists under federal law.

(3) The Medicaid best price, to the extent that this price exists under federal law.

(b) The department may require the drug manufacturer to provide information that is reasonably necessary for the department to carry out its duties pursuant to this division.

(c) The department shall pursue manufacturer discount agreements to ensure that the number and type of drugs available through the program is sufficient to give an eligible Californian a formulary comparable to the Medi-Cal list of contract drugs, or if this information is available to the department, a formulary that is comparable to that provided to CalPERS enrollees.

(d) To obtain the most favorable discounts, the department may limit the number of drugs available through the program.

(e) The drug discount agreements negotiated pursuant to this section shall be used to reduce the cost of drugs purchased by program participants.

(f) All information reported by a manufacturer to, negotiations with, and agreements executed with, the department or its third-party vendor pursuant to this section, shall be considered confidential and corporate proprietary information. This information shall not be subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code). The Bureau of State Audits and the Controller shall have access to pricing information in a manner that is consistent with their access to this information under the Medi-Cal program and under law. The Bureau of State Audits and the Controller may use this information only to investigate or audit the administration of the program. Neither the Bureau of State Audits, the Controller, nor the department may disclose this information in a form that identifies a specific manufacturer or wholesaler or prices charged for drugs of this manufacturer or wholesaler. Information provided to the department pursuant to subdivision (e) of Section 130530 shall not be affected by the confidentiality protections established by this subdivision.

(g) (1) Any pharmacy licensed pursuant to Chapter 9 (commencing with Section 4000) of Division 2 of the Business and Professions Code may participate in the program.

(2) Any manufacturer may participate in the program.

130507. (a) On August 1, 2010, the department shall determine whether manufacturer participation in the program has been sufficient to meet both of the following benchmarks:

(1) The number and type of drugs available through the program are sufficient to give eligible Californians a formulary comparable to the Medi-Cal list of contract drugs or, if this information is available to the department, a formulary comparable to that provided to CalPERS enrollees.

(2) The volume weighted average discount of single-source prescription drugs offered pursuant to this program is equal to or below

any one of the benchmark prices described in subdivision (a) of Section 130506.

(b) On and after August 10, 2010, the department shall reassess program outcomes, at least once every year, consistent with the benchmarks described in subdivision (a).

130508. To the maximum extent possible, the department shall assure that enrollment and other administrative actions are seamless to all eligible Californians.

130509. (a) The department may require prior authorization in the Medi-Cal program for any drug of a manufacturer if the manufacturer fails to agree to a volume weighted average discount for single-source prescription drugs that is equal to or below any one of the benchmark prices described in subdivision (a) of Section 130506 and only to the extent that this requirement does not increase costs to the Medi-Cal program, as determined pursuant to subdivision (c).

(b) If prior authorization is required for a drug pursuant to this section, a Medi-Cal beneficiary shall not be denied the continued use of a drug that is part of a prescribed therapy until that drug is no longer prescribed for that beneficiary's therapy. The department shall approve or deny requests for prior authorization necessitated by this section as required by state or federal law.

(c) The department, in consultation with the Department of Finance, shall determine the fiscal impact of placing a drug on prior authorization pursuant to this section. In making this determination, the department shall consider all of the following:

(1) The net cost of the drug, including any rebates that would be lost if the drug is placed on prior authorization.

(2) The projected volume of purchases of the drug, before and after the drug is placed on prior authorization, considering the continuity of care provisions set forth in subdivision (b).

(3) The net cost of comparable drugs to which volume would be shifted if a drug is placed on prior authorization, including any additional rebates that would be received.

(4) The projected volume of purchases of comparable drugs, before and after the drug is placed on prior authorization.

(5) Any other factors determined by the department to be relevant to a determination of the fiscal impact of placing a drug on prior authorization.

(d) This section shall be implemented only to the extent permitted under federal law, and in a manner consistent with state and federal laws.

(e) This section may apply to any manufacturer that has not negotiated with the department.

(f) The department shall notify the Speaker of the Assembly and the President pro Tempore of the Senate that the department is requiring prior authorization no later than five days after making this requirement.

(g) (1) Subject to paragraph (2), this section shall become operative on August 1, 2010.

(2) This section shall become operative only if the department determines that participation by manufacturers has been insufficient to meet both of the benchmarks identified in Section 130507.

130510. The names of manufacturers of single-source drugs that do or do not enter into discount agreements with the department pursuant to this division shall be public information and shall be posted on the department's Internet Web site when the discount agreements are reached or the manufacturer ends negotiations, commencing within six months after the initial implementation date of this division and updated on the first of each month thereafter.

130511. (a) Each drug discount agreement shall do all of the following:

(1) Specify which of the manufacturer's drugs are included in the agreement.

(2) Permit the department to remove a drug from the agreement if there is a dispute over the drug's utilization.

(3) Permit a manufacturer to audit claims for the drugs the manufacturer provides under the program. Claims information provided to manufacturers shall comply with all federal and state privacy laws that protect a program participant's health information.

(b) In addition to the requirements of subdivision (a), each drug discount agreement with a single-source manufacturer shall do all of the following:

(1) Require the manufacturer to make a rebate payment to the department for each drug described in paragraph (1) of subdivision (a) dispensed to a program participant.

(2) Require the manufacturer to make the rebate payments to the department on at least a quarterly basis.

(3) Require the manufacturer to provide, upon request, documentation to validate the rebate.

(c) The department may collect prospective rebates from single-source manufacturers for payment to pharmacies. The amount of the prospective discount shall be specified in the drug rebate agreements.

(d) (1) Manufacturers shall calculate and pay interest on late or unpaid rebates. The interest shall not apply to any prior period adjustments of unit rebate amounts or department utilization adjustments.

(2) For rebate payments to the program, manufacturers shall calculate and pay interest on late or unpaid rebates for quarters that begin on or after January 1, 2007.

(e) Interest required by subdivision (d) shall begin accruing 38 calendar days from the date of mailing of the invoice, including supporting utilization data sent to the manufacturer. Interest shall continue to accrue until the date of mailing of the manufacturer's payment. Interest rates and calculations for purposes of this section shall be at 10 percent.

(f) A participating manufacturer shall clearly identify all rebates, interest, and other payments, and payment transmittal forms for the program, in a manner designated by the department.

130512. (a) The department shall generate a monthly report that, at a minimum, provides all of the following:

(1) Drug utilization information.

(2) Amounts paid to pharmacies.

(3) Program discounts compared to the usual customary price.

(4) Aggregate amounts of rebates collected from manufacturers.

(5) A summary of the problems or complaints reported regarding the program.

(b) Information provided in paragraphs (1), (2), and (3) of subdivision (a) shall be at the national drug code level.

(c) The department shall generate an annual report that, in addition to the information described in subdivision (a), reports on the number of all of the following:

(1) Individuals enrolled.

(2) Individuals receiving a prescription under the program.

(3) Participating pharmacies.

(4) Participating manufacturers.

(d) All reports shall be made available on the department's Internet Web site.

130513. (a) The department shall establish and maintain a claims processing system that complies with all of the following requirements:

(1) Charges a price that meets the requirements of this division.

(2) Provides the pharmacy with the dollar amount of the discount to be returned to the pharmacy.

(3) Provides drug utilization review warnings to pharmacies consistent with the drug utilization review standards provided in federal law.

(b) The department shall pay a participating pharmacy the discount provided to program participants pursuant to this division by a date that is not later than two weeks after the claim is received.

(c) The department shall develop a mechanism for the program participants to report problems or complaints.

CHAPTER 3. APPLICATION, ENROLLMENT, AND OUTREACH

130520. (a) The department shall develop an application and reapplication form for the determination of a resident's eligibility for the program. An applicant, or a guardian or custodian of an applicant, may apply or reapply on behalf of the applicant and the applicant's spouse and children.

(b) The application shall, at a minimum, do all of the following:

(1) Specify the information that an applicant or the applicant's representative must include in the application.

(2) Require that the applicant, or the applicant's guardian or custodian, attest that the information provided in the application is accurate to the best knowledge and belief of the applicant or the applicant's guardian or custodian.

(3) Specify that the application fee due upon submission of the applicable form is ten dollars ($10) annually.

(c) In assessing the income requirement for eligibility, the department shall use the income information reported on the application and not require additional documentation.

(d) An application may be completed at any pharmacy, physician office, or clinic participating in the program through an Internet Web site or call center staffed by trained operators approved by the department. A pharmacy, physician's office, clinic, or nonprofit community organization that completes the application may keep the application fee as reimbursement for its processing costs. If it is determined that the applicant is already enrolled in the program, the fee shall be returned to the applicant and the applicant shall be informed of his or her current status as a program participant.

(e) The department shall utilize a secure electronic application process that can be used by a pharmacy, physician's office, or clinic, by an Internet Web site, by a call center staffed by trained operators, by a nonprofit community organization, or through the third-party vendor to enroll applicants in the program.

(f) During the department's normal working hours, the department shall make a determination of eligibility within 24 hours of receipt by the program of a completed application. The department shall mail the program participant an identification card no later than seven days after eligibility has been determined.

(g) For applications submitted through a pharmacy, the department may issue a participant identification number for eligible applicants to the pharmacy for immediate access to the California Discount Prescription Drug Program.

(h) Any program participant that has been determined to be eligible shall be enrolled for 12 months or until the program participant notifies the department of an intent to end enrollment.

(i) The department shall notify a program participant of termination of enrollment 30 days prior to the termination.

(j) A person shall be required to apply pursuant to this section for each 12-month period of eligibility.

130521. (a) The department may conduct an outreach program to inform California residents of their opportunity to participate in the program. The department shall coordinate outreach activities with the California Department of Aging, the Employment Development Department, and other state and local agencies, and nonprofit organizations that serve residents who may be eligible for the program. No outreach material shall contain the name or likeness of a drug.

(b) The department may accept on behalf of the state any gift, bequest, or donation of outreach services or materials to inform residents about the program. The name of the organization sponsoring the materials shall in no way appear on the material but shall be reported to the public and the Legislature as otherwise provided by law.

Chapter 4. Pharmaceutical Manufacturer Patient Assistance Programs

130530. (a) The department shall encourage a participating manufacturer to maintain those private discount drug programs that are comparable to or more extensive than those provided prior to the enactment of this division. To the extent possible, the department shall encourage a participating manufacturer to simplify the application and eligibility processes for its private discount drug program.

(b) The department may execute agreements with drug manufacturers and other private patient assistance programs to provide a single point of entry for eligibility determination and claims processing for drugs available through those programs to the extent permitted by state and federal law.

(c) The department shall develop a system to provide a program participant under this division with the best discounts on prescription drugs that are available to the participant through this program or through a drug manufacturer or other private patient assistance program.

(d) (1) The department may require an applicant to provide additional information to determine the applicant's eligibility for other discount card and patient assistance programs.

(2) The department shall not require an applicant to participate in a drug manufacturer patient assistance program or to disclose information

that would determine the applicant's eligibility to participate in a drug manufacturer patient assistance program in order to participate in the California Discount Prescription Drug Program.

(e) In order to verify that California residents are being served by drug manufacturer patient assistance programs, the department shall require drug manufacturers to provide the department annually with all of the following information:

(1) The total value of the manufacturer's drugs provided at no or very low cost to California residents during the previous year.

(2) The total number of prescriptions or 30-day supplies of the manufacturer's drugs provided at no or very low cost to California residents during the previous year.

(f) The California Discount Prescription Drug Program card issued pursuant to this division shall serve as a single point of entry for drugs available pursuant to subdivision (a), and shall meet all legal requirements for a health benefit card.

Chapter 5. Administration

130540. (a) Contracts, contract amendments, change orders, change requests, and any project or systems development notices, entered into for purposes of this division, shall be subject to the same exemptions provided for in the Medi-Cal drug program and those provided to the department in paragraph (4) of subdivision (c) of Section 124977. In addition, contracts, contract amendments, change orders, change requests, and any project or systems development notices, entered into for purposes of this division, are specifically exempt from:

(1) Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

(2) The competitive bidding requirements of State Administrative Manual Management Memo 03-10.

(3) The project authority requirements of State Administrative Manual, Section 4800 et seq.

(4) Section 11.00 and Provision 6 of Item 4260-001-0001 of Section 2 of the Budget Act of 2006 and related Budget letters.

(b) Contracts with pharmacies and drug manufacturers may be entered into on a bid or nonbid basis.

(c) Change orders entered into pursuant to this division shall not require a contract amendment.

(d) To the extent that any exemption set forth in this section conflicts with exemptions set forth in paragraph (4) of subdivision (c) of Section 124977, the exemption in this section shall govern over the conflicting provision in Section 124977.

130541. To implement the program, the department may contract with a third-party vendor or utilize existing health care service provider enrollment and payment mechanisms, including the Medi-Cal program's fiscal intermediary. Drug discount agreements negotiated by a third party shall be subject to review by the department. The department may cancel a contract that it finds not in the best interests of the state or program participants. Participating pharmacy contracts entered into pursuant to Section 130505 shall be considered contracts between the participating pharmacy and the department and shall not be associated with, or leveraged against, other third-party agreements.

130542. (a) The department shall deposit all payments the department receives pursuant to this division into the California Discount Prescription Drug Program Fund, which is hereby established in the State Treasury.

(b) Moneys in the fund shall be made available to the department, upon appropriation by the Legislature, for purposes of the program. Notwithstanding any other provision of law, no money in the fund is available for expenditure for any other purpose or for loaning or transferring to any other fund, including the General Fund. The fund shall also contain any interest accrued on moneys in the fund.

130543. (a) The director may adopt regulations as are necessary to implement and administer this division.

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the director may implement this division, in whole or in part, by means of a provider bulletin or other similar instructions, without taking regulatory action, provided that no bulletin or other similar instructions shall remain in effect after August 1, 2011. It is the intent that regulations adopted pursuant to this section shall be adopted on or before August 1, 2011.

130544. If any provision of this division, or the application thereof, is for any reason, held invalid, ineffective, or unconstitutional by a court of competent jurisdiction, the remainder of this division, or the application of this provision, shall not be affected thereby, and to this end the provisions of this division are severable.

SEC. 3. The Legislature finds and declares the following: Section 2 of this act, which adds Section 130506 to the Health and Safety Code, imposes a limitation on the public's rights of access to the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

In order to facilitate manufacturer participation and deliver affordable prescription drugs to low-income Californians, it is necessary to protect the confidentiality trade secrets and pricing information.

CHAPTER 620

An act to add Chapter 9.5 (commencing with Section 9625) to Division 8.5 of the Welfare and Institutions Code, relating to adult day health care.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature that the emergency operation plans of senior centers and multipurpose senior centers be commensurate with the scope of services provided, the number of staff, and the hours of operation.

SEC. 2. Chapter 9.5 (commencing with Section 9625) is added to Division 8.5 of the Welfare and Institutions Code, to read:

CHAPTER 9.5. MULTIPURPOSE SENIOR CENTERS AND SENIOR CENTERS EMERGENCY OPERATIONS PLANS

9625. (a) No later than June 30, 2007, each multipurpose senior center and each senior center, as defined in subdivisions (j) and (n) of Section 9591, shall develop and maintain a written emergency operations plan. This emergency operations plan shall include, but not be limited to, all of the following:

(1) Facility preparation procedures to identify the location of first aid supplies, secure all furniture, appliances, and other free-standing objects, and provide instructions for operating gas and water shutoff valves.

(2) An inventory of neighborhood resources that shall include, but not be limited to, the identification and location of all the following nearby resources:

(A) Generators.

(B) Telephones.

(C) Hospitals and public health clinics.

(D) Fire stations and police stations.

(3) Evacuation procedures, including procedures to accommodate those who will need assistance in evacuating the center. This evacuation plan shall be located in an area that is accessible to the public.

(4) Procedures to accommodate seniors, people with disabilities, and other community members in need of shelter at the senior center, in the event that other community facilities are inoperable.

(5) Personnel resources necessary for postdisaster response.

(6) Procedures for conducting periodic evacuation drills, fire drills, and earthquake drills.

(7) Procedures to ensure service continuation after a disaster.

(8) Consideration of cultural and linguistic barriers in emergency and evacuation plans, and ways to appropriately address those barriers.

(b) In the development of the emergency operations plans required by this chapter, multipurpose senior centers and senior centers shall coordinate with the Office of Emergency Services, the local area agency on aging, as defined in Section 9006, and other relevant agencies and stakeholders.

CHAPTER 621

An act to add Chapter 8.1 (commencing with Section 8710) to Division 1 of Title 2 of the Government Code, relating to international relations.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares as follows:

(a) The California Research Bureau recently identified in its "Inventory of Mexico Related Projects Conducted by California State Agencies," more than 100 programs, initiatives, projects, and partnerships that exist within state government and are administered by 12 departments and agencies, eight boards and commissions, and various campuses of the University of California, the California State University, and the California Community Colleges.

(b) Programs generally fall into the areas of trade, immigration, environment, energy, transportation, health, homeland security, agriculture, education, and tourism.

(c) The Office of California-Mexico Affairs was previously housed within the Technology, Trade, and Commerce Agency, which no longer exists. Therefore, the office is not active in coordinating these programs.

(d) The State Water Resources Control Board directs the state's border environmental efforts through its Border Environmental Program. The program is a collaborative effort that includes the California Environmental Protection Agency, other state agencies, the State of Baja California, and tribal nations located along the border region. All California Environmental Protection Agency boards, departments, and officers actively participate in the program to ensure that environmental issues are addressed on a multimedia basis.

(e) There is a need to develop a state government structure that will provide effective coordination of various state agency efforts, as well as a thoughtful and collaborative assessment of current and future program development that will serve the needs of both California and Mexico in the 21st century.

SEC. 2. Chapter 8.1 (commencing with Section 8710) is added to Division 1 of Title 2 of the Government Code, to read:

Chapter 8.1. California-Mexico Relations Council

8710. The following definitions shall apply to this chapter:

(a) "Border" means the line of demarcation between California and Mexico.

(b) "Council" means the California-Mexico Border Relations Council.

(c) "Public agency" means a city, county, city and county, district, or the state or any agency or department of the state.

8711. (a) The California-Mexico Border Relations Council is hereby established in state government. The council shall consist of the Secretary of the Resources Agency, the Secretary for Environmental Protection, the Secretary of Health and Human Services, the Secretary of Business, Transportation and Housing, the Secretary of Food and Agriculture, and the Director of Emergency Services.

(b) The Secretary for Environmental Protection shall chair the council.

8712. The council shall do all of the following:

(a) Coordinate activities of state agencies that are related to cross-border programs, initiatives, projects, and partnerships that exist within state government, to improve the effectiveness of state and local efforts that are of concern between California and Mexico.

(b) Establish policies to coordinate the collection and sharing of data related to cross-border issues between and among agencies.

(c) Identify and recommend to the Legislature changes in law needed to achieve the goals of this section.

8713. Beginning January 1, 2008, the council shall submit a report to the Legislature on the council's activities annually.

CHAPTER 622

An act to amend Section 1386 of the Health and Safety Code, and to amend Section 806 of the Military and Veterans Code, relating to military benefits.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1386 of the Health and Safety Code is amended to read:

1386. (a) The director may, after appropriate notice and opportunity for a hearing, by order suspend or revoke any license issued under this chapter to a health care service plan or assess administrative penalties if the director determines that the licensee has committed any of the acts or omissions constituting grounds for disciplinary action.

(b) The following acts or omissions constitute grounds for disciplinary action by the director:

(1) The plan is operating at variance with the basic organizational documents as filed pursuant to Section 1351 or 1352, or with its published plan, or in any manner contrary to that described in, and reasonably inferred from, the plan as contained in its application for licensure and annual report, or any modification thereof, unless amendments allowing the variation have been submitted to, and approved by, the director.

(2) The plan has issued, or permits others to use, evidence of coverage or uses a schedule of charges for health care services that do not comply with those published in the latest evidence of coverage found unobjectionable by the director.

(3) The plan does not provide basic health care services to its enrollees and subscribers as set forth in the evidence of coverage. This subdivision shall not apply to specialized health care service plan contracts.

(4) The plan is no longer able to meet the standards set forth in Article 5 (commencing with Section 1367).

(5) The continued operation of the plan will constitute a substantial risk to its subscribers and enrollees.

(6) The plan has violated or attempted to violate, or conspired to violate, directly or indirectly, or assisted in or abetted a violation or

conspiracy to violate any provision of this chapter, any rule or regulation adopted by the director pursuant to this chapter, or any order issued by the director pursuant to this chapter.

(7) The plan has engaged in any conduct that constitutes fraud or dishonest dealing or unfair competition, as defined by Section 17200 of the Business and Professions Code.

(8) The plan has permitted, or aided or abetted any violation by an employee or contractor who is a holder of any certificate, license, permit, registration, or exemption issued pursuant to the Business and Professions Code or this code that would constitute grounds for discipline against the certificate, license, permit, registration, or exemption.

(9) The plan has aided or abetted or permitted the commission of any illegal act.

(10) The engagement of a person as an officer, director, employee, associate, or provider of the plan contrary to the provisions of an order issued by the director pursuant to subdivision (c) of this section or subdivision (d) of Section 1388.

(11) The engagement of a person as a solicitor or supervisor of solicitation contrary to the provisions of an order issued by the director pursuant to Section 1388.

(12) The plan, its management company, or any other affiliate of the plan, or any controlling person, officer, director, or other person occupying a principal management or supervisory position in the plan, management company, or affiliate, has been convicted of or pleaded nolo contendere to a crime, or committed any act involving dishonesty, fraud, or deceit, which crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this chapter. The director may revoke or deny a license hereunder irrespective of a subsequent order under the provisions of Section 1203.4 of the Penal Code.

(13) The plan violates Section 510, 2056, or 2056.1 of the Business and Professions Code or Section 1375.7 of the Health and Safety Code.

(14) The plan has been subject to a final disciplinary action taken by this state, another state, an agency of the federal government, or another country for any act or omission that would constitute a violation of this chapter.

(15) The plan violates the Confidentiality of Medical Information Act (Part 2.6 (commencing with Section 56) of Division 1 of the Civil Code).

(16) The plan violates Section 806 of the Military and Veterans Code.

(c) (1) The director may prohibit any person from serving as an officer, director, employee, associate, or provider of any plan or solicitor firm, or of any management company of any plan, or as a solicitor, if either of the following applies:

(A) The prohibition is in the public interest and the person has committed, caused, participated in, or had knowledge of a violation of this chapter by a plan, management company, or solicitor firm.

(B) The person was an officer, director, employee, associate, or provider of a plan or of a management company or solicitor firm of any plan whose license has been suspended or revoked pursuant to this section and the person had knowledge of, or participated in, any of the prohibited acts for which the license was suspended or revoked.

(2) A proceeding for the issuance of an order under this subdivision may be included with a proceeding against a plan under this section or may constitute a separate proceeding, subject in either case to subdivision (d).

(d) A proceeding under this section shall be subject to appropriate notice to, and the opportunity for a hearing with regard to, the person affected in accordance with subdivision (a) of Section 1397.

SEC. 2. Section 806 of the Military and Veterans Code is amended to read:

806. (a) Any entity, which was providing any type of health care coverage, including, but not limited to, health care service plans, specialized health care service plans, and health insurance to a reservist at the time the reservist was ordered to active duty, shall reinstate the health care coverage without waiting periods or exclusion of coverage for preexisting conditions.

(b) Pursuant to Section 1386 of the Health and Safety Code, the Director of the Department of Managed Health Care has the authority to enforce the provisions of this section concerning any person or entity subject to regulation under Chapter 2.2 (commencing with Section 1340) of Part 2 of Division 2 of the Health and Safety Code, and may impose any applicable penalties provided for under that section.

(c) Pursuant to subdivision (a) of Section 12921 of the Insurance Code, the Insurance Commissioner has the authority to enforce the provisions of this section concerning any person or entity subject to regulation under the Insurance Code, and may impose any applicable penalties provided for under the Insurance Code.

(d) The enforcement and penalty provisions of the act that added this subdivision shall apply only to reservists ordered to active duty on or after January 1, 2007.

CHAPTER 623

An act to amend Section 11713.1 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 11713.1 of the Vehicle Code is amended to read:

11713.1. It is a violation of this code for the holder of a dealer's license issued under this article to do any of the following:

(a) Advertise a specific vehicle for sale without identifying the vehicle by its model, model-year, and either its license number or that portion of the vehicle identification number that distinguishes the vehicle from all other vehicles of the same make, model, and model-year. Model-year is not required to be advertised for current model-year vehicles. Year models are no longer current when ensuing year models are available for purchase at retail in California. Any advertisement that offers for sale a class of new vehicles in a dealer's inventory, consisting of five or more vehicles, that are all of the same make, model, and model-year is not required to include in the advertisement the vehicle identification numbers or license numbers of those vehicles.

(b) Advertise the total price of a vehicle without including all costs to the purchaser at time of sale, except taxes, vehicle registration fees, the California tire fee, as defined in Section 42885 of the Public Resources Code, emission testing fees not exceeding fifty dollars ($50), actual fees charged for certificates pursuant to Section 44060 of the Health and Safety Code, finance charges, and any dealer document preparation charge. The dealer document preparation charge shall not exceed fifty-five dollars ($55).

(c) (1) Exclude from an advertisement of a vehicle for sale that there will be added to the advertised total price at the time of sale, charges for sales tax, vehicle registration fees, the California tire fee, the fee charged by the state for the issuance of a certificate of compliance or noncompliance pursuant to a statute, finance charges, and a dealer document preparation charge.

(2) The obligations imposed by paragraph (1) are satisfied by adding to the advertisement a statement containing no abbreviations and that is worded in substantially the following form: "Plus government fees and taxes, any finance charges, any dealer document preparation charge, and any emission testing charge."

(3) For purposes of paragraph (1), "advertisement" means an advertisement in a newspaper, magazine, or direct mail publication that is two or more columns in width or one column in width and more than seven inches in length, or on a Web page of a dealer's Web site that

displays the price of a vehicle offered for sale on the Internet, as that term is defined in paragraph (6) of subdivision (e) of Section 17538 of the Business and Professions Code.

(d) Represent the dealer document preparation charge or certificate of compliance or noncompliance fee, as a governmental fee.

(e) Fail to sell a vehicle to a person at the advertised total price, exclusive of taxes, vehicle registration fees, the California tire fee, the fee charged by the state for the issuance of a certificate of compliance or noncompliance pursuant to a statute, finance charges, mobilehome escrow fees, the amount of a city, county, or city and county imposed fee or tax for a mobilehome, and a dealer document preparation charge, which charges shall not exceed fifty-five dollars ($55) for the document preparation charge and not to exceed fifty dollars ($50) for emission testing plus the actual fees charged for certificates pursuant to Section 44060 of the Health and Safety Code, while the vehicle remains unsold, unless the advertisement states the advertised total price is good only for a specified time and the time has elapsed. Advertised vehicles shall be sold at or below the advertised total price, with statutorily permitted exclusions, regardless of whether the purchaser has knowledge of the advertised total price.

(f) (1) Advertise for sale, sell, or purchase for resale a new vehicle of a line-make for which the dealer does not hold a franchise.

(2) This subdivision does not apply to a transaction involving the following:

(A) A mobilehome.

(B) A recreational vehicle as defined in Section 18010 of the Health and Safety Code.

(C) A commercial coach, as defined in Section 18001.8 of the Health and Safety Code.

(D) An off-highway motor vehicle subject to identification as defined in Section 38012.

(E) A manufactured home.

(F) A new vehicle that will be substantially altered or modified by a converter prior to resale.

(G) A commercial vehicle with a gross vehicle weight rating of more than 10,000 pounds.

(H) A vehicle purchased for export and exported outside the territorial limits of the United States without being registered with the department.

(g) Sell a park trailer, as specified in Section 18009.3 of the Health and Safety Code, without disclosing in writing to the purchaser that a park trailer is required to be moved by a transporter or a licensed manufacturer or dealer under a permit issued by the Department of

Transportation or a local authority with respect to highways under their respective jurisdictions.

(h) Advertise free merchandise, gifts, or services provided by a dealer contingent on the purchase of a vehicle. The term "free" includes merchandise or services offered for sale at a price less than the seller's cost of the merchandise or services.

(i) Advertise vehicles, and related goods or services, at a specified dealer price, with the intent not to supply reasonably expectable demand, unless the advertisement discloses the number of vehicles in stock at the advertised price. In addition, whether or not there are sufficient vehicles in stock to supply a reasonably expectable demand, when phrases such as "starting at," "from," "beginning as low as," or words of similar import are used in reference to an advertised price, the advertisement shall disclose the number of vehicles available at that advertised price.

For purposes of this subdivision, in a newspaper advertisement for a vehicle that is two model-years old or newer, the actual phrase that states the number of vehicles in stock at the advertised price shall be (1) printed in a type size that is at least equal to one-quarter of the type size, and in the same style and color of type, used for the advertised price, however, in no case shall the phrase be printed in less than 8-point type size, and (2) be disclosed immediately above, below, or beside the advertised price without intervening words, pictures, marks, or symbols.

The disclosure required by this subdivision is in addition to any other disclosure required by this code or any regulation regarding identifying vehicles advertised for sale.

(j) Use the term "rebate" or similar words, including, but not limited to, "cash back" in advertising the sale of a vehicle unless the rebate is expressed in a specific dollar amount and is in fact a rebate offered by the vehicle manufacturer or distributor directly to the retail purchaser of the vehicle or to the assignee of the retail purchaser.

(k) Require a person to pay a higher price for a vehicle and related goods or services for receiving advertised credit terms than the cash price the same person would have to pay to purchase the same vehicle and related goods or services. For the purpose of this subdivision, "cash price" has the meaning as defined in subdivision (e) of Section 2981 of the Civil Code.

(*l*) Advertise a guaranteed trade-in allowance.

(m) Misrepresent the authority of a salesperson, representative, or agent to negotiate the final terms of a transaction.

(n) (1) Use the terms "invoice," "dealer's invoice," "wholesale price," or similar terms that refer to a dealer's cost for a vehicle in an advertisement for the sale of a vehicle or advertise that the selling price of a vehicle is above, below, or at either of the following:

(A) The manufacturer's or distributor's invoice price to a dealer.

(B) A dealer's cost.

(2) This subdivision does not apply to either of the following:

(A) A communication occurring during face-to-face negotiations for the purchase of a specific vehicle if the prospective purchaser initiates a discussion of the vehicle's invoice price or the dealer's cost for that vehicle.

(B) A communication between a dealer and a prospective commercial purchaser that is not disseminated to the general public. For purposes of this subparagraph, a "commercial purchaser" means a dealer, lessor, lessor-retailer, manufacturer, remanufacturer, distributor, financial institution, governmental entity, or person who purchases 10 or more vehicles during a year.

(o) Violate a law prohibiting bait and switch advertising, including, but not limited to, the guides against bait advertising set forth in Part 238 (commencing with Section 238) of Title 16 of the Code of Federal Regulations, as those regulations read on January 1, 1988.

(p) Make an untrue or misleading statement indicating that a vehicle is equipped with all the factory installed optional equipment the manufacturer offers, including, but not limited to, a false statement that a vehicle is "fully factory equipped."

(q) Affix on a new vehicle a supplemental price sticker containing a price that represents the dealer's asking price that exceeds the manufacturer's suggested retail price unless all of the following occur:

(1) The supplemental sticker clearly and conspicuously discloses in the largest print appearing on the sticker, other than the print size used for the dealer's name, that the supplemental sticker price is the dealer's asking price, or words of similar import, and that it is not the manufacturer's suggested retail price.

(2) The supplemental sticker clearly and conspicuously discloses the manufacturer's suggested retail price.

(3) The supplemental sticker lists each item that is not included in the manufacturer's suggested retail price, and discloses the additional price of each item. If the supplemental sticker price is greater than the sum of the manufacturer's suggested retail price and the price of the items added by the dealer, then the supplemental sticker price shall set forth that difference and describe it as "added mark-up."

(r) Advertise an underselling claim, including, but not limited to, "we have the lowest prices" or "we will beat any dealer's price," unless the dealer has conducted a recent survey showing that the dealer sells its vehicles at lower prices than another licensee in its trade area and maintains records to adequately substantiate the claims. The

substantiating records shall be made available to the department upon request.

(s) Advertise an incentive offered by the manufacturer or distributor if the dealer is required to contribute to the cost of the incentive as a condition of participating in the incentive program, unless the dealer discloses in a clear and conspicuous manner that dealer participation may affect consumer cost.

For purposes of this subdivision, "incentive" means anything of value offered to induce people to purchase a vehicle, including, but not limited to, discounts, savings claims, rebates, below-market finance rates, and free merchandise or services.

(t) Display or offer for sale a used vehicle unless there is affixed to the vehicle the Federal Trade Commission's Buyer's Guide as required by Part 455 of Title 16 of the Code of Federal Regulations.

(u) Fail to disclose in writing to the franchisor of a new motor vehicle dealer the name of the purchaser, date of sale, and the vehicle identification number of each new motor vehicle sold of the line-make of that franchisor, or intentionally submit to that franchisor a false name for the purchaser or false date for the date of sale.

(v) Enter into a contract for the retail sale of a motor vehicle unless the contract clearly and conspicuously discloses whether the vehicle is being sold as a new vehicle or a used vehicle, as defined in this code.

(w) Use a simulated check, as defined in subdivision (a) of Section 22433 of the Business and Professions Code, in an advertisement for the sale or lease of a vehicle.

(x) Fail to disclose, in a clear and conspicuous manner in at least 10-point bold type on the face of a contract for the retail sale of a new motor vehicle that this transaction is, or is not, subject to a fee received by an autobroker from the selling new motor vehicle dealer, and the name of the autobroker, if applicable.

(y) As used in this section, the terms "make" and "model" have the same meaning as is provided in Section 565.3 of Title 49 of the Code of Federal Regulations.

CHAPTER 624

An act to amend Section 85316 of the Government Code, relating to the Political Reform Act of 1974, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 85316 of the Government Code is amended to read:

85316. (a) Except as provided in subdivision (b), a contribution for an election may be accepted by a candidate for elective state office after the date of the election only to the extent that the contribution does not exceed net debts outstanding from the election, and the contribution does not otherwise exceed the applicable contribution limit for that election.

(b) Notwithstanding subdivision (a), an elected state officer may accept contributions after the date of the election for the purpose of paying expenses associated with holding the office provided that the contributions are not expended for any contribution to any state or local committee. Contributions received pursuant to this subdivision shall be deposited into a bank account established solely for the purposes specified in this subdivision.

(1) No person shall make, and no elected state officer shall receive from a person, a contribution pursuant to this subdivision totaling more than the following amounts per calendar year:

(A) Three thousand dollars ($3,000) in the case of an elected state officer of the Assembly or Senate.

(B) Five thousand dollars ($5,000) in the case of a statewide elected state officer other than Governor.

(C) Twenty thousand dollars ($20,000) in the case of the Governor.

(2) No elected state officer shall receive contributions pursuant to paragraph (1) that, in the aggregate, total more than the following amounts per calendar year:

(A) Fifty thousand dollars ($50,000) in the case of an elected state officer of the Assembly or Senate.

(B) One hundred thousand dollars ($100,000) in the case of a statewide elected state officer other than Governor.

(C) Two hundred thousand dollars ($200,000) in the case of the Governor.

(3) Any contribution received pursuant to this subdivision shall be deemed to be a contribution to that candidate for election to any state office that he or she may seek during the term of office to which he or she is currently elected, including, but not limited to, reelection to the office he or she currently holds, and shall be subject to any applicable contribution limit provided in this title. If a contribution received pursuant to this subdivision exceeds the allowable contribution limit for the office sought, the candidate shall return the amount exceeding the limit to the contributor on a basis to be determined by the Commission. None of the

expenditures made by elected state officers pursuant to this subdivision shall be subject to the voluntary expenditure limitations in Section 85400.

(4) The commission shall adjust the calendar year contribution limitations and aggregate contribution limitations set forth in this subdivision in January of every odd-numbered year to reflect any increase or decrease in the Consumer Price Index. Those adjustments shall be rounded to the nearest one hundred dollars ($100).

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 3. The Legislature finds and declares that the provisions of this act further the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to clarify issues relating to contributions made to an elective state officer after the date of his or her election, it is necessary that this bill take effect immediately.

CHAPTER 625

An act to amend Sections 23800 and 24200 of, and to add Section 24200.1 to, the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 23800 of the Business and Professions Code is amended to read:

23800. The department may place reasonable conditions upon retail licensees or upon any licensee in the exercise of retail privileges in the following situations:

(a) If grounds exist for the denial of an application for a license or where a protest against the issuance of a license is filed and if the department finds that those grounds may be removed by the imposition of those conditions.

(b) Where findings are made by the department which would justify a suspension or revocation of a license, and where the imposition of a condition is reasonably related to those findings. In the case of a suspension, the conditions may be in lieu of or in addition to the suspension.

(c) Where the department issues an order suspending or revoking only a portion of the privileges to be exercised under the license.

(d) Where findings are made by the department that the licensee has failed to correct objectionable conditions within a reasonable time after receipt of notice to make corrections given pursuant to subdivision (e) of Section 24200, or subdivision (a) or (b) of Section 24200.1.

(e) (1) At the time of transfer of a license pursuant to Section 24071.1, 24071.2, or 24072 and upon written notice to the licensee, the department may adopt conditions that the department determines are reasonable pursuant to its investigation or that are requested by the local governing body, or its designated subordinate officer or agency, in whose jurisdiction the license is located. The request for conditions shall be supported by substantial evidence that the problems either on the premises or in the immediate vicinity identified by the local governing body or its designated subordinate officer or agency will be mitigated by the conditions. Upon receipt of the request for conditions, the department shall either adopt the conditions requested or notify the local governing body, or its designated subordinate officer or agency, in writing of its determination that there is not substantial evidence that the problem exists or that the conditions would not mitigate the problems identified. The department may adopt conditions only when the request is filed. Any request for conditions from the local governing body or its designated subordinate officer or agency pursuant to this provision shall be filed with the department within the time authorized for a local law enforcement agency to file a protest or proposed conditions pursuant to Section 23987.

(2) If the license to be transferred subject to paragraph (1) is located in an area of undue concentration as defined in Section 23958.4, the period within which the local governing body or its designated subordinate officer or agency may submit a written request for conditions shall be 40 days after the mailing of the notices required by Section 23987. For purposes of this provision only, undue concentration shall be established when the requirements of both paragraph (1) of subdivision (a) and either paragraph (2) or paragraph (3) of subdivision (a) of Section

23958.4 exist. Pursuant to Section 23987, the department may extend the 40-day period for a period not to exceed an additional 20 days upon the written request of any local law enforcement agency or local government entity with jurisdiction. Nothing in this paragraph is intended to reduce the burden of the local governing body or its designated subordinate officer or agency to support any request for conditions as required by paragraph (1). Notwithstanding Section 23987, the department may not transfer any license subject to this paragraph until after the time period permitted to request conditions as specified in this paragraph.

SEC. 2. Section 24200 of the Business and Professions Code is amended to read:

24200. The following are the grounds that constitute a basis for the suspension or revocation of licenses:

(a) When the continuance of a license would be contrary to public welfare or morals. However, proceedings under this subdivision are not a limitation upon the department's authority to proceed under Section 22 of Article XX of the California Constitution.

(b) Except as limited by Chapter 12 (commencing with Section 25000), the violation or the causing or permitting of a violation by a licensee of this division, any rules of the board adopted pursuant to Part 14 (commencing with Section 32001) of Division 2 of the Revenue and Taxation Code, any rules of the department adopted pursuant to the provisions of this division, or any other penal provisions of law of this state prohibiting or regulating the sale, exposing for sale, use, possession, giving away, adulteration, dilution, misbranding, or mislabeling of alcoholic beverages or intoxicating liquors.

(c) The misrepresentation of a material fact by an applicant in obtaining a license.

(d) The plea, verdict, or judgment of guilty, or the plea of nolo contendere to any public offense involving moral turpitude or under any federal law prohibiting or regulating the sale, exposing for sale, use, possession, or giving away of alcoholic beverages or intoxicating liquors or prohibiting the refilling or reuse of distilled spirits containers charged against the licensee.

(e) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance, within a reasonable time after receipt of notice to make those corrections from the department, under Section 373a of the Penal Code. For the purpose of this subdivision only, "property or premises" as used in Section 373a of the Penal Code includes the area immediately adjacent to the licensed premises that is owned, leased, or rented by the licensee.

(f) Failure to take reasonable steps to correct objectionable conditions that occur during business hours on any public sidewalk abutting a licensed premises and constitute a nuisance, within a reasonable time after receipt of notice to correct those conditions from the department. This subdivision shall apply to a licensee only upon written notice to the licensee from the department. The department shall issue this written notice upon its own determination, or upon a request from the local law enforcement agency in whose jurisdiction the premises are located, that is supported by substantial evidence that persistent objectionable conditions are occurring on the public sidewalk abutting the licensed premises. For purposes of this subdivision:

(1) "Any public sidewalk abutting a licensed premises" means the publicly owned, pedestrian-traveled way, not more than 20 feet from the premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.

(2) "Objectionable conditions that constitute a nuisance" means disturbance of the peace, public drunkenness, drinking in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, or excessive loud noise.

(3) "Reasonable steps" means all of the following:

(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee, or his or her agents or employees, shall not be construed by the department as evidence of objectionable conditions that constitute a nuisance.

(B) Requesting those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee, or his or her agents or employees, feel that their personal safety would be threatened in making that request.

(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.

(4) When determining what constitutes "reasonable steps," the department shall consider site configuration constraints related to the unique circumstances of the nature of the business.

(g) Subdivision (f) does not apply to a bona fide public eating place, as defined in Section 23038, 23038.1, or 23038.2, that is so operated by a retail on-sale licensee or on-sale beer and wine licensee; a hotel, motel, or similar lodging establishment, as defined in subdivision (b) of Section 25503.16; a winegrowers license; a licensed beer manufacturer, as defined in Section 23357; those same or contiguous premises for which a retail licensee concurrently holds an off-sale retail beer and wine license

and a beer manufacturer's license; or those same or contiguous premises at which a retail on-sale licensee or on-sale beer and wine licensee who is licensed as a bona fide public eating place as defined in Section 23038, 23038.1, or 23038.2, a hotel, motel, or similar lodging establishment as defined in subdivision (b) of Section 25503.16, a licensed beer manufacturer, as defined in Section 23357, or a winegrowers license, sells off-sale beer and wine under the licensee's on-sale license.

SEC. 3. Section 24200.1 is added to the Business and Professions Code, to read:

24200.1. The following are additional bases upon which the department may suspend or revoke a license:

(a) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance within a reasonable time after receipt of notice to make those corrections from a district attorney, city attorney, or a county counsel, under Section 373a of the Penal Code. For the purpose of this subdivision only, "property or premises" as used in Section 373a of the Penal Code includes the area immediately adjacent to the licensed premises that is owned, leased, or rented by the licensee.

(b) Failure to take reasonable steps to correct objectionable conditions that occur during business hours on any public sidewalk abutting a licensed premises and constitute a nuisance within a reasonable time after receipt of notice to correct those conditions from a district attorney, city attorney, or a county counsel. This subdivision shall apply to a licensee only upon written notice to the licensee from a district attorney, city attorney, or a county counsel.

(c) Notwithstanding that the licensee corrects the objectionable conditions that constitute a nuisance, the licensee has a continuing obligation to meet the requirements of subdivisions (a) and (b), and failure to do so shall constitute grounds for disciplinary action pursuant to this section.

(d) For purposes of this section:

(1) "Any public sidewalk abutting a licensed premises" means the publicly owned, pedestrian-traveled way, not more than 20 feet from the premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.

(2) "Objectionable conditions that constitute a nuisance" means disturbance of the peace, public drunkenness, drinking in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, excessive loud noise, or failure

to comply with the minimum operating standards required by Section 25612.5.

(3) "Reasonable steps" means all of the following:

(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee, or his or her agents or employees, shall not be construed by the department as evidence of objectionable conditions that constitute a nuisance.

(B) Requesting those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee, or his or her agents or employees, feel that their personal safety would be threatened in making that request.

(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.

(4) When determining what constitutes "reasonable steps," the department shall consider site configuration constraints related to the unique circumstances of the nature of the business.

(5) "Reasonable time" shall mean 30 days following service of notice pursuant to either subdivision (a) or subdivision (b) upon a licensee that objectionable conditions exist.

(e) Subdivision (b) does not apply to a bona fide public eating place, as defined in Section 23038, 23038.1, or 23038.2, that is so operated by a retail on-sale licensee or on-sale beer and wine licensee; a hotel, motel, or similar lodging establishment, as defined in subdivision (b) of Section 25503.16; a winegrowers license; a licensed beer manufacturer, as defined in Section 23357; those same or contiguous premises for which a retail licensee concurrently holds an off-sale retail beer and wine license and a beer manufacturer's license; or those same or contiguous premises at which a retail on-sale licensee or on-sale beer and wine licensee who is licensed as a bona fide public eating place as defined in Section 23038, 23038.1, or 23038.2, a hotel, motel, or similar lodging establishment as defined in subdivision (b) of Section 25503.16, a licensed beer manufacturer, as defined in Section 23357, or a winegrowers license, sells off-sale beer and wine under the licensee's on-sale license.

(f) A hearing for a violation of this section shall be held within 60 days of an accusation being filed.

CHAPTER 626

An act to add Section 638 to the Penal Code, relating to privacy.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 638 is added to the Penal Code, to read:

638. (a) Any person who purchases, sells, offers to purchase or sell, or conspires to purchase or sell any telephone calling pattern record or list, without the written consent of the subscriber, or any person who procures or obtains through fraud or deceit, or attempts to procure or obtain through fraud or deceit any telephone calling pattern record or list shall be punished by a fine not exceeding two thousand five hundred dollars ($2,500), or by imprisonment in a county jail not exceeding one year, or by both a fine and imprisonment. If the person has previously been convicted of a violation of this section, he or she is punishable by a fine not exceeding ten thousand dollars ($10,000), or by imprisonment in a county jail not exceeding one year, or by both a fine and imprisonment.

(b) Any personal information contained in a telephone calling pattern record or list that is obtained in violation of this section shall be inadmissible as evidence in any judicial, administrative, legislative, or other proceeding except when that information is offered as proof in an action or prosecution for a violation of this section, or when otherwise authorized by law, in any criminal prosecution.

(c) For purposes of this section:

(1) "Person" includes an individual, business association, partnership, limited partnership, corporation, limited liability company, or other legal entity.

(2) "Telephone calling pattern record or list" means information retained by a telephone company that relates to the telephone number dialed by the subscriber, or other person using the subscriber's telephone with permission, or the incoming number of a call directed to the subscriber, or other data related to such calls typically contained on a subscriber telephone bill such as the time the call started and ended, the duration of the call, any charges applied, and any information described in subdivision (a) of Section 2891 of the Public Utilities Code whether the call was made from or to a telephone connected to the public switched telephone network, a cordless telephone, as defined in Section 632.6, a telephony device operating over the Internet utilizing voice over Internet protocol, a satellite telephone, or commercially available interconnected mobile phone service that provides access to the public switched telephone network via a mobile communication device employing radiowave technology to transmit calls, including cellular radiotelephone,

broadband Personal Communications Services, and digital Specialized Mobile Radio.

(3) "Telephone company" means a telephone corporation as defined in Section 234 of the Public Utilities Code or any other person that provides residential or commercial telephone service to a subscriber utilizing any of the technologies or methods enumerated in paragraph (2).

(4) For purposes of this section, "purchase" and "sell" shall not include information provided to a collection agency or assignee of the debt by the telephone corporation, and used exclusively for the collection of the unpaid debt assigned by the telephone corporation, provided that the collection agency or assignee of the debt shall be liable for any disclosure of the information that is in violation of this section.

(d) An employer of, or entity contracting with, a person who violates subdivision (a) shall only be subject to prosecution pursuant to that provision if the employer or contracting entity knowingly allowed the employee or contractor to engage in conduct that violated subdivision (a).

(e) It is the intent of the Legislature to ensure that telephone companies maintain telephone calling pattern records or lists in the strictest confidence, and protect the privacy of their subscribers with all due care. While it is not the intent of the Legislature in this act to preclude the sharing of information that is currently allowed by both state and federal laws and rules governing those records, it is the Legislature's intent in this act to preclude any unauthorized purchase or sale of that information.

(f) This section shall not be construed to prevent a law enforcement or prosecutorial agency, or any officer, employee, or agent thereof from obtaining telephone records in connection with the performance of the official duties of the agency consistent with any other applicable state and federal law.

(g) Nothing in this section shall preclude prosecution under any other provision of law.

(h) The Legislature hereby finds and declares that, notwithstanding the prohibition on specific means of making available or obtaining personal calling records pursuant to this section, the disclosure of personal calling records through any other means is no less harmful to the privacy and security interests of Californians. This section is not intended to limit the scope or force of Section 2891 of the Public Utilities Code in any way.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or

infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 627

An act to amend Sections 44283, 44299.1, and 44299.2 of the Health and Safety Code, relating to air quality.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 44283 of the Health and Safety Code, as amended by Section 9 of Chapter 707 of the Statutes of 2004, is amended to read:

44283. (a) Grants shall not be made for projects with a cost-effectiveness, calculated in accordance with this section, of more than thirteen thousand six hundred dollars ($13,600) per ton of NO_x reduced in California or a higher value that reflects state consumer price index adjustments on or after January 1, 2006, as determined by the state board. For projects obtaining reactive organic gas and particulate matter reductions, the state board shall determine appropriate adjustment factors to calculate a weighted cost-effectiveness.

(b) Only covered emission reductions occurring in this state shall be included in the cost-effectiveness determination. The extent to which emissions generated at sea contribute to air quality in California nonattainment areas shall be incorporated into these methodologies based on a reasonable assessment of currently available information and modeling assumptions.

(c) The state board shall develop protocols for calculating the surplus covered emission reductions in California from representative project types over the life of the project.

(d) The cost of the covered emission reduction is the amount of the grant from the program, including matching funds provided pursuant to subdivision (e) of Section 44287, plus any other state funds, or funds under the district's budget authority or fiduciary control, provided toward the project. The state board shall establish reasonable methodologies for evaluating project cost-effectiveness, consistent with the definition contained in paragraph (4) of subdivision (a) of Section 44275, and with

accepted methods, taking into account a fair and reasonable discount rate or time value of public funds.

(e) A grant shall not be made that, net of taxes, provides the applicant with funds in excess of the incremental cost of the project. Incremental lease costs may be capitalized according to guidelines adopted by the state board so that these incremental costs may be offset by a one-time grant award.

(f) Funds under a district's budget authority or fiduciary control may be used to pay for the incremental cost of liquid or gaseous fuel, other than standard gasoline or diesel, which is integral to a covered emission reducing technology that is part of a project receiving grant funding under the program. The fuel shall be approved for sale by the state board. The incremental fuel cost over the expected lifetime of the vehicle may be offset by the district if the project as a whole, including the incremental fuel cost, meets all of the requirements of this chapter, including the maximum allowed cost-effectiveness. The state board shall develop an appropriate methodology for converting incremental fuel costs over the vehicle lifetime into an initial cost for the purposes of determining project cost-effectiveness. Incremental fuel costs may not be included in project costs for fuels dispensed from any facility that was funded, in whole or in part, from the fund.

(g) For purposes of determining any grant amount pursuant to this chapter, the incremental cost of any new purchase, retrofit, repower, or add-on equipment shall be reduced by the value of any current financial incentive that directly reduces the project price, including any tax credits or deductions, grants, or other public financial assistance. Project proponents applying for funding shall be required to state in their application any other public financial assistance to the project.

(h) For projects that would repower offroad equipment by replacing uncontrolled diesel engines with new, certified diesel engines, the state board may establish maximum grant award amounts per repower. A repower project shall also be subject to the incremental cost maximum pursuant to subdivision (e).

(i) After study of available emission reduction technologies and costs and after public notice and comment, the state board may reduce the values of the maximum grant award criteria stated in this section to improve the ability of the program to achieve its goals. Every year the state board shall adjust the maximum cost-effectiveness amount established in subdivision (a) and any per-project maximum set by the state board pursuant to subdivision (h) to account for inflation.

(j) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 2. Section 44283 of the Health and Safety Code, as added by Section 9.5 of Chapter 707 of the Statutes of 2004, is amended to read:

44283. (a) Grants shall not be made for projects with a cost-effectiveness, calculated in accordance with this section, of more than twelve thousand dollars ($12,000) per ton of NO_x reduced in California or a higher value that reflects state consumer price index adjustments on or after January 1, 2015, as determined by the state board.

(b) Only NO_x reductions occurring in this state shall be included in the cost-effectiveness determination. The extent to which emissions generated at sea contribute to air quality in California nonattainment areas shall be incorporated into these methodologies based on a reasonable assessment of currently available information and modeling assumptions.

(c) The state board shall develop protocols for calculating the surplus NO_x reductions in California from representative project types over the life of the project.

(d) The cost of the NO_x reduction is the amount of the grant from the program, including matching funds provided pursuant to subdivision (e) of Section 44287, plus any other state funds, or funds under the district's budget authority or fiduciary control, provided toward the project. The state board shall establish reasonable methodologies for evaluating project cost-effectiveness, consistent with the definition contained in subdivision (c) of Section 44275, and with accepted methods, taking into account a fair and reasonable discount rate or time value of public funds.

(e) A grant shall not be made that, net of taxes, provides the applicant with funds in excess of the incremental cost of the project. Incremental lease costs may be capitalized according to guidelines adopted by the state board so that these incremental costs may be offset by a one-time grant award.

(f) Funds under a district's budget authority or fiduciary control may be used to pay for the incremental cost of liquid or gaseous fuel, other than standard gasoline or diesel, which is integral to a NO_x reducing technology that is part of a project receiving grant funding under the program. The fuel shall be approved for sale by the state board. The incremental fuel cost over the expected lifetime of the vehicle may be offset by the district if the project as a whole, including the incremental fuel cost, meets all of the requirements of this chapter, including the maximum allowed cost-effectiveness. The state board shall develop an appropriate methodology for converting incremental fuel costs over the vehicle lifetime into an initial cost for the purposes of determining project cost-effectiveness. Incremental fuel costs may not be included in project

costs for fuels dispensed from any facility that was funded, in whole or in part, from the fund.

(g) For purposes of determining any grant amount pursuant to this chapter, the incremental cost of any new purchase, retrofit, repower, or add-on equipment shall be reduced by the value of any current financial incentive that directly reduces the project price, including any tax credits or deductions, grants, or other public financial assistance. Project proponents applying for funding shall be required to state in their application any other public financial assistance to the project.

(h) For projects that would repower offroad equipment by replacing uncontrolled diesel engines with new, certified diesel engines, the state board may establish maximum grant award amounts per repower. A repower project shall also be subject to the incremental cost maximum pursuant to subdivision (e).

(i) After study of available emission reduction technologies and costs and after public notice and comment, the state board may reduce the values of the maximum grant award criteria stated in this section to improve the ability of the program to achieve its goals. Every year the state board shall adjust the maximum cost-effectiveness amount established in subdivision (a) and any per-project maximum set by the state board pursuant to subdivision (h) to account for inflation.

(j) This section shall become operative on January 1, 2015.

SEC. 3. Section 44299.1 of the Health and Safety Code, as amended by Section 11 of Chapter 707 of the Statutes of 2004, is amended to read:

44299.1. (a) To ensure that emission reductions are obtained as needed from pollution sources, any money deposited in or appropriated to the fund shall be segregated and administered as follows:

(1) Not more than 2 percent of the moneys in the fund shall be allocated to program support and outreach costs incurred by the state board and the commission directly associated with implementing the program pursuant to this chapter. These funds shall be allocated to the state board and the commission in proportion to total program funds administered by the state board and the commission.

(2) Not more than 2 percent of the moneys in the fund shall be allocated to direct program outreach activities. The state board may use these funds for program outreach contracts or may allocate outreach funds to participating air districts in proportion to each district's allocation from the Covered Vehicle Account. The state board shall report on the use of outreach funds in their reports to the Legislature pursuant to Section 44295.

(3) The balance shall be deposited in the Covered Vehicle Account to be expended to offset added costs of new very low or zero-emission vehicle technologies, and emission reducing repowers, retrofits, and

add-on equipment for covered vehicles and engines, and other projects specified in Section 44281.

(b) Funds in the Covered Vehicle Account shall be allocated to a district that submits an eligible application to the state board pursuant to Section 44287. The state board shall determine the maximum amount of annual funding from the Covered Vehicle Account that each district may receive. This determination shall be based on the population in each district as well as the relative importance of obtaining covered emission reductions in each district, specifically through the program.

(c) Not more than 5 percent of the moneys allocated pursuant to this chapter to a district with a population of one million or more may be used by the district for indirect costs of implementation of the program, including outreach costs that are subject to the limitation in paragraph (2) of subdivision (a).

(d) Not more than 10 percent of the moneys allocated pursuant to this chapter to a district with a population of less than one million may be used by the district for indirect costs of implementation of the program, including outreach costs that are subject to the limitation in paragraph (2) of subdivision (a).

(e) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 4. Section 44299.2 of the Health and Safety Code is amended to read:

44299.2. Funds shall be allocated to local air pollution control and air quality management districts, and shall be subject to administrative terms and conditions as follows:

(a) Available funds shall be distributed to districts taking into consideration the population of the area, the severity of the air quality problems experienced by the population, and the historical allocation of the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, except that the south coast district shall be allocated a percentage of the total funds available to districts that is proportional to the percentage of the total state population residing within the jurisdictional boundaries of that district. For the purposes of this subdivision, population shall be determined by the state board based on the most recent data provided by the Department of Finance. The allocation to the south coast district shall be subtracted from the total funds available to districts. Each district, except the south coast district, shall be awarded a minimum allocation of two hundred thousand dollars ($200,000), and the remainder, which shall be known as the "allocation amount," shall be allocated to all districts as follows:

(1) The state board shall distribute 35 percent of the allocation amount to the districts in proportion to the percentage of the total residual state population that resides within each district's boundaries. For purposes of this paragraph, "total residual state population" means the total state population, less the total population that resides within the south coast district.

(2) The state board shall distribute 35 percent of the allocation amount to the districts in proportion to the severity of the air quality problems to which each district's population is exposed. The severity of the exposure shall be calculated as follows:

(A) Each district shall be awarded severity points based on the district's attainment designation and classification, as most recently promulgated by the federal Environmental Protection Agency for the National Ambient Air Quality Standard for ozone averaged over eight hours, as follows:

(i) A district that is designated attainment for the federal eight-hour ozone standard shall be awarded one point.

(ii) A district that is designated nonattainment for the federal eight-hour ozone standard shall be awarded severity points based on classification. Two points shall be awarded for transitional, basic, or marginal classifications, three points for moderate classification, four points for serious classification, five points for severe classification, six points for severe-17 classification, and seven points for extreme classification.

(B) Each district shall be awarded severity points based on the annual diesel particulate emissions in the air basin, as determined by the state board. One point shall be awarded to the district, in increments, for each 1,000 tons of diesel particulate emissions. In making this determination, 0 to 999 tons shall be awarded no points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to 2,999 tons shall be awarded two points, and so forth. If a district encompasses more than one air basin, the air basin with the greatest diesel particulate emissions shall be used to determine the points awarded to the district. The San Diego County Air Pollution Control District and the Imperial County Air Pollution Control District shall be awarded one additional point each to account for annual diesel particulate emissions transported from Mexico.

(C) The points awarded under subparagraphs (A) and (B), shall be added together for each district, and the total shall be multiplied by the population residing within the district boundaries, to yield the local air quality exposure index.

(D) The local air quality exposure index for each district shall be summed together to yield a total state exposure index. Funds shall be

allocated under this paragraph to each district in proportion to its local air quality exposure index divided by the total state exposure index.

(3) The state board shall distribute 30 percent of the allocation amount to the districts in proportion to the allocation of funds from the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, as follows:

(A) Because each district is awarded a minimum allocation pursuant to subdivision (a), there shall be no additional minimum allocation from the Carl Moyer historical allocation funds. The total amount allocated in this way shall be subtracted from total funding previously awarded to the district under the Carl Moyer Memorial Air Quality Standards Attainment Program, and the remainder, which shall be known as directed funds, shall be allocated pursuant to subparagraph (B).

(B) Each district with a population that is greater than or equal to 1 percent of the state's population shall receive an additional allocation based on the population of the district and the district's relative share of emission reduction commitments in the State Implementation Plan to attain the National Ambient Air Quality Standard for ozone averaged over one hour. This additional allocation shall be calculated as a percentage share of the directed funds for each district, derived using a ratio of each district's share amount to the base amount, which shall be calculated as follows:

(i) The base amount shall be the total Carl Moyer program funds allocated by the state board to the districts in the 2002–03 fiscal year, less the total of the funds allocated through the minimum allocation to each district in the 2002–03 fiscal year.

(ii) The share amount shall be the allocation that each district received in the 2002–03 fiscal year, not including the minimum allocation. There shall be one share amount for each district.

(iii) The percentage share shall be calculated for each district by dividing the district's share amount by the base amount, and multiplying the result by the total directed funds available under this subparagraph.

(b) Funds shall be distributed as expeditiously as reasonably practicable, and a report of the distribution shall be made available to the public.

(c) All funds allocated pursuant to this section shall be expended as provided in the guidelines adopted pursuant to Section 44287 within two years from the date of allocation. Funds not expended within the two years shall be returned to the Covered Vehicle Account within 60 days and shall be subject to further allocation as follows:

(1) Within 30 days of the deadline to return funds, the state board shall notify the districts of the total amount of returned funds available for reallocation, and shall list those districts that request supplemental

funds from the reallocation and that are able to expend those funds within one year.

(2) Within 90 days of the deadline to return funds, the state board shall allocate the returned funds to the districts listed pursuant to paragraph (1).

(3) All supplemental funds distributed under this subdivision shall be expended consistent with the Carl Moyer Air Quality Standards Attainment Program within one year of the date of supplemental allocation. Funds not expended within one year shall be returned to the Covered Vehicle Account and shall be distributed at the discretion of the state board to districts, taking into consideration of each district's ability to expeditiously utilize the remaining funds consistent with the Carl Moyer Air Quality Standards Attainment Program.

(d) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

CHAPTER 628

An act to amend Sections 17550.1, 17550.13, 17550.14, 17550.17, 17550.21, 17550.37, and 17550.38 of, and to add Sections 17550.195, 17550.26, and 17550.27 to, the Business and Professions Code, relating to sellers of travel.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 17550.1 of the Business and Professions Code is amended to read:

17550.1. (a) "Seller of travel" means a person who sells, provides, furnishes, contracts for, arranges, or advertises that he or she can or may arrange, or has arranged, wholesale or retail , either of the following:

(1) Air or sea transportation either separately or in conjunction with other travel services.

(2) Land or water vessel transportation, other than sea carriage, either separately or in conjunction with other travel services if the total charge to the passenger exceeds three hundred dollars ($300).

(b) Seller of travel does not include any of the following:

(1) An air carrier.

(2) An ocean carrier.

(3) A hotel, motel, or similar lodging establishment where in the course of selling, providing, furnishing, contracting for, or arranging transient lodging accommodations and related services for its registered guests, it also arranges for transportation and does not directly or indirectly receive any money or other valuable consideration for arranging or providing that transportation.

(4) A person or organization certified under Part 5 (commencing with Section 12140) of Division 2 of the Insurance Code, except such a person or organization shall comply with the registration and fee provisions of Sections 17550.20 and 17550.21 for each location at which air or sea transportation is sold either separately or in conjunction with other travel services.

(5) A motor or rail carrier or water vessel operator holding the required permit, license, or other authority to operate from a state, federal, or other governmental entity.

(c) Notwithstanding any other provision of law, a reference in this article or Article 2.7 (commencing with Section 17550.35) to air or sea transportation or to an air or sea carrier, includes land or water vessel transportation, as described in subdivision (a), and a motor carrier or water vessel operator.

SEC. 2. Section 17550.13 of the Business and Professions Code is amended to read:

17550.13. (a) (1) A seller of travel shall not receive any money or other valuable consideration in payment for air or sea transportation or other travel services offered by the seller of travel unless at the time of or prior to the receipt of payment, the seller of travel first furnishes to the person making that payment written materials conspicuously setting forth the following information:

(A) The name and business address and telephone number of the seller of travel.

(B) The total amount to be paid by or on behalf of the passenger, amount paid to date, the date of any future payment, the purpose of the payment made, and an itemized statement of the balance due, if any.

(C) The name of the provider of the air or sea transportation, and the date, time, and place of each departure, or the circumstances under which the date, time, and place of departure will be determined.

(D) All terms and conditions relating to the air or sea transportation or travel services being purchased by the passenger, including cancellation conditions. An air carrier's or an ocean carrier's standard contract of carriage is not required to be disclosed prior to the seller of travel receiving any money or other valuable consideration.

(E) A clear and conspicuous statement that upon cancellation of the transportation or travel services, where the passenger is not at fault and

has not canceled in violation of any terms and conditions previously clearly and conspicuously disclosed to and agreed to by the passenger, all sums paid to the seller of travel for services not provided will be promptly paid to the passenger, unless the passenger otherwise advises the seller of travel in writing, after cancellation.

(F) If the seller of travel is required by this article to have a trust account or bond, a clear and conspicuous disclosure stating: "California law requires certain sellers of travel to have a trust account or bond. This business has [a trust account] or [a bond issued by (company) in the amount of ($X)]."

(G) If the seller of travel is a participant in the Travel Consumer Restitution Fund and the passenger, or the person making payment for the passenger, was located in California at the time of the sale of air or sea transportation or travel services, a clear and conspicuous notice of the right of the passenger, or the right of the person making payment for the passenger, to make a claim on that fund. The notice shall include a description of the losses covered, the method for making a claim, the time limit within which the claim shall be made, and the amount which may be claimed.

(H) If the seller of travel is a participant in a Consumer Protection Deposit Plan that meets the criteria set forth in subdivision (b) of Section 17550.16, a clear and conspicuous notice of the passenger's right to make a claim on the plan. That notice shall include a description of the losses covered, the method for making a claim, the time limit within which the claim shall be made, and the amount that may be claimed.

(I) If the seller of travel is a participant in a Consumer Protection Escrow Plan that meets the criteria set forth in subdivision (c) of Section 17550.16, a clear and conspicuous notice of the passenger's right to make a claim on the plan. That notice shall include a description of the losses covered, the method for making a claim, the time limit within which the claim shall be made, and the amount that may be claimed.

(J) If the seller of travel is not a participant, a clear and conspicuous disclosure that the seller of travel is not a participant in the Travel Consumer Restitution Fund. That disclosure shall be made both orally and in writing.

(K) If the seller of travel is a participant in the Travel Consumer Restitution Fund and the passenger or any person who made a payment on behalf of the passenger for travel services is located in California, a clear and conspicuous disclosure made both orally and in writing that the transaction is covered by the Travel Consumer Restitution Fund.

(2) There is no violation of this subdivision if both of the following occur:

(A) Compliance was rendered impossible as a direct result of an unforeseen condition beyond the control of the seller of travel.

(B) The seller of travel obtains from each passenger, written acknowledgment that the passenger has not received disclosure of the terms and conditions required by this section.

(b) If a seller of travel offers, sells, provides, or distributes a travel certificate as defined in Section 17550.10 and any passenger payment is nonrefundable, in whole or in part, the seller of travel shall obtain the written acknowledgment of that limitation from the end user prior to, or at the time of, receipt of any money or other valuable consideration.

(c) Notwithstanding any other provision of this section, if money or other valuable consideration is received from a customer to whom the seller of travel has sold air or sea transportation within the preceding 12 months and the disclosures required by this section are substantially the same as the disclosures given in connection with the prior travel, the disclosures required by this section shall be made within five days of receipt of that money or other valuable consideration.

(d) Notwithstanding any other provision of this section, if money or other valuable consideration is received in payment for air transportation and the seller of travel is an officially appointed agent in good standing of the Airlines Reporting Corporation and forwards the amount paid, without offsetting or reducing the amount forwarded by any amounts due or claimed in connection with any other transaction, to the airline providing the transportation or to the Airlines Reporting Corporation, the disclosures required by this section with respect to that air transportation may be made orally.

SEC. 3. Section 17550.14 of the Business and Professions Code is amended to read:

17550.14. (a) The seller of travel has an obligation either to provide the air or sea transportation or travel services purchased by the passenger or to make a refund as provided by this section. The seller of travel shall return to the passenger all moneys paid for air or sea transportation or travel services not actually provided to the passenger, within either of the following periods, whichever is earlier:

(1) Thirty days from one of the following dates:

(A) The scheduled date of departure.

(B) The day the passenger requests a refund.

(C) The day of cancellation by the seller of travel.

(2) Three days from the day the seller of travel is first unable to provide the air or sea transportation or travel services.

As used in this section, "unable to provide" includes, but is not limited to, any day on which the passenger's funds are not in the trust account required by Section 17550.15 and subdivision (g) of Section 17550.21

or the funds necessary to provide the passenger's transportation or travel services have been disbursed other than as allowed by Section 17550.15 or subdivision (a) of Section 17550.16.

(b) If the seller of travel has disbursed the passenger's funds pursuant to paragraph (1), (2), (3), or (4) of subdivision (c) of Section 17550.15 and the disbursement is in full payment for the services or transportation purchased by the passenger, the seller of travel may, instead of providing a refund, provide to the passenger a written statement accompanied by bank records establishing that the passenger's funds were disbursed as required by those provisions and, if disbursed to a seller of travel, proof of current registration of that seller of travel. A seller of travel who is exempt from the requirements of Section 17550.15 pursuant to subdivision (a) of Section 17550.16 and who is in compliance with subdivision (a) of Section 17550.16 may comply with this section by maintaining and providing to the passenger documentary proof of disbursement in compliance with subdivision (a) of Section 17550.16, and proof of current registration of the seller of travel to whom the funds were disbursed, which registration shall note that the registered seller of travel either has a trust account in compliance with Section 17550.15, or is exempt from the requirements of Section 17550.15 pursuant to subdivision (b) or (c) of Section 17550.16. This subdivision does not apply to refunds subject to subdivision (c) or (d).

(c) If terms and conditions relating to a refund upon cancellation by the passenger have been disclosed and agreed to by the passenger and the passenger elects to cancel for any reason other than a seller of travel being unable to provide the air or sea transportation or travel services purchased, the making of a refund in accordance with those terms and conditions shall be deemed to constitute compliance with this section.

(d) Any material misrepresentation by the seller of travel shall be deemed to be a violation of this article and cancellation by the seller of travel, necessitating a refund as required by subdivision (a).

SEC. 4. Section 17550.17 of the Business and Professions Code is amended to read:

17550.17. (a) This section does not apply to sellers of travel who are exempt from the requirements of Section 17550.15 pursuant to Section 17550.16.

(b) Upon payment in full by the passenger for air or sea transportation and any related services with a credit card or with cash, the seller of travel shall issue and deliver the ticket or voucher to the passenger or his or her designated agent within 72 hours.

(c) Upon payment in full by the passenger for air or sea transportation and any related services with a check, the seller of travel shall issue and

deliver the ticket or voucher to the passenger or his or her designated agent within 72 hours of the earlier of the following:

(1) The time the passenger's payment is credited to the seller of travel's account.

(2) The expiration of the maximum hold period specified in Section 10.190405 of Title 10 of the California Code of Regulations.

(d) Tickets, vouchers, or receipts shall be deemed to have been delivered if they have been turned over to an independent third-party delivery service or the United States Postal Service for regular delivery.

(e) If the seller of travel is unable to issue tickets or vouchers upon payment as set forth in subdivisions (b) and (c), the seller of travel may comply with this section by taking either of the following actions:

(1) Timely forwarding to the air or sea carrier or provider of travel services, the portion of the sum paid by the passenger that is required by the air or sea carrier or provider of travel services from the seller of travel in order to provide the transportation or services purchased by that passenger and sending to the passenger within five business days of the date of the purchase or before the date of the passenger's departure, whichever occurs first, a receipt describing the transportation and services that were purchased. The seller of travel may not offset or reduce the amount forwarded by any amounts due or claimed in connection with any other transaction.

(2) Complying with Sections 17550.13, 17550.14, and 17550.15.

(f) There is no violation of this section if compliance with this section was rendered impossible as a direct result of an unforeseen condition beyond the control of the seller of travel, and the seller of travel complied with this section or made restitution to the passenger within 30 days after the transportation or travel services purchased by the passenger were not provided.

(g) For purposes of this section, "72 hours" means three business days as defined in Section 9 of the Civil Code.

SEC. 5. Section 17550.195 is added to the Business and Professions Code, to read:

17550.195. (a) The Attorney General shall immediately suspend the registration of a seller of travel who has been convicted of a felony offense pursuant to Section 17550.19.

(b) A person who has been convicted of a felony offense pursuant to Section 17550.19 is prohibited, for a period of seven years commencing on the date of his or her conviction, from registering as a seller of travel and from participating in the Travel Consumer Restitution Fund.

SEC. 6. Section 17550.21 of the Business and Professions Code is amended to read:

17550.21. Each filing pursuant to Section 17550.20 shall contain the following information:

(a) The name or names of the seller of travel, including the name under which the seller of travel is doing or intends to do business, if different from the name of the seller of travel.

(b) The seller of travel's business form and place of organization and, if operating under a fictitious business name, the location where the fictitious name has been registered. If the seller of travel does business in California from one or more locations in this state but does not maintain its principal place of business in this state, the seller of travel shall state whether it meets the requirements of paragraph (16) of subdivision (e) of Section 17511.1.

(c) The complete street address or addresses of all locations from which the seller of travel will be conducting business, including, but not limited to, locations at which telephone calls will be received from, or made to, passengers or other sellers of travel. The statement shall designate which location is the principal place of business.

(d) The complete business and residential addresses and telephone numbers, the driver's license number and state of issuance or equivalent personal identification, the social security number, and the date of birth of each owner and principal of the seller of travel. "Owner" means a person who owns or controls 10 percent or more of the equity of, or otherwise has claim to 10 percent or more of the net income of, a seller of travel. "Principal" means an owner, an officer of a corporation, a general partner of a partnership, or a sole proprietor of a sole proprietorship.

(e) A statement as to whether the seller of travel, any owner, or principal, or any other seller of travel owned or managed by any owner or principal of the seller of travel, or the seller of travel itself has had entered against that person or entity any judgment, including a stipulated judgment, order, made a plea of nolo contendere, or been convicted of any criminal violation. The statement shall identify the person, the court or administrative agency rendering the judgment, order, or conviction, the docket number of the matter, and the date of the judgment, order, or conviction; where the judgment, order, or record of conviction is filed; and the nature of the case or judgment. This subdivision does not require disclosure of marital dissolution, child support, or child custody proceedings.

(f) A copy of the travel certificates, if any, that are or will be sold, marketed, or distributed to any person or entity by the seller of travel.

(g) The seller of travel shall file with the Attorney General a signed and dated statement providing the following:

(1) The account number of each trust account required by this article.

(2) The name and address of each financial institution at which the seller of travel maintains a trust account required by this article.

(3) Any registration number issued to the seller of travel by the Airline Reporting Corporation or the International Association of Travel Agents Network.

(4) A consent form consenting to the Attorney General, a district attorney, or their representatives obtaining directly from the Airlines Reporting Corporation, International Association of Travel Agents Network, a seller of transportation, provider of transportation, provider of travel services, and any financial institution where passenger funds have been deposited, any information related to an investigation of a seller of travel's compliance with this section. The consent form shall be provided by the Attorney General. If a bond is maintained in lieu of the trust account, a copy of that bond shall be filed with the Attorney General.

(h) A statement signed by each owner and principal granting permission to the office of the Attorney General to obtain from any financial institution or credit union at which any trust account required by Section 17550.15 is maintained, information relating to that trust account, as set forth in paragraph (2) of subdivision (f) of Section 17550.15.

(i) The name, address, and telephone number of each person described in subdivision (g) of Section 17550.20 with whom the seller of travel contracts.

(j) If at the time of registration renewal, no change has occurred to the information provided in the last filed complete registration statement and the permission described in subdivision (h) has not expired, the seller of travel may, instead of filing a registration statement containing the information required by subdivisions (a) to (i), inclusive, file a statement attesting to the continued accuracy of the information in the last filed complete registration statement. The attestation shall be in a form specified by the Attorney General and verified as described in subdivision (k).

(k) The information required by this section shall be verified by a declaration signed and dated by each owner and principal of the seller of travel, or in the case of a registered seller of travel that does business in California, from one or more locations in California, and that meets the requirements of paragraph (16) of subdivision (e) of Section 17511.1, by a duly authorized officer of the corporation, under penalty of perjury pursuant to the laws of the State of California. The declaration shall specify the date and location of signing. Upon reregistration by a previously registered seller of travel, the information required by this section may be verified by the chief executive officer of a corporation,

managing partner of a partnership, or manager of a limited liability company.

SEC. 7. Section 17550.26 is added to the Business and Professions Code, to read:

17550.26. (a) For the purposes of this section, "travel business discount program" means a membership, benefit program, identification card, identifying number, or other arrangement that identifies the purchaser of the travel business discount program as engaged in the travel business or otherwise qualified to receive discounts or reduced prices made available to persons involved in the travel business for transportation or any travel services.

(b) A person may sell a travel business discount program if the following conditions are satisfied:

(1) The represented discounts or reduced prices offered under the travel business discount program are not made generally available to the public.

(2) The benefits and limitations of the travel business discount program are clearly and conspicuously disclosed to the purchaser, in writing, before any consideration is paid by the purchaser.

(3) The sale is made only to a purchaser who is any of the following:

(A) A duly registered seller of travel.

(B) An owner or principal of a seller of travel listed on the seller of travel's registration form.

(C) An employee of a seller of travel who was paid at least five thousand dollars ($5,000) in compensation in the prior 12 months by that seller of travel.

(D) A person described in subdivision (g) of Section 17550.20 who is listed on a seller of travel's registration form and who was paid at least five thousand dollars ($5,000) in compensation in the prior 12 months by that seller of travel.

(c) A seller of a travel business discount program shall maintain records in this state establishing that each purchaser satisfies one of the criteria described in paragraph (3) of subdivision (b) and shall produce those records for inspection and copying without charge at an office of the Attorney General within 10 calendar days of a written request by the Attorney General.

(d) A seller of a travel business discount program shall comply with the requirements for discount buying services pursuant to Title 2.6 (commencing with Section 1812.100) of Part 4 of Division 3 of the Civil Code.

SEC. 8. Section 17550.27 is added to the Business and Professions Code, to read:

17550.27. (a) For the purposes of this section, the following terms shall have the following meanings:

(1) "Seller of travel discount program" means a membership, benefit program, or other arrangement that purports to entitle the purchaser of the seller of travel discount program to future transportation or any travel services at a discount or reduced price or preferential treatment not made generally available to the public. Seller of travel discount program does not include a "travel business discount program" as defined in Section 17550.26.

(2) "Seller" means any person who sells or offers for sale a seller of travel discount program but does not include any of the following:

(A) Any person excluded from the definition of "seller of travel" under subdivision (b) of Section 17550.1.

(B) An owner, developer, or operator of a time-share interest or time-share plan as described in subdivisions (x) and (z) of Section 11212 in connection with an offer as described in subdivision (o) of Section 11212 that complies with the Vacation Ownership and Time-Share Act of 2004 providing lodging at a time-share unit, including arranging transportation to the time-share unit.

(C) An exchange company as described in subdivision (k) of Section 11212 in connection with arranging lodging at a time-share unit, including arranging transportation to the time-share unit.

(D) A motor club subject to Part 5 (commencing with Section 12140) of Division 2 of the Insurance Code.

(E) A nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code that, according to a final ruling or determination by the Internal Revenue Service, is both exempt from taxation under Section 501(a) of the Internal Revenue Code and not a private foundation as defined in Section 509 of the Internal Revenue Code. An advance ruling or determination of tax-exempt or foundation status by the Internal Revenue Service does not meet the requirements of this paragraph.

(F) An entity or a wholly owned subsidiary of an entity that maintains a tangible net equity exceeding five million dollars ($5,000,000) as reflected in an audited financial statement, prepared in accordance with generally accepted accounting principles, for the entity's most recent fiscal year.

(b) A seller may sell a seller of travel discount program if the following conditions are satisfied:

(1) The seller is a duly registered seller of travel.

(2) The annual charge for the seller of travel discount program does not exceed one hundred fifty dollars ($150).

(3) The term of the seller of travel discount program does not exceed one year. The purchaser may renew participation in the program at the

end of each term for a period not to exceed one year by affirmatively providing the seller with a written express request to renew. The seller may not seek or accept the purchaser's authorization for an automatic renewal or the purchaser's renewal request more than 60 days before the expiration of an annual term or more than 15 days before the expiration of a shorter term program.

(4) The represented discounts or reduced prices offered under the seller of travel discount program are not made generally available to the public.

(5) The purchaser has the right to cancel the purchaser's participation in the seller of travel discount program and receive a full refund of all consideration paid for the pending term of the program at either of the following times:

(A) Within five business days of purchasing or renewing the seller of travel discount program or receiving the disclosure required by paragraph (6), whichever is later.

(B) At any time based on the seller's misrepresentation or violation of this article.

(6) The benefits and limitations of the seller of travel discount program and the purchaser's cancellation rights described in paragraph (5) are clearly and conspicuously disclosed, in writing, before any consideration is paid by the purchaser.

(7) The discounted or reduced price for any tour package, including transportation or any travel services, offered under the seller of travel discount program shall be at least 5 percent below the price that would have been paid by a purchaser without participation in the seller of travel discount program.

(8) The seller may not offer to arrange transportation or any travel services for a specified price, time, or location unless the seller has written evidence of the commitment of the provider of transportation, lodging, or any travel services to provide those services at the price, time, and location specified.

(9) The seller shall maintain a surety bond of one hundred thousand dollars ($100,000) issued by a surety company admitted to do business in this state. A copy of the bond shall be filed with the Secretary of State, with a copy provided to the Attorney General. The bond shall be in favor of the State of California for the benefit of purchasers of the seller of travel discount program harmed by a violation of this section, the seller's misrepresentation or misapplication of funds, or the failure of the seller to comply with the terms of the seller of travel discount program.

(10) The seller shall comply with the requirements for discount buying services pursuant to Title 2.6 (commencing with Section 1812.100) of Part 4 of Division 3 of the Civil Code.

SEC. 9. Section 17550.37 of the Business and Professions Code is amended to read:

17550.37. (a) "Person aggrieved," as used in this article, means a passenger, as defined in Section 17550.3, located in California at the time of sale, or a person located in California at the time of sale who made any payment on behalf of the passenger for air or sea transportation or travel services, who has sustained a loss as a result of the failure of a seller of travel to refund payments made by or on behalf of a passenger as payment for air or sea transportation or travel services, where a refund is due as a result of the bankruptcy, insolvency, cessation of operations, or material failure to provide the transportation or travel services purchased by the passenger, regardless of whether the passenger or a person making payment on behalf of the passenger initially contracted with that seller of travel. "Loss," as used herein, shall be limited to losses that are incurred in a transaction with a seller of travel who, at the time of sale, was a paid-up participant in the Travel Consumer Restitution Fund and was registered pursuant to Section 17550.20. "Person aggrieved" shall not mean or include a passenger, or person making payment on behalf of a passenger, in a transaction where the air or sea transportation or travel services are furnished by a business entity that is located and providing transportation or travel services outside of the United States and is not in compliance with Article 2.6 (commencing with Section 17550).

(b) Any person aggrieved who files a claim for payment from the Travel Consumer Restitution Fund thereby waives his or her right to bring any action at law or equity that is against the seller of travel as to whom the claim is made and arises from the transaction that is the subject of the claim against the restitution fund. The claim form required by Section 17550.46 shall include a clear and conspicuous notice of the waiver.

(c) The waiver of rights provided for by subdivision (b) shall not apply to any claimant whose claim is denied on any of the following grounds, as set forth in the statement of decision required by subdivision (d) of Section 17550.47:

(1) The seller of travel was not, at the time of sale, a paid-up participant in the Travel Consumer Restitution Fund, as required by subdivision (a).

(2) The seller of travel was not, at the time of sale, registered pursuant to Section 17550.20.

(3) The claimant was not located in California at the time of sale, as required by subdivision (a).

SEC. 10. Section 17550.38 of the Business and Professions Code is amended to read:

17550.38. (a) It is the purpose of the Travel Consumer Restitution Corporation to provide restitution to a person aggrieved, subject to the limitations set forth in this article. The restitution is secondary only to any relief, compensation, or reimbursement to which a person aggrieved may be entitled under any of the following:

(1) A Consumer Protection Deposit Plan, as described in subdivision (b) of Section 17550.16.

(2) A Consumer Protection Escrow Plan, as described in subdivision (c) of Section 17550.16.

(3) Travel insurance.

(4) The successful assertion by the person aggrieved of that person's rights under Section 1747.50 or 1747.90 of the Civil Code or under Section 226.12 or 226.13 of Title 12 of the Code of Federal Regulations.

(b) Nothing in this section shall be construed to require a person aggrieved to bring a civil action to obtain any relief, compensation, or reimbursement or to file a crime report with law enforcement in order to obtain payment from the restitution fund.

(c) The restitution shall be paid from the Travel Consumer Restitution Fund established by the Travel Consumer Restitution Corporation.

(d) The Travel Consumer Restitution Corporation may request legal counsel, representation, and advice from the office of the Attorney General.

SEC. 11. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 629

An act to add and repeal Section 60852.4 of the Education Code, relating to pupil assessment, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) It is the intent of the Legislature to address the needs of pupils with disabilities who are scheduled to receive a high school diploma in 2007, who have not yet satisfied the requirement to pass the California High School Exit Examination.

(b) It is further the intent of the Legislature that the Superintendent of Public Instruction and the State Board of Education shall make recommendations to the Legislature not later than June 1, 2007, about pupils with disabilities who are scheduled to receive a high school diploma in 2008, with regard to the California High School Exit Examination requirement.

SEC. 2. Section 60852.4 is added to the Education Code, to read:

60852.4. (a) Notwithstanding any other provision of law, a school district or state special school as designated in Sections 59000 and 59100 shall grant a high school diploma to a pupil with a disability who is scheduled to graduate from high school in 2007, has not passed the high school exit examination or is eligible for a waiver pursuant to subdivision (c) of Section 60851, and has not received a waiver pursuant to subdivision (c) of Section 60851, if all of the following criteria exist:

(1) The pupil has an operative individualized education program adopted pursuant to the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) or a plan adopted pursuant to Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794 (a)).

(2) The individualized education program or Section 504 plan of the pupil, that is dated on or before July 1, 2006, indicates that the pupil has an anticipated graduation date, and is scheduled to receive a high school diploma on or before December 31, 2007.

(3) The school district or state special school certifies that the pupil has satisfied or will satisfy all other state and local requirements for the receipt of a high school diploma on or before December 31, 2007.

(4) The pupil has attempted to pass those sections not yet passed of the high school exit examination at least twice after grade 10, including at least once during the current grade 12 year of the pupil, with the accommodations or modifications, if any, specified in the individualized education program or the Section 504 plan of the pupil.

(5) (A) Either (i) the pupil received remedial or supplemental instruction focused on those sections not yet passed of the high school exit examination from his or her school, private tutoring, or another source, or (ii) the school district or state special school failed to provide

the pupil with the opportunity to receive that remedial or supplemental instruction.

(B) If the pupil received remedial or supplemental instruction as described in clause (i) of subparagraph (A), the pupil has taken those sections not yet passed of the high school exit examination at least once following the receipt of that remedial or supplemental instruction. This subparagraph does not apply if following the receipt of that remedial or supplemental instruction, there is no further administration of the examination on or before December 31, 2007.

(6) No later than 30 days prior to the receipt of a diploma in 2007, the pupil, or the parent or legal guardian of the pupil if the pupil is a minor, has been notified in writing pursuant to Section 300.503 of Title 34 of the Code of Federal Regulations that the pupil is entitled to receive free appropriate public education up to and including the academic year during which the pupil reaches the maximum age pursuant to subdivision (c) of Section 56026, or until the pupil receives a high school diploma, whichever event occurs first.

(b) A school district or state special school shall submit documentation relating to the denial of a high school diploma on or before December 31, 2007, pursuant to this section, to the state board within 15 days of the determination that the pupil with a disability who is scheduled to graduate from high school in 2007, does not meet the criteria stated in subdivision (a). The state board shall review any denial of a high school diploma by a school district or state special school pursuant to this section no later than its next regularly scheduled meeting, occurring at least 30 days after receipt of the above documentation from the school district or state special school. If the state board finds that the pupil meets the criteria stated in subdivision (a), the state board may require the school district or state special school to grant a high school diploma to the pupil.

(c) Each school district and state special school shall report to the Superintendent, in a manner and by a date determined by the Superintendent, all of the following information:

(1) Documentation of the procedure used to implement this section.

(2) The number of pupils granted diplomas pursuant to this section.

(3) Any additional information determined to be in furtherance of this section.

(d) This section shall remain in effect only until December 31, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before December 31, 2007, deletes or extends that date.

SEC. 3. By June 1, 2007, the Superintendent of Public Instruction, with the approval of the state board, shall recommend to the Legislature a course of action to adopt regarding pupils with disabilities who have met all other state and local graduation requirements, but who are unable

to satisfy the California High School Exit Exam requirement or obtain a waiver of the requirement under Section 60851 (c) of the Education Code.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that certain pupils with disabilities are able to graduate from high school in 2007, it is necessary that this act take effect immediately.

CHAPTER 630

An act to add Chapter 2 (commencing with Section 14005), Chapter 3 (commencing with Section 14010), Chapter 4 (commencing with Section 14200), and Chapter 5 (commencing with Section 14500) to Division 7 of, to repeal Division 8 (commencing with Section 15000) of, and to repeal and add Section 14000 of, the Unemployment Insurance Code, relating to job training.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14000 of the Unemployment Insurance Code is repealed.

SEC. 2. Section 14000 is added to the Unemployment Insurance Code, to read:

14000. (a) The Legislature finds and declares that, in order for California to remain prosperous and globally competitive, it needs to have a highly skilled workforce.

(b) The Legislature recognizes all of the following:

(1) California must transform its current job training, job placement, and vocational education programs into an integrated, accessible, and accountable workforce investment system that can effectively serve job seekers, students, and employers.

(2) California's workforce investment system must provide lifelong learning for all Californians, promote self-sufficiency, link education and training to economic development, and prepare California to successfully compete in the global economy.

(3) The programs described in paragraphs (1) and (2) must be accessible to all Californians, including persons with economic, physical, or other barriers to employment.

SEC. 3. Chapter 2 (commencing with Section 14005) is added to Division 7 of the Unemployment Insurance Code, to read:

Chapter 2. Definitions and Severability

14005. For purposes of this division:

(a) "Board" shall mean the California Workforce Investment Board.

(b) "Agency" means the Labor and Workforce Development Agency.

(c) "Workforce Investment Act of 1998" means the federal act enacted as Public Law 105-220.

14006. The provisions of this division are severable. If any provision of this division or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

14007. Each provision of this division shall remain in effect unless the United States Secretary of Labor determines that any provision of this division or its application is not in conformity with the requirements of federal law, at which time only those provisions of this division that are not in conformity with federal law shall be repealed.

SEC. 4. Chapter 3 (commencing with Section 14010) is added to Division 7 of the Unemployment Insurance Code, to read:

Chapter 3. State Responsibilities

Article 1. California Workforce Investment Board

14010. The California Workforce Investment Board is the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system.

14011. The board shall report, through its executive director, to the Secretary of the Labor and Workforce Development Agency.

14012. The board shall be appointed by the Governor to assist in the development of the State Workforce Investment Plan and to carry out other functions, as described in Section 14103. The board shall be

comprised of the Governor and representatives from the following categories:

(a) Two members of each house of the Legislature, appointed by the appropriate presiding officer of each house.

(b) (1) A majority of board members shall be representatives of business who:

(A) Are owners of small and large businesses, chief executives or operating officers of small and large businesses, and other small and large business executives or employers with optimum policymaking or hiring authority, including members of local workforce investment boards.

(B) Represent businesses with employment opportunities that reflect the employment opportunities of the state.

(C) Are appointed from a group of individuals nominated by state business organizations and business trade associations.

(2) At least one representative shall be a private sector member of the California Economic Strategy Panel, created pursuant to Section 15570 of the Government Code.

(c) Chief elected officials representing both cities and counties, where appropriate.

(d) Representatives of labor organizations that are appointed to the board by the Governor shall have been nominated by state labor federations. At least 15 percent of board members shall be representatives of labor organizations.

(e) Representatives of individuals and organizations that have experience with regard to youth activities.

(f) Representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including the Chancellor of the California Community Colleges, representatives of school districts, and representatives of community-based organizations within the state.

(g) The lead state agency officials with responsibility for the programs, services, or activities that are mandatory participants in the one-stop system, or, where there are no lead state agency officials responsible for those programs, services, or activities, a representative with expertise relating to those programs, services, or activities.

(h) Any other representatives and state agency officials as the Governor may designate, such as the state agency officials responsible for economic development and juvenile justice programs in the state.

(i) Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within those organizations, agencies, or entities.

(j) In making appointments to the board, the Governor shall consider the ethnic, race, gender, and geographic distribution of the state's population, and members of the board shall represent diverse regions of the state, including urban, rural, and suburban areas.

(k) The Governor may appoint a single member to the board to represent multiple constituencies on the board.

(*l*) The Governor shall select a chairperson for the board from the business representatives.

14013. The board shall assist the Governor in the following:

(a) Promoting the development of a well-educated and highly skilled workforce.

(b) Developing the State Workforce Investment Plan.

(c) Developing guidelines for the continuous improvement and operation of the workforce investment system, including:

(1) Developing policies to guide the one-stop system.

(2) Providing technical assistance for the continuous improvement of the one-stop system.

(3) Recommending state investments in the one-stop system.

(d) Developing and continuously improving the statewide workforce investment system as delivered via the one-stop delivery system, including:

(1) Developing linkages in order to assure coordination and nonduplication among workforce programs and activities.

(2) Reviewing local workforce investment plans.

(e) Commenting, at least once annually, on the measures taken pursuant to the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 (P.L. 101-392; 20 U.S.C. Sec. 2301 and following).

(f) Designating local workforce investment areas within the state based on information derived from all of the following:

(1) Consultations with the board.

(2) Consultations with the chief local elected officials.

(3) Consideration of comments received through the public comment process, as described in Section 112(b)(9) of the Workforce Investment Act of 1998.

(g) Developing and modifying allocation formulas, as necessary, for the distribution of funds for adult employment and training activities, for youth activities to local workforce investment areas, and dislocated worker employment and training activities, as permitted by federal law.

(h) Coordinating the development and continuous improvement of comprehensive state performance measures, including state adjusted levels of performance, to assess the effectiveness of the workforce investment activities in the state.

(i) Preparing the annual report to the United States Secretary of Labor.

(j) Recommending policy for the development of the statewide employment statistics system, including workforce and economic data, as described in Section 15 of Title 29 of the United States Code, and using, to the fullest extent possible, the Employment Development Department's existing labor market information systems.

(k) Recommending strategies to the Governor for strategic training investments of the Governor's 15-percent discretionary funds.

(*l*) Developing and recommending waivers, in conjunction with local workforce investment boards, to the Governor as provided for in the Workforce Investment Act of 1998.

(m) Recommending policy to the Governor for the use of the 25-percent rapid response funds, as authorized under the Workforce Investment Act of 1998.

(n) Developing an application to the United States Department of Labor for an incentive grant under Section 9273 of Title 20 of the United States Code.

14015. Members of the board may receive up to one hundred dollars ($100) for each day's actual attendance at meetings and other official business of the board, not to exceed three hundred dollars ($300) per month, and shall receive their necessary and actual expenses incurred in the performance of their official duties.

Article 2. State Planning

14020. The California Workforce Investment Board, in collaboration with state and local partners, including the Chancellor of the California Community Colleges, the State Department of Education, other appropriate state agencies, and local workforce investment boards, shall develop a strategic workforce plan to serve as a framework for the development of public policy, fiscal investment, and operation of all state labor exchange, workforce education, and training programs. The strategic workforce plan shall also serve as the framework for the single state plan required by the Workforce Investment Act of 1998. The plan shall be updated at least every five years.

SEC. 5. Chapter 4 (commencing with Section 14200) is added to Division 7 of the Unemployment Insurance Code, to read:

Chapter 4. Local Service Delivery

Article 1. Local Workforce Investment Board

14200. (a) The local chief elected officials in a local workforce development area shall form, pursuant to guidelines established by the Governor and the board, a local workforce investment board to plan and oversee the workforce investment system.

(b) The Governor shall certify one local board for each local area in the state once every two years, following the requirements of the Workforce Investment Act of 1998.

14201. Local workforce investment boards shall be established in each local workforce investment area of the state to assist the local chief elected official in planning, oversight, and evaluation of local workforce investment. The local board shall promote effective outcomes consistent with statewide goals, objectives, and negotiated local performance standards.

14202. Membership of the local board shall be appointed by the local chief elected official using criteria established by the Governor and the board, and shall include:

(a) Representatives of business in the local area appointed from among individuals nominated by local business organizations and business trade associations and that reflect employment opportunities of the local area. Business representatives shall be owners of businesses, chief executives, or operating officers of businesses or other business executives, including human resources executives, or employers with optimum policymaking or hiring authority.

(b) Representatives of local educational entities, including representatives of local educational agencies, local school boards, entities providing adult education and literacy activities, public and private postsecondary educational institutions, including representatives of community colleges, selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing local educational entities.

(c) Representatives of labor organizations nominated by local labor federations, including a representative of an apprenticeship program. At least 15 percent of local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members. If this occurs, then at least 10 percent of the local board members shall be representatives of labor organizations.

(d) Representatives of local community-based organizations, including organizations representing individuals with disabilities and veterans, and organizations that serve populations with barriers to employment,

such as the economically disadvantaged, youth, farmworkers, homeless, and immigrants.

(e) Representatives of economic development agencies, including private sector economic development entities.

(f) Representatives of each of the one-stop partners.

(g) Members of the local board that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within those organizations, agencies, or entities.

14203. Membership of local boards may include other individuals or representatives of entities as the local elected official in the local area may determine to be appropriate. A single member of the local board may be appointed to represent multiple constituencies on the local board.

14204. A majority of the members of the local board shall be representatives of businesses in the local area.

14205. The local board shall elect a chairperson for the local board from among the business representatives.

14206. It shall be the duty of the local board to do all of the following:

(a) Coordinate workforce investment activities in the local area with economic development strategies.

(b) Promote participation of private sector employers in the local workforce investment system.

(c) Develop and submit a local workforce investment plan to the Governor.

(d) Select one-stop operators, with the agreement of the local chief elected official, annually review their operations, and terminate for cause the eligibility of such operators.

(e) Award grants or contracts to eligible providers of youth activities in the local area on a competitive basis, consistent with the Workforce Investment Act of 1998, based upon the recommendations of the youth council.

(f) Identify, consistent with the Workforce Investment Act of 1998, eligible providers of training services.

(g) Identify eligible providers of intensive services and, when the one-stop operator does not provide intensive services to the local area, award contracts to those providers.

(h) Develop local policy on the amount and duration of individual training accounts based upon the market rate for local training programs.

(i) Conduct program oversight over workforce investment activities in the local area.

(j) Negotiate with the local chief elected official in the local area and the Governor on local performance measures for the local area.

(k) Assist in the development of a statewide employment statistics system, which shall be developed in conjunction with and shall utilize

to the fullest extent possible, the Employment Development Department's labor market information system.

14207. The local board, in order to carry out its functions:

(a) Shall prepare a budget for the purpose of carrying out the duties of the local board as specified under this section, subject to the approval of the local chief elected official.

(b) Shall direct the activities of the local board's executive director.

(c) May employ additional staff to carry out the activities as described in the local board's strategic plan.

(d) May solicit and accept contributions and grant funds from other sources.

(e) Shall not provide training services unless the Governor grants a written waiver of this provision.

(f) Shall not provide other workforce investment services or be designated as a one-stop operator without the agreement of the local chief elected official and the Governor.

14208. A youth council shall be established as a subgroup within each local board, appointed by the local board in cooperation with the local chief elected official. Youth council membership shall conform with the requirements of the Workforce Investment Act of 1998.

14209. It is the intent of the Legislature that when appointing members to the youth council, the local workforce investment board and the local chief elected official appoint:

(a) Representatives of youth who are enrolled in school, and out of school youth.

(b) Representatives from the private sector.

(c) Representatives of local educational agencies serving youth.

(d) Representatives of private nonprofit agencies serving youth.

(e) Representatives of apprenticeship training programs serving youth.

14210. The youth council shall do all of the following:

(a) Develop the portions of the local plan relating to youth.

(b) Make recommendations of eligible providers of youth activities for the award of grants or contracts on a competitive basis by the local board to carry out youth activities.

(c) Leverage other youth program funds in the local area for the purpose of improving the effectiveness of local youth programs through collaborative planning, funding, and service delivery.

(d) Conduct oversight of eligible youth activities in the local area.

(e) Make recommendations to the local board for connecting youth program activities, including those provided by local educational entities to the one-stop delivery system.

(f) Make recommendations to the local board for including training in nontraditional occupations for women and girls and preapprenticeship training in youth program activities.

Article 2. Local Workforce Investment Plan

14220. Each local board shall develop and submit to the Governor a comprehensive five-year local plan in partnership with the appropriate chief local elected official. The plan shall be consistent with the state workforce investment plan.

14221. The local plan shall include all of the following:

(a) A local labor market assessment which contains an identification of local and regional workforce investment needs of businesses, jobseekers, and workers in the local area, the current and projected employment opportunities and the job skills necessary to obtain that employment.

(b) A description of the local one-stop delivery system, including all of the following:

(1) A description of how the local board will achieve system integration that will improve services to local employers and jobseekers, and a description of local funding sources.

(2) A copy of each memorandum of understanding between the local board and each of the one-stop partners concerning the operation of the one-stop delivery system in the local area.

(c) A description of the local levels of performance negotiated with the Governor and chief local elected official to be used to measure the performance of the local area and the performance of the local fiscal agent, eligible providers, and the one-stop delivery system in the local area. Performance standards shall not create disincentives for serving clients for whom it is more difficult to provide service.

(d) A description and assessment of the type and availability of adult and dislocated worker employment and training activities in the local area.

(e) A description of how the local board will provide services to the business community.

(f) A description of how the local board will coordinate workforce investment activities carried out in the local area with statewide rapid response activities, as appropriate.

(g) A description and assessment of the type and availability of youth activities in the local area, including an identification of successful providers of those activities.

(h) A description of the process used by the local board, consistent with Section 14223, to provide an opportunity for public comment,

including comment by representatives of businesses, labor organizations, and community-based organizations, and input into the development of the local plan, prior to submission of the plan.

(i) An identification of the entity, as prescribed in the Workforce Investment Act of 1998, responsible for the disbursal of funds under the Workforce Investment Act of 1998.

(j) A description of the competitive process to be used to award the grants and contracts in the local area for activities carried out under the Workforce Investment Act of 1998.

14222. The local board may submit a local unified plan that includes or integrates the local workforce investment and other local workforce plans such as:

(a) An instructional and job training plan required by Section 10200 of the Education Code.

(b) A plan for community college curriculum development or redesign required pursuant to Section 79202 of the Education Code.

(c) A county plan for CalWORKs required by Section 10531 of the Welfare and Institutions Code.

(d) A local welfare-to-work plan required by Section 5063, to the extent permitted under federal law.

14223. The local board shall make available copies of a proposed local plan, allow members of the local board and members of the public to submit comments on the proposed local plan to the local board not later than the end of the 30-day period beginning on the date on which the proposed local plan is made available and submit the plan to the Governor along with any comments that were in disagreement with the plan.

Article 3. One-Stop Career Center System

14230. (a) It is the intent of the Legislature that:

(1) California deliver comprehensive workforce services to jobseekers, students, and employers through a system of one-stop career centers.

(2) Universal access to core services shall be available to adult residents regardless of income, education, employment barriers, or other eligibility requirements. Core services shall include, but not be limited to:

(A) Outreach, intake, and orientation to services available through the one-stop delivery system.

(B) Initial assessment of skill levels, aptitudes, abilities, and supportive service needs.

(C) Job search and placement assistance.

(D) Career counseling, where appropriate.

(E) Provision of labor market information.

(F) Provision of program performance and cost information on eligible providers of training services and local area performance measures.

(G) Provision of information on supportive services in the local area.

(H) Provision of information on the filing of claims for unemployment compensation benefits and unemployment compensation disability benefits.

(I) Assistance in establishing eligibility for welfare-to-work activities pursuant to Section 11325.8 of the Welfare and Institutions Code, and financial aid assistance.

(3) State and federally funded workforce education, training, and employment programs shall be integrated in the one-stop delivery system to achieve universal access to the core services described in paragraph (2).

(4) Intensive services shall be available to individuals who have completed at least one core service, have been unable to obtain employment, and who have been determined, by the one-stop operator, as being in need of more intensive services, or who are employed but in need of intensive services to obtain or retain employment to achieve self-sufficiency. Intensive services may include comprehensive and specialized assessments of skill levels and service needs, including learning disability screening, the development of individual employment plans, counseling, career planning, and short-term prevocational services to prepare an individual for training and employment.

(5) Training services shall be made available to individuals who have met the requirements for intensive services, have been unable to obtain or retain employment through these services, and who, after an interview, evaluation, or assessment, are determined to be in need of training, and have selected a program of services directly linked to occupations in demand in the local or regional area. Training services may include:

(A) Occupational skill training including training for nontraditional employment.

(B) On-the-job training.

(C) Programs that combine workplace training with related instruction.

(D) Training programs operated by the private sector.

(E) Skill upgrading and retraining.

(F) Entrepreneurial training.

(G) Job readiness training.

(H) Adult education and literacy activities, including vocational English as a second language, provided in combination with subparagraphs (A) through (G), inclusive.

(I) Business services, including, but not limited to, recruitment and staffing services, training and development, information and resources, outplacement services, and business retention.

(6) As prescribed in the Workforce Investment Act of 1998, when funds are limited, priority for intensive services and training services shall be given to adult recipients of public assistance and other low-income adults, such as CalWORKs participants.

(b) Each local workforce investment board shall establish at least one full service one-stop career center in the local workforce investment area. Each full service one-stop career center shall have all entities specified in Section 14231 as partners and shall provide jobseekers with integrated employment, education, training, and job search services. Additionally, employers will be provided with access to comprehensive career and labor market information, job placement, economic development information, performance and program information on service providers, and other such services as the businesses in the community may require.

(c) Local boards may also establish affiliated and specialized centers, as defined in the Workforce Investment Act of 1998, which shall act as portals into the larger local one-stop system, but are not required to have all of the partners specified for full service one-stop centers.

(d) Each local board shall develop a policy for identifying individuals who, because of their skills or experience, should be referred immediately to training services. This policy, along with the methods for referral of individuals between the one-stop operators and the one-stop partners for appropriate services and activities, shall be contained in the memorandum of understanding between the local board and the one-stop partners.

(e) In light of California's diverse population, each one-stop career center should have the capacity to provide the appropriate services to the full range of languages and cultures represented in the community served by the one-stop career center.

14231. (a) The local providers of the following programs or activities shall be required partners in the local one-stop system:

(1) Programs authorized under Title I of the Workforce Investment Act of 1998.

(2) Programs authorized under the Wagner-Peyser Act (29 U.S.C. Sec. 49 et seq.).

(3) Adult education and literacy activities authorized under Title II of the Workforce Investment Act of 1998.

(4) Programs authorized under Title I of the Rehabilitation Act of 1973 (29 U.S.C. Sec. 720 et seq.).

(5) Programs authorized under Section 403(a)(5) of the Social Security Act (42 U.S.C. Sec. 603(a)(5) as added by Section 5001 of the Balanced Budget Act of 1997).

(6) Activities authorized under Title V of the Older Americans Act of 1965 (42 U.S.C. Sec. 3056 et seq.).

(7) Postsecondary vocational education activities authorized under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. Sec. 2301 et seq.), including community colleges and regional occupational centers and programs.

(8) Activities authorized under Chapter 2 of Title II of the Trade Act of 1974 (19 U.S.C. Sec. 2271 et seq.).

(9) Activities authorized under Chapter 41 (commencing with Section 4100) of Title 38 of the United States Code.

(10) Employment and training activities carried out under the Community Services Block Grant Act (42 U.S.C. Sec. 9901 et seq.).

(11) Employment and training activities carried out by the Department of Housing and Urban Development.

(12) Programs authorized by this code, in accordance with applicable federal law.

(13) Small business development centers, as defined in Section 15382 of the Government Code, where they exist.

(b) Community-based organizations that provide intensive services as described in paragraph (4) of subdivision (a) of Section 14230, shall be encouraged to be one-stop partners.

14232. The local board, with the agreement of the chief local elected official for the local area, shall develop and enter into a memorandum of understanding with the local one-stop partners, designate or certify one-stop operators, and conduct oversight over the local one-stop delivery system.

14233. One-stop career center operators shall recognize and comply with applicable labor agreements affecting employees of one-stop career centers, including the right to access by labor representatives pursuant to the Ralph C. Dills Act (Chapter 10.3 (commencing with Section 3512) of Division 4 of Title 1 of the Government Code).

14234. In order to avoid a conflict of interest, operators of one-stop career centers that issue vouchers shall not be the recipient of vouchers issued by their center without the approval of the chief local elected official and the state board in instances when there are no other potential one-stop partners in the local area.

14235. To the full extent permitted by federal law, the Employment Development Department shall utilize its Wagner-Peyser funded activities and programs to support local one-stop career centers.

SEC. 6. Chapter 5 (commencing with Section 14500) is added to Division 7 of the Unemployment Insurance Code, to read:

Chapter 5. Educational Services

14500. Notwithstanding any other provision of law, when a person using his or her Workforce Investment Act individual training account enrolls in an adult education program, a noncredit curricula program at a community college, or a regional occupational center or program, for which state funds are allocated, all of the following shall apply:

(a) The entities administering the program may use Workforce Investment Act individual training account funds only to increase the number of hours of services provided above their adult block entitlement pursuant to Section 52616 of the Education Code and funding limit for regional occupational center programs for the purpose of enhancing services already supported with state funds. Any state funds provided to these entities above their adult block entitlements and funding limit for regional occupational center programs shall be subject to an appropriation in the annual Budget Act.

(b) Any state funds allocated to the entity administering the program shall not be offset with the Workforce Investment Act individual training account funds.

(c) The entity administering the program shall use the Workforce Investment Act individual training account funds received for the program.

14510. To the extent permitted by federal law, school districts and county offices of education are eligible to apply to local youth councils to provide basic skills training and skills necessary for attaining a secondary school diploma.

14530. To the extent permissible under federal law, the Governor may set aside a portion of the youth funding specifically for programs to improve the academic skills of low-achieving youth, including those at risk of not passing the high school exit examination required by Section 60850 of the Education Code, and for dropout prevention activities.

SEC. 7. Division 8 (commencing with Section 15000) of the Unemployment Insurance Code is repealed.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act implements a federal law or regulation and results only in costs mandated by the federal government, within the meaning of Section 17556 of the Government Code.

CHAPTER 631

An act to amend and repeal Sections 84750 and 84760 of, and to add Sections 84750.5 and 84760.5 to, the Education Code, relating to community colleges, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 84750 of the Education Code is amended to read:

84750. The board of governors, in accordance with the statewide requirements contained in subdivisions (a) to (j), inclusive, and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

In developing the criteria and standards, the board of governors shall utilize and strongly consider the guidelines and work products of the Task Force on Community College Financing as established pursuant to Chapter 1465 of the Statutes of 1986, and shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 1990, and shall submit on or before that date a report on these items to the Legislature and the Governor.

The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(a) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit of minimum workload growth, with revenue adjustments being made for increases or decreases in workload, for program improvement as authorized by this section or by any other provision of law, for inflation, and for other purposes authorized by law.

(b) (1) For credit instruction, the funding mechanism developed pursuant to this section shall recognize the needs among the major

categories of operation of community colleges, with categories established for instruction, instructional services and libraries, student services, maintenance and operations, and institutional support.

(2) The board of governors may propose to the Legislature, for enactment by statute, other cost categories when adequate data exist.

(3) Funding for noncredit classes shall be determined as follows:

(A) The preliminary amount per noncredit full-time equivalent student (FTES) for 1991–92 shall be equal to the comparable amount for 1990–91 with increases corresponding to the cost-of-living adjustment (COLA) specified in subdivision (e) and corresponding to any program improvement provided to the maintenance and operations category for 1991–92.

(B) Funds for maintenance and operations shall be included in the funds derived under paragraph (4) of subdivision (c).

(C) Funds for institutional support will be derived as part of the computation under paragraph (5) of subdivision (c).

(D) From the preliminary amount described in subparagraph (A), a deduction shall be made corresponding to the amounts derived in subparagraphs (B) and (C), and the remainder shall be the funded amount per noncredit FTES for 1991–92.

(E) Changes in noncredit FTES shall result in adjustments to revenues as follows:

(i) Increases in noncredit FTES shall result in an increase in revenues in the year of the increase and at the average rate per noncredit FTES.

(ii) Decreases in noncredit FTES shall result in a revenue reduction in the year following the decrease and at the average rate per noncredit FTES.

(iii) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in noncredit FTES during the three years following the initial year of decrease in noncredit FTES if there is a subsequent increase in FTES.

(4) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under budget formulas of program-based funding.

(5) District revenues shall be determined based on systemwide funding standards within the categories, and revenue adjustments shall occur based on distinct measures of workload applicable to each category.

(c) Workload measures applicable to each category shall be established with the following measures to be provided:

(1) For credit instruction, the workload measure shall be the credit FTES. Changes in credit FTES shall result in adjustments in revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the statewide average per FTES.

(B) Decreases in FTES shall result in a revenue reduction in the year following the decrease and at the district's average FTES.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(2) For instructional services and libraries, the workload measure shall be the credit FTES. Changes in credit FTES with respect to instructional services and libraries shall result in adjustments to revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the statewide average rate per FTES.

(B) Decreases in FTES shall result in a revenue reduction in the year following the decrease and at the district's average per FTES.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decreases in FTES if there is a subsequent increase in FTES.

(3) For student services, the workload measure shall be based on the numbers of credit students enrolled (headcount).

Changes in headcount shall result in adjustments to revenues as follows:

(A) Increases in headcount shall result in an increase in revenues in the year of the increase at the statewide average per headcount.

(B) Decreases in headcount shall result in a revenue reduction in the year following the decrease at the district's average per headcount.

(C) Districts shall be entitled to restore any reductions in apportionment revenue due to decrease in headcount during the three years following the initial year of decrease in headcount if there is a subsequent increase in headcount.

(4) For maintenance and operations, the workload measure shall be based on the number of square feet of owned or leased facilities. Changes in the number of square feet shall be adjusted as follows:

(A) Increases in the number of square feet shall result in an increase in revenue in the year that the increase occurs and at the average per square foot.

(B) Decreases in the number of square feet shall result in a decrease in revenue beginning July 1 of the first full year in which the square feet are no longer owned or leased and at the average rate per square foot.

(5) For institutional support, a single fixed percentage which shall apply to all districts shall be established based on the pattern from the most recent data. The percentage shall be obtained from statewide data by comparing expenditures for this category with the total revenue for all five categories.

(d) Funding standards, subject to the conditions and criteria of this section, shall be established by the board for the various categories of operation established pursuant to subdivision (b). In consultation as required by subdivision (e) of Section 70901, the board of governors shall annually request program improvement moneys to assist districts in meeting these standards.

(e) To the extent that funding is provided in the annual budget, revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to subdivision (b) of Section 42238.1.

(f) An adjustment for economies of scale for districts and colleges shall be provided.

(g) The statewide increase in workload of FTES and headcount shall be, at a minimum, the rate of change of the adult population as determined by the Department of Finance, and may be increased through the budget process to reflect other factors, including statewide priorities, the unemployment rate, and the number of students graduating from California high schools. The allocation of changes on a district-by-district basis shall be determined by the board of governors.

(h) For fiscal year 1991–92 or on the date Section 84750 is implemented by the board of governors in accordance with Section 70 of Chapter 973 of the Statutes of 1988, whichever is later, all districts shall receive at least the amount of revenue to which they would have been entitled pursuant to Article 1 (commencing with Section 84700) of Chapter 5 of Part 50. Thereafter, allocations shall be made pursuant to this section, as implemented by the board of governors pursuant to the annual State Budget.

(i) Except as specifically provided by statute, regulations of the board of governors for determining and allocating the state general apportionment to the community colleges may not require district governing boards to expend the allocated revenues in specified categories of operation or according to the workload measures developed by the board of governors.

(j) As used in this section:

(1) "Criteria" means the definitions of elements of institutional practice or activity to be included in the categories of operation of community college districts.

(2) "Program improvement" means an increase in revenue which is allocated to all districts to fund standards adopted pursuant to subdivision (d). Program improvement also means an increase in revenue allocated to low revenue districts to bring them closer to the statewide average.

(3) "Standard" means the appropriate level of service in a category of operation of the community college districts.

(k) This section shall remain in effect only until October 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before October 1, 2006, deletes or extends that date.

SEC. 2. Section 84750.5 is added to the Education Code, to read:

84750.5. (a) The board of governors, in accordance with the statewide requirements contained in paragraphs (1) to (11), inclusive, of subdivision (d), and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(b) In developing the criteria and standards, the board of governors shall utilize and strongly consider the recommendations and work product of the "System Office Recommendations Based on the Report of the Work Group on Community College Finance" that was adopted by the board at its meeting of March 7, 2005. The board shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 2007, and shall submit on or before that date a report on these items to the Legislature and the Governor.

(c) (1) It is the intent of the Legislature in enacting this section to improve the equity and predictability of general apportionment and growth funding for community college districts in order that the districts may more readily plan and implement instruction and related programs, more readily serve students according to the policies of the state's master plan for higher education, and enhance the quality of instruction and related services for students.

(2) It is the intent of the Legislature to determine the amounts to be appropriated for the purposes of this section through the annual Budget Act. Nothing in this section shall be construed as limiting the authority either of the Governor to propose, or the Legislature to approve, appropriations for California Community Colleges programs or purposes.

(d) The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(1) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit from the adopted standards to be developed pursuant to this section, with revenue adjustments being made for increases or decreases in full time equivalent students (FTES), for equalization of funding per credit FTES, for necessary alignment of funding per FTES between credit and noncredit programs, for inflation, and for other purposes authorized by law.

(2) Commencing with the 2006–07 fiscal year, the funding mechanism developed pursuant to this section shall recognize the need for community college districts to receive an annual allocation based on the number of colleges and comprehensive centers in the district. In addition to this basic allocation, the marginal amount of credit revenue allocated per FTES shall be funded at a rate not less than four thousand three hundred sixty-seven dollars ($4,367), as adjusted for the change in the cost-of-living in subsequent annual budget acts.

(A) To the extent that the Budget Act of 2006 contains an appropriation of one hundred fifty-nine million four hundred thirty-eight thousand dollars ($159,438,000) for community college equalization, the Legislature finds and declares that community college equalization for credit FTES has been effectively accomplished as of March 31, 2007.

(B) The chancellor shall develop criteria for the allocation of one-time grants for those districts that would have qualified for more equalization under prior law than pursuant to this section and the Budget Act of 2006, and for those districts that would have qualified for more funding under a proposed rural college access grant than pursuant to this section and the Budget Act of 2006, as determined by the chancellor. Appropriations for the one-time grants shall be provided pursuant to paragraph (24) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.

(3) Noncredit instruction shall be funded at a uniform rate of two thousand six hundred twenty-six dollars ($2,626) per FTES, as adjusted for the change in the cost-of-living provided in subsequent annual budget acts.

(4) Funding for instruction in career development and college preparation, as authorized pursuant to Section 84760.5, shall be provided as follows:

(A) Beginning in the 2006–07 fiscal year, career development and college preparation FTES may be funded at a rate of three thousand ninety-two dollars ($3,092) per FTES for courses in programs that conform to the requirements of Section 84760.5. This rate shall be

adjusted for the change in the cost-of-living or as otherwise provided in subsequent annual budget acts.

(B) Changes in career development and college preparation FTES shall result in adjustments to revenues as follows:

(i) Increases in career development and college preparation FTES shall result in an increase in revenues in the year of the increase and at the average rate per career development and college preparation FTES, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(ii) Decreases in career development and college preparation FTES shall result in a revenue reduction in the year following the decrease and at the average rate per career development and college preparation FTES.

(5) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under the budget formula otherwise specified by this section.

(6) For credit and noncredit instruction, changes in FTES shall result in adjustments in district revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the amount per FTES provided for in paragraph (2) or (3), as appropriate, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(B) Decreases in FTES shall result in revenue reductions beginning in the year following the initial year of decrease in FTES, and at the district's marginal funding per FTES.

(C) Districts shall be entitled to the restoration of any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(7) Revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to subdivision (b) of Section 42238.1. These revenue adjustments shall be made to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

(8) The statewide requested increase in budgeted workload FTES shall be based, at a minimum, on the sum of the following computations:

(A) Determination of an equally weighted average of the rate of change in the California population of persons between the ages of 19 and 24 and the rate of change in the California population of persons between the ages of 25 and 65, both as determined by the Department

of Finance's Demographic Research Unit as determined for the preceding fiscal year.

(B) To the extent the California unemployment rate exceeds 5 percent for the most recently completed fiscal year, that positive difference shall be added to the rate computed in subparagraph (A). In no event shall that positive difference exceed 2 percent.

(C) The chancellor may also add to the amounts calculated pursuant to subparagraphs (A) and (B) the number of FTES in the areas of transfer, vocational education, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each district, and a statewide total shall be calculated:

(i) Establish the base level of FTES earned in the prior fiscal year for transfer courses consisting of courses meeting the California State University breadth or Intersegmental General Education Transfer Curriculum requirements or major course prerequisites accepted by the University of California or the California State University.

(ii) Establish the base level of FTES earned in the prior fiscal year for vocational education courses consisting of courses defined by the chancellor's office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Section 84754.5.

(iii) Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(iv) Add the sum of FTES for clauses (i) to (iii), inclusive.

(v) Multiply the result of the calculation made under clause (iv) by one plus the district's funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(vi) FTES in transfer, vocational education, and basic skills that are in excess of the total calculated pursuant to clause (v), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the district exceeds its overall funded FTES.

(vii) In no event shall the amount calculated pursuant to clause (vi) exceed the total unfunded FTES for that fiscal year. To the extent the computation specified in subdivision (c) requires the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(9) Except as provided in subparagraph (B) of paragraph (6), for the 2006–07 fiscal year or for the first fiscal year for which this section is implemented by the board of governors, whichever is later, all districts shall receive at least the amount of revenue received for the prior fiscal

year, adjusted for the cost-of-living adjustment specified in subdivision (b) of Section 42238.1 and adjusted for the actual increase in FTES not to exceed the district's funded growth cap. Thereafter, allocations shall be made pursuant to this section, as implemented by the board of governors pursuant to the annual Budget Act.

(10) Except as specifically provided in statute, regulations of the board of governors for determining and allocating the state general apportionment to the community college districts shall not require district governing boards to expend the allocated revenues in specified categories of operation or according to the workload measures developed by the board of governors.

(e) This section shall become operative on October 1, 2006.

SEC. 3. Section 84760 of the Education Code is amended to read:

84760. Notwithstanding any other provision of law:

(a) (1) Equalization funds appropriated in the annual Budget Act shall be allocated to districts in accordance with this section. These funds shall not be allocated to any district whose total local property taxes and student fee revenues exceed the revenue limit for that district under program-based funding, unless the district's funded per-credit full-time equivalent students (FTES) revenue derived from these revenue sources falls below the 90th percentile in funding per-credit FTES for comparably sized districts, as defined in subdivision (b).

(2) Funds shall be allocated by the chancellor within 30 days of enactment of the annual Budget Act.

(b) For purposes of distributing funds, the chancellor shall define districts as either large, medium, or small, in accordance with all of the following:

(1) A district is large if its total of funded credit FTES exceeds 6,250, based on the 2003–04 second principal apportionment, as modified for any subsequent growth adjustments.

(2) A district is medium if its total of funded credit FTES exceeds 4,000 but does not exceed 6,250, based on the 2003–04 second principal apportionment, as modified for any subsequent growth adjustments.

(3) A district is small if its total of funded credit FTES does not exceed 4,000 FTES, based on the 2003–04 second principal apportionment, as modified for any subsequent growth adjustments.

(c) (1) The chancellor shall compute an equalization adjustment for each applicable large community college district, so that no district's 2003–04 fiscal year base funding per credit FTES is less than the 2003–04 fiscal year base funding per credit FTES above which fall not less than 10 percent of the total statewide funded credit FTES for large districts.

(2) The chancellor shall compute an equalization adjustment for each applicable medium district, so that base funding per credit FTES is not

less than the base funding per credit FTES equalization target determined for large districts under paragraph (1), multiplied by 1.03. This 3-percent adjustment for the medium district equalization target is intended to reasonably recognize diseconomies of scale for these districts.

(3) The chancellor shall compute an equalization adjustment for each applicable small community college district, so that base funding per credit FTES is not less than the base funding per credit FTES equalization target determined for large districts in paragraph (1), multiplied by 1.10. This 10 percent adjustment for the small district equalization target is intended to reasonably recognize diseconomies of scale for small districts, and approximates the difference in targets utilized by the state for elementary and secondary unified school district equalization allocations.

(d) The chancellor shall calculate the total equalization funding necessary to bring all districts up to the target funding per FTES levels determined pursuant to subdivision (c), and shall prepare a simulation of the allocations to each eligible district in this situation.

(e) If the amount appropriated for equalization in the annual Budget Act is less than the amount identified pursuant to subdivision (d), the chancellor shall prorate available equalization funding for each eligible district in proportion to the amount of funds necessary to fully fund those districts.

(f) The chancellor may promulgate regulations on an emergency basis to the extent necessary to complete the adoption of regulations to implement this section within the 2004–05 fiscal year.

(g) The chancellor shall provide a report by October 1, 2004, to the Joint Legislative Budget Committee, the appropriate policy and fiscal committees in each house of the Legislature, the Department of Finance, and the Legislative Analyst specifying the total calculated equalization cost for each eligible district as well as the prorated allocation provided to each eligible district in the 2004–05 fiscal year. The report shall include an evaluation of options and recommendations for revising allocation practices for funds available in subsequent years through restorations in workload, growth funding, and cost-of-living adjustments that further the objective of equalizing funding, consistent with the methodology in this section. The report shall also specify any regulatory and statutory changes necessary to effect the recommendations in future fiscal years.

(h) This section shall remain in effect only until October 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before October 1, 2006, deletes or extends that date.

SEC. 4. Section 84760.5 is added to the Education Code, to read:

84760.5. (a) For purposes of this chapter, the following career development and college preparation courses and classes for which no

credit is given, and that are offered in a sequence of courses leading to a certificate of completion, that lead to improved employability or job placement opportunities, or to a certificate of competency in a recognized career field by articulating with college-level coursework, completion of an associate of arts degree, or for transfer to a four-year degree program, shall be eligible for funding subject to subdivision (b):

(1) Classes and courses in elementary and secondary basic skills.

(2) Classes and courses for students, eligible for educational services in workforce preparation classes, in the basic skills of speaking, listening, reading, writing, mathematics, decisionmaking, and problem solving skills that are necessary to participate in job-specific technical training.

(3) Short-term vocational programs with high employment potential, as determined by the chancellor in consultation with the Employment Development Department utilizing job demand data provided by that department.

(4) Classes and courses in English as a second language and vocational English as a second language.

(b) The board of governors shall adopt criteria and standards for the identification of career development and college preparation courses and the eligibility of these courses for funding, including the definition of courses eligible for funding pursuant to subdivision (a). The criteria and standards shall be based on recommendations from the chancellor, the statewide academic senate, and the statewide association of chief instructional officers. The career and college preparation courses to be identified for this higher rate of funding should include suitable courses that meet one or more of the qualifications described in subdivision (a).

(c) A district that offers courses described in subdivision (a), but that is not eligible for funding under subdivision (b), shall be eligible for funding under Section 84757.

(d) The chancellor, in consultation with the Department of Finance and the Office of the Legislative Analyst, shall develop specific outcome measures for career development and college preparation courses for incorporation into the annual report required by subdivision (b) of Section 84754.5.

(e) The chancellor shall prepare and submit to the Department of Finance and the Legislature, on or before March 1, 2007, and March 1 of each year thereafter, a report that details, at a minimum, the following:

(1) The amount of FTES claimed by each community college district for career development and college preparation courses and classes.

(2) The specific certificate programs and course titles of career development and college preparation courses and classes receiving additional funding pursuant to this section, as well as the number of those courses and classes receiving additional funding.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to allocate funds appropriated in the Budget Act of 2006 to community college districts for the 2006–07 academic year, which has already commenced, in a manner that is consistent with the community college funding reforms made by this act, and in order for the districts to incorporate these allocations, as soon as is feasible, into their operating budgets, it is necessary that this act take effect immediately.

CHAPTER 632

An act to add Sections 315.5, 316.5, and 317 to the Education Code, relating to English language education.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 315.5 is added to the Education Code, to read:

315.5. (a) In furtherance of its constitutional and legal requirement to offer special language assistance to children coming from backgrounds of limited English proficiency, the state shall encourage family members and others to provide personal English language tutoring to those children, and support these efforts by raising the general level of English language knowledge in the community.

(b) Programs funded under this section shall be provided through schools or community organizations.

(c) Funding for programs authorized under this section shall be provided pursuant to an appropriation in the annual Budget Act. Funds shall be apportioned to the Superintendent for disbursement to school districts for the purpose of providing funding under this section for free or subsidized programs of adult English language instruction to parents or other members of the community who pledge to provide personal English language tutoring to improve the English language proficiency of California school children with limited English proficiency.

SEC. 2. Section 316.5 is added to the Education Code, to read:

316.5. (a) The Legislature finds and declares all of the following:

(1) The more a parent or guardian is involved in the education of his or her child the better the child will perform in school.

(2) English language proficiency is critical to academic success.

(b) As a condition for receiving funding under Section 315.5 for the 2007–08 fiscal year, each school district shall develop a plan, to be approved by the governing board of the school district, certifying that it will do all of the following:

(1) Emphasize English language acquisition and tutoring skills for parents whose primary language is not English.

(2) Whenever possible, operate Community-Based English Tutoring (CBET) Programs at neighborhood schoolsites in order to provide full articulation between CBET Programs and instructional programs for school-aged English language learners.

(3) Describe in its plan how the program will encourage the following:

(A) Opportunities for parent-child tutoring activities.

(B) Opportunities for the parent to become involved at the school that his or her child attends.

(4) Describe how the program will document the following:

(A) Literacy training for adults that leads to English fluency and the ability to provide educational support for children.

(B) Development of tutoring skills.

(5) Describe the projected goals of the program with respect to participant educational achievement and the manner in which the agency will measure and report progress in meeting its goals.

(6) Describe the manner in which the program will leverage available funding from federal, state, and local sources in the area proposed to be served by the agency.

(7) Include a program to recruit parents of K–12 English language learners, especially parents of pupils enrolled in K–12 schools that are eligible to participate in the High Priority Schools Grant Program established under Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28.

(8) The plan shall demonstrate that the CBET Program meets the following objectives in order to ensure that adult students in the CBET Program provide the best possible tutoring to K–12 English language learners:

(A) The adult students participating in the CBET Program shall make measurable English language learning progress.

(B) The CBET Program shall be administered in accordance with research-based strategies for teaching English language learners.

(C) The data collected under Section 317 shall be used by CBET administrators and staff to inform curriculum, instruction, assessment, research, and in-service staff development.

(c) As a condition for receiving funding under Section 315.5 for the 2008–09 fiscal year and for each fiscal year thereafter, the governing

board of the school district shall review, revise as necessary, and approve the plan. The plan shall be reviewed, and revised as necessary, not less than once every three years. During its review, the governing board shall consider the data collected under Section 317.

(d) For the purposes of this section, the term "parent" includes a parent, legal guardian, primary caregiver, or an individual in loco parentis.

SEC. 3. Section 317 is added to the Education Code, to read:

317. (a) As a condition for receiving funds under Section 315.5 in any fiscal year, a school district shall collect the following data for use in updating its plans and to make available to the state as requested:

(1) Improvement in adult English-as-a-second-language literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, and other literacy skills.

(2) Improvements in the attendance of pupils with limited-English-language proficiency who have received tutoring from adults who have been identified as participants in programs established pursuant to Sections 315, 315.5, 316, and 316.5.

(b) A school district that receives funding under Section 315.5 shall provide a pretest and a posttest of reading achievement for adult English-as-a-second-language pupils.

(c) The district shall review individual K–12 pupil data from the English language development test administered under Section 60810 and the Standardized Testing and Reporting (STAR) Program set forth in Article 4 (commencing with Section 60640) of Chapter 5 of Part 33, in order to determine whether there have been achievement progress made by K–12 pupils who were tutored by Community-Based English Tutoring (CBET) Program students.

CHAPTER 633

An act to amend Section 31639.95 of, and to add and repeal Section 31484.9 of, the Government Code, relating to retirement.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 31484.9 is added to the Government Code, to read:

31484.9. (a) This section shall apply to the retirement system of Contra Costa County and only if the board of supervisors of that county adopts, by majority vote, a resolution making this section applicable in the county. Notwithstanding any other provision of law, the board of supervisors may make this section applicable in the county on a date specified in the resolution, which date may be different than the date of the resolution.

(b) (1) When the board of supervisors meets and confers pursuant to the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1) with the Contra Costa County Deputy Sheriffs' Association, the parties may agree, pursuant to a memorandum of understanding as described in Section 3505.1, that the provisions of this section shall apply to safety employees represented by the Contra Costa County Deputy Sheriffs' Association.

(2) The terms of any agreement reached with the Contra Costa County Deputy Sheriffs' Association pursuant to this subdivision shall be made applicable by the board of supervisors to unrepresented county employees who are safety members in the Contra Costa County Sheriff's Office and in similar job classifications as employees within applicable bargaining units and the supervisors and managers of those employees.

(3) An ordinance or resolution adopted pursuant to this section may establish different retirement benefits for different bargaining units of safety employees represented by the Contra Costa County Deputy Sheriffs' Association and the unrepresented groups of safety employees in similar job classifications and the supervisors and managers of those employees. The ordinance or resolution may also establish the time period during which employees may make an election under this section and the date on which an employee shall be employed to be subject to this section.

(c) (1) Notwithstanding any other provision of law, if the board of supervisors makes a particular provision or provisions of this chapter providing for increased benefits applicable to safety employees of the county represented by the Contra Costa County Deputy Sheriffs' Association through the adoption of an ordinance or resolution, the board of supervisors may at any time thereafter adopt another ordinance or resolution terminating the applicability of that provision or provisions as to current employees of the county who elect by written notice filed with the board to have the applicability of the provision or provisions terminated as to those employees. This section is intended only to authorize the termination of those benefits that the board of supervisors elected to increase over the basic benefits or to make applicable in addition to the basic benefits pursuant to the provisions of this chapter. The termination of benefits shall be consistent with the memorandum

of understanding described in subdivision (b). Nothing in this section shall be construed as authorizing the board of supervisors to terminate the basic benefits required under the provisions of this chapter.

(2) The board of supervisors, prior to adopting an ordinance or resolution allowing the termination of the applicability of any increased benefit provisions shall provide a written explanation of the effect and impact of the termination for each member requesting termination of the applicability of any provisions.

(3) The board of supervisors shall require members requesting termination of the applicability of any provisions to sign an affidavit stating that the member has been fully informed regarding the effect of the termination, and understands that the termination of a provision or provisions is irrevocable. The affidavit shall also state that the employee has chosen termination of the provision or provisions of the employee's own free will and was not coerced into termination of any provision by the employer or any other person and shall waive and release any right to a benefit under the terminated provision or provisions for the period of service following the election.

(4) The board of supervisors shall, in the ordinance or resolution granting current employees the option of electing to have the applicability of the provision or provisions terminated, and consistent with the memorandum of understanding described in subdivision (b), specify the provision or provisions that shall be applicable to current employees making the election. More than one optional set of provisions may be made available for election, including, but not limited to, the "3 Percent at 55" retirement formula, a cost-of-living adjustment, and the definition of final compensation pursuant to Section 31462 or 31462.1.

(5) Employees who elect to have the provision or provisions terminated, shall have their retirement allowance for service rendered after the effective date of election calculated on the basis of the provision made applicable by the board of supervisors. Except as otherwise provided in this section, the retirement allowance for service rendered prior to the effective date of the election shall be calculated on the basis of the provision or provisions applicable during that period of service and the retirement allowance for service rendered on or after the effective date of the election shall be calculated on the basis of the provision or provisions applicable during that period of service. The total retirement allowance for an employee subject to this section shall be the sum of the retirement allowance calculated for service rendered prior to the effective date of the election and the retirement allowance calculated for service rendered on or after the effective date of the election. Any employee who has made an election shall not be eligible for retirement unless the

employee meets the minimum requirements of the provision or provisions applicable at the date of retirement.

(6) Any employee who has made an election that the definition of "final compensation" in Section 31462.1 no longer applies, shall have the definition of "final compensation" in Section 31462.1 applied to all service rendered prior to the effective date of the election and the definition of "final compensation" in Section 31462 applied to all service rendered on or after the effective date of the election. For purposes of applying Section 31835 to a retirement system other than the retirement system in Contra Costa County, the highest average compensation described in this paragraph shall apply.

(7) Any employee who has made an election that a cost-of-living adjustment provision of Article 16.5 (commencing with Section 31870) no longer applies shall have the cost-of-living adjustment provision, if any, for service rendered prior to the effective date of the election calculated on the basis of the cost-of-living adjustment provision applicable during that period of service. Any cost-of-living adjustment provision specified by the board of supervisors for service rendered after the effective date of the election shall apply solely to that service. A termination of benefits shall be consistent with the memorandum of understanding described in subdivision (b).

(8) A current employee who has elected to have the applicability of the provision or provisions terminated may not rescind that election, unless the board of supervisors again makes the particular provision or provisions applicable to the employees who are represented by the Contra Costa County Deputy Sheriffs' Association, through the adoption of a subsequent ordinance or resolution pursuant to a memorandum of understanding as described in Section 3505.1.

(9) An election made by a current employee shall be binding upon the employee's spouse and all others claiming benefits under that employee's entitlement.

(d) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date. The repeal of this section shall have no effect on actions taken under this section prior to the repeal of this section.

SEC. 2. Section 31639.95 of the Government Code is amended to read:

31639.95. (a) This section shall only apply to the retirement system of Contra Costa County and only if the board of supervisors of that county adopts, by majority vote, a resolution making this section applicable in the county. Notwithstanding any other provision of law, the board of supervisors may make this section applicable in the county

on a date specified in the resolution, which date may be different than the date of the resolution.

(b) (1) When the board of supervisors meets and confers pursuant to the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1) with any recognized employee organization that represents county employees who are safety members, the parties may agree, pursuant to a memorandum of understanding, to any of the following:

(A) Whether the employees shall be required to pay all or part of the employer's contributions required to fund the benefits of Section 31664.1, the amount or percentage of that contribution, the method that the contribution is made, and the commencement date, which may predate the effective date of the memorandum of understanding.

(B) Subject to an agreement reached pursuant to Section 31484.9, whether the employees shall be required to pay all or part of the employer's contributions required to fund the benefits of Section 31664.2, the amount or percentage of that contribution, the method that the contribution is made, and the commencement date, which may predate the effective date of the memorandum of understanding.

(C) Changing any of those conditions described in subparagraph (A) or (B), including, but not limited to, increasing or reducing, for any years, the portion and the amount of the employer's contributions that employees are required to pay.

(2) The terms of any agreements reached with a recognized employee organization pursuant to this subdivision may be made applicable by the board of supervisors to unrepresented county employees who are safety members.

(c) (1) After the board of supervisors has adopted the resolution described in subdivision (a), the governing body of a district within the county may make this section applicable to its employees who are safety members pursuant to a memorandum of understanding under the Meyers-Milias-Brown Act with any recognized employee organization that represents district employees who are safety members on any of the matters described in subdivision (b).

(2) The terms of any agreements reached with a recognized employee organization pursuant to this subdivision may be made applicable by the governing body of the district to unrepresented district employees who are safety members.

(d) Any contributions paid by a member pursuant to this section shall be deemed to be part of the member's accumulated contributions.

SEC. 3. The Legislature finds and declares that because of the unique circumstances applicable to Contra Costa County with respect to its retirement system, a statute of general applicability cannot be enacted

within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

CHAPTER 634

An act to amend Sections 7076, 7086, and 7107 of, and to add Sections 7097.1 and 7114.2 to, the Government Code, and to amend Sections 17053.34, 17053.46, 17053.47, 23622.8, 23634, and 23646 of the Revenue and Taxation Code, relating to economic development.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7076 of the Government Code is amended to read:

7076. (a) (1) The department shall provide technical assistance to the enterprise zones designated pursuant to this chapter with respect to all of the following activities:

(A) Furnish limited onsite assistance to the enterprise zones when appropriate.

(B) Ensure that the locality has developed a method to make residents, businesses, and neighborhood organizations aware of the opportunities to participate in the program.

(C) Help the locality develop a marketing program for the enterprise zone.

(D) Coordinate activities of other state agencies regarding the enterprise zones.

(E) Monitor the progress of the program.

(F) Help businesses to participate in the program.

(2) Notwithstanding existing law, the provision of services in subparagraphs (A) to (F), inclusive, shall be a high priority of the department.

(3) The department may, at its discretion, undertake other activities in providing management and technical assistance for successful implementation of this chapter.

(b) The applicant shall be required to begin implementation of the enterprise zone plan contained in the final application within six months after notification of final designation or the enterprise zone shall lose its designation.

(c) The department may establish, charge, and collect a fee as reimbursement for the costs of its administration of this chapter. The department shall assess each enterprise zone and manufacturing enhancement area a fee of not more than ten dollars ($10) for each application for issuance of a certificate pursuant to subdivision (j) of Section 17053.47 of, subdivision (c) of Section 17053.74 of, subdivision (c) of Section 23622.7 of, or subdivision (i) of Section 23622.8 of, the Revenue and Taxation Code. The enterprise zone or manufacturing enhancement area administrator shall collect this fee at the time an application is submitted for issuance of a certificate.

SEC. 2. Section 7086 of the Government Code is amended to read:

7086. (a) The department shall design, develop, and make available the applications and the criteria for selection of enterprise zones pursuant to Section 7073 and shall adopt all regulations necessary to carry out this chapter.

(b) The department shall adopt regulations concerning the designation procedures and application process as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall not remain in effect more than 120 days unless the department complies with all provisions of Chapter 3.5 as required by subdivision (e) of Section 11346.1.

(c) The Department of General Services, with the cooperation of the Employment Development Department, the Department of Industrial Relations, and the Office of Planning and Research, and under the direction of the State and Consumer Services Agency, shall adopt appropriate rules, regulations, and guidelines to implement Section 7084.

(d) The department shall adopt regulations governing the imposition and collection of fees pursuant to subdivision (c) of Section 7076, and the issuance of certificates pursuant to subdivision (j) of Section 17053.47 of, subdivision (c) of Section 17053.74 of, subdivision (c) of Section 23622.7 of, or subdivision (i) of Section 23622.8 of, the Revenue and Taxation Code. The regulations shall provide for a notice or invoice to fee payers as to the amount and purpose of the fee. The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall remain in effect for no more that 360 days unless the agency complies with all the provisions of Chapter 3.5 (commencing

with Section 11340) of Part 1 of Division 3 of Title 2 as required by subdivision (e) of Section 11346.1.

SEC. 3 Section 7097.1 is added to the Government Code, to read:

7097.1. (a) The department may establish, charge, and collect a fee as reimbursement for the costs of its administration of this chapter. The department shall assess each targeted tax area a fee of not more than ten dollars ($10) for each application for issuance of a certificate pursuant to subdivision (d) of Section 17053.34 of the Revenue and Taxation Code and subdivision (d) of Section 23634 of the Revenue and Taxation Code. The targeted tax area administrator shall collect this fee at the time an application is submitted for issuance of a certificate.

(b) The department shall adopt regulations governing the issuance of certificates pursuant to subdivision (d) of Section 17053.34 and subdivision (d) of Section 23634 of the Revenue and Taxation Code. The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (c) of Section 11346.1, the regulations shall remain in effect for not more than 360 days unless the department complies with all the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 as required by subdivision (e) of Section 11346.1.

SEC. 4. Section 7107 of the Government Code is amended to read:

7107. For purposes of this chapter:

(a) "Department" means the Department of Housing and Community Development.

(b) "Base" means a federal military installation or subinstallation as defined by regulations of the Departments of the Army, Navy, and Air Force, and other defense activities.

(c) "Critically needed hazardous waste facilities" means a facility that will provide necessary offsite treatment capacity for which there is a substantial shortfall or lack of capacity. This shortfall shall be as identified in any of the following documents:

(1) The State Hazardous Waste Management Plan.

(2) The State's Capacity Assurance Plan required by federal law.

(3) Other reports of the Department of Toxic Substances Control.

(d) "Downsizing" means a significant reduction in federal funding, personnel, and equipment on a base.

(e) "Economic development plan" includes, but is not limited to, a marketing plan, a job development plan, and an analysis of infrastructure.

(f) "Eligible area" means a geographic area meeting the criteria described in Section 7111.

(g) "Governing body" means a city, county, city and county, joint powers agency, council, or board, as appropriate.

(h) "Local agency military base recovery area" (LAMBRA) means any military base or former military base or portion thereof which is designated in accordance with the provisions of Section 7114.

(i) "Region One" includes the following counties: Del Norte, Siskiyou, Modoc, Humboldt, Trinity, Shasta, Lassen, Mendocino, Tehama, Glenn, Butte, Plumas, Marin, Napa, Sonoma, Lake, Colusa, Sutter, Yuba, Nevada, Sierra, Placer, Yolo, Solano, Sacramento, El Dorado, and Amador.

(j) "Region Two" includes the following counties: Contra Costa, San Francisco, Santa Cruz, Santa Clara, Alameda, and San Mateo.

(k) "Region Three" includes the following counties: Monterey, San Benito, San Joaquin, Merced, Fresno, Stanislaus, Kings, Madera, Mariposa, Tuolumne, Calaveras, Alpine, Mono, Inyo, and Tulare.

(*l*) "Region Four" includes the following counties: San Diego, San Bernardino, Riverside, and Imperial.

(m) "Region Five" includes the following counties: Los Angeles, Orange, Ventura, Santa Barbara, San Luis Obispo, and Kern.

(n) "Reuse plan" includes, but is not limited to, an evaluation of community goals for the future as they relate to potential use of the former military facilities and land areas, market studies or surveys to evaluate the regional economic setting, trends, and pressures affecting base reuse, surveys or inventories of on-base facilities to determine their condition, quality and reuse potential and liability, development of reuse alternatives responding to market conditions, community goals, and reuse of potential of existing assets, review of alternative strategies with the community at large and consensus building of a preferred development strategy.

SEC. 5. Section 7114.2 is added to the Government Code, to read:

7114.2. (a) The department may establish, charge, and collect a fee as reimbursement for the costs of its administration of this chapter. The department shall assess each LAMBRA a fee of not more than ten dollars ($10) for each application for issuance of a certificate pursuant to subdivision (c) of Section 17053.46 of the Revenue and Taxation Code and subdivision (c) of Section 23646 of the Revenue and Taxation Code. The LAMBRA administrator shall collect this fee at the time an application is submitted for issuance of a certificate.

(b) The department shall adopt regulations governing the imposition and collection of fees pursuant to this section and the issuance of certificates pursuant to subdivision (c) of Section 17053.46 of the Revenue and Taxation Code and subdivision (c) of Section 23646 of the Revenue and Taxation Code. The regulations shall provide for a notice or invoice to fee payers as to the amount and purpose of the fee. The adoption of the regulations shall be deemed to be an emergency and

necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall remain in effect for no more than 360 days unless the agency complies with all the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 as required by subdivision (e) of Section 11346.1.

SEC. 6. Section 17053.34 of the Revenue and Taxation Code is amended to read:

17053.34. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "net tax" (as defined in Section 17039) to a qualified taxpayer who employs a qualified employee in a targeted tax area during the taxable year. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of qualified wages in the first year of employment.

(2) Forty percent of qualified wages in the second year of employment.

(3) Thirty percent of qualified wages in the third year of employment.

(4) Twenty percent of qualified wages in the fourth year of employment.

(5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the targeted tax area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the targeted tax area within the 60-month period prior to the targeted tax area expiration date shall continue to qualify for the credit under this section after the targeted tax area expiration date, in accordance with all provisions of this section applied as if the targeted tax area designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "Targeted tax area expiration date" means the date the targeted tax area designation expires, is revoked, is no longer binding, or becomes inoperative.

(4) (A) "Qualified employee" means an individual who meets all of the following requirements:

(i) At least 90 percent of his or her services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer's trade or business located in a targeted tax area.

(ii) Performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in a targeted tax area.

(iii) Is hired by the qualified taxpayer after the date of original designation of the area in which services were performed as a targeted tax area.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the

area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

(VII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for or a recipient of any of the following:

(aa) Federal Supplemental Security Income benefits.

(bb) Aid to Families with Dependent Children.

(cc) Food stamps.

(dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a resident of a targeted tax area.

(X) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) (A) "Qualified taxpayer" means a person or entity that meets both of the following:

(i) Is engaged in a trade or business within a targeted tax area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(ii) Is engaged in those lines of business described in Codes 2000 to 2099, inclusive; 2200 to 3999, inclusive; 4200 to 4299, inclusive; 4500 to 4599, inclusive; and 4700 to 5199, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) In the case of any passthrough entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section or Section 23634 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of this part or Part 11 (commencing with Section 23001). For purposes of this subdivision, the term "passthrough entity" means any partnership or S corporation.

(6) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) If the qualified taxpayer is allowed a credit for qualified wages pursuant to this section, only one credit shall be allowed to the taxpayer under this part with respect to those qualified wages.

(d) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity , the local county GAIN office or social services agency, or the local government administering the targeted tax area, a certification that provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to subdivision

(g) of Section 7097 of the Government Code, and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(e) (1) For purposes of this section:

(A) All employees of trades or businesses, which are not incorporated, that are under common control shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) Principles that apply in the case of controlled groups of corporations, as specified in subdivision (d) of Section 23634, shall apply with respect to determining employment.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (f)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(f) (1) (A) If the employment, other than seasonal employment, of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision

(a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the qualified taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified

employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified employee shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified employee continues to be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(g) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated, for purposes of this part, as the employer with respect to those wages.

(h) For purposes of this section, "targeted tax area" means an area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(i) In the case where the credit otherwise allowed under this section exceeds the "net tax" for the taxable year, that portion of the credit that exceeds the "net tax" may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 17053.33, including any credit carryover from prior years, that may reduce the "net tax" for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer's business income attributable to the targeted tax area determined as if that attributable income represented all of the income of the qualified taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the targeted tax area. For that purpose, the taxpayer's business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the targeted tax area in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the targeted tax area by multiplying the total California business income of the taxpayer by a

fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the targeted tax area during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the targeted tax area during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "net tax" for the taxable year, as provided in subdivision (h).

(5) In the event that a credit carryover is allowable under subdivision (h) for any taxable year after the targeted tax area expiration date, the targeted tax area shall be deemed to remain in existence for purposes of computing the limitation specified in this subdivision.

SEC. 7. Section 17053.46 of the Revenue and Taxation Code is amended to read:

17053.46. (a) For each taxable year beginning on or after January 1, 1995, there shall be allowed as a credit against the "net tax" (as defined in Section 17039) to a qualified taxpayer for hiring a qualified disadvantaged individual or a qualified displaced employee during the taxable year for employment in the LAMBRA. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of the qualified wages in the first year of employment.

(2) Forty percent of the qualified wages in the second year of employment.

(3) Thirty percent of the qualified wages in the third year of employment.

(4) Twenty percent of the qualified wages in the fourth year of employment.

(5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the employer during the taxable year to qualified disadvantaged individuals or qualified

displaced employees that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars ($2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the individual commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the LAMBRA expiration date. However, wages paid or incurred with respect to qualified disadvantaged individuals or qualified displaced employees who are employed by the qualified taxpayer within the LAMBRA within the 60-month period prior to the LAMBRA expiration date shall continue to qualify for the credit under this section after the LAMBRA expiration date, in accordance with all provisions of this section applied as if the LAMBRA designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "LAMBRA" means a local agency military base recovery area designated in accordance with Section 7114 of the Government Code.

(4) "Qualified disadvantaged individual" means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer's trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in the LAMBRA.

(B) Who is hired by the employer after the designation of the area as a LAMBRA in which the individual's services were primarily performed.

(C) Who is any of the following immediately preceding the individual's commencement of employment with the taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 as provided pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) An economically disadvantaged individual age 16 years or older.

(iv) A dislocated worker who meets any of the following conditions:

(I) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(II) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(III) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(IV) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(V) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(VI) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(VII) Experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(VIII) Has been terminated or laid off or has received a notice of termination or layoff as a consequence of compliance with the Clean Air Act.

(v) An individual who is enrolled in or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(vi) An ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

(vii) A recipient of:

(I) Federal Supplemental Security Income benefits.

(II) Aid to Families with Dependent Children.

(III) Food stamps.

(IV) State and local general assistance.

(viii) Is a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(5) "Qualified taxpayer" means a taxpayer or partnership that conducts a trade or business within a LAMBRA and, for the first two taxable years, has a net increase in jobs (defined as 2,000 paid hours per employee per year) of one or more employees in the LAMBRA.

(A) The net increase in the number of jobs shall be determined by subtracting the total number of full-time employees (defined as 2,000 paid hours per employee per year) the taxpayer employed in this state in the taxable year prior to commencing business operations in the LAMBRA from the total number of full-time employees the taxpayer employed in this state during the second taxable year after commencing business operations in the LAMBRA. For taxpayers who commence doing business in this state with their LAMBRA business operation, the number of employees for the taxable year prior to commencing business operations in the LAMBRA shall be zero. If the taxpayer has a net increase in jobs in the state, the credit shall be allowed only if one or more full-time employees is employed within the LAMBRA.

(B) The total number of employees employed in the LAMBRA shall equal the sum of both of the following:

(i) The total number of hours worked in the LAMBRA for the taxpayer by employees (not to exceed 2,000 hours per employee) who are paid an hourly wage divided by 2,000.

(ii) The total number of months worked in the LAMBRA for the taxpayer by employees who are salaried employees divided by 12.

(C) In the case of a taxpayer who first commences doing business in the LAMBRA during the taxable year, for purposes of clauses (i) and (ii), respectively, of subparagraph (B), the divisors "2,000" and "12" shall be multiplied by a fraction, the numerator of which is the number of months of the taxable year that the taxpayer was doing business in the LAMBRA and the denominator of which is 12.

(6) "Qualified displaced employee" means an individual who satisfies all of the following requirements:

(A) Any civilian or military employee of a base or former base who has been displaced as a result of a federal base closure act.

(B) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer's trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in a LAMBRA.

(C) Who is hired by the employer after the designation of the area in which services were performed as a LAMBRA.

(7) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(8) "LAMBRA expiration date" means the date the LAMBRA designation expires, is no longer binding, or becomes inoperative.

(c) For qualified disadvantaged individuals or qualified displaced employees hired on or after January 1, 2001, the taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the LAMBRA, a certification that provides that a qualified disadvantaged individual or qualified displaced employee meets the eligibility requirements specified in subparagraph (C) of paragraph (4) of subdivision (b) or subparagraph (A) of paragraph (6) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to Section 7114.2 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section, both of the following apply:

(A) All employees of trades or businesses that are under common control shall be treated as employed by a single employer.

(B) The credit (if any) allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of the qualified wages giving rise to the credit.

The regulations prescribed under this paragraph shall be based on principles similar to the principles that apply in the case of controlled groups of corporations as specified in subdivision (e) of Section 23622.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (d)) for any calendar year ending after that acquisition, the employment relationship between an employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment, other than seasonal employment, of any employee, with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the taxpayer at any time

during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount (determined under those regulations) equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of an employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of an individual who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of an individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of an individual due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of an individual, if that individual is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified disadvantaged individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that individual is replaced by other qualified displaced employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(4) At the close of the second taxable year, if the taxpayer has not increased the number of its employees as determined by paragraph (5) of subdivision (b), then the amount of the credit previously claimed shall be added to the taxpayer's net tax for the taxpayer's second taxable year.

(f) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated (for purposes of this part) as the employer with respect to those wages.

(g) The credit shall be reduced by the credit allowed under Section 17053.7. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit

is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (h) or (i).

(h) In the case where the credit otherwise allowed under this section exceeds the "net tax" for the taxable year, that portion of the credit that exceeds the "net tax" may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(i) (1) The amount of credit otherwise allowed under this section and Section 17053.45, including prior year credit carryovers, that may reduce the "net tax" for the taxable year shall not exceed the amount of tax that would be imposed on the taxpayer's business income attributed to a LAMBRA determined as if that attributed income represented all of the net income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the LAMBRA. For that purpose, the taxpayer's business income that is attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the LAMBRA in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a LAMBRA by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the LAMBRA during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the LAMBRA during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "net tax" for the taxable year, as provided in subdivision (h).

(j) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

SEC. 8. Section 17053.47 of the Revenue and Taxation Code is amended to read:

17053.47. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "net tax" (as defined in Section 17039) to a qualified taxpayer for hiring a qualified disadvantaged individual during the taxable year for employment in the manufacturing enhancement area. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of the qualified wages in the first year of employment.

(2) Forty percent of the qualified wages in the second year of employment.

(3) Thirty percent of the qualified wages in the third year of employment.

(4) Twenty percent of the qualified wages in the fourth year of employment.

(5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified disadvantaged individuals that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars ($2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the qualified disadvantaged individual commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the manufacturing enhancement area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the manufacturing enhancement area within the 60-month period prior to the manufacturing enhancement area expiration date shall continue to qualify for the credit under this section after the manufacturing enhancement area expiration date, in accordance with all provisions of this section applied as if the manufacturing enhancement area designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "Manufacturing enhancement area" means an area designated pursuant to Section 7073.8 of the Government Code according to the procedures of Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(4) "Manufacturing enhancement area expiration date" means the date the manufacturing enhancement area designation expires, is no longer binding, or becomes inoperative.

(5) "Qualified disadvantaged individual" means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer's trade or business located in a manufacturing enhancement area.

(ii) Who performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in the manufacturing enhancement area.

(B) Who is hired by the qualified taxpayer after the designation of the area as a manufacturing enhancement area in which the individual's services were primarily performed.

(C) Who is any of the following immediately preceding the individual's commencement of employment with the qualified taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor.

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985, or its successor, as provided pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) Any individual who has been certified eligible by the Employment Development Department under the federal Targeted Jobs Tax Credit Program, or its successor, whether or not this program is in effect.

(6) "Qualified taxpayer" means any taxpayer engaged in a trade or business within a manufacturing enhancement area designated pursuant to Section 7073.8 of the Government Code and who meets all of the following requirements:

(A) Is engaged in those lines of business described in Codes 0211 to 0291, inclusive, Code 0723, or in Codes 2011 to 3999, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) At least 50 percent of the qualified taxpayer's workforce hired after the designation of the manufacturing enhancement area is composed of individuals who, at the time of hire, are residents of the county in which the manufacturing enhancement area is located.

(C) Of this percentage of local hires, at least 30 percent shall be qualified disadvantaged individuals.

(7) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) (1) For purposes of this section, all of the following apply:

(A) All employees of trades or businesses that are under common control shall be treated as employed by a single qualified taxpayer.

(B) The credit (if any) allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit and shall be allocated in that manner.

(C) Principles that apply in the case of controlled groups of corporations, as specified in subdivision (d) of Section 23622.7, shall apply with respect to determining employment.

(2) If a qualified taxpayer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (d)) for any calendar year ending after that acquisition, the employment relationship between a qualified disadvantaged individual and a qualified taxpayer shall not be treated as terminated if the qualified disadvantaged individual continues to be employed in that trade or business.

(d) (1) (A) If the employment, other than seasonal employment, of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (b) is terminated by the qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that qualified disadvantaged individual completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a

period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) does not apply to any of the following:

(i) A termination of employment of a qualified disadvantaged individual who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of a qualified disadvantaged individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of a qualified disadvantaged individual due to a substantial reduction in the trade or business operations of the qualified taxpayer.

(v) A termination of employment of a qualified disadvantaged individual, if that individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified disadvantaged individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified disadvantaged individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that qualified disadvantaged individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified disadvantaged individual shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified disadvantaged individual continues to be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(e) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated (for purposes of this part) as the employer with respect to those wages.

(f) The credit shall be reduced by the credit allowed under Section 17053.7. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the qualified taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (g) or (h).

(g) In the case where the credit otherwise allowed under this section exceeds the "net tax" for the taxable year, that portion of the credit that exceeds the "net tax" may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(h) (1) The amount of credit otherwise allowed under this section, including prior year credit carryovers, that may reduce the "net tax" for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer's business income attributed to a manufacturing enhancement area determined as if that attributed income represented all of the net income of the qualified taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the manufacturing enhancement area. For that purpose, the taxpayer's business income that is attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the manufacturing enhancement area in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a manufacturing enhancement area by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the manufacturing enhancement area during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the manufacturing enhancement area during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "net tax" for the taxable year, as provided in subdivision (g).

(i) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

(j) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership

Act administrative entity, the local county GAIN office or social services agency, or the local government administering the manufacturing enhancement area, a certification that provides that a qualified disadvantaged individual meets the eligibility requirements specified in paragraph (5) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to subdivision (d) of Section 7086 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

SEC. 9. Section 23622.8 of the Revenue and Taxation Code is amended to read:

23622.8. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "tax" (as defined in Section 23036) to a qualified taxpayer for hiring a qualified disadvantaged individual during the taxable year for employment in the manufacturing enhancement area. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of the qualified wages in the first year of employment.

(2) Forty percent of the qualified wages in the second year of employment.

(3) Thirty percent of the qualified wages in the third year of employment.

(4) Twenty percent of the qualified wages in the fourth year of employment.

(5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified disadvantaged individuals that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars ($2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the qualified disadvantaged individual commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the manufacturing enhancement area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the manufacturing enhancement area within the 60-month period prior to the manufacturing enhancement area expiration date shall continue to qualify for the credit under this section after the manufacturing enhancement area expiration date, in accordance with all provisions of this section applied as if the manufacturing enhancement area designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "Manufacturing enhancement area" means an area designated pursuant to Section 7073.8 of the Government Code according to the procedures of Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(4) "Manufacturing enhancement area expiration date" means the date the manufacturing enhancement area designation expires, is no longer binding, or becomes inoperative.

(5) "Qualified disadvantaged individual" means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer's trade or business located in a manufacturing enhancement area.

(ii) Who performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in the manufacturing enhancement area.

(B) Who is hired by the qualified taxpayer after the designation of the area as a manufacturing enhancement area in which the individual's services were primarily performed.

(C) Who is any of the following immediately preceding the individual's commencement of employment with the qualified taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.) or its successor.

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985, or its successor, as provided pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) Any individual who has been certified eligible by the Employment Development Department under the federal Targeted Jobs Tax Credit Program, or its successor, whether or not this program is in effect.

(6) "Qualified taxpayer" means any corporation engaged in a trade or business within a manufacturing enhancement area designated pursuant to Section 7073.8 of the Government Code and that meets all of the following requirements:

(A) Is engaged in those lines of business described in Codes 0211 to 0291, inclusive, Code 0723, or in Codes 2011 to 3999, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) At least 50 percent of the qualified taxpayer's workforce hired after the designation of the manufacturing enhancement area is composed of individuals who, at the time of hire, are residents of the county in which the manufacturing enhancement area is located.

(C) Of this percentage of local hires, at least 30 percent shall be qualified disadvantaged individuals.

(7) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) (1) For purposes of this section, all of the following apply:

(A) All employees of all corporations that are members of the same controlled group of corporations shall be treated as employed by a single qualified taxpayer.

(B) The credit (if any) allowable by this section with respect to each member shall be determined by reference to its proportionate share of the expenses of the qualified wages giving rise to the credit and shall be allocated in that manner.

(C) Principles that apply in the case of controlled groups of corporations, as specified in subdivision (d) of Section 23622.7, shall apply with respect to determining employment.

(2) If a qualified taxpayer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (d)) for any calendar year ending after that acquisition, the employment relationship between a qualified disadvantaged individual and a qualified taxpayer shall not be treated as terminated if the qualified disadvantaged individual continues to be employed in that trade or business.

(d) (1) (A) If the employment, other than seasonal employment, of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (b) is terminated by the

qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that qualified disadvantaged individual completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the income year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) does not apply to any of the following:

(i) A termination of employment of a qualified disadvantaged individual who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of a qualified disadvantaged individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of a qualified disadvantaged individual due to a substantial reduction in the trade or business operations of the qualified taxpayer.

(v) A termination of employment of a qualified disadvantaged individual, if that individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified disadvantaged individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified disadvantaged individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that qualified disadvantaged individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified disadvantaged individual shall not be treated as terminated by either of the following:

(i) By a transaction to which Section 381(a) of the Internal Revenue Code applies, if the qualified disadvantaged individual continues to be employed by the acquiring corporation.

(ii) By reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified disadvantaged individual continues to be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(e) The credit shall be reduced by the credit allowed under Section 23621. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the qualified taxpayer upon which

the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (f) or (g).

(f) In the case where the credit otherwise allowed under this section exceeds the "tax" for the taxable year, that portion of the credit that exceeds the "tax" may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(g) (1) The amount of credit otherwise allowed under this section, including prior year credit carryovers, that may reduce the "tax" for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer's business income attributed to a manufacturing enhancement area determined as if that attributed income represented all of the net income of the qualified taxpayer subject to tax under this part.

(2) Attributable income is that portion of the taxpayer's California source business income that is apportioned to the manufacturing enhancement area. For that purpose, the taxpayer's business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101). That business income shall be further apportioned to the manufacturing enhancement area in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a manufacturing enhancement area by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For the purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the manufacturing enhancement area during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the manufacturing enhancement area during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "tax" for the taxable year, as provided in subdivision (g).

(h) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

(i) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the manufacturing enhancement area, a certification that provides that a qualified disadvantaged individual meets the eligibility requirements specified in paragraph (5) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to subdivision (d) of Section 7086 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

SEC. 10. Section 23634 of the Revenue and Taxation Code is amended to read:

23634. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "tax" (as defined by Section 23036) to a qualified taxpayer who employs a qualified employee in a targeted tax area during the taxable year. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of qualified wages in the first year of employment.

(2) Forty percent of qualified wages in the second year of employment.

(3) Thirty percent of qualified wages in the third year of employment.

(4) Twenty percent of qualified wages in the fourth year of employment.

(5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the targeted tax area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the targeted tax area within the 60-month period prior to the targeted tax area expiration date shall continue to qualify for the credit under this section after the targeted tax area expiration date, in accordance with all provisions of this section applied as if the targeted tax area designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "Targeted tax area expiration date" means the date the targeted tax area designation expires, is revoked, is no longer binding, or becomes inoperative.

(4) (A) "Qualified employee" means an individual who meets all of the following requirements:

(i) At least 90 percent of his or her services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer's trade or business located in a targeted tax area.

(ii) Performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in a targeted tax area.

(iii) Is hired by the qualified taxpayer after the date of original designation of the area in which services were performed as a targeted tax area.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilt.

(VII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for or a recipient of any of the following:

(aa) Federal Supplemental Security Income benefits.

(bb) Aid to Families with Dependent Children.

(cc) Food stamps.

(dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a resident of a targeted tax area.

(X) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) (A) "Qualified taxpayer" means a person or entity that meets both of the following:

(i) Is engaged in a trade or business within a targeted tax area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(ii) Is engaged in those lines of business described in Codes 2000 to 2099, inclusive; 2200 to 3999, inclusive; 4200 to 4299, inclusive; 4500 to 4599, inclusive; and 4700 to 5199, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) In the case of any passthrough entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section or Section 17053.34 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of this part or Part 10 (commencing with Section 17001). For purposes of this subparagraph, the term "passthrough entity" means any partnership or S corporation.

(6) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) If the qualified taxpayer is allowed a credit for qualified wages pursuant to this section, only one credit shall be allowed to the taxpayer under this part with respect to those qualified wages.

(d) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the targeted tax area, a certification that provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations for the issuance of certificates pursuant to subdivision (g) of Section 7097 of the Government Code, and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(e) (1) For purposes of this section:

(A) All employees of all corporations that are members of the same controlled group of corporations shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section to each member shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) For purposes of this subdivision, "controlled group of corporations" means "controlled group of corporations" as defined in Section 1563(a) of the Internal Revenue Code, except that:

(i) "More than 50 percent" shall be substituted for "at least 80 percent" each place it appears in Section 1563(a)(1) of the Internal Revenue Code.

(ii) The determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of Section 1563 of the Internal Revenue Code.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (f)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee

and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(f) (1) (A) If the employment, other than seasonal employment, of any qualified employee with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified employee shall not be treated as terminated by either of the following:

(i) By a transaction to which Section 381(a) of the Internal Revenue Code applies, if the qualified employee continues to be employed by the acquiring corporation.

(ii) By reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified employee continues to be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(g) Rules similar to the rules provided in Sections 46(e) and (h) of the Internal Revenue Code shall apply to both of the following:

(1) An organization to which Section 593 of the Internal Revenue Code applies.

(2) A regulated investment company or a real estate investment trust subject to taxation under this part.

(h) For purposes of this section, "targeted tax area" means an area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(i) In the case where the credit otherwise allowed under this section exceeds the "tax" for the taxable year, that portion of the credit that exceeds the "tax" may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 23633, including any credit carryover from prior years, that may reduce the "tax" for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer's business income attributable to the targeted tax area determined as if that attributable income represented all of the income of the qualified taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the targeted tax area. For that purpose, the taxpayer's business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101). That business income shall be further apportioned to the targeted tax area in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the targeted tax area by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the targeted tax area during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the targeted tax area during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "tax" for the taxable year, as provided in subdivision (h).

(5) In the event that a credit carryover is allowable under subdivision (h) for any taxable year after the targeted tax area designation has expired or been revoked, the targeted tax area shall be deemed to remain in existence for purposes of computing the limitation specified in this subdivision.

SEC. 11. Section 23646 of the Revenue and Taxation Code is amended to read:

23646. (a) For each taxable year beginning on or after January 1, 1995, there shall be allowed as a credit against the "tax" (as defined in Section 23036) to a qualified taxpayer for hiring a qualified disadvantaged individual or a qualified displaced employee during the taxable year for employment in the LAMBRA. The credit shall be equal to the sum of each of the following:

(1) Fifty percent of the qualified wages in the first year of employment.

(2) Forty percent of the qualified wages in the second year of employment.

(3) Thirty percent of the qualified wages in the third year of employment.

(4) Twenty percent of the qualified wages in the fourth year of employment.

(5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the employer during the taxable year to qualified disadvantaged individuals or qualified displaced employees that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars ($2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the individual commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operation of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the LAMBRA expiration date. However, wages paid or incurred with respect to qualified disadvantaged individuals or qualified displaced employees who are employed by the qualified taxpayer within the LAMBRA within the 60-month period prior to the LAMBRA expiration date shall continue to qualify for the credit under

this section after the LAMBRA expiration date, in accordance with all provisions of this section applied as if the LAMBRA designation were still in existence and binding.

(2) "Minimum wage" means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) "LAMBRA" means a local agency military base recovery area designated in accordance with the provisions of Section 7114 of the Government Code.

(4) "Qualified disadvantaged individual" means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer's trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in the LAMBRA.

(B) Who is hired by the employer after the designation of the area as a LAMBRA in which the individual's services were primarily performed.

(C) Who is any of the following immediately preceding the individual's commencement of employment with the taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor.

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) An economically disadvantaged individual age 16 years or older.

(iv) A dislocated worker who meets any of the following conditions:

(I) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(II) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(III) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(IV) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(V) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(VI) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(VII) Experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(VIII) Has been terminated or laid off or has received a notice of termination or layoff as a consequence of compliance with the Clean Air Act.

(v) An individual who is enrolled in or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(vi) An ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

(vii) A recipient of:

(I) Federal Supplemental Security Income benefits.

(II) Aid to Families with Dependent Children.

(III) Food stamps.

(IV) State and local general assistance.

(viii) Is a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(5) "Qualified taxpayer" means a corporation that conducts a trade or business within a LAMBRA and, for the first two taxable years, has a net increase in jobs (defined as 2,000 paid hours per employee per year) of one or more employees as determined below in the LAMBRA.

(A) The net increase in the number of jobs shall be determined by subtracting the total number of full-time employees (defined as 2,000 paid hours per employee per year) the taxpayer employed in this state in the taxable year prior to commencing business operations in the LAMBRA from the total number of full-time employees the taxpayer employed in this state during the second taxable year after commencing business operations in the LAMBRA. For taxpayers who commence doing business in this state with their LAMBRA business operation, the number of employees for the taxable year prior to commencing business operations in the LAMBRA shall be zero. If the taxpayer has a net

increase in jobs in the state, the credit shall be allowed only if one or more full-time employees is employed within the LAMBRA.

(B) The total number of employees employed in the LAMBRA shall equal the sum of both of the following:

(i) The total number of hours worked in the LAMBRA for the taxpayer by employees (not to exceed 2,000 hours per employee) who are paid an hourly wage divided by 2,000.

(ii) The total number of months worked in the LAMBRA for the taxpayer by employees who are salaried employees divided by 12.

(C) In the case of a qualified taxpayer that first commences doing business in the LAMBRA during the taxable year, for purposes of clauses (i) and (ii), respectively, of subparagraph (B) the divisors "2,000" and "12" shall be multiplied by a fraction, the numerator of which is the number of months of the taxable year that the taxpayer was doing business in the LAMBRA and the denominator of which is 12.

(6) "Qualified displaced employee" means an individual who satisfies all of the following requirements:

(A) Any civilian or military employee of a base or former base that has been displaced as a result of a federal base closure act.

(B) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer's trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in a LAMBRA.

(C) Who is hired by the employer after the designation of the area in which services were performed as a LAMBRA.

(7) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(8) "LAMBRA expiration date" means the date the LAMBRA designation expires, is no longer binding, or becomes inoperative.

(c) For qualified disadvantaged individuals or qualified displaced employees hired on or after January 1, 2001, the taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the administrative entity of the local county or city for the federal Job Training Partnership Act, or its successor, the local county GAIN office or social services agency, or the local government administering the LAMBRA, a certification that provides that a qualified disadvantaged individual or qualified displaced employee meets the eligibility requirements specified in subparagraph (C) of paragraph (4) of subdivision (b) or subparagraph (A) of paragraph (6) of subdivision (b). The Employment Development Department may

provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to Section 7114.2 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section, both of the following apply:

(A) All employees of all corporations that are members of the same controlled group of corporations shall be treated as employed by a single employer.

(B) The credit (if any) allowable by this section to each member shall be determined by reference to its proportionate share of the qualified wages giving rise to the credit.

(2) For purposes of this subdivision, "controlled group of corporations" has the meaning given to that term by Section 1563(a) of the Internal Revenue Code, except that both of the following apply:

(A) "More than 50 percent" shall be substituted for "at least 80 percent" each place it appears in Section 1563(a)(1) of the Internal Revenue Code.

(B) The determination shall be made without regard to Section 1563(a)(4) and Section 1563(e)(3)(C) of the Internal Revenue Code.

(3) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the "predecessor") or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (e)) for any calendar year ending after that acquisition, the employment relationship between an employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment of any employee, other than seasonal employment, with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior income years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a

period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of an employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of an individual who, before the close of the period referred to in paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of an individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of an individual due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of an individual, if that individual is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified disadvantaged individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in

Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated by either of the following:

(i) A transaction to which Section 381(a) of the Internal Revenue Code applies, if the employee continues to be employed by the acquiring corporation.

(ii) A mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(4) At the close of the second taxable year, if the taxpayer has not increased the number of its employees as determined by paragraph (5) of subdivision (b), then the amount of the credit previously claimed shall be added to the taxpayer's tax for the taxpayer's second taxable year.

(f) In the case of an organization to which Section 593 of the Internal Revenue Code applies, and a regulated investment company or a real estate investment trust subject to taxation under this part, rules similar to the rules provided in Section 46(e) and Section 46(h) of the Internal Revenue Code shall apply.

(g) The credit shall be reduced by the credit allowed under Section 23621. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (h) or (i).

(h) In the case where the credit otherwise allowed under this section exceeds the "tax" for the taxable year, that portion of the credit that exceeds the "tax" may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(i) (1) The amount of credit otherwise allowed under this section and Section 23645, including any prior year carryovers, that may reduce the "tax" for the taxable year shall not exceed the amount of tax that would be imposed on the taxpayer's business income attributed to a LAMBRA determined as if that attributed income represented all of the income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the LAMBRA. For that purpose, the taxpayer's business income that is attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101). That business income shall be further apportioned to the LAMBRA in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a LAMBRA by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the LAMBRA during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the LAMBRA during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "tax" for the taxable year, as provided in subdivision (h).

(j) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

SEC. 12. The Legislature finds and declares that the fees imposed pursuant to subdivision (c) of Section 7076 of the Government Code, as amended by Section 1 of this act, and subdivision (a) of Section 7114.2 of the Government Code, as added by Section 5 of this act, reflect the reasonable costs of administering, respectively, Chapter 12.8 (commencing with Section 7070) and Chapter 12.97 (commencing with Section 7105) of Division 7 of Title 1 of the Government Code, and that

the fees are not imposed for revenue purposes unrelated to the administration of those chapters.

CHAPTER 635

An act to amend Section 103626 of the Health and Safety Code, and to amend Section 18308 of the Welfare and Institutions Code, relating to domestic violence.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Domestic violence is costly, both in human and organizational terms. The results of domestic violence have many "hidden" costs, such as job turnover, loss of productivity, school absenteeism, and low-school performance, in addition to the high cost of law enforcement, civil and criminal justice, health services, mental health services, substance abuse treatment, human services, and community-based services.

(b) Domestic violence cuts across all economic and education levels, all age groups, ethnicities, and other social and community characteristics. Domestic violence is characterized by a predictable, escalating cycle that can result in injury or death of victims, including children. Domestic violence puts children at risk.

(c) Domestic violence is learned and generational, and requires a multifaceted intervention that engages civil, criminal, health, and social service sectors working together to align objectives, protocols, policies, and activities of each sector.

(d) Contra Costa County determined that achievement of this alignment requires governmental oversight and coordination of the multiple agencies involved in the domestic violence system. This oversight and coordination is an essential link in a comprehensive effort to eliminate domestic violence.

(e) During the past four years, Contra Costa County has created a successful domestic violence program. Contra Costa County has established a coordinated data system, set up a training program involving law enforcement, courts, health and social service agencies, established restraining order clinics and other victim support services, and increased accountability measures against perpetrators of domestic violence.

(f) Contra Costa County's Domestic Violence Program successfully competed for federal funds and other grants which have increased its ability to serve victims and prosecute offenders.

(g) Contra Costa County is piloting numerous new domestic violence prevention strategies, including creating an innovative continuum of services for children exposed to domestic violence and establishing primary prevention strategies focused on engaging men in mentoring boys to end the cycle of abuse for future generations.

(h) Contra Costa County has demonstrated critically needed leadership through its Systemic Approach Model to addressing domestic violence by integrating victim services across multiple disciplines and by advancing public-private partnerships to institutionalize coordination. Moreover, through its effective centralized collaborative approach, Contra Costa County is addressing system issues critical to California as contained in the California Attorney General's Domestic Violence Report "Keeping the Promise, Victim Safety and Batterer Accountability," issued in June of 2005.

(i) The reauthorization of the fees specified in Section 103626 of the Health and Safety Code is essential for Contra Costa County to continue its efforts to create an effective, proven, replicable model that combats domestic violence, and to draw down federal and private funds to support development of a system that will be valuable throughout California.

SEC. 2. Section 103626 of the Health and Safety Code is amended to read:

103626. (a) The Contra Costa County Board of Supervisors, upon making findings and declarations supporting the need for governmental oversight and coordination of the multiple agencies dealing with domestic violence, may authorize an increase in the fees for certified copies of marriage certificates, birth certificates, fetal death records, and death records, up to a maximum increase of four dollars ($4).

(b) Effective July 1 of each year, the Contra Costa County Board of Supervisors may authorize an increase in these fees by an amount equal to the increase in the Consumer Price Index for the San Francisco metropolitan area for the preceding calendar year, rounded to the nearest half-dollar. The fees shall be disposed of pursuant to the provisions of Section 18308 of the Welfare and Institutions Code.

(c) In addition to the fees prescribed by subdivisions (a) and (b) of this section, any applicant for a certified copy of a birth certificate, a fetal death record, or death record in Contra Costa County shall pay an additional fee to the local registrar, county recorder, or county clerk as established by the Contra Costa County Board of Supervisors.

SEC. 3. Section 18308 of the Welfare and Institutions Code is amended to read:

18308. The Contra Costa County Board of Supervisors shall direct the local registrar, county recorder, and county clerk to deposit fees collected pursuant to Section 103626 of the Health and Safety Code into a special fund. The county may retain up to 4 percent of the fund for administrative costs associated with the collection and segregation of the additional fees and the deposit of these fees into the special fund. Proceeds from the fund shall be used for governmental oversight and coordination of domestic violence and family violence prevention, intervention, and prosecution efforts among the court system, the district attorney's office, the public defender's office, law enforcement, the probation department, mental health, substance abuse, child welfare services, adult protective services, and community-based organizations and other agencies working in Contra Costa County in order to increase the effectiveness of prevention, early intervention and prosecution of domestic and family violence.

SEC. 4. Due to the unique circumstances of the County of Contra Costa with respect to domestic violence, the Legislature hereby finds and declares that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution.

Therefore, the special legislation contained in Sections 2 and 3 of this act is necessarily applicable only in the County of Contra Costa.

CHAPTER 636

An act to amend Sections 66412, 66452.8, and 66452.9 of the Government Code, relating to subdivided lands.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 66412 of the Government Code is amended to read:

66412. This division shall be inapplicable to any of the following:

(a) The financing or leasing of apartments, offices, stores, or similar space within apartment buildings, industrial buildings, commercial buildings, mobilehome parks, or trailer parks.

(b) Mineral, oil, or gas leases.

(c) Land dedicated for cemetery purposes under the Health and Safety Code.

(d) A lot line adjustment between four or fewer existing adjoining parcels, where the land taken from one parcel is added to an adjoining parcel, and where a greater number of parcels than originally existed is not thereby created, if the lot line adjustment is approved by the local agency, or advisory agency. A local agency or advisory agency shall limit its review and approval to a determination of whether or not the parcels resulting from the lot line adjustment will conform to the local general plan, any applicable specific plan, any applicable coastal plan, and zoning and building ordinances. An advisory agency or local agency shall not impose conditions or exactions on its approval of a lot line adjustment except to conform to the local general plan, any applicable specific plan, any applicable coastal plan, and zoning and building ordinances, to require the prepayment of real property taxes prior to the approval of the lot line adjustment, or to facilitate the relocation of existing utilities, infrastructure, or easements. No tentative map, parcel map, or final map shall be required as a condition to the approval of a lot line adjustment. The lot line adjustment shall be reflected in a deed, which shall be recorded. No record of survey shall be required for a lot line adjustment unless required by Section 8762 of the Business and Professions Code.

(e) Boundary line or exchange agreements to which the State Lands Commission or a local agency holding a trust grant of tide and submerged lands is a party.

(f) Any separate assessment under Section 2188.7 of the Revenue and Taxation Code.

(g) Unless a parcel or final map was approved by the legislative body of a local agency, the conversion of a community apartment project, as defined in Section 1351 of the Civil Code, to a condominium, as defined in Section 783 of the Civil Code, but only if all of the following requirements are met:

(1) At least 75 percent of the units in the project were occupied by record owners of the project on March 31, 1982.

(2) A final or parcel map of the project was properly recorded, if the property was subdivided, as defined in Section 66424, after January 1, 1964, with all of the conditions of that map remaining in effect after the conversion.

(3) The local agency certifies that the above requirements were satisfied if the local agency, by ordinance, provides for that certification.

(4) Subject to compliance with subdivision (e) of Section 1351 of the Civil Code, all conveyances and other documents necessary to effectuate the conversion shall be executed by the required number of owners in the project as specified in the bylaws or other organizational documents. If the bylaws or other organizational documents do not expressly specify

the number of owners necessary to execute the conveyances and other documents, a majority of owners in the project shall be required to execute the conveyances or other documents. Conveyances and other documents executed under the foregoing provisions shall be binding upon and affect the interests of all parties in the project.

(h) Unless a parcel or final map was approved by the legislative body of a local agency, the conversion of a stock cooperative, as defined in Section 1351 of the Civil Code, to a condominium, as defined in Section 783 of the Civil Code, but only if all of the following requirements are met:

(1) At least 51 percent of the units in the cooperative were occupied by stockholders of the cooperative on January 1, 1981, or individually owned by stockholders of the cooperative on January 1, 1981. As used in this paragraph, a cooperative unit is "individually owned" if and only if the stockholder of that unit owns or partially owns an interest in no more than one unit in the cooperative.

(2) No more than 25 percent of the shares of the cooperative were owned by any one person, as defined in Section 17, including an incorporator or director of the cooperative, on January 1, 1981.

(3) A person renting a unit in a cooperative shall be entitled at the time of conversion to all tenant rights in state or local law, including, but not limited to, rights respecting first refusal, notice, and displacement and relocation benefits.

(4) The local agency certifies that the above requirements were satisfied if the local agency, by ordinance, provides for that certification.

(5) Subject to compliance with subdivision (e) of Section 1351 of the Civil Code, all conveyances and other documents necessary to effectuate the conversion shall be executed by the required number of owners in the cooperative as specified in the bylaws or other organizational documents. If the bylaws or other organizational documents do not expressly specify the number of owners necessary to execute the conveyances and other documents, a majority of owners in the cooperative shall be required to execute the conveyances or other documents. Conveyances and other documents executed under the foregoing provisions shall be binding upon and affect the interests of all parties in the cooperative.

(i) The leasing of, or the granting of an easement to, a parcel of land, or any portion or portions thereof, in conjunction with the financing, erection, and sale or lease of a windpowered electrical generation device on the land, if the project is subject to discretionary action by the advisory agency or legislative body.

(j) The leasing or licensing of a portion of a parcel, or the granting of an easement, use permit, or similar right on a portion of a parcel, to

a telephone corporation as defined in Section 234 of the Public Utilities Code, exclusively for the placement and operation of cellular radio transmission facilities, including, but not limited to, antennae support structures, microwave dishes, structures to house cellular communications transmission equipment, power sources, and other equipment incidental to the transmission of cellular communications, if the project is subject to discretionary action by the advisory agency or legislative body.

(k) Leases of agricultural land for agricultural purposes. As used in this subdivision, "agricultural purposes" means the cultivation of food or fiber, or the grazing or pasturing of livestock.

SEC. 2. Section 66452.8 of the Government Code is amended to read:

66452.8. (a) Commencing at a date not less than 60 days prior to the filing of a tentative map pursuant to Section 66452, the subdivider or his or her agent shall give notice of the filing, in the form outlined in subdivision (b), to each person applying after that date for rental of a unit of the subject property immediately prior to the acceptance of any rent or deposit from the prospective tenant by the subdivider.

(b) The notice shall be as follows:

"To the prospective occupant(s) of

_____:

(address)

The owner(s) of this building, at (address), has filed or plans to file a tentative map with the (city, county, or city and county) to convert this building to a (condominium, community apartment, or stock cooperative project). No units may be sold in this building unless the conversion is approved by the (city, county, or city and county) and until after a public report is issued by the Department of Real Estate. If you become a tenant of this building, you shall be given notice of each hearing for which notice is required pursuant to Sections 66451.3 and 66452.5 of the Government Code, and you have the right to appear and the right to be heard at any such hearing.

_____

(signature of owner or owner's agent)

_____

(dated)

I have received this notice on _____.

(date)

_____

(prospective tenant's signature)"

(c) Failure by a subdivider or his or her agent to give the notice required in subdivision (a) shall not be grounds to deny the conversion. However, if the subdivider or his or her agent fails to give notice pursuant to this section, he or she shall pay to each prospective tenant who becomes a tenant and who was entitled to the notice, and who does not purchase his or her unit pursuant to subdivision (d) of Section 66427.1, an amount equal to the sum of the following:

(1) Actual moving expenses incurred when moving from the subject property, but not to exceed one thousand one hundred dollars ($1,100).

(2) The first month's rent on the tenant's new rental unit, if any, immediately after moving from the subject property, but not to exceed one thousand one hundred dollars ($1,100).

The requirements of this subdivision constitute a minimum state standard. However, nothing in this subdivision shall be construed to prohibit any city, county, or city and county from requiring, by ordinance or charter provision, a subdivider to compensate any tenant, whose tenancy is terminated as the result of a condominium, community apartment project, or stock cooperative conversion, in amounts or by services which exceed those set forth in paragraphs (1) and (2) of this subdivision. In the case of such a requirement by any city, county, or city and county, a subdivider who meets the compensation requirements of the local ordinance or charter provision shall be deemed to satisfy the requirements of this subdivision.

SEC. 3. Section 66452.9 of the Government Code is amended to read:

66452.9. (a) Pursuant to the provisions of subdivision (a) of Section 66427.1, the subdivider shall give notice 60 days prior to the filing of a tentative map pursuant to Section 66452 in the form outlined in subdivision (b), to each tenant of the subject property.

(b) The notice shall be as follows:

"To the occupant(s) of

_____:

(address)

The owner(s) of this building, at (address), plans to file a tentative map with the (city, county, or city and county) to convert this building to a (condominium, community apartment, or stock cooperative project). You shall be given notice of each hearing for which notice is required pursuant to Sections 66451.3 and 66452.5 of the Government Code, and you have the right to appear and the right to be heard at any such hearing.

(signature of owner or owner's agent)

(date)"

The written notices to tenants required by this section shall be deemed satisfied if the notices comply with the legal requirements for service by mail.

CHAPTER 637

An act to amend Sections 331 and 332 of the Fish and Game Code, relating to hunting.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 331 of the Fish and Game Code is amended to read:

331. (a) The commission may determine and fix the area or areas, the seasons and hours, the bag and possession limit, and the sex and total number of antelope (Antilocapra americana) that may be taken under regulations which the commission may adopt from time to time. Only a person possessing a valid hunting license, who has not received an antelope license tag under these provisions during a period of time specified by the commission, may obtain a license tag for the taking of antelope.

(b) The department may issue a license tag upon payment of a fee. The fee for a license tag shall be fifty-five dollars ($55) for a resident of the state, as adjusted under Section 713. On or before July 1, 2007, the commission shall, by regulation, fix the fee for a nonresident of the state at not less than a fee of three hundred fifty dollars ($350), as adjusted under Section 713. The fee shall be deposited in the Fish and Game Preservation Fund and shall be expended, in addition to money budgeted for salaries of persons in the department, for the expense of implementing this section.

(c) The commission shall direct the department to annually authorize not less than one antelope tag or more than 1 percent of the total number of tags available for the purpose of raising funds for programs and projects to benefit antelope. These tags may be sold at auction to residents

or nonresidents of the state or by another method and are not subject to the fee limitation prescribed in subdivision (b).

(d) The commission shall direct the department to annually authorize one antelope tag of the total number of tags available for issuance to nonresidents of the state.

SEC. 2. Section 332 of the Fish and Game Code is amended to read:

332. (a) The commission may determine and fix the area or areas, the seasons and hours, the bag and possession limit, and the number of elk that may be taken under rules and regulations which the commission may adopt from time to time. The commission may authorize the taking of tule elk if the average of the department's statewide tule elk population estimates exceeds 2,000 animals, or the Legislature determines, pursuant to the reports required by Section 3951, that suitable areas cannot be found in the state to accommodate that population in a healthy condition.

(b) Only a person possessing a valid hunting license may obtain a license tag for the taking of elk.

(c) The department may issue an elk license tag upon payment of a fee. The fee for a license tag shall be one hundred sixty-five dollars ($165) for a resident of the state, as adjusted under Section 713. On or before July 1, 2007, the commission shall, by regulation, fix the fee for a nonresident of the state at not less than one thousand fifty dollars ($1050), as adjusted under Section 713. The fees shall be deposited in the Fish and Game Preservation Fund and shall be expended, in addition to money budgeted for salaries of the department, for the expense of implementing this section and Section 3951.

(d) The commission shall annually direct the department to authorize not more than three elk hunting license tags for the purpose of raising funds for programs and projects to benefit elk. These license tags may be sold at auction to residents or nonresidents of the state or by another method and are not subject to the fee limitation prescribed in subdivision (c).

(e) The commission shall direct the department to annually authorize one elk tag of the total number of tags available for issuance to nonresidents of the state.

CHAPTER 638

An act to add Chapter 4.3 (commencing with Section 25330) to Division 15 of the Public Resources Code, relating to electricity transmission.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) California currently lacks an integrated, statewide approach to electric transmission planning and permitting that addresses the state's critical energy and environmental policy goals and allows electric transmission projects to move seamlessly from the planning phase into the permitting phase for timely approval and construction of needed electric transmission lines.

(b) Planning for and establishing a high-voltage electric transmission system to accommodate the development of renewable resources within the state, facilitate bulk power transactions, ensure access to out-of-state regions that have surplus power available, and reliably and efficiently supply existing and projected load growth is vital to the future economic and social well-being of California.

(c) To promote the efficient use of the existing transmission system, the state should do both of the following:

(1) Encourage the use of existing rights-of-way, the expansion of existing rights-of-way, and the creation of new rights-of-way in that order.

(2) Promote the efficient use of new rights-of-way, where needed, to improve system efficiency and the environmental performance of the transmission system.

(d) The construction of new high-voltage electric transmission lines within new or existing corridors has become increasingly difficult and may impose financial hardships and adverse environmental impacts on the state and its residents. It is in the interest of the state, therefore, through the electricity transmission planning process, to accomplish all of the following:

(1) Identify the long-term needs for electric transmission corridor zones within the state.

(2) Work with stakeholders, appropriate federal, state, and local agencies, and the public to study transmission corridor zone alternatives and designate appropriate transmission corridor zones for future use to ensure reliable and efficient delivery of electricity for California's residents.

(3) Integrate transmission corridor zone planning at the state level with local planning, so that designated transmission corridor zones are considered by cities and counties when they are making land use decisions.

(e) Orderly planning and development of needed high-voltage electric transmission lines through the designation of transmission corridor zones is an issue of statewide concern.

SEC. 2. Chapter 4.3 (commencing with Section 25330) is added to Division 15 of the Public Resources Code, to read:

Chapter 4.3. Designation of Transmission Corridors

25330. For purposes of this chapter, the following terms have the following meanings:

(a) "Feasible" has the same meaning as in Section 21061.1.

(b) "High-voltage electric transmission line" means an electric transmission line with an operating capacity of at least 200 kilovolts, or that is under the operational control of the California Independent System Operator.

(c) "Transmission corridor zone" means the geographic area necessary to accommodate the construction and operation of one or more high-voltage electric transmission lines. A transmission corridor zone shall not be more than 1,500 feet in width unless required to accommodate existing land uses and land uses identified in local general or specific plans, or to avoid environmental constraints or mitigate potential environmental impacts.

25331. (a) The commission may designate a transmission corridor zone on its own motion or by application of a person who plans to construct a high-voltage electric transmission line within the state. The designation of a transmission corridor zone shall serve to identify a feasible corridor where one or more future high-voltage electric transmission lines can be built that are consistent with the state's needs and objectives as set forth in the strategic plan adopted pursuant to Section 25324.

(b) A person planning to construct a high-voltage electric transmission line may submit to the commission an application to designate a proposed transmission corridor zone as being consistent with the strategic plan adopted pursuant to Section 25324. The application shall be in the form prescribed by the commission and shall be supported by any information that the commission may require.

25332. The designation of a transmission corridor zone is subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000)). The commission shall be the lead agency, as provided in Section 21165, for all transmission corridor zones proposed for designation pursuant to this chapter.

25333. (a) In developing a strategic plan pursuant to Section 25324 or considering an application for designation pursuant to this chapter,

the commission shall confer with cities and counties, federal agencies, and California Native American tribes to identify appropriate areas within their jurisdictions that may be suitable for a transmission corridor zone. The commission shall, to the extent feasible, coordinate efforts to identify long-term transmission needs of the state with the land use plans of cities, counties, federal agencies, and California Native American tribes.

(b) The commission shall not designate a transmission corridor zone within the jurisdiction of a California Native American tribe without the approval of the California Native American tribe.

25334. (a) Upon receipt of an application or upon its own motion for designation of a transmission corridor zone, the commission shall arrange for the publication of a summary of the application in a newspaper of general circulation in each county where the proposed transmission corridor zone would be located, and shall notify all property owners within, or adjacent to, the transmission corridor zone. The commission shall transmit a copy of the application for designation to all cities, counties, and state and federal agencies having an interest in the proposed transmission corridor zone. The commission shall publish the application for designation on its Internet Web site, and notify members of the public that the application is available on the commission's Internet Web site.

(b) As soon as practicable after the receipt of an application or upon its own motion for designation of a transmission corridor zone, the commission shall notify cities, counties, state and federal agencies, and California Native American tribes in whose jurisdictions the proposed transmission corridor zone would be located regarding the proposed transmission corridor zone and the objectives of the most recent strategic plan for the state's electric transmission grid. The commission's notice shall solicit information from, and the commission shall confer with, all interested cities, counties, state and federal agencies, and California Native American tribes regarding their land use plans, existing land uses, and other factors in which they have expertise or interest with respect to the proposed transmission corridor zone. The commission shall provide any interested city, county, state or federal agency, California Native American tribe, or member of the public, including any property owner within the proposed transmission corridor zone, ample opportunity to participate in the commission's review of a proposed transmission corridor zone.

(c) The commission shall request affected cities, counties, state and federal agencies, the Electricity Oversight Board, the Independent System Operator, interested California Native American tribes, and members of the public, including any property owner within the proposed transmission corridor zone, to provide comments on the suitability of

the proposed transmission corridor zone with respect to environmental, public health and safety, land use, economic, and transmission-system impacts or other factors on which they may have expertise.

(d) The commission shall require a person who files an application for the designation of a transmission corridor zone to pay a fee sufficient to reimburse the commission for all costs associated with reviewing the application. If the commission initiates the designation of a transmission corridor zone on its own motion, the commission shall fix the surcharge imposed pursuant to subdivision (b) of Section 40016 of the Revenue and Taxation Code, at a level sufficient to cover the commission's added costs.

(e) Upon receiving the commission's request for review of a proposed transmission corridor zone, a city or county may request a fee pursuant to Section 25538 to cover for the actual and added costs of this review and the commission shall pay this amount to the city or county.

25335. (a) Within 45 days of receipt of the application or motion for designation, the commission shall commence public informational hearings in the county or counties where the proposed transmission corridor zone would be located.

(b) The purpose of the hearings shall be to do all of the following:

(1) Provide information about the proposed transmission corridor zone so that the public and interested agencies have a clear understanding of what is being proposed.

(2) Explain the relationship of the proposed transmission corridor zone to the commission's strategic plan for the state's electric transmission grid, as set forth in the most recent integrated energy policy report adopted pursuant to Chapter 4 (commencing with Section 25300).

(3) Receive initial comments about the proposed transmission corridor zone from the public and interested agencies.

(4) Solicit information on reasonable alternatives to the proposed transmission corridor zone.

25336. (a) Within 155 days of the final informational hearing, the commission shall conduct a prehearing conference to determine the issues to be considered in hearings pursuant to this section, to identify the dates for the hearings, and to set forth filing dates for public comments and testimony from the parties and interested agencies. Within 15 days of the prehearing conference, the commission shall issue a hearing order setting forth the issues to be heard, the dates of the hearings, and the filing dates for comments and testimony.

(b) The commission shall conduct hearings pursuant to the hearing order. The purpose of the hearings shall be to receive information upon which the commission can make findings and conclusions pursuant to Section 25337.

25337. After the conclusion of hearings conducted pursuant to Section 25336, and no later than 180 days after the date of certification of the environmental impact report prepared pursuant to Section 25332, the commission shall issue a proposed decision that contains its findings and conclusions regarding all of the following matters:

(a) Conformity of the proposed transmission corridor zone with the strategic plan adopted pursuant to Section 25324.

(b) Suitability of the proposed transmission corridor zone with respect to environmental, public health and safety, land use, economic, and transmission-system impacts.

(c) Mitigation measures and alternatives as may be needed to protect environmental quality, public health and safety, the state's electric transmission grid, or any other relevant matter.

(d) Other factors that the commission considers relevant.

25338. As soon as practicable after the commission designates a transmission corridor zone, it shall post a copy of its decision on its Internet Web site, send a copy of its decision, including a description of the transmission corridor zone, to each affected city, county, state agency, and federal agency, and notify property owners within or adjacent to the corridor of the availability of the decision on the commission's Internet Web site.

25339. After the commission designates a transmission corridor zone, it shall identify that transmission corridor zone in its subsequent strategic plans adopted pursuant to Section 25324. The commission shall regularly review and revise its designated transmission corridor zones as necessary, but not less than once every 10 years. In revising designations of transmission corridor zones, the commission shall follow the procedures of this chapter. If, upon regular review or at any other time, the commission finds that a transmission corridor zone is no longer needed, the commission shall revise or repeal the designation and, as soon as practicable, notify the affected cities, counties, state and federal agencies, and property owners within, or adjacent to, the transmission corridor zone.

25340. After receiving notice from the commission regarding the designation or revision of a transmission corridor zone within its jurisdiction, each city or county shall consider the designated transmission corridor zone when making a determination regarding a land use change within or adjacent to the transmission corridor zone that could affect its continuing viability to accommodate a transmission line planned within the transmission corridor zone. Nothing in this section shall preclude compatible uses within or adjacent to a designated transmission corridor zone.

25341. (a) Within a designated transmission corridor zone, within 10 days of accepting as complete an application pursuant to Section 65943 of the Government Code for a development project that a city or county determines would threaten the potential to construct a high-voltage electric transmission line, the city or county shall notify the commission of the proposed development project. The notice shall include a copy of the application, and set a deadline that is not less than 60 days from the date of the notice for the commission to provide written comments to the city or county regarding the proposed development project.

(b) If the commission finds that the proposed development project would threaten the potential to construct a high-voltage electric transmission line within the designated transmission corridor zone, the commission shall provide written comments to the city or county. The commission may recommend revisions to, redesign of, or mitigation measures for the proposed development project that would eliminate or reduce the threat.

(c) The city or county shall consider the commission's comments, if any, prior to acting on the proposed development project. If the commission objects to the proposed development project, the city or county shall provide a written response that shall address in detail why it did not accept the commission's comments and recommendations.

SEC. 3. The Legislature finds and declares that Sections 65104 and 66014 of the Government Code provide local agencies with authority to levy fees sufficient to pay for the program or level of service mandated by this act.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 639

An act to amend Sections 6205, 6205.5, and 6206 of, and to amend the heading of Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of, the Government Code, to amend Section 124250 of the Health and Safety Code, and to amend Section 13823.15 of the Penal Code, relating to victims of crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The heading of Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code is amended to read:

CHAPTER 3.1. ADDRESS CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE, SEXUAL ASSAULT, AND STALKING

SEC. 2. Section 6205 of the Government Code is amended to read:

6205. The Legislature finds that persons attempting to escape from actual or threatened domestic violence, sexual assault, or stalking frequently establish new names or addresses in order to prevent their assailants or probable assailants from finding them. The purpose of this chapter is to enable state and local agencies to respond to requests for public records without disclosing the changed name or location of a victim of domestic violence, sexual assault, or stalking, to enable interagency cooperation with the Secretary of State in providing name and address confidentiality for victims of domestic violence, sexual assault, or stalking, and to enable state and local agencies to accept a program participant's use of an address designated by the Secretary of State as a substitute mailing address.

SEC. 3. Section 6205.5 of the Government Code is amended to read:

6205.5. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(a) "Address" means a residential street address, school address, or work address of an individual, as specified on the individual's application to be a program participant under this chapter.

(b) "Domestic violence" means an act as defined in Section 6211 of the Family Code.

(c) "Program participant" means a person certified as a program participant under Section 6206.

(d) "Sexual assault" means an act or attempt made punishable by Section 220, 261, 261.5, 262, 264.1, 266c, 269, 285, 286, 288, 288.5, 288a, 289, or 647.6 of the Penal Code.

(e) "Stalking" means an act as defined in Section 646.9 of the Penal Code.

SEC. 4. Section 6206 of the Government Code is amended to read:

6206. (a) An adult person, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of an incapacitated person may apply to the Secretary of State to have an address designated by the Secretary of State serve as the person's address or the address of the minor or incapacitated person. An application shall be completed in

person at a community-based victims' assistance program. The application process shall include a requirement that the applicant shall meet with a victims' assistance counselor and receive orientation information about the program. The Secretary of State shall approve an application if it is filed in the manner and on the form prescribed by the Secretary of State and if it contains all of the following:

(1) A sworn statement by the applicant that the applicant has good reason to believe both of the following:

(A) That the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence, sexual assault, or stalking.

(B) That the applicant fears for his or her safety or his or her children's safety, or the safety of the minor or incapacitated person on whose behalf the application is made.

(2) If the applicant alleges that the basis for the application is that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence or sexual assault, the application may be accompanied by evidence including, but not limited to, any of the following:

(A) Police, court, or other government agency records or files.

(B) Documentation from a domestic violence or sexual assault program if the person is alleged to be a victim of domestic violence or sexual assault.

(C) Documentation from a legal, clerical, medical, or other professional from whom the applicant or person on whose behalf the application is made has sought assistance in dealing with the alleged domestic violence or sexual assault.

(D) Any other evidence that supports the sworn statement, such as a statement from any other individual with knowledge of the circumstances that provides the basis for the claim, or physical evidence of the act or acts of domestic violence or sexual assault.

(3) If the applicant alleges that the basis for the application is that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of stalking, the application shall be accompanied by evidence including, but not limited to, any of the following:

(A) Police, court, or other government agency records or files.

(B) Legal, clerical, medical, or other professional from whom the applicant or person on whose behalf the application is made has sought assistance in dealing with the alleged stalking.

(C) Any other evidence that supports the sworn statement, such as a sworn statement from any other individual with knowledge of the

circumstances that provide the basis for the claim, or physical evidence of the act or acts of stalking.

(4) A statement of whether there are any existing court orders involving the applicant for child support, child custody, or child visitation, and whether there are any active court actions involving the applicant for child support, child custody, or child visitation, the name and address of legal counsel of record, and the last known address of the other parent or parents involved in those court orders or court actions.

(5) A designation of the Secretary of State as agent for purposes of service of process and for the purpose of receipt of mail.

(A) Service on the Secretary of State of any summons, writ, notice, demand, or process shall be made by delivering to the address confidentiality program personnel of the Office of the Secretary of State two copies of the summons, writ, notice, demand, or process.

(B) If a summons, writ, notice, demand, or process is served on the Secretary of State, the Secretary of State shall immediately cause a copy to be forwarded to the program participant at the address shown on the records of the address confidentiality program so that the summons, writ, notice, demand, or process is received by the program participant within three days of the Secretary of State's having received it.

(C) The Secretary of State shall keep a record of all summonses, writs, notices, demands, and processes served upon the Secretary of State under this section and shall record the time of that service and the Secretary of State's action.

(D) The office of the Secretary of State and any agent or person employed by the Secretary of State shall be held harmless from any liability in any action brought by any person injured or harmed as a result of the handling of first-class mail on behalf of program participants.

(6) The mailing address where the applicant can be contacted by the Secretary of State, and the phone number or numbers where the applicant can be called by the Secretary of State.

(7) The address or addresses that the applicant requests not be disclosed for the reason that disclosure will increase the risk of domestic violence, sexual assault, or stalking.

(8) The signature of the applicant and of any individual or representative of any office designated in writing under Section 6208.5 who assisted in the preparation of the application, and the date on which the applicant signed the application.

(b) Applications shall be filed with the office of the Secretary of State.

(c) Upon filing a properly completed application, the Secretary of State shall certify the applicant as a program participant. Applicants shall be certified for four years following the date of filing unless the

certification is withdrawn or invalidated before that date. The Secretary of State shall by rule establish a renewal procedure.

(d) Upon certification, in any case where there are court orders or court actions identified in paragraph (4) of subdivision (a) and there is no other or superseding court order dictating the specific terms of communication between the parties, the Secretary of State shall, within 10 days, notify the other parent or parents of the address designated by the Secretary of State for the program participant and the designation of the Secretary of State as agent for purposes of service of process. The notice shall be given by mail, return receipt requested, postage prepaid, to the last known address of the other parent to be notified. A copy shall also be sent to that parent's counsel of record.

(e) A person who falsely attests in an application that disclosure of the applicant's address would endanger the applicant's safety or the safety of the applicant's children or the minor or incapacitated person on whose behalf the application is made, or who knowingly provides false or incorrect information upon making an application, is guilty of a misdemeanor. A notice shall be printed in bold type and in a conspicuous location on the face of the application informing the applicant of the penalties under this subdivision.

SEC. 5. Section 124250 of the Health and Safety Code is amended to read:

124250. (a) The following definitions shall apply for purposes of this section:

(1) "Domestic violence" means the infliction or threat of physical harm against past or present adult or adolescent female intimate partners, and shall include physical, sexual, and psychological abuse against the woman, and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over, that woman.

(2) "Shelter-based" means an established system of services where battered women and their children may be provided safe or confidential emergency housing on a 24-hour basis, including, but not limited to, hotel or motel arrangements, haven, and safe houses.

(3) "Emergency shelter" means a confidential or safe location that provides emergency housing on a 24-hour basis for battered women and their children.

(b) The Maternal and Child Health Branch of the State Department of Health Services shall administer a comprehensive shelter-based services grant program to battered women's shelters pursuant to this section.

(c) The Maternal and Child Health Branch shall administer grants, awarded as the result of a request for application process, to battered

women's shelters that propose to maintain shelters or services previously granted funding pursuant to this section, to expand existing services or create new services, and to establish new battered women's shelters to provide services, in any of the following four areas:

(1) Emergency shelter to women and their children escaping violent family situations.

(2) Transitional housing programs to help women and their children find housing and jobs so that they are not forced to choose between returning to a violent relationship or becoming homeless. The programs may offer up to 18 months of housing, case management, job training and placement, counseling, support groups, and classes in parenting and family budgeting.

(3) Legal and other types of advocacy and representation to help women and their children pursue the appropriate legal options.

(4) Other support services for battered women and their children.

(d) (1) The Maternal and Child Health Branch of the State Department of Health Services shall conduct a minimum of one site visit per grant term to each agency funded to provide shelter-based services to battered women and their children. The purpose of the site visit shall be a performance assessment of, and technical assistance for, each agency visited. The performance assessment shall include, but need not be limited to, a review of all of the following:

(A) Progress in meeting program goals and objectives.

(B) Agency organization and facilities.

(C) Personnel policies, files, and training.

(D) Recordkeeping, budgeting, and expenditures.

(E) Documentation, data collection, and client confidentiality.

(2) Subsequent to each site visit conducted under paragraph (1), the Maternal and Child Health Branch shall provide a written report to the agency summarizing the agency's performance, any deficiencies noted, and any corrective action needed.

(3) If an agency receives funding from both the Maternal and Child Health Branch of the State Department of Health Services and the Comprehensive Statewide Domestic Violence Program in the Office of Emergency Services during any grant cycle, the Maternal and Child Health Branch and the Comprehensive Statewide Domestic Violence Program shall, to the extent feasible, coordinate agency site visits and share performance assessment data with the goal of improving efficiency, eliminating duplication, and reducing administrative costs.

(e) In implementing the grant program pursuant to this section, the State Department of Health Services shall consult with an advisory council that shall remain in existence until January 1, 2010. The council

shall be composed of not to exceed 13 voting members and two nonvoting members appointed as follows:

(1) Seven members appointed by the Governor.

(2) Three members appointed by the Speaker of the Assembly.

(3) Three members appointed by the Senate Committee on Rules.

(4) Two nonvoting ex officio members who shall be Members of the Legislature, one appointed by the Speaker of the Assembly and one appointed by the Senate Committee on Rules. Any Member of the Legislature appointed to the council shall meet with, and participate in the activities of, the council to the extent that participation is not incompatible with his or her position as a Member of the Legislature.

The membership of the council shall consist of domestic violence advocates, battered women service providers, and representatives of women's organizations, law enforcement, and other groups involved with domestic violence. At least one-half of the council membership shall consist of domestic violence advocates or battered women service providers from organizations such as the California Alliance Against Domestic Violence.

It is the intent of the Legislature that the council membership reflect the ethnic, racial, cultural, and geographic diversity of the state.

(f) The department shall collaborate closely with the council in the development of funding priorities, the framing of the Request for Proposals, and the solicitation of proposals.

(g) (1) The Maternal and Child Health Branch of the State Department of Health Services shall administer grants, awarded as the result of a request for application process, to agencies to conduct demonstration projects to serve battered women, including, but not limited to, creative and innovative service approaches, such as community response teams and pilot projects to develop new interventions emphasizing prevention and education, and other support projects identified by the advisory council.

(2) For purposes of this subdivision, "agency" means a state agency, a local government, a community-based organization, or a nonprofit organization.

(h) It is the intent of the Legislature that services funded by this program include services in underserved and ethnic and racial communities. Therefore, the Maternal and Child Health Branch of the State Department of Health Services shall do all of the following:

(1) Fund shelters pursuant to this section that reflect the ethnic, racial, economic, cultural, and geographic diversity of the state.

(2) Target geographic areas and ethnic and racial communities of the state whereby, based on a needs assessment, it is determined that no shelter-based services exist or that additional resources are necessary.

(i) The director may award additional grants to shelter-based agencies when it is determined that there exists a critical need for shelter or shelter-based services.

(j) As a condition of receiving funding pursuant to this section, battered women's shelters shall do all of the following:

(1) Provide matching funds or in-kind contributions equivalent to not less than 20 percent of the grant they would receive. The matching funds or in-kind contributions may come from other governmental or private sources.

(2) Ensure that appropriate staff and volunteers having client contact meet the definition of "domestic violence counselor" as specified in subdivision (a) of Section 1037.1 of the Evidence Code. The minimum training specified in paragraph (2) of subdivision (a) of Section 1037.1 of the Evidence Code shall be provided to those staff and volunteers who do not meet the requirements of paragraph (1) of subdivision (a) of Section 1037.1 of the Evidence Code.

SEC. 5.5. Section 124250 of the Health and Safety Code is amended to read:

124250. (a) The following definitions shall apply for purposes of this section:

(1) "Domestic violence" means the infliction or threat of physical harm against past or present adult or adolescent female intimate partners, and shall include physical, sexual, and psychological abuse against the woman, and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over, that woman.

(2) "Shelter-based" means an established system of services where battered women and their children may be provided safe or confidential emergency housing on a 24-hour basis, including, but not limited to, hotel or motel arrangements, haven, and safe houses.

(3) "Emergency shelter" means a confidential or safe location that provides emergency housing on a 24-hour basis for battered women and their children.

(b) The Maternal and Child Health Branch of the State Department of Health Services shall administer a comprehensive shelter-based services grant program to battered women's shelters pursuant to this section.

(c) The Maternal and Child Health Branch shall administer grants, awarded as the result of a request for application process, to battered women's shelters that propose to maintain shelters or services previously granted funding pursuant to this section, to expand existing services or create new services, and to establish new battered women's shelters to provide services, in any of the following four areas:

(1) Emergency shelter to women and their children escaping violent family situations.

(2) Transitional housing programs to help women and their children find housing and jobs so that they are not forced to choose between returning to a violent relationship or becoming homeless. The programs may offer up to 18 months of housing, case management, job training and placement, counseling, support groups, and classes in parenting and family budgeting.

(3) Legal and other types of advocacy and representation to help women and their children pursue the appropriate legal options.

(4) Other support services for battered women and their children.

(d) (1) The Maternal and Child Health Branch of the State Department of Health Services shall conduct a minimum of one site visit per grant term to each agency funded to provide shelter-based services to battered women and their children. The purpose of the site visit shall be a performance assessment of, and technical assistance for, each agency visited. The performance assessment shall include, but need not be limited to, a review of all of the following:

(A) Progress in meeting program goals and objectives.

(B) Agency organization and facilities.

(C) Personnel policies, files, and training.

(D) Recordkeeping, budgeting, and expenditures.

(E) Documentation, data collection, and client confidentiality.

(2) Subsequent to each site visit conducted under paragraph (1), the Maternal and Child Health Branch shall provide a written report to the agency summarizing the agency's performance, any deficiencies noted, and any corrective action needed.

(3) If an agency receives funding from both the Maternal and Child Health Branch of the State Department of Health Services and the Domestic Violence Program in the Office of Emergency Services during any grant cycle, the Maternal and Child Health Branch and the Comprehensive Statewide Domestic Violence Program shall, to the extent feasible, coordinate agency site visits and share performance assessment data with the goal of improving efficiency, eliminating duplication, and reducing administrative costs.

(e) In implementing the grant program pursuant to this section, the State Department of Health Services shall consult with an advisory council that shall remain in existence until January 1, 2010. The council shall be composed of not to exceed 13 voting members and two nonvoting ex officio members appointed as follows:

(1) Seven members appointed by the Governor.

(2) Three members appointed by the Speaker of the Assembly.

(3) Three members appointed by the Senate Committee on Rules.

(4) Two nonvoting ex officio members who shall be Members of the Legislature, one appointed by the Speaker of the Assembly and one appointed by the Senate Committee on Rules. Any Member of the Legislature appointed to the council shall meet with, and participate in the activities of, the council to the extent that participation is not incompatible with his or her position as a Member of the Legislature.

The membership of the council shall consist of domestic violence advocates, battered women service providers, and representatives of women's organizations, law enforcement, and other groups involved with domestic violence, and at least one representative of service providers serving the lesbian, gay, bisexual, and transgender community for purposes of domestic violence. At least one-half of the council membership shall consist of domestic violence advocates or battered women service providers from organizations such as the California Partnership to End Domestic Violence.

It is the intent of the Legislature that the council membership reflect the ethnic, racial, cultural, and geographic diversity of the state.

(f) The department shall collaborate closely with the council in the development of funding priorities, the framing of the Request for Proposals, and the solicitation of proposals.

(g) (1) The Maternal and Child Health Branch of the State Department of Health Services shall administer grants, awarded as the result of a request for application process, to agencies to conduct demonstration projects to serve battered women and their children, including, but not limited to, creative and innovative service approaches, such as community response teams and pilot projects to develop new interventions emphasizing prevention and education, and other support projects identified by the advisory council.

(2) For purposes of this subdivision, "agency" means a state agency, a local government, a community-based organization, or a nonprofit organization.

(h) It is the intent of the Legislature that services funded by this program include services for battered women in underserved communities, including the lesbian, gay, bisexual, and transgender community, and ethnic and racial communities. Therefore, the Maternal and Child Health Branch of the State Department of Health Services shall do all of the following:

(1) Fund shelters pursuant to this section that reflect the ethnic, racial, economic, cultural, and geographic diversity of the state.

(2) Target geographic areas and ethnic and racial communities of the state whereby, based on a needs assessment, it is determined that no shelter-based services for battered women exist or that additional resources are necessary.

(i) The director may award additional grants to shelter-based agencies when it is determined that there exists a critical need for shelter or shelter-based services.

(j) As a condition of receiving funding pursuant to this section, battered women's shelters shall do all of the following:

(1) Provide matching funds or in-kind contributions equivalent to not less than 20 percent of the grant they would receive. The matching funds or in-kind contributions may come from other governmental or private sources.

(2) Ensure that appropriate staff and volunteers having client contact meet the definition of "domestic violence counselor" as specified in subdivision (a) of Section 1037.1 of the Evidence Code. The minimum training specified in paragraph (2) of subdivision (a) of Section 1037.1 of the Evidence Code shall be provided to those staff and volunteers who do not meet the requirements of paragraph (1) of subdivision (a) of Section 1037.1 of the Evidence Code.

SEC. 6. Section 13823.15 of the Penal Code is amended to read:

13823.15. (a) The Legislature finds the problem of domestic violence to be of serious and increasing magnitude. The Legislature also finds that existing domestic violence services are underfunded and that some areas of the state are unserved or underserved. Therefore, it is the intent of the Legislature that a goal or purpose of the Office of Emergency Services (OES) shall be to ensure that all victims of domestic violence served by the OES Comprehensive Statewide Domestic Violence Program receive comprehensive, quality services.

(b) There is in the OES a Comprehensive Statewide Domestic Violence Program. The goals of the program shall be to provide local assistance to existing service providers, to maintain and expand services based on a demonstrated need, and to establish a targeted or directed program for the development and establishment of domestic violence services in currently unserved and underserved areas. The OES shall provide financial and technical assistance to local domestic violence centers in implementing all of the following services:

(1) Twenty-four-hour crisis hotlines.
(2) Counseling.
(3) Business centers.
(4) Emergency "safe" homes or shelters for victims and families.
(5) Emergency food and clothing.
(6) Emergency response to calls from law enforcement.
(7) Hospital emergency room protocol and assistance.
(8) Emergency transportation.
(9) Supportive peer counseling.
(10) Counseling for children.

(11) Court and social service advocacy.

(12) Legal assistance with temporary restraining orders, devices, and custody disputes.

(13) Community resource and referral.

(14) Household establishment assistance.

Priority for financial and technical assistance shall be given to emergency shelter programs and "safe" homes for victims of domestic violence and their children.

(c) Except as provided in subdivision (f), the OES and the advisory committee established pursuant to Section 13823.16 shall collaboratively administer the Comprehensive Statewide Domestic Violence Program, and shall allocate funds to local centers meeting the criteria for funding. All organizations funded pursuant to this section shall utilize volunteers to the greatest extent possible.

The centers may seek, receive, and make use of any funds which may be available from all public and private sources to augment any state funds received pursuant to this section.

Centers receiving funding shall provide cash or an in-kind match of at least 10 percent of the funds received pursuant to this section.

(d) The OES shall conduct statewide training workshops on domestic violence for local centers, law enforcement, and other service providers designed to enhance service programs. The workshops shall be planned in conjunction with practitioners and experts in the field of domestic violence prevention.

(e) The OES shall develop and disseminate throughout the state information and materials concerning domestic violence. The OES shall also establish a resource center for the collection, retention, and distribution of educational materials related to domestic violence. The OES may utilize and contract with existing domestic violence technical assistance centers in this state in complying with the requirements of this subdivision.

(f) The funding process for distributing grant awards to domestic violence shelter service providers (DVSSPs) shall be administered by the OES as follows:

(1) The OES shall establish each of the following:

(A) The process and standards for determining whether to grant, renew, or deny funding to any DVSSP applying or reapplying for funding under the terms of the program.

(B) For DVSSPs applying for grants under the RFP process described in paragraph (2), a system for grading grant applications in relation to the standards established pursuant to subparagraph (A), and an appeal process for applications that are denied. A description of this grading

system and appeal process shall be provided to all DVSSPs as part of the application required under the RFP process.

(C) For DVSSPs reapplying for funding under the RFA process described in paragraph (4), a system for grading the performance of DVSSPs in relation to the standards established pursuant to subparagraph (A), and an appeal process for decisions to deny or reduce funding. A description of this grading system and appeal process shall be provided to all DVSSPs receiving grants under this program.

(2) Grants for shelters that were not funded in the previous cycle shall be awarded as a result of a competitive request for proposal (RFP) process. The RFP process shall comply with all applicable state and federal statutes for domestic violence shelter funding, and to the extent possible, the response to the RFP shall not exceed 25 narrative pages, excluding attachments.

(3) Grants shall be awarded to DVSSPs that propose to maintain shelters or services previously granted funding pursuant to this section, to expand existing services or create new services, or to establish new domestic violence shelters in underserved or unserved areas. Each grant shall be awarded for a three-year term.

(4) DVSSPs reapplying for grants shall not be subject to a competitive grant process, but shall be subject to a request for application (RFA) process. The RFA process shall consist in part of an assessment of the past performance history of the DVSSP in relation to the standards established pursuant to paragraph (1). The RFA process shall comply with all applicable state and federal statutes for domestic violence center funding, and to the extent possible, the response to the RFA shall not exceed 10 narrative pages, excluding attachments.

(5) Any DVSSP funded through this program in the previous grant cycle, including any DVSSP funded by Chapter 707 of the Statutes of 2001, shall be funded upon reapplication, unless, pursuant to the assessment required under the RFA process, its past performance history fails to meet the standards established by the OES pursuant to paragraph (1).

(6) The OES shall conduct a minimum of one site visit every three years for each DVSSP funded pursuant to this subdivision. The purpose of the site visit shall be to conduct a performance assessment of, and provide subsequent technical assistance for, each shelter visited. The performance assessment shall include, but need not be limited to, a review of all of the following:

(A) Progress in meeting program goals and objectives.

(B) Agency organization and facilities.

(C) Personnel policies, files, and training.

(D) Recordkeeping, budgeting, and expenditures.

(E) Documentation, data collection, and client confidentiality.

(7) After each site visit conducted pursuant to paragraph (6), the OES shall provide a written report to the DVSSP summarizing the performance of the DVSSP, any deficiencies noted, any corrective action needed, and a deadline for corrective action to be completed. The OES shall also develop a corrective action plan for verifying the completion of any corrective action required. The OES shall submit its written report to the DVSSP no more than 60 days after the site visit. No grant under the RFA process shall be denied if the DVSSP has not received a site visit during the previous three years, unless the OES is aware of criminal violations relative to the administration of grant funding.

(8) If an agency receives funding from both the Comprehensive Statewide Domestic Violence Program in the Office of Emergency Services and the Maternal and Child Health Branch of the State Department of Health Services during any grant cycle, the Comprehensive Statewide Domestic Violence Program and the Maternal and Child Health Branch shall, to the extent feasible, coordinate agency site visits and share performance assessment data with the goal of improving efficiency, eliminating duplication, and reducing administrative costs.

(9) DVSSPs receiving written reports of deficiencies or orders for corrective action after a site visit shall be given no less than six months' time to take corrective action before the deficiencies or failure to correct may be considered in the next RFA process. However, the OES shall have the discretion to reduce the time to take corrective action in cases where the deficiencies present a significant health or safety risk or when other severe circumstances are found to exist. If corrective action is deemed necessary, and a DVSSP fails to comply, or if other deficiencies exist that, in the judgment of the OES, cannot be corrected, the OES shall determine, using its grading system, whether continued funding for the DVSSP should be reduced or denied altogether. If a DVSSP has been determined to be deficient, the OES may, at any point during the DVSSP's funding cycle following the expiration of the period for corrective action, deny or reduce any further funding.

(10) If a DVSSP applies or reapplies for funding pursuant to this section and that funding is denied or reduced, the decision to deny or reduce funding shall be provided in writing to the DVSSP, along with a written explanation of the reasons for the reduction or denial made in accordance with the grading system for the RFP or RFA process. Except as otherwise provided, any appeal of the decision to deny or reduce funding shall be made in accordance with the appeal process established by the OES. The appeal process shall allow a DVSSP a minimum of 30

days to appeal after a decision to deny or reduce funding. All pending appeals shall be resolved before final funding decisions are reached.

(11) It is the intent of the Legislature that priority for additional funds that become available shall be given to currently funded, new, or previously unfunded DVSSPs for expansion of services. However, the OES may determine when expansion is needed to accommodate underserved or unserved areas. If supplemental funding is unavailable, the OES shall have the authority to lower the base level of grants to all currently funded DVSSPs in order to provide funding for currently funded, new, or previously unfunded DVSSPs that will provide services in underserved or unserved areas. However, to the extent reasonable, funding reductions shall be reduced proportionately among all currently funded DVSSPs. After the amount of funding reductions has been determined, DVSSPs that are currently funded and those applying for funding shall be notified of changes in the available level of funding prior to the next application process. Funding reductions made under this paragraph shall not be subject to appeal.

(12) Notwithstanding any other provision of this section, OES may reduce funding to a DVSSP funded pursuant to this section if federal funding support is reduced. Funding reductions as a result of a reduction in federal funding shall not be subject to appeal.

(13) Nothing in this section shall be construed to supersede any function or duty required by federal acts, rules, regulations, or guidelines for the distribution of federal grants.

(14) As a condition of receiving funding pursuant to this section, DVSSPs shall do all of the following:

(A) Provide matching funds or in-kind contributions equivalent to not less than 10 percent of the grant they would receive. The matching funds or in-kind contributions may come from other governmental or private sources.

(B) Ensure that appropriate staff and volunteers having client contact meet the definition of "domestic violence counselor" as specified in subdivision (a) of Section 1037.1 of the Evidence Code. The minimum training specified in paragraph (2) of subdivision (a) of Section 1037.1 of the Evidence Code shall be provided to those staff and volunteers who do not meet the requirements of paragraph (1) of subdivision (a) of Section 1037.1 of the Evidence Code.

(15) The following definitions shall apply for purposes of this subdivision:

(A) "Domestic violence" means the infliction or threat of physical harm against past or present adult or adolescent female intimate partners, including physical, sexual, and psychological abuse against the woman,

and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over that woman.

(B) "Domestic violence shelter service provider" or "DVSSP" means a victim services provider that operates an established system of services providing safe and confidential emergency housing on a 24-hour basis for victims of domestic violence and their children, including, but not limited to, hotel or motel arrangements, haven, and safe houses.

(C) "Emergency shelter" means a confidential or safe location that provides emergency housing on a 24-hour basis for victims of domestic violence and their children.

(g) The OES may hire the support staff and utilize all resources necessary to carry out the purposes of this section. The OES shall not utilize more than 10 percent of any funds appropriated for the purpose of the program established by this section for the administration of that program.

SEC. 6.5. Section 13823.15 of the Penal Code is amended to read:

13823.15. (a) The Legislature finds the problem of domestic violence to be of serious and increasing magnitude. The Legislature also finds that existing domestic violence services are underfunded and that some areas of the state are unserved or underserved. Therefore, it is the intent of the Legislature that a goal or purpose of the Office of Emergency Services (OES) shall be to ensure that all victims of domestic violence served by the OES Comprehensive Statewide Domestic Violence Program receive comprehensive, quality services.

(b) There is in the OES a Comprehensive Statewide Domestic Violence Program. The goals of the program shall be to provide local assistance to existing service providers, to maintain and expand services based on a demonstrated need, and to establish a targeted or directed program for the development and establishment of domestic violence services in currently unserved and underserved areas. The OES shall provide financial and technical assistance to local domestic violence centers in implementing all of the following services:

(1) Twenty-four-hour crisis hotlines.
(2) Counseling.
(3) Business centers.
(4) Emergency "safe" homes or shelters for victims and families.
(5) Emergency food and clothing.
(6) Emergency response to calls from law enforcement.
(7) Hospital emergency room protocol and assistance.
(8) Emergency transportation.
(9) Supportive peer counseling.
(10) Counseling for children.
(11) Court and social service advocacy.

(12) Legal assistance with temporary restraining orders, devices, and custody disputes.

(13) Community resource and referral.

(14) Household establishment assistance.

Priority for financial and technical assistance shall be given to emergency shelter programs and "safe" homes for victims of domestic violence and their children.

(c) Except as provided in subdivision (f), the OES and the advisory committee established pursuant to Section 13823.16 shall collaboratively administer the Comprehensive Statewide Domestic Violence Program, and shall allocate funds to local centers meeting the criteria for funding. All organizations funded pursuant to this section shall utilize volunteers to the greatest extent possible.

The centers may seek, receive, and make use of any funds which may be available from all public and private sources to augment any state funds received pursuant to this section.

Centers receiving funding shall provide cash or an in-kind match of at least 10 percent of the funds received pursuant to this section.

(d) The OES shall conduct statewide training workshops on domestic violence for local centers, law enforcement, and other service providers designed to enhance service programs. The workshops shall be planned in conjunction with practitioners and experts in the field of domestic violence prevention. The workshops shall include a curriculum component on lesbian, gay, bisexual, and transgender specific domestic abuse.

(e) The OES shall develop and disseminate throughout the state information and materials concerning domestic violence. The OES shall also establish a resource center for the collection, retention, and distribution of educational materials related to domestic violence. The OES may utilize and contract with existing domestic violence technical assistance centers in this state in complying with the requirements of this subdivision.

(f) The funding process for distributing grant awards to domestic violence shelter service providers (DVSSPs) shall be administered by the OES as follows:

(1) The OES shall establish each of the following:

(A) The process and standards for determining whether to grant, renew, or deny funding to any DVSSP applying or reapplying for funding under the terms of the program.

(B) For DVSSPs applying for grants under the request for proposal process described in paragraph (2), a system for grading grant applications in relation to the standards established pursuant to subparagraph (A), and an appeal process for applications that are denied.

A description of this grading system and appeal process shall be provided to all DVSSPs as part of the application required under the RFP process.

(C) For DVSSPs reapplying for funding under the request for application process described in paragraph (4), a system for grading the performance of DVSSPs in relation to the standards established pursuant to subparagraph (A), and an appeal process for decisions to deny or reduce funding. A description of this grading system and appeal process shall be provided to all DVSSPs receiving grants under this program.

(2) Grants for shelters that were not funded in the previous cycle shall be awarded as a result of a competitive request for proposal (RFP) process. The RFP process shall comply with all applicable state and federal statutes for domestic violence shelter funding, and to the extent possible, the response to the RFP shall not exceed 25 narrative pages, excluding attachments.

(3) Grants shall be awarded to DVSSPs that propose to maintain shelters or services previously granted funding pursuant to this section, to expand existing services or create new services, or to establish new domestic violence shelters in underserved or unserved areas. Each grant shall be awarded for a three-year term.

(4) DVSSPs reapplying for grants shall not be subject to a competitive grant process, but shall be subject to a request for application (RFA) process. The RFA process shall consist in part of an assessment of the past performance history of the DVSSP in relation to the standards established pursuant to paragraph (1). The RFA process shall comply with all applicable state and federal statutes for domestic violence center funding, and to the extent possible, the response to the RFA shall not exceed 10 narrative pages, excluding attachments.

(5) Any DVSSP funded through this program in the previous grant cycle, including any DVSSP funded by Chapter 707 of the Statutes of 2001, shall be funded upon reapplication, unless, pursuant to the assessment required under the RFA process, its past performance history fails to meet the standards established by the OES pursuant to paragraph (1).

(6) The OES shall conduct a minimum of one site visit every three years for each DVSSP funded pursuant to this subdivision. The purpose of the site visit shall be to conduct a performance assessment of, and provide subsequent technical assistance for, each shelter visited. The performance assessment shall include, but need not be limited to, a review of all of the following:

(A) Progress in meeting program goals and objectives.

(B) Agency organization and facilities.

(C) Personnel policies, files, and training.

(D) Recordkeeping, budgeting, and expenditures.

(E) Documentation, data collection, and client confidentiality.

(7) After each site visit conducted pursuant to paragraph (6), the OES shall provide a written report to the DVSSP summarizing the performance of the DVSSP, any deficiencies noted, any corrective action needed, and a deadline for corrective action to be completed. The OES shall also develop a corrective action plan for verifying the completion of any corrective action required. The OES shall submit its written report to the DVSSP no more than 60 days after the site visit. No grant under the RFA process shall be denied if the DVSSP has not received a site visit during the previous three years, unless the OES is aware of criminal violations relative to the administration of grant funding.

(8) If an agency receives funding from both the Comprehensive Statewide Domestic Violence Program in the Office of Emergency Services and the Maternal and Child Health Branch of the State Department of Health Services during any grant cycle, the Comprehensive Statewide Domestic Violence Program and the Maternal and Child Health Branch shall, to the extent feasible, coordinate agency site visits and share performance assessment data with the goal of improving efficiency, eliminating duplication, and reducing administrative costs.

(9) DVSSPs receiving written reports of deficiencies or orders for corrective action after a site visit shall be given no less than six months' time to take corrective action before the deficiencies or failure to correct may be considered in the next RFA process. However, the OES shall have the discretion to reduce the time to take corrective action in cases where the deficiencies present a significant health or safety risk or when other severe circumstances are found to exist. If corrective action is deemed necessary, and a DVSSP fails to comply, or if other deficiencies exist that, in the judgment of the OES, cannot be corrected, the OES shall determine, using its grading system, whether continued funding for the DVSSP should be reduced or denied altogether. If a DVSSP has been determined to be deficient, the OES may, at any point during the DVSSP's funding cycle following the expiration of the period for corrective action, deny or reduce any further funding.

(10) If a DVSSP applies or reapplies for funding pursuant to this section and that funding is denied or reduced, the decision to deny or reduce funding shall be provided in writing to the DVSSP, along with a written explanation of the reasons for the reduction or denial made in accordance with the grading system for the RFP or RFA process. Except as otherwise provided, any appeal of the decision to deny or reduce funding shall be made in accordance with the appeal process established by the OES. The appeal process shall allow a DVSSP a minimum of 30

days to appeal after a decision to deny or reduce funding. All pending appeals shall be resolved before final funding decisions are reached.

(11) It is the intent of the Legislature that priority for additional funds that become available shall be given to currently funded, new, or previously unfunded DVSSPs for expansion of services. However, the OES may determine when expansion is needed to accommodate underserved or unserved areas. If supplemental funding is unavailable, the OES shall have the authority to lower the base level of grants to all currently funded DVSSPs in order to provide funding for currently funded, new, or previously unfunded DVSSPs that will provide services in underserved or unserved areas. However, to the extent reasonable, funding reductions shall be reduced proportionately among all currently funded DVSSPs. After the amount of funding reductions has been determined, DVSSPs that are currently funded and those applying for funding shall be notified of changes in the available level of funding prior to the next application process. Funding reductions made under this paragraph shall not be subject to appeal.

(12) Notwithstanding any other provision of this section, OES may reduce funding to a DVSSP funded pursuant to this section if federal funding support is reduced. Funding reductions as a result of a reduction in federal funding shall not be subject to appeal.

(13) Nothing in this section shall be construed to supersede any function or duty required by federal acts, rules, regulations, or guidelines for the distribution of federal grants.

(14) As a condition of receiving funding pursuant to this section, DVSSPs shall do all of the following:

(A) Provide matching funds or in-kind contributions equivalent to not less than 10 percent of the grant they would receive. The matching funds or in-kind contributions may come from other governmental or private sources.

(B) Ensure that appropriate staff and volunteers having client contact meet the definition of "domestic violence counselor" as specified in subdivision (a) of Section 1037.1 of the Evidence Code. The minimum training specified in paragraph (2) of subdivision (a) of Section 1037.1 of the Evidence Code shall be provided to those staff and volunteers who do not meet the requirements of paragraph (1) of subdivision (a) of Section 1037.1 of the Evidence Code.

(15) The following definitions shall apply for purposes of this subdivision:

(A) "Domestic violence" means the infliction or threat of physical harm against past or present adult or adolescent female intimate partners, including physical, sexual, and psychological abuse against the woman,

and is a part of a pattern of assaultive, coercive, and controlling behaviors directed at achieving compliance from or control over that woman.

(B) "Domestic violence shelter service provider" or "DVSSP" means a victim services provider that operates an established system of services providing safe and confidential emergency housing on a 24-hour basis for victims of domestic violence and their children, including, but not limited to, hotel or motel arrangements, haven, and safe houses.

(C) "Emergency shelter" means a confidential or safe location that provides emergency housing on a 24-hour basis for victims of domestic violence and their children.

(g) The OES may hire the support staff and utilize all resources necessary to carry out the purposes of this section. The OES shall not utilize more than 10 percent of any funds appropriated for the purpose of the program established by this section for the administration of that program.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 8. Section 5.5 of this bill incorporates amendments to Section 124250 of the Health and Safety Code proposed by both this bill and AB 2051. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 124250 of the Health and Safety Code, and (3) this bill is enacted after AB 2051, in which case Section 5 of this bill shall not become operative.

SEC. 9. Section 6.5 of this bill incorporates amendments to Section 13823.15 of the Penal Code proposed by both this bill and AB 2051. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 13823.15 of the Penal Code, and (3) this bill is enacted after AB 2051, in which case Section 6 of this bill shall not become operative.

CHAPTER 640

An act to amend Sections 5921, 5922, 5924, 12330, 16731, 16782, and 16784 of, and to add Section 5921.5 to, the Government Code, relating to state bonds, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 5921 of the Government Code is amended to read:

5921. As used in this chapter, the following definitions apply, unless the context otherwise indicates or requires another or different meaning or intent:

(a) "Bonds" mean bonds, notes, bond anticipation notes, commercial paper, or other evidences of indebtedness, or reimbursement warrants or refunding warrants, or lease, installment purchase, or other agreements or certificates of participation therein.

(b) "State" means the state or any department, agency, board, commission, or authority of the state.

(c) "Local government" means any city, city and county, county, public district, public corporation, authority, agency, board, commission, or other public entity.

SEC. 2. Section 5921.5 is added to the Government Code, to read:

5921.5. For purposes of this chapter, in addition to any other authorization provided by law, the Treasurer may enter into and manage on behalf of the state any contracts described in Section 5922 with respect to any state bonds for which the Treasurer acts as the agent for sale pursuant to Chapter 9 (commencing with Section 5700).

SEC. 3. Section 5922 of the Government Code is amended to read:

5922. Notwithstanding any other provision of law, all of the following apply:

(a) (1) In connection with, or incidental to, the issuance or carrying of bonds, or acquisition or carrying of any investment or program of investment, the state or any local government may enter into any contracts that the state or local government determines to be necessary or appropriate to place the obligation or investment of the state or local government, as represented by the bonds, investment or program of investment and the contract or contracts, in whole or in part, on the interest rate, currency, cashflow, or other basis desired by the state or

local government, including, without limitation, contracts commonly known as interest rate swap agreements, currency swap agreements, forward payment conversion agreements, futures, or contracts providing for payments based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency, rate, spread, or similar exposure. These contracts or arrangements may also be entered into by the state or by local governments in connection with, or incidental to, entering into or maintaining any agreement that secures bonds, including bonds issued by private entities. These contracts and arrangements shall be entered into with the parties, selected by the means, and contain the payment, security, default, remedy, and other terms and conditions, determined by the state or the local government, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate.

(2) No local government shall enter into any of the contracts or arrangements pursuant to this subdivision, unless its governing body first determines that the contract or arrangement or program of contracts is designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance of bonds or enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is to be entered into.

(b) Bonds issued by the state or by a local government may be payable in accordance with their terms, in whole or in part, in currency other than lawful money of the United States of America, provided that the state or the local government enters into a currency swap or similar agreement for payments in lawful money of the United States of America, which covers the entire amount of the debt service payment obligation of the state or the local government with respect to the bonds payable in other currency, and provided further that if the term of that agreement is less than the term of the bonds, the state or the local government shall covenant to enter into additional agreements as may be necessary to cover the entire amount of the debt service payment obligation. An issuer shall include in its written notice to the California Debt Advisory Commission pursuant to subdivision (g) of Section 8855 a statement of its intent to issue bonds payable in a currency other than lawful money of the United States of America.

(c) In connection with, or incidental to, the issuance or carrying of bonds, or entering into any of the contracts or arrangements referred to in subdivision (a), the state or a local government may enter into credit enhancement or liquidity agreements, with payment, interest rate, currency, security, default, remedy, and other terms and conditions as the state or the local government determines.

(d) Proceeds of bonds and any moneys set aside and pledged to secure payment of the bonds or any of the contracts entered into pursuant to this section, may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds or the contract and may be pledged to and used to service any of the contracts or agreements entered into pursuant to this section.

SEC. 4. Section 5924 of the Government Code is amended to read:

5924. (a) Notwithstanding Section 13340, there is hereby continuously appropriated without regard to fiscal years, from the General Fund in the State Treasury for the purpose of this chapter, an amount that will equal the sum annually as will be necessary to pay all obligations, including principal, interest, fees, costs, indemnities, and all other amounts incurred by the state under or in connection with any credit enhancement or liquidity agreement (including in the form of a letter of credit, standby purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement) entered into by the state pursuant to this chapter for bonds payable pursuant to an appropriation from the General Fund.

(b) Fees, costs, and other similar expenses may be incurred by the state under or in connection with any credit enhancement or liquidity agreement entered into by the state pursuant to this chapter if the agent for sale determines that the credit enhancement or liquidity agreement is expected to result in a lower cost of the borrowing for the bonds to which the credit enhancement or liquidity agreement pertains. The amount appropriated pursuant to subdivision (a) for fees, costs, and other similar expenses incurred in connection with any credit enhancement or liquidity agreement, when expressed as a percentage of the original principal amount of the bonds to which the credit enhancement or liquidity agreement pertains, may not exceed the percentage set forth in paragraph (1) of subsection (g) of Section 147 of Title 26 of the United States Code enacted as of January 1, 2003. The amount appropriated pursuant to subdivision (a) for interest incurred in connection with any credit enhancement or liquidity agreement, when expressed as a percentage of the outstanding principal amount of the bonds to which the credit enhancement or liquidity agreement pertains, may not exceed the interest rate percentage set forth in subdivision (d) of Section 16731.

SEC. 5. Section 12330 of the Government Code is amended to read:

12330. (a) At the request of either house of the Legislature, or of any committee thereof, the Treasurer shall give written information as to the condition of the State Treasury, or upon any subject relating to the duties of his or her office.

(b) The Treasurer annually shall prepare a debt affordability report, to be presented to the Governor and the Legislature by October 1 of each year.

(1) The report is intended to be a framework for the Legislature to evaluate and establish priorities for bills that propose the authorization of additional state debt supported by the General Fund, excluding self-liquidating general obligation debt, during the budget year. The report may also be used to determine the amount to appropriate for debt service for the budget year.

(2) The report shall include the following information:

(A) A listing of authorized but unissued debt that the Treasurer intends to sell during the current year and the budget year and the projected increase in debt service as a result of those sales.

(B) A description of the market for state bonds.

(C) An analysis of the ratings of state bonds.

(D) A listing of outstanding debt supported by the General Fund.

(E) A listing of authorized but unissued debt that would be supported by the General Fund.

(F) A schedule of debt service requirements for the items included in subparagraph (D).

(G) Identification of pertinent debt ratios, such as debt service to General Fund revenues, debt to personal income, debt to estimated full-value of property, and debt per capita.

(H) A comparison of the debt ratios prepared for subparagraph (G) with the comparable debt ratios for the 10 most populous states.

(I) A description of the percentage of the state's outstanding general obligation bonds constituting fixed rate bonds, variable rate bonds, bonds that have an effective fixed interest rate through a hedging contract, and bonds that have an effective variable interest rate through a hedging contract. The report shall also include, for each outstanding hedging contract, a description of the hedging contract, the outstanding notional amount, the effective date, the expiration date, the name and ratings of the counterparty, the rate or floating index paid by the state and the rate or floating index paid by the counterparty, and a summary of the performance of the state's hedging contracts in comparison to the objectives for which the hedging contracts were executed.

SEC. 6. Section 16731 of the Government Code is amended to read:

16731. Whenever the committee determines that the sale of all or any part of the bonds authorized to be issued is necessary or desirable, it shall adopt a resolution to that effect. The resolution shall specify the following as to the bonds then to be sold:

(a) The aggregate number, aggregate par value, denominations, and the date of the bonds to be then sold. The denominations shall be in the sum of one thousand dollars ($1,000) or multiples of that sum. The date appearing on the bonds shall be deemed to be the date of issuance for all purposes of this chapter, irrespective of the actual date of delivery of the bonds and the payment of the purchase price of the bonds.

(b) The dates of maturity and the amount of the bonds maturing at each date of maturity, which amounts need not be equal. The last dates of maturity shall be not more than 45 years after the date of the bonds.

(c) Whether or not the bonds are to be subject to redemption or tender prior to maturity, and, if so, the provisions for the redemption or tender, the manner of the call or notice thereof, and the price or prices at which the bonds shall be subject to redemption or tender.

(d) (1) The annual rate, or rates, of interest that the bonds to be issued shall bear, which may be in multiples of one-eighth or one-twentieth of 1 percent, but not in excess of 11 percent. The rate or rates may be determined at the time of the sale of the bonds. Alternatively, the resolution may specify that the bonds may pay a variable interest rate, as prescribed in the resolution. However, at the time and as the result of the issuance of any bonds bearing a variable interest rate, the aggregate principal amount of all state general obligation bonds bearing variable interest rates may not exceed 20 percent of the aggregate principal amount of all state general obligation bonds then outstanding. For purposes of this calculation, variable rate bonds shall not include bonds issued pursuant to Section 16731.6 or bonds that have an effective fixed interest rate through a hedging contract, but shall include bonds that have an effective variable interest rate through a hedging contract. Notwithstanding any other provision of this chapter, if the committee decides to issue state general obligation bonds bearing variable interest rates, the committee is not required to comply with Section 16732. Notwithstanding any other provision of law, if bonds are issued bearing a variable interest rate under a bond act approved by the voters prior to January 1, 2002, and if the variable interest rate bonds provide a right of tender, then any amount payable by the state as a result of the tender with respect to principal of and interest on the bonds prior to the regularly scheduled principal or interest payment dates, or payable by the state pursuant to redemption or call initiated as a means to repay the obligation of the state resulting from the tender, is not backed by the full faith and credit of the state and shall not be payable under the bond act. Further,

no contractual obligation of the state under a standby bond purchase agreement or other liquidity facility entered into in connection with variable interest rate bonds providing a right of tender and issued under a bond act approved by the voters prior to January 1, 2002, shall be backed by the full faith and credit of the state and shall not be payable under the bond act. These obligations are subject to annual appropriation by the Legislature.

(2) (A) Notwithstanding any other provision of law, for bonds approved by the voters after January 1, 2006, payment of interest on the bonds as provided in this subdivision shall include payment of any amounts owed by the state to a counterparty after any offset for payments owed to the state on any hedging contract described in Section 5922 in connection with those bonds, and those payments shall be deemed to be included within the appropriation for interest on the bonds contained in the applicable bond act. The total payments of stated interest on the bonds together with payments owed by the state after any offset for payments owed to the state on a hedging contract shall not exceed the maximum rate set forth in this subdivision.

(B) The Treasurer may not enter into any hedging contract described by subparagraph (A) unless the committee has approved policies developed by the Treasurer relating to the entering into and managing of those hedging contracts. The policies shall require that any hedging contract or program of contracts is designed to reduce the amount or duration of payment, currency, rate, spread, or similar risk or result in a lower cost of borrowing when used in combination with the issuance or carrying of bonds. The policies shall also include a description of the criteria to be used to evaluate the potential risks and benefits to the state of entering into a particular hedging contract or program of contracts and to evaluate the performance of outstanding hedging contracts in comparison to the objectives for which the hedging contract was executed. The policies approved pursuant to this paragraph are exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3.

(e) The interest payment dates.

(f) The technical form and language of the bonds.

(g) Whether or not the right is reserved to make delivery in the form of temporary or interim bonds, certificates, or receipts, exchangeable for definitive bonds when executed and available for delivery. If the right is reserved, the denominations and form of the temporary securities shall be stated.

(h) Provisions for the registration and exchange of bonds and for the use of a depository to hold book-entry bonds after issuance.

(i) All other terms and conditions of the bonds and of the execution, issuance, and sale of the bonds, which shall be consistent with all of this chapter.

SEC. 7. Section 16782 of the Government Code is amended to read:

16782. (a) Refunding bonds may be issued in a principal amount sufficient to provide funds, either directly or by the purchase of nonredeemable securities, the principal and interest on which shall provide funds for the payment of any or all of the following:

(1) The principal of or purchase price of the bonds to be refunded by the refunding bonds.

(2) All expenses incident to the calling, retiring, purchasing, or paying of the outstanding bonds and the issuance of the refunding bonds, including any excess of the par value of the refunding bonds over the selling price thereof.

(3) Interest upon the refunding bonds from the date of sale to the date of payment of the bonds to be refunded, whether at maturity, pursuant to the call thereof or pursuant to any agreement with the holders thereof.

(4) Any premium necessary in the calling, retiring, or purchase of the outstanding bonds.

(5) The interest accruing on the outstanding bonds to the date of their call, retirement, or purchase.

(6) Subject to the limitation on those payments contained in subparagraph (A) of paragraph (2) of subdivision (d) of Section 16731, any termination payment owed by the state after offset for any payments made to the state pursuant to any hedging contract that was entered into in connection with the bonds to be refunded.

Refunding bonds may be exchanged at not less than their par value and accrued interest for outstanding bonds to be refunded thereby, and this chapter with respect to the sale of bonds does not apply to that exchange.

(b) Notwithstanding subdivision (a), the principal amount of any issue of refunding bonds shall not exceed the original aggregate principal amount of the series of bonds to be refunded. If there remains authorized but unissued bonds under the original bond act for the program which was funded by the series of bonds to be refunded, the principal amount of refunding bonds above the original aggregate principal amount of bonds to be refunded shall be charged against such unused authorization.

SEC. 8. Section 16784 of the Government Code is amended to read:

16784. The Refunding Escrow Fund is hereby created as a special fund in the State Treasury and is continuously appropriated for the purposes of this section. The proceeds of each sale of refunding bonds and any other available moneys shall be (1) set aside in a separate account within the Refunding Escrow Fund, (2) held in trust for the benefit of

the holders of either or both of the bonds which are to be refunded or of the refunding bonds as provided in the resolution of the committee authorizing the issuance of the refunding bonds, (3) used only for the payment of the principal of, and interest and any redemption premium on, or the purchase price of the refunded bonds for the payment of interest on the refunding bonds up to the date of the redemption or payment of the bonds to be refunded, and (4) for the other purposes set forth in Section 16782. Moneys in each separate account shall be invested by the Treasurer in accordance with the resolution of the committee providing for the issuance of the refunding bonds, and any income from that investment shall be credited to the account from which the investment was made.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide for needed flexibility with respect to hedging contracts entered into by the state at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 641

An act to amend Section 63049.1 of, and to add Section 63049.55 to, the Government Code, relating to state funds.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 63049.1 of the Government Code is amended to read:

63049.1. (a) Subject to subdivision (c) and subdivision (d), as applicable, the bank is hereby authorized to sell for, and on behalf of, the state, solely as its agent, all or any portion of the tobacco assets, or any residual interests therein, to a special purpose trust which is hereby established as a not-for-profit corporation solely for that purpose and for the purposes necessarily incidental thereto, and to enter into one or more sales agreements with the special purpose trust as and on the terms it deems appropriate, which may include covenants of, and binding on, the state necessary to establish and maintain the security of the bonds and exemption of interest on the bonds from federal income taxation.

The principal office of the special purpose trust shall be located in Sacramento County. The articles of incorporation of the special purpose trust shall be prepared and filed, on behalf of the state, with the Secretary of State by the bank, and the five voting members of the State Public Works Board shall serve ex officio as the directors of the special purpose trust. Directors of the special purpose trust shall not be subject to personal liability for carrying out the powers and duties conferred by this article. The special purpose trust shall be treated as a separate legal entity with its separate corporate purpose as described in this article, and the assets, liabilities, and funds of the special purpose trust shall be neither consolidated nor commingled with those of the bank or the State Public Works Board.

The special purpose trust is hereby authorized to issue bonds, including, but not limited to, refunding bonds, on the terms it shall determine, and do all things contemplated by, and authorized by, this division with respect to the bank, and enjoy all rights, privileges, and immunities the bank enjoys pursuant to this division, or as authorized by Section 5140 of the Corporations Code with respect to public benefit nonprofit corporations, or as necessary or appropriate in connection with the issuance of bonds, and may enter into agreements with any public or private entity and pledge the tobacco assets, or any residual interests therein, that it purchased as collateral and security for its bonds. The pledge of any of these assets and interests and of any revenues, reserves, and earnings pledged in connection therewith shall be valid and binding in accordance with its terms and have priority in accordance with its terms from the time the pledge is made and property so pledged shall immediately be subject to the lien of the pledge without the need for physical delivery, recordation, filing, or other further act. The pledge shall not be subject to Division 9 (commencing with Section 9101) of the Commercial Code or Sections 954.5 and 955.1 of the Civil Code. The special purpose trust, and its assets and income, and bonds issued by the special purpose trust, and their transfer and the income therefrom, shall be exempt from all taxation by the state and by its political subdivisions.

(b) (1) In order to assist the special purpose trust in financing or refinancing the purchase of tobacco assets, or any residual interests therein, by enhancing the security of the bonds issued for that purpose, upon request by the Director of Finance, the bank may include in, or add to, the sales agreement with the special purpose trust a covenant, binding on the state, to the effect that the Governor shall each year request from the Legislature an appropriation line item in the annual Budget Act, in a manner described further in this subdivision, from the General Fund for allocation by the Department of Finance to the special purpose trust

in an amount equal to the debt service and operating expenses scheduled, or, in the case of bonds bearing variable rates of interest, estimated, to become due during the next succeeding fiscal year on the bonds, including refunding bonds, issued by the special purpose trust to finance or refinance the purchase of tobacco assets, or any residual interests therein, pursuant to that sales agreement.

(2) The appropriation referred to in paragraph (1) may provide that it will have an initial zero funding amount, but shall contain provisions authorizing the Director of Finance to make allocations in augmentation of the appropriation, without further legislative approval, from the General Fund, up to the amount certified by the special purpose trust to be necessary to cover the difference, if negative, between the amount of tobacco assets received by the special purpose trust pursuant to the sales agreement by the end of April of any calendar year, plus any other amounts available in the debt service reserve fund or other fund held by the trustee for the bonds, less the amount of debt service on the bonds and operating expenses scheduled, or in the case of bonds bearing variable rates of interest, estimated, to become due during the next succeeding 12 months.

(3) Any amounts appropriated as provided in this subdivision shall be disbursed to the trustee for the bonds for the purpose of paying the debt service on the bonds and operating expenses specified in the certificate of the special purpose trust. Notwithstanding any other provision of this article, the Legislature shall not be obligated by this subdivision or any covenant made in a sales agreement, or any other provision of law, to appropriate or otherwise make funds available to pay debt service on the bonds or operating expenses.

(c) Based upon the terms of the sale agreements and bonds as established by the special purpose trust pursuant to subdivision (a) or (b), tobacco assets, or any residual interests therein, may be sold pursuant to this article, whether at one time or from time-to-time. The net proceeds of sale of any tobacco assets by the bank shall be deposited in the General Fund, except that the proceeds from the sale of any residual interests therein shall be deposited in the Tobacco Asset Sales Revenue Fund established pursuant to Section 63049.55. The use and application of the proceeds of any sale of tobacco assets, or any residual interests therein, or bonds shall not in any way affect the legality or validity of that sale or those bonds.

(d) On or after January 1, 2007, no bonds issued by the special purpose trust to finance or refinance the purchase of any tobacco assets, or any residual interests therein, shall include any enhancement of security pursuant to subdivision (b), other than refunding bonds for the purpose of refinancing or refunding existing enhanced bonds previously issued.

SEC. 2. Section 63049.55 is added to the Government Code, to read:

63049.55. (a) The Tobacco Asset Sales Revenue Fund is hereby established in the State Treasury for the purpose of maintaining a separate account for the investment of proceeds received from the sale of any residual interests in tobacco assets and for the investment earnings on those proceeds.

(b) Pursuant to Article 4 (commencing with Section 16740) of Chapter 3 of Part 2 of Division 4 of Title 2, moneys in the fund may be transferred to the Surplus Money Investment Fund for investment, as long as that transfer does not jeopardize the tax-exempt status of the bonds.

(c) Upon direction by the Director of Finance, moneys in the fund shall be transferred to the General Fund.

(d) Pursuant to Section 16310, moneys in the fund may be borrowed for daily cashflow use by the General Fund.

CHAPTER 642

An act to amend Section 22877 of the Government Code, relating to the Rural Health Care Equity Program.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 22877 of the Government Code is amended to read:

22877. (a) As used in this section, the following definitions shall apply:

(1) "Coinsurance" means the provision of a health benefit plan design that requires the health benefit plan and state employee or annuitant to share the cost of hospital or medical expenses at a specified ratio.

(2) "Deductible" means the annual amount of out-of-pocket medical expenses that a state employee or annuitant must pay before the health benefit plan begins paying for expenses.

(3) "Program" means the Rural Health Care Equity Program.

(4) "Rural area" means an area in which there is no board-approved health maintenance organization plan available for enrollment by state employees or annuitants residing in the area.

(b) (1) The Rural Health Care Equity Program is hereby established for the purpose of funding the subsidization and reimbursement of premium costs, deductibles, coinsurance, and other out-of-pocket health

care expenses paid by employees and annuitants living in rural areas that would otherwise be covered if the state employee or annuitant was enrolled in a board-approved health maintenance organization plan. The program shall be administered by the Department of Personnel Administration or by a third-party administrator approved by the Department of Personnel Administration in a manner consistent with all applicable state and federal laws. The board shall determine the rural area for each subsequent fiscal year, at the same time that premiums for health maintenance organization plans are approved.

(2) Separate accounts shall be maintained within the program for all of the following:

(A) Employees, as defined in subdivision (c) of Section 3513.

(B) Excluded employees, as defined in subdivision (b) of Section 3527.

(C) State annuitants.

(c) Moneys in the program shall be allocated to the respective accounts as follows:

(1) The contribution provided by the state with respect to each employee, as defined in subdivision (c) of Section 3513, who lives in a rural area and is otherwise eligible, shall be an amount determined through the collective bargaining process.

(2) The contribution provided by the state with respect to each excluded employee, as defined in subdivision (b) of Section 3527, who lives in a rural area and is otherwise eligible, shall be an amount equal to, but not to exceed, the amount contributed pursuant to paragraph (1).

(3) The contribution provided by the state with respect to each state annuitant who lives in a rural area, is not a Medicare participant, resides in California, and is otherwise eligible, shall be an amount not to exceed five hundred dollars ($500) per year.

(4) The contribution provided by the state with respect to each state annuitant who lives in a rural area, resides in California, participates in a supplement Medicare health benefit plan, and is otherwise eligible, shall be an amount equal to the Medicare Part B premiums incurred by the annuitant, not to exceed seventy-five dollars ($75) per month. The program may not reimburse for penalty amounts.

(5) If an employee enters or leaves service with the state during a fiscal year, contributions for the employee shall be made on a pro rata basis. A similar computation shall be used for anyone entering or leaving the bargaining unit, including a person who enters the bargaining unit by promotion during a fiscal year.

(d) Each fund of the State Treasury, other than the General Fund, shall reimburse the General Fund for any sums allocated pursuant to subdivision (c) for employees whose compensation is paid from that

fund. That reimbursement shall be accomplished using the following methodology:

(1) On or before December 1 of each year, the Department of Personnel Administration shall provide a list of active state employees who participated in the program during the previous fiscal year to each employing department.

(2) On or before January 15 of each year, each department that employed an active state employee identified by the Department of Personnel Administration as a participant in the program shall provide the Department of Personnel Administration with a list of the funds used to pay each employee's salary, along with the proportion of each employee's salary attributable to each fund.

(3) Using the information provided by the employing departments, the Department of Personnel Administration shall compile a list of program payments attributable to each fund. On or before February 15 of each year, the Department of Personnel Administration shall transmit this list to the Department of Finance.

(4) The Department of Finance shall certify to the Controller the amount to be transferred from the unencumbered balance of each fund to the General Fund.

(5) The Controller shall transfer to the General Fund from the unencumbered balance of each impacted fund the amount specified by the Department of Finance.

(6) To ensure the equitable allocation of costs, the Director of the Department of Personnel Administration or the Director of Finance may require an audit of departmental reports.

(e) For any sums allocated pursuant to subdivision (c) for annuitants, funds, other than the General Fund, shall be charged a fair share of the contribution provided by the state in accordance with the provisions of Article 2 (commencing with Section 11270) of Chapter 3 of Part 1 of Division 3. On or before July 31 of each year, the Department of Personnel Administration shall provide the Department of Finance with the total costs allocated for annuitants in the previous fiscal year. The reported costs may not include expenses that have been incurred but not claimed as of July 31.

(f) Notwithstanding any other provision of law and subject to the availability of funds, moneys within the program shall be disbursed for the benefit of eligible employees. The disbursements shall subsidize the preferred provider plan premiums for the employee by an amount equal to the difference between the weighted average of board-approved health maintenance organization premiums and the lowest board-approved preferred provider plan premium available under this part, and reimburse the employee for a portion or all of his or her incurred deductible,

coinsurance, and other out-of-pocket health-related expenses that would otherwise be covered if the employee and his or her family members were enrolled in a board-approved health maintenance organization plan. These subsidies and reimbursements shall be provided as determined by the Department of Personnel Administration, which may include, but is not limited to, a supplemental insurance plan, a medical reimbursement account, or a medical spending account plan.

(g) Notwithstanding any other provision of law and subject to the availability of funds, moneys within the program shall be disbursed for the benefit of eligible annuitants. The disbursements shall either reimburse the annuitant, if not a Medicare participant, for some or all of the deductible incurred by the annuitant or a family member, not to exceed five hundred dollars ($500) per fiscal year, or reimburse the annuitant, if a Medicare participant, for Medicare Part B premiums incurred by the annuitant, not to exceed seventy-five dollars ($75) per month. The program may not reimburse for penalty amounts. These reimbursements shall be provided by the Department of Personnel Administration. Notwithstanding any other provision of law, any annuitant who cannot be located within a period of three months and whose disbursement is returned to the Controller as unclaimed is ineligible to participate in the program.

(h) Subject to subdivision (j), moneys remaining in an account of the program at the end of any fiscal year shall remain in the account for use in subsequent fiscal years, until the account is terminated. Moneys remaining in a program account upon termination, after payment of all expenses and claims incurred prior to the date of termination, shall be deposited in the General Fund.

(i) The Legislature finds and declares that the program is established for the exclusive benefit of employees, annuitants, and family members.

(j) This section shall be operative only to the extent that funding is provided in the annual Budget Act or another statute.

(k) This section shall cease to be operative on January 1, 2012, or on an earlier date if the board makes a formal determination that health maintenance organization plans are no longer the most cost-effective health benefit plans offered by the board.

CHAPTER 643

An act to amend Sections 8855, 16271, 26920, 27008, 27009, 39578, 39584, 53232.2, 53234, 53235.1, 53359.5, 58950, 61068, 61107, 61116, 65457, 66016, 66022, 66448, and 66499.7 of, and to repeal Section 27063 of, the Government Code, to amend Sections 2051, 33327, 33375,

and 40980 of the Health and Safety Code, to amend Sections 20736, 22032, and 22034 of the Public Contract Code, to amend Sections 13215 and 13216 of, to add Section 5784.2 to, and to repeal Chapter 5 (commencing with Section 5790) of Division 5 of, the Public Resources Code, to and to amend Section 2215 of the Revenue and Taxation Code, relating to local government.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) This act shall be known and may be cited as the Local Government Omnibus Act of 2006.

(b) The Legislature finds and declares that Californians want their governments to be run efficiently and economically and that public officials should avoid waste and duplication whenever possible. The Legislature further finds and declares that it desires to control its own costs by reducing the number of separate bills. Therefore, it is the intent of the Legislature in enacting this act to combine several minor, noncontroversial statutory changes relating to local government into a single measure.

SEC. 2. Section 8855 of the Government Code is amended to read:

8855. (a) There is created the California Debt and Investment Advisory Commission, consisting of nine members, selected as follows:

(1) The Treasurer, or his or her designee.

(2) The Governor or the Director of Finance.

(3) The Controller, or his or her designee.

(4) Two local government finance officers appointed by the Treasurer, one each from among persons employed by a county and by a city or a city and county of this state, experienced in the issuance and sale of municipal bonds and nominated by associations affiliated with these agencies.

(5) Two Members of the Assembly appointed by the Speaker of the Assembly.

(6) Two Members of the Senate appointed by the Senate Committee on Rules.

(b) (1) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the appointing power. In case of a vacancy for any cause, the appointing power shall make an appointment to become effective immediately for the unexpired term.

(2) Any legislators appointed to the commission shall meet with and participate in the activities of the commission to the extent that the

participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute a joint interim legislative committee on the subject of this chapter.

(c) The Treasurer shall serve as chairperson of the commission and shall preside at meetings of the commission.

(d) Appointed members of the commission shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars ($50) for each day's attendance at a meeting of the commission not to exceed three hundred dollars ($300) in any month, and reimbursement for expenses incurred in the performance of their duties under this chapter, including travel and other necessary expenses.

(e) The commission may adopt bylaws for the regulation of its affairs and the conduct of its business.

(f) The commission shall meet on the call of the chairperson, at the request of a majority of the members, or at the request of the Governor. A majority of all nonlegislative members of the commission constitutes a quorum for the transaction of business.

(g) The office of the Treasurer shall furnish all administrative and clerical assistance required by the commission.

(h) The commission shall do all of the following:

(1) Assist all state financing authorities and commissions in carrying out their responsibilities as prescribed by law, including assistance with respect to federal legislation pending in Congress.

(2) Upon request of any state or local government units, to assist them in the planning, preparation, marketing, and sale of new debt issues to reduce cost and to assist in protecting the issuer's credit.

(3) Collect, maintain, and provide comprehensive information on all state and all local debt authorization and issuance, and serve as a statistical clearinghouse for all state and local debt issues. This information shall be readily available upon request by any public official or any member of the public.

(4) Maintain contact with state and municipal bond issuers, underwriters, credit rating agencies, investors, and others to improve the market for state and local government debt issues.

(5) Undertake or commission studies on methods to reduce the costs and improve credit ratings of state and local issues.

(6) Recommend changes in state laws and local practices to improve the sale and servicing of state and local debts.

(7) Establish a continuing education program for local officials having direct or supervisory responsibility over municipal investments, and debt issuance. The commission shall undertake these and any other activities

necessary to disclose investment and debt issuance practices and strategies that may be conducive for oversight purposes.

(8) Collect, maintain, and provide information on local agency investments of public funds for local agency investment.

(9) Publish a monthly newsletter describing and evaluating the operations of the commission during the preceding month.

(i) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second and fourth quarters of each calendar year, shall provide the quarterly reports required pursuant to Section 53646 and, no later than 60 days after the close of the second quarter of each calendar year and 60 days after the subsequent amendment thereto, provide the statement of investment policy required pursuant to Section 53646, to the commission by mail, postage prepaid, or by any other method approved by the commission. The commission shall collect these reports to further its educational responsibilities as described under subdivision (e). Nothing in this section shall be construed to create additional oversight responsibility for the commission or any of its members. Sole responsibility for control, oversight, and accountability of local investment decisions shall remain with local officials. The commission shall not be considered to have any fiduciary duty with respect to any local agency income report received under this subdivision. In addition, the commission shall not have any legal liability with respect to these investments.

(j) The commission, no later than May 1, 2006, shall report to the Legislature describing its activities since the inception of the local agency investment reporting program regarding the collection and maintenance of information on local agency investment reporting practices and how the commission uses that information to fulfill its statutory goals.

(k) The issuer of any proposed new debt issue of state or local government shall, no later than 30 days prior to the sale of any debt issue at public or private sale, give written notice of the proposed sale to the commission, by mail, postage prepaid, or by any other method approved by the commission. This subdivision shall also apply to any nonprofit public benefit corporation incorporated for the purpose of acquiring student loans. The notice shall include the proposed sale date, the name of the issuer, the type of debt issue, and the estimated principal amount of the debt. Failure to give this notice shall not affect the validity of the sale.

(*l*) The issuer of any new debt issue of state or local government, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, shall submit a report of final sale to the commission by mail, postage prepaid, or by any other method approved by the

commission. A copy of the final official statement for the issue shall accompany the report of final sale. The commission may require information to be submitted in the report of final sale that it considers appropriate.

SEC. 3. Section 16271 of the Government Code is amended to read:

16271. As used in this chapter:

(a) "Governing body" means the board of supervisors except that in the case of a subsidiary district "governing body" means the city council, and in the case of a multi-county district "governing body" means the governing body of the multi-county district itself.

(b) "Local fiscal officer" means the county auditor for all special districts within the county, except that in the case of a subsidiary district "local fiscal officer" means the city treasurer; and in the case of a multi-county district "local fiscal officer" means the treasurer of the district.

(c) "Multi-county district" means any special district which includes territory in more than one county.

(d) "Special district" means any agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area formed for the purpose of designating an area within which a property tax rate will be levied to pay for a service or improvement benefitting that area.

County free libraries established pursuant to Chapter 2 (commencing with Section 27151) of Division 20 of the Education Code; areas receiving county fire protection services pursuant to Section 25643 of the Government Code; and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code, shall be considered "special districts" for all purposes of this chapter.

"Special district" does not include a city, a county, a school district or a community college district. "Special district" does not include any agency which is not authorized to levy a property tax rate, except the Bay Area Pollution Control District.

(e) "Subsidiary district" means a special district in which the city council of a city has been empowered to act as ex officio members of the board of directors of such district and either:

(1) The entire territory of such district is included within the boundaries of a city, or

(2) A portion or portions of the territory of such district is included within the boundaries of a city and such portion or portions:

(i) Represent 70 percent or more of the area of taxable or assessable land within such district, as shown on the last equalized assessment roll; and

(ii) Contains 70 percent or more of the number of registered voters who reside within the district as shown on the voters' registrar in the office of the county clerk or registrar of voters.

(f) "General fund reserves" means the general fund reserve balance as of July 1, 1978, that is not legally obligated. General fund reserves shall not include:

(1) Noncash assets such as stores, inventory, property and buildings, or other investments purchased prior to June 6, 1978.

(2) Any amounts for self-insurance, for contractual obligations, or for reserves established by law or a legislative body of the county, city, or special district, as the case may be.

(3) Any amounts restricted by law or court order.

(4) Any amounts committed to a capital outlay project approved prior to June 6, 1978, by the governing body.

(g) For the purpose of this chapter, the amount of property tax levied pursuant to existing law, for the purpose of making annual payments for the interest and principal on outstanding general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, shall be excluded from all calculations.

SEC. 4. Section 26920 of the Government Code is amended to read:

26920. (a) At least once in each quarter, the county auditor shall perform, or cause to be performed, a review of the treasurer's statement of assets in the county treasury. Each county shall fund and allocate the cost of the review in accordance with that county's established budgetary practice. The auditor's review shall be accomplished in accordance with the appropriate professional standards, as determined by the county auditor. The treasurer shall prepare a statement showing the amount and type of assets in the county treasury as of the date of the review. The review shall include:

(1) Counting cash in the county treasury.

(2) Verifying that the records of the county treasurer and auditor are reconciled pursuant to Section 26905.

(3) A report to the board of supervisors issued in accordance with the appropriate professional standards, as determined by the county auditor.

(b) The auditor shall, at least annually, perform or cause to be performed an audit of the assets in the county treasury and express an opinion whether the treasurer's statement of assets is presented fairly and in accordance with generally accepted accounting principles. The audit report shall be addressed to the board of supervisors. The review

required by subdivision (a) need not be performed for the period when an audit is conducted in accordance with this subdivision.

SEC. 5. Section 27008 of the Government Code is amended to read:

27008. (a) The treasurer shall not receive money into the treasury or for deposit with him or her as treasurer, unless it is accompanied by the certificate of the auditor.

(b) Notwithstanding subdivision (a), the auditor and treasurer may establish alternate control procedures for the treasurer to receive or deposit money without the certificate of the auditor.

SEC. 6. Section 27009 of the Government Code is amended to read:

27009. The treasurer shall give a receipt to each person who deposits money into the county treasury.

SEC. 7. Section 27063 of the Government Code is repealed.

SEC. 8. Section 39578 of the Government Code is amended to read:

39578. Except as provided in Section 39577, after confirmation of the report, a copy shall be given to the county auditor, who shall add the amount of the assessment to the next regular tax bill levied against the parcel for municipal purposes.

SEC. 9. Section 39584 of the Government Code is amended to read:

39584. The superintendent may receive the amount due on the abatement cost and issue receipts at any time after the confirmation of the report and until 10 days before a copy is given to the county auditor, or, where a certified copy is filed with the county auditor, until August 1st following the confirmation of the report.

SEC. 10. Section 53232.2 of the Government Code is amended to read:

53232.2. (a) When reimbursement is otherwise authorized by statute, a local agency may reimburse members of a legislative body for actual and necessary expenses incurred in the performance of official duties, including, but not limited to, activities described in Article 2.4 (commencing with Section 53234).

(b) If a local agency reimburses members of a legislative body for actual and necessary expenses incurred in the performance of official duties, then the governing body shall adopt a written policy, in a public meeting, specifying the types of occurrences that qualify a member of the legislative body to receive reimbursement of expenses relating to travel, meals, lodging, and other actual and necessary expenses.

(c) The policy described in subdivision (b) may also specify the reasonable reimbursement rates for travel, meals, and lodging, and other actual and necessary expenses. If it does not, the local agency shall use the Internal Revenue Service rates for reimbursement of travel, meals, lodging, and other actual and necessary expenses as established in Publication 463, or any successor publication.

(d) If the lodging is in connection with a conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234), lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of a legislative body at the time of booking. If the group rate is not available, the member of a legislative body shall use comparable lodging that is consistent with the requirements of subdivisions (c) and (e).

(e) Members of the legislative body shall use government and group rates offered by a provider of transportation or lodging services for travel and lodging when available.

(f) All expenses that do not fall within the adopted travel reimbursement policy or the Internal Revenue Service reimbursable rates as provided in subdivision (c), shall be approved by the governing body, in a public meeting before the expense is incurred, except as provided in subdivision (d).

(g) If a member of a legislative body chooses to incur additional costs that are above the rates established pursuant to this section and those costs have not been approved pursuant to subdivision (f), then the member of a legislative body may do so at his or her own expense.

(h) This section shall not supersede any other laws establishing reimbursement rates for local agencies.

SEC. 11. Section 53234 of the Government Code is amended to read:

53234. For the purposes of this article, the following terms have the following meanings:

(a) "Legislative body" has the same meaning as specified in Section 54952.

(b) "Local agency" means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(c) "Local agency official" means the following:

(1) Any member of a local agency legislative body or any elected local agency official who receives any type of compensation, salary, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.

(2) Any employee designated by a local agency governing body to receive the training specified under this article.

(d) "Ethics laws" include, but are not limited to, the following:

(1) Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of-interest laws.

(2) Laws relating to claiming perquisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.

(3) Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws.

(4) Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

SEC. 12. Section 53235.1 of the Government Code is amended to read:

53235.1. (a) Each local agency official in local agency service as of January 1, 2006, except for officials whose term of office ends before January 9, 2007, shall receive the training required by subdivision (a) of Section 53235 before January 1, 2007. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(b) Each local agency official who commences service with a local agency on or after January 1, 2006, shall receive the training required by subdivision (a) of Section 53235 no later than one year from the first day of service with the local agency. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(c) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies with which he or she serves.

SEC. 13. Section 53359.5 of the Government Code is amended to read:

53359.5. (a) The legislative body shall, no later than 30 days prior to the sale of any bonds pursuant to this article, give written notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) On and after January 1, 1993, each year after the sale of any bonds, including refunding bonds, pursuant to this article, and until the final maturity of the bonds, the legislative body shall, not later than October 30 of each year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by

any other method approved by the California Debt and Investment Advisory Commission:

(1) Issuer name.

(2) Community facilities district number or name.

(3) Name, title, and series of the bond issue.

(4) Credit rating and name of the rating agency.

(5) Date of the bond issue and the original principal amount.

(6) Reserve fund minimum balance required.

(7) The principal amount of bonds outstanding.

(8) The balance in the bond reserve fund.

(9) The balance in the capitalized interest fund, if any.

(10) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the total amount of special taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified.

(11) The balance in any construction funds.

(12) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information.

(13) The total amount of special taxes due, the total amount of unpaid special taxes, and whether or not the special taxes are paid under the county's Teeter Plan (Chapter 6.6 (commencing with Section 54773)).

(14) The reason and the date, if applicable, that the issue was retired.

(15) Contact information for the party providing the information.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, within 10 days if any of the following events occur:

(1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.

(2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds beyond levels set by the California Debt and Investment Advisory Commission.

(d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

SEC. 13.5. Section 53359.5 of the Government Code is amended to read:

53359.5. (a) The legislative body shall, no later than 30 days prior to the sale of any bonds pursuant to this article, give written notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) On and after January 1, 1993, each year after the sale of any bonds, including refunding bonds, pursuant to this article, and until the final maturity of the bonds, the legislative body shall, not later than October 30 of each year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission:

(1) Issuer name.

(2) Community facilities district number or name.

(3) Name, title, and series of the bond issue.

(4) Credit rating and name of the rating agency.

(5) Date of the bond issue and the original principal amount.

(6) Reserve fund minimum balance required.

(7) The principal amount of bonds outstanding.

(8) The balance in the bond reserve fund.

(9) The balance in the capitalized interest fund, if any.

(10) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the total amount of special taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount tax due on the foreclosure parcels for each date specified.

(11) The balance in any construction funds.

(12) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information.

(13) The total amount of special taxes due, the total amount of unpaid special taxes, and whether or not the special taxes are paid under the county's Teeter Plan (Chapter 6.6 (commencing with Section 54773).

(14) The reason and the date, if applicable, that the issue was retired.

(15) Contact information for the party providing the information.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved

by the California Debt and Investment Advisory Commission, within 10 days if any of the following events occur:

(1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.

(2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduce the reserve fund to less than 85 percent of the reserve requirement.

(d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

SEC. 14. Section 58950 of the Government Code is amended to read:

58950. If territory has been detached from a district and that detached territory is subject to terms and conditions imposed by the local agency formation commission pursuant to Section 56886 and those terms and conditions require that the detached territory continue to be taxed for the payment of principal and interest on outstanding bonds of the district, the governing body of the district from which the territory was detached may absolve and relieve the detached territory of its annual tax liability as follows:

(a) The district board shall, by resolution, declare its intention to relieve the detached territory of its annual tax liability for payment of principal and interest on outstanding district bonds. The resolution shall describe the detached territory, specify the annual liability the territory will be relieved of, state the reason or reasons why the detached territory should be relieved, and fix a time, date, and place for a public hearing on the proposed relief of liability.

(b) The district board shall cause notice of the hearing to be published pursuant to Section 6066 in a newspaper of general circulation published in the territory of the district and the detached territory. The notice shall contain all the information specified in subdivision (a), and in lieu of notice the district board may cause a copy of the resolution required in subdivision (a) to be published.

(c) At the time, date, and place stated in the notice, the district board shall hear and consider all objections or protests to relieving the detached territory of annual liability for payment of principal and interest on outstanding district bonds. The hearing may be continued from time to time. Upon conclusion of the hearing, the district board shall determine by resolution, whether or not the detached territory should be relieved and absolved of any future annual tax liability for the outstanding bonds of the district.

(d) If the district board determines that the detached territory should be relieved of annual tax liability, it shall cause a copy of its resolution to be filed pursuant to Section 54902 with the Board of Equalization and

the county assessor of the county in which the territory is located. The detached territory shall be relieved and absolved of the annual tax liability for outstanding district bonds imposed by the local agency formation commission in the year next succeeding adoption of the resolution when assessments or taxes are to be levied for payment of the principal and interest on the bonds.

Nothing in this section shall be construed as in any way limiting the power of a bondholder to enforce his or her contractual rights and nothing in this section shall affect the ultimate liability of that detached territory for the bonded indebtedness of the district in case of default. This section is intended to provide a means of relieving territory detached from a district from annual assessments for the principal and interest on bonded indebtedness when that territory is no longer receiving the services for which the bonded indebtedness was incurred.

SEC. 15. Section 61068 of the Government Code is amended to read:

61068. A board of directors may authorize its members and the employees of the district to attend professional or vocational meetings and conferences. A board of directors may reimburse its members and the employees of the district for their documented, actual, and necessary traveling and incidental expenses while on official business. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3.

SEC. 16. Section 61107 of the Government Code is amended to read:

61107. (a) If a board of directors desires to divest itself of a power that is authorized pursuant to this chapter and if the termination of that power would require another public agency to provide a new or higher level of services or facilities, the district shall first receive the approval of the local agency formation commission. To the extent feasible, the local agency formation commission shall proceed pursuant to Article 1.5 (commencing with Section 56824.10) of Chapter 5 of Part 3 of Division 3. After receiving the approval of the local agency formation commission, the board of directors may, by ordinance, divest itself of that power.

(b) Notwithstanding subdivision (a) of Section 56824.14, the local agency formation commission shall not, after a public hearing called and held for that purpose pursuant to subdivisions (b) and (c) of Section 56824.14, approve a district's proposal to exercise a latent power if the local agency formation commission determines that another local agency already provides substantially similar services or facilities to the territory where the district proposes to exercise that latent power.

(c) If a board of directors desires to divest itself of a power that is authorized pursuant to this chapter and if the termination of that power would not require another public agency to provide a new or higher level

of services or facilities, the board of directors may, by ordinance, divest itself of that power.

SEC. 17. Section 61116 of the Government Code is amended to read:

61116. (a) A district may accept any revenue, money, grants, goods, or services from any federal, state, regional, or local agency or from any person for any lawful purpose of the district.

(b) In addition to any other existing authority, a district may borrow money and incur indebtedness pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840), Article 7.6 (commencing with Section 53850), and Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5.

SEC. 18. Section 65457 of the Government Code is amended to read:

65457. (a) Any residential development project, including any subdivision, or any zoning change that is undertaken to implement and is consistent with a specific plan for which an environmental impact report has been certified after January 1, 1980, is exempt from the requirements of Division 13 (commencing with Section 21000) of the Public Resources Code. However, if after adoption of the specific plan, an event as specified in Section 21166 of the Public Resources Code occurs, the exemption provided by this subdivision does not apply unless and until a supplemental environmental impact report for the specific plan is prepared and certified in accordance with the provisions of Division 13 (commencing with Section 21000) of the Public Resources Code. After a supplemental environmental impact report is certified, the exemption specified in this subdivision applies to projects undertaken pursuant to the specific plan.

(b) An action or proceeding alleging that a public agency has approved a project pursuant to a specific plan without having previously certified a supplemental environmental impact report for the specific plan, where required by subdivision (a), shall be commenced within 30 days of the public agency's decision to carry out or approve the project.

SEC. 19. Section 66016 of the Government Code is amended to read:

66016. (a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal

request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 65104, 65456, 65584.1, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

(e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

SEC. 20. Section 66022 of the Government Code is amended to read:

66022. (a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 120 days of the effective date of the increase.

(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013, 66014, and 66016.

SEC. 21. Section 66448 of the Government Code is amended to read:

66448. In all cases where a parcel map is required, the parcel map shall be based upon a field survey made in conformity with the Land Surveyors Act when required by local ordinance, or, in absence of that requirement, shall be based either upon a field survey made in conformity with the Land Surveyors Act or be compiled from recorded or filed data when sufficient recorded or filed survey monumentation presently exists to enable the retracement of the exterior boundary lines of the parcel map and the establishment of the interior parcel or lot lines of the parcel map.

SEC. 22. Section 66499.7 of the Government Code is amended to read:

66499.7. The security furnished by the subdivider shall be released in whole or in part in the following manner:

(a) Security given for faithful performance of any act or agreement shall be released upon the performance of the act or final completion and acceptance of the required work. The legislative body may provide for the partial release of the security upon the partial performance of the act or the acceptance of the work as it progresses, consistent with the provisions of this section. The security may be a surety bond, a cash deposit, a letter of credit, escrow account, or other form of performance guarantee required as security by the legislative body that meets the requirements as acceptable security pursuant to law. If the security furnished by the subdivider is a documentary evidence of security such as a surety bond or a letter of credit, the legislative body shall release the documentary evidence and return the original to the issuer upon performance of the act or final completion and acceptance of the required work. In the event that the legislative body is unable to return the original documentary evidence to the issuer, the security shall be released by written notice sent by certified mail to the subdivider and issuer of the documentary evidence within 30 days of the acceptance of the work. The written notice shall contain a statement that the work for which the security was furnished has been performed or completed and accepted by the legislative body, a description of the project subject to the documentary evidence and the notarized signature of the authorized representative of the legislative body.

(b) At the time that the subdivider believes that the obligation to perform the work for which security was required is complete, the

subdivider may notify the local agency in writing of the completed work, including a list of work completed. Upon receipt of the written notice, the local agency shall have 45 days to review and comment or approve the completion of the required work. If the local agency does not agree that all work has been completed in accordance with the plans and specifications for the improvements, it shall supply a list of all remaining work to be completed.

(c) Within 45 days of receipt of the list of remaining work from the local agency, the subdivider may then provide cost estimates for all remaining work for review and approval by the local agency. Upon receipt of the cost estimates, the local agency shall then have 45 days to review, comment, and approve, modify, or disapprove those cost estimates. No local agency shall be required to engage in this process of partial release more than once between the start of work and completion and acceptance of all work; however, nothing in this section prohibits a local agency from allowing for a partial release as it otherwise deems appropriate.

(d) If the local agency approves the cost estimate, the local agency shall release all performance security except for security in an amount up to 200 percent of the cost estimate of the remaining work. The process allowing for a partial release of performance security shall occur when the cost estimate of the remaining work does not exceed 20 percent of the total original performance security unless the local agency allows for a release at an earlier time. Substitute bonds or other security may be used as a replacement for the performance security, subject to the approval of the local agency. If substitute bonds or other security is used as a replacement for the performance security released, the release shall not be effective unless and until the local agency receives and approves that form of replacement security. A reduction in the performance security, authorized under this section, is not, and shall not be deemed to be, an acceptance by the local agency of the completed improvements, and the risk of loss or damage to the improvements and the obligation to maintain the improvements shall remain the sole responsibility of the subdivider until all required public improvements have been accepted by the local agency and all other required improvements have been fully completed in accordance with the plans and specifications for the improvements.

(e) The subdivider shall complete the works of improvement until all remaining items are accepted by the local agency.

(f) Upon the completion of the improvements, the subdivider, or his or her assigns, shall be notified in writing by the local agency within 45 days.

(g) Within 45 days of the issuance of the notification by the local agency, the release of any remaining performance security shall be placed upon the agenda of the legislative body of the local agency for approval of the release of any remaining performance security. If the local agency delegates authority for the release of performance security to a public official or other employee, any remaining performance security shall be released within 60 days of the issuance of the written statement of completion.

(h) Security securing the payment to the contractor, his or her subcontractors and to persons furnishing labor, materials or equipment shall, after passage of the time within which claims of lien are required to be recorded pursuant to Article 3 (commencing with Section 3114) of Chapter 2 of Title 15 of Part 4 of Division 3 of the Civil Code and after acceptance of the work, be reduced to an amount equal to the total claimed by all claimants for whom claims of lien have been recorded and notice thereof given in writing to the legislative body, and if no claims have been recorded, the security shall be released in full.

(i) The release shall not apply to any required guarantee and warranty period required by Section 66499.9 for the guarantee or warranty nor to the amount of the security deemed necessary by the local agency for the guarantee and warranty period nor to costs and reasonable expenses and fees, including reasonable attorneys' fees.

(j) The legislative body may authorize any of its public officers or employees to authorize release or reduction of the security in accordance with the conditions hereinabove set forth and in accordance with any rules that it may prescribe.

(k) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 23. Section 2051 of the Health and Safety Code is amended to read:

2051. A district may authorize the members of its board of trustees and its employees to attend professional, educational, or vocational meetings, and pay their actual and necessary traveling and incidental expenses while on official business. The payment of expenses pursuant to this section may be in addition to the payments made pursuant to Section 2030. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3 of the Government Code.

SEC. 24. Section 33327 of the Health and Safety Code is amended to read:

33327. After receipt of any preliminary redevelopment plan pursuant to Section 33325, the agency shall transmit to the county auditor and county assessor of the county in which the proposed project is located,

or to the officer or officers performing the functions of the auditor or assessor for any taxing agencies which, in levying or collecting its taxes, do not use the county assessment roll or do not collect its taxes through the county, to the legislative or governing bodies of local agencies which receive a portion of the property tax levied pursuant to Part 0.5 (commencing with Section 50) of the Revenue and Taxation Code and to the State Board of Equalization:

(a) A description of the boundaries of the project area.

(b) A statement that a plan for the redevelopment of the area is being prepared.

(c) A map indicating the boundaries of the project area.

In addition, the agency may include a listing, by tax rate area, of all parcels within the boundaries of the project area and the value used for each parcel on the secured property tax roll.

Thereafter, if the boundaries of the proposed project are changed, the agency shall notify the taxing officials and the State Board of Equalization within 30 days by transmitting a description and map indicating each boundary change made. The State Board of Equalization shall prescribe the format of the description of boundaries and statements, and the form, size, contents, and number of copies of the map required to be transmitted pursuant to this section.

SEC.25. Section 33375 of the Health and Safety Code is amended to read:

33375. After the adoption by the legislative body of a redevelopment plan that contains the provision permitted by Section 33670, the clerk of the community shall transmit a copy of the description and statement recorded pursuant to Section 33373, a copy of the ordinance adopting the plan, and a map or plat indicating the boundaries of the project area to the auditor and assessor of the county in which the project is located; to the officer or officers performing the functions of auditor or assessor for any taxing agencies which, in levying or collecting its taxes, do not use the county assessment roll or do not collect its taxes through the county; to the governing body of each of the taxing agencies which levies taxes upon any property in the project area; and to the State Board of Equalization.

Those documents shall be transmitted within 30 days following the adoption of the redevelopment plan. The legal effect of those transmittals shall be as set forth in Section 33674.

SEC. 26. Section 40980 of the Health and Safety Code is amended to read:

40980. (a) The Sacramento district shall, at a minimum, be governed by a district board composed of the Board of Supervisors of the County of Sacramento.

(b) If the County of Placer submits a resolution of inclusion, pursuant to Section 40963, one or more elected officials from that county shall be included on the Sacramento district board, pursuant to agreement between that county and the Sacramento district board.

(c) (1) The membership of the Sacramento district board shall include one or more members who are mayors or city council members, or both, and one or more members who are county supervisors.

(2) The number of those members and their composition shall be determined jointly by the counties and cities within the district, and shall be approved by a majority of the counties, and by a majority of the cities which contain a majority of the population in the incorporated area of the district.

(d) The governing board shall reflect, to the extent feasible and practicable, the geographic diversity of the district and the variation of population between the cities in the district.

(e) (1) Except as provided in paragraph (2), the members of the governing board who are mayors or city council members shall be selected by the city council of the city that they represent. The members of the governing board who are county supervisors shall be selected by the county if the district only contains one county or a majority of counties within the district if the district contains more than one county.

(2) The city selection committee shall be convened to select a member of the governing board from nominees who are mayors or city council members only if there is to be a change in a board member designated to represent more than one city, and only if more than one of those cities submits nominees for that board member position.

(f) (1) If the district fails to comply with subdivision (c), one-third of the members of the governing board shall be mayors or city council members, and two-thirds shall be county supervisors. The number of those members shall be determined as provided in paragraph (2) of subdivision (c), and the members shall be selected pursuant to subdivision (e).

(2) For purposes of paragraph (1), if any number which is not a whole number results from the application of the term "one-third" or "two-thirds," the number of county supervisors shall be increased to the nearest integer, and the number of mayors or city council members decreased to the nearest integer.

SEC. 27. Section 20736 of the Public Contract Code is amended to read:

20736. (a) All construction authorized under this article that exceeds two thousand five hundred dollars ($2,500) shall be awarded upon competitive bidding. Notice of the proposed letting of such a contract shall be published pursuant to Section 6066 of the Government Code in

a newspaper of general circulation in the district or, if there is none, of general circulation in the county, the first publication to be at least two weeks prior to the opening of bids. The notice inviting bids shall set a date for the opening of bids. The contract shall be awarded to the lowest responsible bidder. In its discretion, the board may reject any bids presented and readvertise. If two or more bids are the same and the lowest, the board may accept the one it chooses. If no bids are received, the board may have the work done directly by purchasing the materials and hiring the labor.

(b) If all bids are rejected, the board may adopt a resolution, by four-fifths vote, declaring that the work can be performed more economically by hiring day labor, or that the materials or supplies can be furnished at a lower price in the open market, and may have the work done in the manner stated in the resolution in order to take advantage of this lower cost.

(c) If there is an emergency, the board may, by four-fifths vote adopt a resolution declaring that the public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property, and expend any sum required in the emergency without submitting the expenditure to the bidding procedure set forth. If notice for bid to let contracts will not be given, the board shall comply with Chapter 2.5 (commencing with Section 22050).

(d) The board may negotiate with the government of the United States or any department or agency thereof, the state or any department or agency thereof, or any local public agency for the purpose of assisting the district in the performance of any of the work authorized by this article and, without advertising for bids, may cause the district to contribute to the United States, the State of California, or any local public agency all or any portion of the estimated cost of any work authorized by this article which is to be done by or under contract with the United States, the State of California, or any local public agency.

SEC. 28. Section 22032 of the Public Contract Code is amended to read:

22032. (a) Public projects of thirty thousand dollars ($30,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.

(b) Public projects of one hundred twenty-five thousand dollars ($125,000) or less may be let to contract by informal procedures as set forth in this article.

(c) Public projects of more than one hundred twenty-five thousand dollars ($125,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.

SEC. 29. Section 22034 of the Public Contract Code is amended to read:

22034. Each public agency that elects to become subject to the uniform construction accounting procedures set forth in Article 2 (commencing with Section 22010) shall enact an informal bidding ordinance to govern the selection of contractors to perform public projects pursuant to subdivision (b) of Section 22032. The ordinance shall include all of the following:

(a) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission.

(b) All contractors on the list for the category of work being bid or all construction trade journals specified in Section 22036, or both all contractors on the list for the category of work being bid and all construction trade journals specified in Section 22036, shall be mailed a notice inviting informal bids unless the product or service is proprietary.

(c) All mailing of notices to contractors and construction trade journals pursuant to subdivision (b) shall be completed not less than 10 calendar days before bids are due.

(d) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.

(e) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.

(f) If all bids received are in excess of one hundred twenty-five thousand dollars ($125,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at one hundred thirty-seven thousand five hundred dollars ($137,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

SEC. 30. Section 5784.2 is added to the Public Resources Code, to read:

5784.2. (a) Notwithstanding any other provision of law, a local agency formation commission, in approving either a consolidation of districts or the reorganization of two or more districts into a single recreation and park district, pursuant to subdivisions (k) and (n) of Section 56886 of the Government Code, may temporarily increase the number of directors to serve on the board of directors of the consolidated or reorganized district to seven or nine, who shall be members of the board of directors of the districts to be consolidated or reorganized as of the effective date of the consolidation or reorganization.

(b) Upon the expiration of the terms of the members of the board of directors of the consolidated or reorganized district, whose terms first expire following the effective date of the consolidation or reorganization, the total number of members on the board of directors shall be reduced until the number equals five members.

(c) In addition to the powers granted under Section 1780 of the Government Code, in the event of a vacancy on the board of directors of the consolidated or reorganized district at which time the total number of directors is greater than five, the board of directors may, by majority vote of the remaining members of the board, choose not to fill the vacancy. In that event, the total membership of the board of directors shall be reduced by one board member.

(d) For the purposes of this section, the following definitions apply:

(1) "Consolidation" means consolidation as defined in Section 56030 of the Government Code.

(2) "District" or "special district" means district or special district as defined in Section 56036 of the Government Code.

(3) "Reorganization" means reorganization as defined in Section 56073 of the Government Code.

SEC. 31. Chapter 5 (commencing with Section 5790) of Division 5 of the Public Resources Code is repealed.

SEC. 32. Section 2215 of the Revenue and Taxation Code is amended to read:

2215. "Special district" means any agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area, formed for the purpose of designating an area within which a property tax rate will be levied to pay for a service or improvement benefiting that area. "Special district" does not include a city, a county, a school district or a community college district. "Special district" does not include any agency which is not authorized by statute to levy a property tax rate or receive an allocation of property tax revenues. However, for the purpose of the allocation of property taxes pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, and notwithstanding Section 2237, any special district authorized to levy a property tax or receive an allocation of property tax by the statute under which the district was formed shall be considered a special district.

SEC. 33. The Legislature finds and declares that the amendments to Section 65457 of the Government Code made by Section 10 of this act do not constitute a substantive change to that section.

SEC. 34. Section 13.5 of this bill incorporates amendments to Section 53359.5 of the Government Code proposed by both this bill and Senate

Bill No. 1432. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 53359.5 of the Government Code, and (3) this bill is enacted after Senate Bill No. 1432, in which case Section 13 of this bill shall not become operative.

SEC. 35. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district pursuant to Section 26 of this act which amends Section 40980 of the Health and Safety Code are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

CHAPTER 644

An act to amend Sections 18400.1, 18400.3, and 18424 of, and to amend and repeal Section 18502 of, the Health and Safety Code, relating to mobilehomes.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 18400.1 of the Health and Safety Code is amended to read:

18400.1. (a) In accordance with subdivision (b), the enforcement agency shall enter and inspect mobilehome parks, as required under this part, to ensure enforcement of this part and the regulations adopted pursuant to this part. The enforcement agency's inspection shall include an inspection of the exterior portions of individual manufactured homes and mobilehomes in each park inspected. Any notices of violation of this part shall be issued pursuant to Chapter 3.5 (commencing with Section 18420).

(b) In developing its mobilehome park maintenance inspection program, the enforcement agency shall inspect the mobilehome parks that the enforcement agency determines have complaints that have been made to the enforcement agency regarding serious health and safety violations in the park. A single complaint of a serious health and safety violation shall not automatically trigger an inspection of the entire park unless, upon investigation of that single complaint, the enforcement

agency determines that there is a violation and that an inspection of the entire park is necessary.

(c) This part does not allow the enforcement agency to issue a notice for a violation of existing laws or regulations that were not violations of the laws or regulations at the time the mobilehome park received its original permit to operate, or the standards governing any subsequent permit to construct, or at the time the manufactured home or mobilehome received its original installation permit, unless the enforcement agency determines that a condition of the park, manufactured home, or mobilehome endangers the life, limb, health, or safety of the public or occupants thereof.

(d) Not less than 30 days prior to the inspection of a mobilehome park under this section, the enforcement agency shall provide individual written notice of the inspection to the registered owners of the manufactured homes or mobilehomes, with a copy of the notice to the occupants thereof, if different than the registered owners, and to the owner or operator of the mobilehome park and the responsible person, as defined in Section 18603.

(e) At the sole discretion of the enforcement agency's inspector, a representative of either the park operator or the mobilehome owners may accompany the inspector during the inspection if that request is made to the enforcement agency or the inspector requests a representative to accompany him or her. If either party requests permission to accompany the inspector or is requested by the inspector to accompany him or her, the other party shall also be given the opportunity, with reasonable notice, to accompany the inspector. Only one representative of the park owner and one representative of the mobilehome owners in the park may accompany the inspector at any one time during the inspection. If more than one representative of the mobilehome owners in the park requests permission to accompany the inspector, the enforcement agency may adopt procedures for choosing that representative.

(f) The enforcement agency shall coordinate a preinspection orientation for mobilehome owners and mobilehome park operators with the use of an audiovisual presentation furnished by the department to affected local enforcement agencies. Enforcement agencies shall furnish the audiovisual presentation to park operators and mobilehome owner representatives in each park subject to inspection not less than 30 days prior to the inspection. Additionally, it is the Legislature's intent that the department shall, where practicable, conduct live presentations, forums, and outreach programs throughout the state to orient mobilehome owners and park operators on the mobilehome park maintenance inspection program and their rights and obligations under the program.

(g) Any local enforcement agency that relinquishes enforcement authority to the department shall remit to the department fees collected pursuant to paragraph (2) of subdivision (c) of Section 18502 that have not been expended for purposes of that paragraph.

(h) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

SEC. 1.5. Section 18400.1 of the Health and Safety Code is amended to read:

18400.1. (a) In accordance with subdivision (b), the enforcement agency shall enter and inspect mobilehome parks, as required under this part, with a goal of inspecting at least 5 percent of the parks per year, to ensure enforcement of this part and the regulations adopted pursuant to this part. The enforcement agency's inspection shall include an inspection of the exterior portions of individual manufactured homes and mobilehomes in each park inspected. Any notices of violation of this part shall be issued pursuant to Chapter 3.5 (commencing with Section 18420).

(b) In developing its mobilehome park maintenance inspection program, the enforcement agency shall inspect the mobilehome parks that the enforcement agency determines have complaints that have been made to the enforcement agency regarding serious health and safety violations in the park. A single complaint of a serious health and safety violation shall not automatically trigger an inspection of the entire park unless upon investigation of that single complaint the enforcement agency determines that there is a violation and that an inspection of the entire park is necessary.

(c) This part does not allow the enforcement agency to issue a notice for a violation of existing laws or regulations that were not violations of the laws or regulations at the time the mobilehome park received its original permit to operate, or the standards governing any subsequent permit to construct, or at the time the manufactured home or mobilehome received its original installation permit, unless the enforcement agency determines that a condition of the park, manufactured home, or mobilehome endangers the life, limb, health, or safety of the public or occupants thereof.

(d) Not less than 30 days prior to the inspection of a mobilehome park under this section, the enforcement agency shall provide individual written notice of the inspection to the registered owners of the manufactured homes or mobilehomes, with a copy of the notice to the occupants thereof, if different than the registered owners, and to the owner or operator of the mobilehome park and the responsible person, as defined in Section 18603.

(e) At the sole discretion of the enforcement agency's inspector, a representative of either the park operator or the mobilehome owners may accompany the inspector during the inspection if that request is made to the enforcement agency or the inspector requests a representative to accompany him or her. If either party requests permission to accompany the inspector or is requested by the inspector to accompany him or her, the other party shall also be given the opportunity, with reasonable notice, to accompany the inspector. Only one representative of the park owner and one representative of the mobilehome owners in the park may accompany the inspector at any one time during the inspection. If more than one representative of the mobilehome owners in the park requests permission to accompany the inspector, the enforcement agency may adopt procedures for choosing that representative.

(f) The enforcement agency shall coordinate a preinspection orientation for mobilehome owners and mobilehome park operators with the use of an audiovisual presentation furnished by the department to affected local enforcement agencies. Enforcement agencies shall furnish the audiovisual presentation to park operators and mobilehome owner representatives in each park subject to inspection not less than 30 days prior to the inspection. Additionally, it is the Legislature's intent that the department shall, where practicable, conduct live presentations, forums, and outreach programs throughout the state to orient mobilehome owners and park operators on the mobilehome park maintenance inspection program and their rights and obligations under the program.

(g) Any local enforcement agency that relinquishes enforcement authority to the department shall remit to the department fees collected pursuant to paragraph (2) of subdivision (c) of Section 18502 that have not been expended for purposes of that paragraph.

(h) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

SEC. 2. Section 18400.3 of the Health and Safety Code is amended to read:

18400.3. (a) The department shall convene a task force of representatives of mobilehome owners, mobilehome park operators, local enforcement agencies that conduct mobilehome park inspections, and the Legislature, every six months, to provide input to the department on the conduct and operation of the mobilehome park maintenance inspection program, including, but not limited to, frequency of inspection, program information, and recommendations for program changes.

(b) The Senate Committee on Rules and the Assembly Committee on Rules shall each designate a member of its respective house to be a

member of the task force. Each legislative member of the task force may designate an alternate to represent him or her at task force meetings.

(c) With the input of the task force, the department may reorganize violations under this part and the regulations adopted pursuant to this part into the following two categories:

(1) Those constituting imminent hazards representing an immediate risk to life, health, and safety and requiring immediate correction.

(2) Those constituting unreasonable risk to life, health, or safety and requiring correction within 60 days.

(d) Any matter that would have constituted a violation prior to January 1, 2000, that is not categorized in accordance with subdivision (c) on or after January 1, 2000, shall be of a minor or technical nature and shall not be subject to citation or notation on the record of an inspection conducted on or after January 1, 2000.

SEC. 2.5. Section 18400.3 of the Health and Safety Code is amended to read:

18400.3. (a) The department shall convene a task force of representatives of mobilehome owners, mobilehome park operators, local enforcement agencies that conduct mobilehome park inspections, and the Legislature, every six months, to provide input to the department on the conduct and operation of the mobilehome park maintenance inspection program, including, but not limited to, frequency of inspection, program information, and recommendations for program changes. The department shall submit a report to the task force semiannually that shall include, but not be limited to, all of the following:

(1) The amount of fees collected and expended for the inspection program.

(2) The number of parks and spaces that were inspected.

(3) The number of violations identified and progress on correcting those violations.

(4) The most common park violations and the most common homeowner violations.

(b) The Senate Committee on Rules and the Assembly Committee on Rules shall each designate a member of its respective house to be a member of the task force. Each legislative member of the task force may designate an alternate to represent him or her at task force meetings.

(c) With the input of the task force, the department may reorganize violations under this part and the regulations adopted pursuant to this part into the following two categories:

(1) Those constituting imminent hazards representing an immediate risk to life, health, and safety and requiring immediate correction.

(2) Those constituting unreasonable risk to life, health, or safety and requiring correction within 60 days.

(d) Any matter that would have constituted a violation prior to January 1, 2000, that is not categorized in accordance with subdivision (c) on or after January 1, 2000, shall be of a minor or technical nature and shall not be subject to citation or notation on the record of an inspection conducted on or after January 1, 2000.

SEC. 3. Section 18424 of the Health and Safety Code is amended to read:

18424. This chapter shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2012, deletes or extends that date.

SEC. 4. Section 18502 of the Health and Safety Code, as amended by Section 22 of Chapter 434 of the Statutes of 2001, is amended to read:

18502. Fees as applicable shall be submitted for permits:

(a) Fees for a permit to conduct any construction subject to this part as determined by the schedule of fees adopted by the department.

(b) Plan checking fees equal to one-half of the construction, plumbing, mechanical, and electrical permit fees, except that the minimum fee shall be ten dollars ($10).

(c) (1) An annual operating permit fee of twenty-five dollars ($25) and an additional two dollars ($2) per lot.

(2) An additional annual fee of four dollars ($4) per lot shall be paid to the department or the local enforcement agency, as appropriate, at the time of payment of the annual operating fee. All revenues derived from this fee shall be used exclusively for the inspection of mobilehome parks and mobilehomes to determine compliance with the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200)) and any regulations adopted pursuant to the act.

(3) The Legislature hereby finds and declares that the health and safety of mobilehome park occupants are matters of public interest and concern and that the fee paid pursuant to paragraph (2) shall be used exclusively for the inspection of mobilehome parks and mobilehomes to ensure that the living conditions of mobilehome park occupants meet the health and safety standards of this part and the regulations adopted pursuant thereto. Therefore, notwithstanding any other provisions of law or local ordinance, rule, regulation, or initiative measure to the contrary, the holder of the permit to operate the mobilehome park shall be entitled to directly charge one-half of the per lot additional annual fee specified herein to each homeowner, as defined in Section 798.9 of the Civil Code. In that event, the holder of the permit to operate the mobilehome park shall be entitled to directly charge each homeowner for one-half of the per lot additional annual fee at the next billing for the rent and other charges immediately following the payment of the additional fee to the department or local enforcement agency.

(d) Change in name fee or transfer of ownership or possession fee of ten dollars ($10).

(e) Duplicate permit fee or amended permit fee of ten dollars ($10).

(f) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

SEC. 5. Section 18502 of the Health and Safety Code, as amended by Section 8 of Chapter 520 of the Statutes of 1999, is repealed.

SEC. 6. Section 18502 of the Health and Safety Code, as amended by Section 9 of Chapter 520 of the Statutes of 1999, is amended to read:

18502. Fees as applicable shall be submitted for permits:

(a) Fees for a permit to conduct any construction subject to this part as determined by the schedule of fees adopted by the department.

(b) Plan checking fees equal to one-half of the construction, plumbing, mechanical, and electrical permit fees, except that the minimum fee shall be ten dollars ($10).

(c) Except for a temporary recreational vehicle park, an annual operating permit fee of twenty-five dollars ($25) and an additional two dollars ($2) per lot or two dollars ($2) per camping party for the maximum number of camping parties to be accommodated at any one time in an incidental camping area.

(d) Temporary recreational vehicle park operating permit fee of twenty-five dollars ($25), with no additional fee for the lots.

(e) Change in name fee or transfer of ownership or possession fee of ten dollars ($10).

(f) Duplicate permit fee or amended permit fee of ten dollars ($10).

(g) This section shall become operative on January 1, 2012.

SEC. 7. (a) Section 1.5 of this bill incorporates amendments to Section 18400.1 of the Health and Safety Code proposed by both this bill and AB 2250. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 18400.1 of the Health and Safety Code, and (3) this bill is enacted after AB 2250, in which case Section 1 of this bill shall not become operative.

(b) Section 2.5 of this bill incorporates amendments to Section 18400.3 of the Health and Safety Code proposed by both this bill and AB 2250. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 18400.3 of the Health and Safety Code, and (3) this bill is enacted after AB 2250, in which case Section 2 of this bill shall not become operative.

CHAPTER 645

An act to amend Sections 18709, 18716, 18724, 18744, 18766, 18796, 18808, 18830, 18845.3, 18846.3, 18847.3, and 18855 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 18709 of the Revenue and Taxation Code is amended to read:

18709. (a) This article shall, subject to subdivision (b), remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Military Family Relief Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Adjutant General of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2006 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2007, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

(e) Notwithstanding the amendments made to this section by the act adding this subdivision, if, by September 1, 2006, the Franchise Tax Board determines that the amount of contributions estimated to be received during the 2006 calendar year will not be at least two hundred fifty thousand dollars ($250,000), this article is repealed with respect to returns filed for taxable years beginning on or after January 1, 2006.

SEC. 2. Section 18716 of the Revenue and Taxation Code is amended to read:

18716. (a) This article shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2008, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the State Children's Trust Fund for the Prevention of Child Abuse appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the State Department of Social Services of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the

actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2002 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2003, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 3. Section 18724 of the Revenue and Taxation Code is amended to read:

18724. (a) This article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2010, deletes that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Fund for Senior Citizens appears on a tax return, the Franchise Tax Board shall determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed two hundred fifty thousand dollars ($250,000). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) The Franchise Tax Board shall provide written notification to the California Senior Legislature of the amount determined pursuant to paragraph (1).

(3) If the Franchise Tax Board determines the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(4) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000).

(c) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 4. Section 18744 of the Revenue and Taxation Code is amended to read:

18744. (a) This article shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2008, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the Rare and Endangered Species Preservation Program Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Department of Fish and Game of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000)

for the 2002 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2003, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 5. Section 18766 of the Revenue and Taxation Code is amended to read:

18766. (a) This article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2010, deletes that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Alzheimer's and Related Disorders Research Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Secretary of California Health and Human Services of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contributions amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this

article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2000 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2001, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 6. Section 18796 of the Revenue and Taxation Code is amended to read:

18796. (a) This article shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2008, deletes that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Breast Cancer Research Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the University of California of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount the contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 1997 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 1998, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index that are received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 7. Section 18808 of the Revenue and Taxation Code is amended to read:

18808. (a) This article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2011, deletes that date.

(b) If the repeal date specified in subdivision (a) has been deleted, all of the following apply:

(1) By September 1 of the calendar year beginning after the effective date of the act deleting the repeal date and by September 1 of each subsequent calendar year that the California Peace Officer's Memorial Foundation Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the California Peace Officer Memorial Commission of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the first calendar year beginning after the effective date of the act that deleted the repeal date specified in subdivision (a), or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2005, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 8. Section 18830 of the Revenue and Taxation Code is amended to read:

18830. (a) This article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

(b) (1) By September 1, 2007, and by September 1 of each subsequent calendar year that the Veterans' Quality of Life Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the Department of Veterans Affairs of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contribution estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2007 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the 2008 calendar year, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 9. Section 18845.3 of the Revenue and Taxation Code is amended to read:

18845.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Prostate Cancer Research Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the California Coalition to Cure Prostate Cancer of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during the calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2006 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the 2007 calendar year, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be

transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

(e) Notwithstanding the amendments made to this section by the act adding this subdivision, if, by September 1, 2006, the Franchise Tax Board determines that the amount of contributions estimated to be received during the 2006 calendar year will not be at least two hundred and fifty thousand dollars ($250,000), this article is repealed with respect to returns filed for taxable years beginning on or after January 1, 2006.

SEC. 10. Section 18846.3 of the Revenue and Taxation Code is amended to read:

18846.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before the applicable date, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Sexual Violence Victim Services Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the California Coalition Against Sexual Assault of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 2007 calendar year or the adjusted minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the 2008 calendar year, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 11. Section 18847.3 of the Revenue and Taxation Code is amended to read:

18847.3. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the California Colorectal Cancer Prevention Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contributions amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the State Department of Health Services of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000)

for the 2007 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the 2008 calendar year, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year, multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 12. Section 18855 of the Revenue and Taxation Code is amended to read:

18855. (a) This article shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

(b) (1) By September 1, 2006, and by September 1 of each subsequent calendar year that the Emergency Food Assistance Program Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the State Department of Social Services of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this

article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars ($250,000) for the 1999 calendar year or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with calendar year 2000, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the estimated contribution amount specified in subdivision (b) as follows:

(1) The minimum contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior calendar year multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.

SEC. 13. Each voluntary contribution checkoff that appeared on the state income tax return for 2005 that was subject to a minimum contribution amount for calendar year 2005, shall be subject to that same minimum contribution amount for calendar year 2006.

SEC. 14. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide predictability for the ensuing fiscal year for the recipients of voluntary contributions made on income tax forms, it is necessary that this act take effect immediately.

CHAPTER 646

An act to amend the heading of Article 6 (commencing with Section 11383) of Chapter 6 of Division 10 of, to amend Section 11383 of, and to add Sections 11383.5, 11383.6, and 11383.7 to, the Health and Safety Code, relating to controlled substances.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The heading of Article 6 (commencing with Section 11383) of Chapter 6 of Division 10 of the Health and Safety Code is amended to read:

Article 6. Precursors of Phencyclidine (PCP) and Methamphetamine

SEC. 2. Section 11383 of the Health and Safety Code is amended to read:

11383. (a) Any person who possesses at the same time any of the following combinations, a combination product thereof, or possesses any compound or mixture containing the chemicals listed in the following combinations, with the intent to manufacture phencyclidine (PCP) or any of its analogs specified in subdivision (d) of Section 11054 or subdivision (e) of Section 11055, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years:

(1) Piperidine and cyclohexanone.

(2) Pyrrolidine and cyclohexanone.

(3) Morpholine and cyclohexanone.

(b) Any person who possesses the optical, positional, or geometric isomer of any of the compounds listed in this section, with the intent to manufacture these controlled substances is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years:

(1) Phencyclidine (PCP).

(2) Any analog of PCP specified in subdivision (d) of Section 11054, or in subdivision (e) of Section 11055.

(c) Any person who possesses any compound or mixture containing piperidine, cyclohexanone, pyrrolidine, morpholine, 1-phenylcyclohexylamine (PCA), 1-piperidinocyclohexanecarbonitrile (PCC), or phenylmagnesium bromide (PMB) with the intent to manufacture phencyclidine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(d) Any person who possesses immediate precursors sufficient for the manufacture of piperidine, cyclohexanone, pyrrolidine, morpholine, or phenylmagnesium bromide (PMB) with the intent to manufacture phencyclidine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(e) This section does not apply to drug manufacturers licensed by this state or persons authorized by regulation of the Board of Pharmacy to possess those substances or combinations of substances.

SEC. 3. Section 11383.5 is added to the Health and Safety Code, to read:

11383.5. (a) Any person who possesses both methylamine and phenyl-2-propanone (phenylacetone) at the same time with the intent to manufacture methamphetamine, or who possesses both ethylamine and phenyl-2-propanone (phenylacetone) at the same time with the intent to manufacture N-ethylamphetamine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(b) (1) Any person who, with the intent to manufacture methamphetamine or any of its analogs specified in subdivision (d) of Section 11055, possesses ephedrine or pseudoephedrine, or any salts, isomers, or salts of isomers of ephedrine or pseudoephedrine, or who possesses a substance containing ephedrine or pseudoephedrine, or any salts, isomers, or salts of isomers of ephedrine or pseudoephedrine, or who possesses at the same time any of the following, or a combination product thereof, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years:

(A) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, plus hydriodic acid.

(B) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, thionyl chloride and hydrogen gas.

(C) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, plus phosphorus pentachloride and hydrogen gas.

(D) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, chloroephedrine and chloropseudoephedrine, or phenylpropanolamine, plus any reducing agent.

(2) Any person who, with the intent to manufacture methamphetamine or any of its analogs specified in subdivision (d) of Section 11055, possesses hydriodic acid or a reducing agent or any product containing hydriodic acid or a reducing agent is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(c) Any person who possesses the optical, positional, or geometric isomer of any of the compounds listed in this section, with the intent to manufacture any of the following controlled substances, is guilty of a

felony and shall be punished by imprisonment in the state prison for two, four, or six years:

(1) Methamphetamine.

(2) Any analog of methamphetamine specified in subdivision (d) of Section 11055.

(3) N-ethylamphetamine.

(d) Any person who possesses immediate precursors sufficient for the manufacture of methylamine, ethylamine, phenyl-2-propanone, ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, phenylpropanolamine, hydriodic acid or a reducing agent, thionyl chloride, or phosphorus pentachloride, with the intent to manufacture methamphetamine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(e) Any person who possesses essential chemicals sufficient to manufacture hydriodic acid or a reducing agent, with the intent to manufacture methamphetamine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(f) Any person who possesses any compound or mixture containing ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, phenylpropanolamine, hydriodic acid or a reducing agent, thionyl chloride, or phosphorus pentachloride, with the intent to manufacture methamphetamine, is guilty of a felony and shall be punished by imprisonment in the state prison for two, four, or six years.

(g) For purposes of this section, a "reducing agent" for the purposes of manufacturing methamphetamine means an agent that causes reduction to occur by either donating a hydrogen atom to an organic compound or by removing an oxygen atom from an organic compound.

(h) This section does not apply to drug manufacturers licensed by this state or persons authorized by regulation of the Board of Pharmacy to possess those substances or combinations of substances.

SEC. 4. Section 11383.6 is added to the Health and Safety Code, to read:

11383.6. (a) Any person who possesses at the same time any of the following combinations, a combination product thereof, or possesses any compound or mixture containing the chemicals listed in the following combinations, with the intent to sell, transfer, or otherwise furnish those chemicals, combinations, or mixtures to another person with the knowledge that they will be used to manufacture phencyclidine (PCP) or any of its analogs specified in subdivision (d) of Section 11054 or subdivision (e) of Section 11055 is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years:

(1) Piperidine and cyclohexanone.

(2) Pyrrolidine and cyclohexanone.

(3) Morpholine and cyclohexanone.

(b) Any person who possesses the optical, positional, or geometric isomer of any of the compounds listed in this section with the intent to sell, transfer, or otherwise furnish the isomer to another person with the knowledge that they will be used to manufacture these controlled substances is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years:

(1) Phencyclidine (PCP).

(2) Any analog of PCP specified in subdivision (d) of Section 11054, or in subdivision (e) of Section 11055.

(c) Any person who possesses any compound or mixture containing piperidine, cyclohexanone, pyrrolidine, morpholine, 1-phenylcyclohexylamine (PCA), 1-piperidinocyclohexanecarbonitrile (PCC), or phenylmagnesium bromide (PMB) with the intent to sell, transfer, or otherwise furnish the compound or mixture to another person with the knowledge that it will be used to manufacture phencyclidine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(d) Any person who possesses immediate precursors sufficient for the manufacture of piperidine, cyclohexanone, pyrrolidine, morpholine, or phenylmagnesium bromide (PMB) with the intent to sell, transfer or otherwise furnish the immediate precursors to another person with the knowledge that they will be used to manufacture phencyclidine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(e) This section does not apply to drug manufacturers licensed by this state or persons authorized by regulation of the Board of Pharmacy to possess those substances or combinations of substances.

SEC. 5. Section 11383.7 is added to the Health and Safety Code, to read:

11383.7. (a) Any person who possesses both methylamine and phenyl-2-propanone (phenylacetone) at the same time with the intent to sell, transfer, or otherwise furnish those chemicals to another person with the knowledge that they will be used to manufacture methamphetamine, or who possesses both ethylamine and phenyl-2-propanone (phenylacetone) at the same time with the intent to sell, transfer, or otherwise furnish those chemicals to another person with the knowledge that they will be used to manufacture methamphetamine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(b) (1) Any person who possesses ephedrine or pseudoephedrine, or any salts, isomers, or salts of isomers of ephedrine or pseudoephedrine,

or who possesses a substance containing ephedrine or pseudoephedrine, or any salts, isomers, or salts of isomers of ephedrine or pseudoephedrine, or who possesses at the same time any of the following, or a combination product thereof, with the intent to sell, transfer, or otherwise furnish those chemicals, substances, or products to another person with the knowledge that they will be used to manufacture methamphetamine or any of its analogs specified in subdivision (d) of Section 11055 is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years:

(A) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, plus hydriodic acid.

(B) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, thionyl chloride and hydrogen gas.

(C) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, or phenylpropanolamine, plus phosphorus pentachloride and hydrogen gas.

(D) Ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, N-methylpseudoephedrine, N-ethylpseudoephedrine, chloroephedrine and chloropseudoephedrine, or phenylpropanolamine, plus any reducing agent.

(2) Any person who possesses hydriodic acid or a reducing agent or any product containing hydriodic acid or a reducing agent with the intent to sell, transfer, or otherwise furnish that chemical, product, or substance to another person with the knowledge that they will be used to manufacture methamphetamine or any of its analogs specified in subdivision (d) of Section 11055 is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(c) Any person who possesses the optical, positional, or geometric isomer of any of the compounds listed in this section with the intent to sell, transfer, or otherwise furnish any of the compounds to another person with the knowledge that they will be used to manufacture these controlled substances is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years:

(1) Methamphetamine.

(2) Any analog of methamphetamine specified in subdivision (d) of Section 11055.

(3) N-ethylamphetamine.

(d) Any person who possesses immediate precursors sufficient for the manufacture of methylamine, ethylamine, phenyl-2-propanone, ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, phenylpropanolamine, hydriodic acid or a reducing agent, thionyl chloride, or phosphorus pentachloride, with the intent to sell, transfer, or otherwise furnish these substances to another person with the knowledge that they will be used to manufacture methamphetamine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(e) Any person who possesses essential chemicals sufficient to manufacture hydriodic acid or a reducing agent with the intent to sell, transfer, or otherwise furnish those chemicals to another person with the knowledge that they will be used to manufacture methamphetamine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(f) Any person who possesses any compound or mixture containing ephedrine, pseudoephedrine, norpseudoephedrine, N-methylephedrine, N-ethylephedrine, phenylpropanolamine, hydriodic acid or a reducing agent, thionyl chloride, or phosphorus pentachloride, with the intent to sell, transfer, or otherwise furnish that compound or mixture to another person with the knowledge that they will be used to manufacture methamphetamine is guilty of a felony and shall be punished by imprisonment in the state prison for 16 months, two, or three years.

(g) For purposes of this section, a "reducing agent" for the purposes of manufacturing methamphetamine means an agent that causes reduction to occur by either donating a hydrogen atom to an organic compound or by removing an oxygen atom from an organic compound.

(h) This section does not apply to drug manufacturers licensed by this state or persons authorized by regulation of the Board of Pharmacy to possess those substances or combinations of substances.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 647

An act to add Sections 1279.1, 1279.2, 1279.3, and 1280.4 to, the Health and Safety Code, relating to health facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1279.1 is added to the Health and Safety Code, to read:

1279.1. (a) A health facility licensed pursuant to subdivision (a), (b), or (f) of Section 1250 shall report an adverse event to the department no later than five days after the adverse event has been detected, or, if that event is an ongoing urgent or emergent threat to the welfare, health, or safety of patients, personnel, or visitors, not later than 24 hours after the adverse event has been detected. Disclosure of individually identifiable patient information shall be consistent with applicable law.

(b) For purposes of this section, "adverse event" includes any of the following:

(1) Surgical events, including the following:

(A) Surgery performed on a wrong body part that is inconsistent with the documented informed consent for that patient. A reportable event under this subparagraph does not include a situation requiring prompt action that occurs in the course of surgery or a situation that is so urgent as to preclude obtaining informed consent.

(B) Surgery performed on the wrong patient.

(C) The wrong surgical procedure performed on a patient, which is a surgical procedure performed on a patient that is inconsistent with the documented informed consent for that patient. A reportable event under this subparagraph does not include a situation requiring prompt action that occurs in the course of surgery, or a situation that is so urgent as to preclude the obtaining of informed consent.

(D) Retention of a foreign object in a patient after surgery or other procedure, excluding objects intentionally implanted as part of a planned intervention and objects present prior to surgery that are intentionally retained.

(E) Death during or up to 24 hours after induction of anesthesia after surgery of a normal, healthy patient who has no organic, physiologic, biochemical, or psychiatric disturbance and for whom the pathologic processes for which the operation is to be performed are localized and do not entail a systemic disturbance.

(2) Product or device events, including the following:

(A) Patient death or serious disability associated with the use of a contaminated drug, device, or biologic provided by the health facility when the contamination is the result of generally detectable contaminants in the drug, device, or biologic, regardless of the source of the contamination or the product.

(B) Patient death or serious disability associated with the use or function of a device in patient care in which the device is used or functions other than as intended. For purposes of this subparagraph, "device" includes, but is not limited to, a catheter, drain, or other specialized tube, infusion pump, or ventilator.

(C) Patient death or serious disability associated with intravascular air embolism that occurs while being cared for in a facility, excluding deaths associated with neurosurgical procedures known to present a high risk of intravascular air embolism.

(3) Patient protection events, including the following:

(A) An infant discharged to the wrong person.

(B) Patient death or serious disability associated with patient disappearance for more than four hours, excluding events involving adults who have competency or decisionmaking capacity.

(C) A patient suicide or attempted suicide resulting in serious disability while being cared for in a health facility due to patient actions after admission to the health facility, excluding deaths resulting from self-inflicted injuries that were the reason for admission to the health facility.

(4) Care management events, including the following:

(A) A patient death or serious disability associated with a medication error, including, but not limited to, an error involving the wrong drug, the wrong dose, the wrong patient, the wrong time, the wrong rate, the wrong preparation, or the wrong route of administration, excluding reasonable differences in clinical judgment on drug selection and dose.

(B) A patient death or serious disability associated with a hemolytic reaction due to the administration of ABO-incompatible blood or blood products.

(C) Maternal death or serious disability associated with labor or delivery in a low-risk pregnancy while being cared for in a facility, including events that occur within 42 days postdelivery and excluding deaths from pulmonary or amniotic fluid embolism, acute fatty liver of pregnancy, or cardiomyopathy.

(D) Patient death or serious disability directly related to hypoglycemia, the onset of which occurs while the patient is being cared for in a health facility.

(E) Death or serious disability, including kernicterus, associated with failure to identify and treat hyperbilirubinemia in neonates during the first 28 days of life. For purposes of this subparagraph, "hyperbilirubinemia" means bilirubin levels greater than 30 milligrams per deciliter.

(F) A Stage 3 or 4 ulcer, acquired after admission to a health facility, excluding progression from Stage 2 to Stage 3 if Stage 2 was recognized upon admission.

(G) A patient death or serious disability due to spinal manipulative therapy performed at the health facility.

(5) Environmental events, including the following:

(A) A patient death or serious disability associated with an electric shock while being cared for in a health facility, excluding events involving planned treatments, such as electric countershock.

(B) Any incident in which a line designated for oxygen or other gas to be delivered to a patient contains the wrong gas or is contaminated by a toxic substance.

(C) A patient death or serious disability associated with a burn incurred from any source while being cared for in a health facility.

(D) A patient death associated with a fall while being cared for in a health facility.

(E) A patient death or serious disability associated with the use of restraints or bedrails while being cared for in a health facility.

(6) Criminal events, including the following:

(A) Any instance of care ordered by or provided by someone impersonating a physician, nurse, pharmacist, or other licensed health care provider.

(B) The abduction of a patient of any age.

(C) The sexual assault on a patient within or on the grounds of a health facility.

(D) The death or significant injury of a patient or staff member resulting from a physical assault that occurs within or on the grounds of a facility.

(7) An adverse event or series of adverse events that cause the death or serious disability of a patient, personnel, or visitor.

(c) The facility shall inform the patient or the party responsible for the patient of the adverse event by the time the report is made.

(d) "Serious disability" means a physical or mental impairment that substantially limits one or more of the major life activities of an individual, or the loss of bodily function, if the impairment or loss lasts more than 7 days or is still present at the time of discharge from an inpatient health care facility, or the loss of a body part.

(e) Nothing in this section shall be interpreted to change or otherwise affect hospital reporting requirements regarding reportable diseases or unusual occurrences, as provided in Section 70737 of Title 22 of the California Code of Regulations. The department shall review Section 70737 of Title 22 of the California Code of Regulations requiring hospitals to report "unusual circumstances" and consider amending the section to enhance the clarity and specificity of this hospital reporting requirement.

SEC. 2. Section 1279.2 is added to the Health and Safety Code, to read:

1279.2. (a) (1) In any case in which the department receives a report from a facility pursuant to Section 1279.1, or a written or oral complaint involving a health facility licensed pursuant to subdivision (a), (b), or (f) of Section 1250, that indicates an ongoing threat of imminent danger of death or serious bodily harm, the department shall make an onsite inspection or investigation within 48 hours or two business days, whichever is greater, of the receipt of the report or complaint and shall complete that investigation within 45 days.

(2) Until the department has determined by onsite inspection that the adverse event has been resolved, the department shall, not less than once a year, conduct an unannounced inspection of any health facility that has reported an adverse event pursuant to Section 1279.1.

(b) In any case in which the department is able to determine from the information available to it that there is no threat of imminent danger of death or serious bodily harm to that patient or other patients, the department shall complete an investigation of the report within 45 days.

(c) The department shall notify the complainant and licensee in writing of the department's determination as a result of an inspection or report.

(d) For purposes of this section, "complaint" means any oral or written notice to the department, other than a report from the health facility, of an alleged violation of applicable requirements of state or federal law or an allegation of facts that might constitute a violation of applicable requirements of state or federal law.

(e) The costs of administering and implementing this section shall be paid from funds derived from existing licensing fees paid by general acute care hospitals, acute psychiatric hospitals, and special hospitals.

(f) In enforcing this section and Sections 1279 and 1279.1, the department shall take into account the special circumstances of small and rural hospitals, as defined in Section 124840, in order to protect the quality of patient care in those hospitals.

(g) In preparing the staffing and systems analysis required pursuant to Section 1266, the department shall also report regarding the number

and timeliness of investigations of adverse events initiated in response to reports of adverse events.

SEC. 3. Section 1279.3 is added to the Health and Safety Code, to read:

1279.3. (a) By January 1, 2015, the department shall provide information regarding reports of substantiated adverse events pursuant to Section 1279.1 and the outcomes of inspections and investigations conducted pursuant to Section 1279.1, on the department's Internet Web site and in written form in a manner that is readily accessible to consumers in all parts of California, and that protects patient confidentiality.

(b) By January 1, 2009, and until January 1, 2015, the department shall make information regarding reports of substantiated adverse events pursuant to Section 1279.1, and outcomes of inspections and investigations conducted pursuant to Section 1279.1, readily accessible to consumers throughout California. The department shall also compile and make available, to entities deemed appropriate by the department, data regarding these reports of substantiated adverse events pursuant to Section 1279.1 and outcomes of inspections and investigations conducted pursuant to Section 1279.1, in order that these entities may post this data on their Internet Web sites. Entities deemed appropriate by the department shall enter into a memorandum of understanding with the department that requires the inclusion of all data and all hospital information provided by the department. These entities may include universities, consumer organizations, or health care quality organizations.

(c) The information required pursuant to this section shall include, but not be limited to, information regarding each substantiated adverse event, as defined in Section 1279.1, reported to the department, and may include compliance information history. The names of the health care professionals and health care workers shall not be included in the information released by the department to the public.

SEC. 4. Section 1280.4 is added to the Health and Safety Code, to read:

1280.4. If a licensee of a health facility licensed under subdivision (a), (b), or (f) of Section 1250 fails to report an adverse event pursuant to Section 1279.1, the department may assess the licensee a civil penalty in an amount not to exceed one hundred dollars ($100) for each day that the adverse event is not reported following the initial five-day period or 24-hour period, as applicable, pursuant to subdivision (a) of Section 1279.1. If the licensee disputes a determination by the department regarding alleged failure to report an adverse event, the licensee may, within 10 days, request a hearing pursuant to Section 100171. Penalties

shall be paid when appeals pursuant to those provisions have been exhausted.

SEC. 5. This act shall become operative on July 1, 2007.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 648

An act to amend Section 48800 of the Education Code, relating to pupils.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 48800 of the Education Code is amended to read:

48800. (a) The governing board of a school district may determine which pupils would benefit from advanced scholastic or vocational work. The intent of this section is to provide educational enrichment opportunities for a limited number of eligible pupils, rather than to reduce current course requirements of elementary and secondary schools, and also to help ensure a smoother transition from high school to college for pupils by providing them with greater exposure to the collegiate atmosphere. The governing board may authorize those pupils, upon recommendation of the principal of the pupil's school of attendance, and with parental consent, to attend a community college during any session or term as special part-time or full-time students and to undertake one or more courses of instruction offered at the community college level.

(b) If the governing board denies a request for a special part-time or full-time enrollment at a community college for any session or term for a pupil who is identified as highly gifted, the board shall issue its written recommendation and the reasons for the denial within 60 days. The written recommendation and denial shall be issued at the next regularly

scheduled board meeting that falls at least 30 days after the request has been submitted.

(c) A pupil shall receive credit for community college courses that he or she completes at the level determined appropriate by the school district and community college district governing boards.

(d) (1) The principal of a school may recommend a pupil for community college summer session only if that pupil meets all of the following criteria:

(A) Demonstrates adequate preparation in the discipline to be studied.

(B) Exhausts all opportunities to enroll in an equivalent course, if any, at his or her school of attendance.

(2) For any particular grade level, a principal may not recommend for community college summer session attendance more than 5 percent of the total number of pupils who completed that grade immediately prior to the time of recommendation.

(3) A high school pupil recommended by his or her principal for enrollment in a course shall not be included in the 5 percent limitation of pupils allowed to be recommended pursuant to paragraph (2) if the course in which the pupil is enrolled meets one of the criterion listed in subparagraphs (A) to (C), inclusive, and the high school principal who recommends the pupil for enrollment provides the Chancellor of the California Community Colleges, upon the request of that office, with the data required for purposes of paragraph (4).

(A) The course is a lower division, college-level course for credit that is designated as part of the Intersegmental General Education Transfer Curriculum or applies toward the general education breadth requirements of the California State University.

(B) The course is a college-level, occupational course for credit assigned a priority code of "A," "B," or "C," pursuant to the Student Accountability Model, as defined by the Chancellor of the California Community Colleges and reported in the management information system, and the course is part of a sequence of vocational or career technical education courses leading to a degree or certificate in the subject area covered by the sequence.

(C) The course is necessary to assist a pupil who has not passed the California High School Exit Examination (CAHSEE), does not offer college credit in English language arts or mathematics, and the pupil meets both of the following requirements:

(i) The pupil is in his or her senior year.

(ii) The pupil has completed all other graduation requirements prior to the end of his or her senior year, or will complete all remaining graduation requirements during a community college summer session,

which he or she is recommended to enroll in, following his or her senior year of high school.

(4) On or before November 1, 2007, and on or before January 1 of each year thereafter, the Chancellor of the California Community Colleges shall report to the Department of Finance the number of pupils recommended pursuant to paragraph (3) who enroll in community college summer session courses and who receive a passing grade.

(5) The Board of Governors of the California Community Colleges may not include enrollment growth attributable to paragraph (3) as part of its annual budget request for the California Community Colleges.

(6) Notwithstanding Article 3 (commencing with Section 33050) of Chapter 1 of Part 20, compliance with this subdivision may not be waived.

(e) Paragraphs (3), (4), and (5) of subdivision (d) shall become inoperative on January 1, 2009.

CHAPTER 649

An act to add Section 81005 to the Education Code, relating to community colleges.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 81005 is added to the Education Code, to read:

81005. (a) State funds provided for the capital outlay financing needs of the California Community Colleges may be used to acquire an existing government-owned or privately-owned building and for the necessary costs of converting that building to community college use. A community college district that is eligible for state funding for capital outlay financing may purchase an existing government-owned or privately-owned building and convert it to community college use with state funds if all of the following criteria apply:

(1) The building to be purchased was constructed as, and continues to qualify as, a school building pursuant to Article 7 (commencing with Section 81130), or the building is determined to have, or is rehabilitated to an extent that it is determined to have, a pupil safety performance standard that is equivalent to that of a building constructed pursuant to Article 7 (commencing with Section 81130). In making the determination of the pupil safety performance standard as required in this paragraph,

all of the requirements of paragraphs (1) and (2) of subdivision (a) of Section 81149 shall be met.

(2) The total cost of purchasing and converting the existing building to community college use is not greater than the estimated cost of constructing an equivalent building.

(3) The land associated with a building to be purchased will be owned by, or controlled through a long-term lease by, the community college district. As used in this section, "long-term lease" means a lease with a term of at least 50 years.

(4) The district has complied with facility site review procedures and guideline recommendations of the California Postsecondary Education Commission pursuant to Section 66904.

(b) Funding for a building to be purchased under this section shall not supersede funding for community college facilities that have previously been prioritized by the board of governors and are awaiting state funding. Buildings purchased under this section shall be subject to the annual prioritization process of the board of governors, and shall not receive higher priority for state funding because they are existing buildings rather than buildings proposed to be constructed.

(c) A community college district that purchases an existing building under this section may request state funding for instructional equipment. Funding for that instructional equipment shall be provided in accordance with Chapter 4.8 (commencing with Section 84670) of Part 50, provided that the chancellor determines that the purchase of this equipment qualifies as a priority for state funding.

CHAPTER 650

An act to add Section 11380.7 to the Health and Safety Code, relating to controlled substances.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature makes the following findings and declarations relating to drug trafficking near drug treatment centers and homeless shelters:

(1) A substantial drug abuse and drug trafficking problem exists among recovering drug addicts and homeless individuals adjacent to and

around drug treatment centers, homeless shelters, and other service providers in this state.

(2) In order for drug abusers to overcome their addiction, the areas around treatment centers must be free of drug traffickers who prey on the vulnerability of victims of drug addiction.

(b) In recognition of these findings and declarations, it is the intent of the Legislature, by enacting this legislation, to do the following:

(1) Support increased efforts by local law enforcement agencies, working in conjunction with drug treatment centers, mental health centers, and other homeless service providers.

(2) Suppress trafficking adjacent to and around facilities and agencies dedicated to drug recovery and rehabilitation to eliminate the victimization of drug addicts attempting to recover.

SEC. 2. Section 11380.7 is added to the Health and Safety Code, to read:

11380.7. (a) Notwithstanding any other provision of law, any person who is convicted of trafficking in heroin, cocaine, cocaine base, methamphetamine, or phencyclidine (PCP), or of a conspiracy to commit trafficking in heroin, cocaine, cocaine base, methamphetamine, or phencyclidine (PCP), in addition to the punishment imposed for the conviction, shall be imprisoned in the state prison for an additional one year if the violation occurred upon the grounds of, or within 1,000 feet of, a drug treatment center, detoxification facility, or homeless shelter.

(b) (1) The additional punishment provided in this section shall not be imposed unless the allegation is charged in the accusatory pleading and admitted by the defendant or found to be true by the trier of fact.

(2) The additional punishment provided in this section shall not be imposed if any other additional punishment is imposed pursuant to Section 11353.1, 11353.5, 11353.6, 11353.7, or 11380.1.

(c) Notwithstanding any other provision of law, the court may strike the additional punishment provided for in this section if it determines that there are circumstances in mitigation of the additional punishment and states on the record its reasons for striking the additional punishment. In determining whether or not to strike the additional punishment, the court shall consider the following factors and any relevant factors in aggravation or mitigation in Rules 4.421 and 4.423 of the California Rules of Court.

(1) The following factors indicate that the court should exercise its discretion to strike the additional punishment unless these factors are outweighed by factors in aggravation:

(A) The defendant is homeless, or is in a homeless shelter or transitional housing.

(B) The defendant lacks resources for the necessities of life.

(C) The defendant is addicted to or dependent on controlled substances.

(D) The defendant's motive was merely to maintain a steady supply of drugs for personal use.

(E) The defendant was recruited or exploited by a more culpable person to commit the crime.

(2) The following factors indicate that the court should not exercise discretion to strike the additional punishment unless these factors are outweighed by factors in mitigation:

(A) The defendant, in committing the crime, preyed on homeless persons, drug addicts or substance abusers who were seeking treatment, shelter or transitional services.

(B) The defendant's primary motive was monetary compensation.

(C) The defendant induced others, particularly homeless persons, drug addicts and substance abusers, to become involved in trafficking.

(d) For the purposes of this section, the following terms have the following meanings:

(1) "Detoxification facility" means any premises, place, or building in which 24-hour residential nonmedical services are provided to adults who are recovering from problems related to alcohol, drug, or alcohol and drug misuse or abuse, and who need alcohol, drug, or alcohol and drug recovery treatment or detoxification services.

(2) "Drug treatment program" or "drug treatment" has the same meaning set forth in subdivision (b) of Section 1210 of the Penal Code.

(3) "Homeless shelter" includes, but is not limited to, emergency shelter housing, as well as transitional housing, but does not include domestic violence shelters. "Emergency shelter housing" is housing with minimal support services for homeless persons in which residency is limited to six months or less and is not related to the person's ability to pay. "Transitional housing" means housing with supportive services, including self-sufficiency development services, which is exclusively designed and targeted to help recently homeless persons find permanent housing as soon as reasonably possible, limits residency to 24 months, and in which rent and service fees are based on ability to pay.

(4) "Trafficking" means any of the unlawful activities specified in Sections 11351, 11351.5, 11352, 11353, 11354, 11378, 11379, 11379.6, and 11380. It does not include simple possession or drug use.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the

definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 651

An act to amend Sections 4216, 4216.2, 4216.3, 4216.4, and 4216.7 of the Government Code, relating to excavation around subsurface installations.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 4216 of the Government Code is amended to read:

4216. As used in this article the following definitions apply:

(a) "Approximate location of subsurface installations" means a strip of land not more than 24 inches on either side of the exterior surface of the subsurface installation. "Approximate location" does not mean depth.

(b) "Excavation" means any operation in which earth, rock, or other material in the ground is moved, removed, or otherwise displaced by means of tools, equipment, or explosives in any of the following ways: grading, trenching, digging, ditching, drilling, augering, tunneling, scraping, cable or pipe plowing and driving, or any other way.

(c) Except as provided in Section 4216.8, "excavator" means any person, firm, contractor or subcontractor, owner, operator, utility, association, corporation, partnership, business trust, public agency, or other entity which, with their, or his or her, own employees or equipment performs any excavation.

(d) "Emergency" means a sudden, unexpected occurrence, involving a clear and imminent danger, demanding immediate action to prevent or mitigate loss of, or damage to, life, health, property, or essential public services. "Unexpected occurrence" includes, but is not limited to, fires, floods, earthquakes or other soil or geologic movements, riots, accidents, damage to a subsurface installation requiring immediate repair, or sabotage.

(e) "High priority subsurface installation" means high-pressure natural gas pipelines with normal operating pressures greater than 415kPA gauge (60psig) or greater than six inches nominal pipe diameter, petroleum pipelines, pressurized sewage pipelines, high-voltage electric supply lines, conductors, or cables that have a potential to ground of greater

than or equal to 60kv, or hazardous materials pipelines that are potentially hazardous to workers or the public if damaged.

(f) "Inquiry identification number" means the number that is provided by a regional notification center to every person who contacts the center pursuant to Section 4216.2. The inquiry identification number shall remain valid for not more than 28 calendar days from the date of issuance, and after that date shall require regional notification center revalidation.

(g) "Local agency" means a city, county, city and county, school district, or special district.

(h) "Operator" means any person, corporation, partnership, business trust, public agency, or other entity that owns, operates, or maintains a subsurface installation. For purposes of Section 4216.1, an "operator" does not include an owner of real property where subsurface facilities are exclusively located if they are used exclusively to furnish services on that property and the subsurface facilities are under the operation and control of that owner.

(i) "Qualified person" means a person who completes a training program in accordance with the requirements of Title 8, California Code of Regulations, Section 1509, Injury Prevention Program, that meets the minimum training guidelines and practices of Common Ground Alliance current Best Practices.

(j) "Regional notification center" means a nonprofit association or other organization of operators of subsurface installations that provides advance warning of excavations or other work close to existing subsurface installations, for the purpose of protecting those installations from damage, removal, relocation, or repair.

(k) "State agency" means every state agency, department, division, bureau, board, or commission.

(*l*) "Subsurface installation" means any underground pipeline, conduit, duct, wire, or other structure, except nonpressurized sewerlines, nonpressurized storm drains, or other nonpressurized drain lines.

SEC. 2. Section 4216.2 of the Government Code is amended to read:

4216.2. (a) (1) Except in an emergency, any person planning to conduct any excavation shall contact the appropriate regional notification center, at least two working days, but not more than 14 calendar days, prior to commencing that excavation, if the excavation will be conducted in an area that is known, or reasonably should be known, to contain subsurface installations other than the underground facilities owned or operated by the excavator and, if practical, the excavator shall delineate with white paint or other suitable markings the area to be excavated.

(2) When the excavation is proposed within 10 feet of a high priority subsurface installation, the operator of the high priority subsurface installation shall notify the excavator of the existence of the high priority

subsurface installation prior to the legal excavation start date and time, as such date and time are authorized pursuant to paragraph (1) of subdivision (a) of Section 4216.2. The excavator and operator or its representative shall conduct an onsite meeting at a mutually-agreed-on time to determine actions or activities required to verify the location of the high priority subsurface installations prior to start time.

(b) Except in an emergency, every excavator covered by Section 4216.8 planning to conduct an excavation on private property may contact the appropriate regional notification center if the private property is known, or reasonably should be known, to contain a subsurface installation other than the underground facility owned or operated by the excavator and, if practical, the excavator shall delineate with white paint or other suitable markings the area to be excavated.

(c) The regional notification center shall provide an inquiry identification number to the person who contacts the center pursuant to this section and shall notify any member, if known, who has a subsurface installation in the area of the proposed excavation. An inquiry identification number may be validated for more than 28 days when mutually agreed between the excavator and any member operator so notified that has a subsurface installation in the area of the proposed excavation; and, it may be revalidated by notification to the regional notification center by the excavator prior to the time of its expiration.

(d) A record of all notifications by excavators and operators to the regional notification center shall be maintained for a period of not less than three years. The record shall be available for inspection by the excavator and any member, or their representative, during normal working hours and according to guidelines for inspection as may be established by the regional notification centers.

(e) As used in this section, the delineation is practical when any of the following conditions exist:

(1) When delineating a prospective excavation site with white paint could not be misleading to those persons using affected streets and highways.

(2) When the delineation could not be misinterpreted as a traffic or pedestrian control.

(3) Where an excavator can determine the exact location of an excavation prior to the time an area has been field marked pursuant to Section 4216.3.

(4) Where delineation could not be construed as duplicative.

(f) Where an excavator makes a determination that it is not practical to delineate the area to be excavated, the excavator shall contact the regional notification center to advise the operators that the excavator shall identify the area to be excavated in another manner sufficient to

enable the operator to determine the area of the excavation to be field marked pursuant to Section 4216.3.

SEC. 3. Section 4216.3 of the Government Code is amended to read:

4216.3. (a) (1) Any operator of a subsurface installation who receives timely notification of any proposed excavation work in accordance with Section 4216.2 shall, within two working days of that notification, excluding weekends and holidays, or before the start of the excavation work, whichever is later, or at a later time mutually agreeable to the operator and the excavator, locate and field mark the approximate location and, if known, the number of subsurface installations that may be affected by the excavation to the extent and degree of accuracy that the information is available either in the records of the operator or as determined through the use of standard locating techniques other than excavating, otherwise advise the person who contacted the center of the location of the operator's subsurface installations that may be affected by the excavation, or advise the person that the operator does not operate any subsurface installations that would be affected by the proposed excavation.

(2) Only a qualified person shall perform subsurface installation locating activities.

(3) A qualified person performing subsurface installation locating activities on behalf of a subsurface installation operator shall use a minimum of a single-frequency utility locating device and shall have access to alternative sources for verification, if necessary.

(4) Operators of high priority subsurface installations shall maintain and preserve all plans and records for its subsurface installations.

(b) Every operator of a subsurface installation who field marks the location of a subsurface installation shall make a reasonable effort to make field markings in conformance with the uniform color code of the American Public Works Association.

(c) If, at any time during an excavation for which there is a valid inquiry identification number, an operator's field markings are no longer reasonably visible, the excavator shall contact the appropriate regional notification center. The regional notification center shall contact any member, if known, who has a subsurface installation in the area of the excavation. Upon receiving timely notification or renotification pursuant to this subdivision, the operator shall re-locate and re-mark, within two working days, those subsurface installations that may be affected by the excavation to the extent necessary, in conformance with this section.

(d) The excavator shall notify the appropriate regional notification center of the failure of an operator to comply with this section. The notification shall include the inquiry identification number issued by the regional notification center. A record of all notifications received pursuant

to this subdivision shall be maintained by the regional notification center for a period of not less than three years. The record shall be available for inspection pursuant to subdivision (d) of Section 4216.2.

SEC. 4. Section 4216.4 of the Government Code is amended to read:

4216.4. (a) When the excavation is within the approximate location of subsurface installation, the excavator shall determine the exact location of subsurface installations in conflict with the excavation by excavating with hand tools within the area of the approximate location of subsurface installations as provided by the operators in accordance with Section 4216.3 before using any power-operated or power-driven excavating or boring equipment within the approximate location of the subsurface installation, except that power-operated or power-driven excavating or boring equipment may be used for the removal of any existing pavement if there are no subsurface installations contained in the pavement. If documented notice of the intent to use vacuum excavation devices, or power-operated or power-driven excavating or boring equipment, has been provided to the subsurface installation operator or operators and it is mutually agreeable with the operator or operators and the excavator, the excavator may utilize vacuum excavation devices, or power-operated or power-driven excavating or boring equipment within the approximate location of a subsurface installation and to any depth.

(b) If the exact location of the subsurface installation cannot be determined by hand excavating in accordance with subdivision (a), the excavator shall request the operator to provide additional information to the excavator, to the extent that information is available to the operator, to enable the excavator to determine the exact location of the installation. The regional notification center shall provide the excavator with the contact phone number of the subsurface installation operator.

(c) An excavator discovering or causing damage to a subsurface installation, including all breaks, leaks, nicks, dents, gouges, grooves, or other damage to subsurface installation lines, conduits, coatings, or cathodic protection, shall immediately notify the subsurface installation operator. The excavator may contact the regional notification center to obtain the contact information of the subsurface installation operator. If high priority subsurface installations are damaged and the operator cannot be contacted, the excavator shall call 911 emergency services.

SEC. 5. Section 4216.7 of the Government Code is amended to read:

4216.7. (a) If a subsurface installation is damaged by an excavator as a result of failing to comply with Section 4216.2 or 4216.4, or as a result of failing to comply with the operator's requests to protect the subsurface installation as specified by the operator prior to the start of excavation, the excavator shall be liable to the operator of the subsurface installation for resulting damages, costs, and expenses to the extent the

damages, costs, and expenses were proximately caused by the excavator's failure to comply.

(b) If the operator of a subsurface installation has failed to comply with the regional notification center system requirements of Section 4216.1, that operator shall forfeit his or her claim for damages to his or her subsurface installation, arising from the excavation, against an excavator who has complied with the requirements of Section 4216.2 to the extent damages were proximately caused by the operator's failure to comply.

(c) If an operator of a subsurface installation has failed to comply with the provisions of Section 4216.3, has failed to comply with paragraph (2) of subdivision (a) of Section 4216.2, or has failed to comply with subdivision (b) of Section 4216.4, the operator shall be liable to the excavator who has complied with Sections 4216.2 and 4216.4 for damages, costs, and expenses resulting from the operator's failure to comply with these specified requirements to the extent the damages, costs, and expenses were proximately caused by the operator's failure to comply.

(d) Nothing in this section shall be construed to do any of the following:

(1) Affect claims including, but not limited to, third-party claims brought against the excavator or operator by other parties for damages arising from the excavation.

(2) Exempt the excavator or operator from his or her duty to mitigate any damages as required by common or other applicable law.

(3) Exempt the excavator or operator from liability to each other or third parties based on equitable indemnity or comparative or contributory negligence.

CHAPTER 652

An act to amend Sections 69433.9 and 69514 of the Education Code, relating to student financial aid, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 69433.9 of the Education Code, as amended by Section 2 of Chapter 43 of the Statutes of 2006, is amended to read:

69433.9. To be eligible to receive a Cal Grant award under this chapter, a student shall be all of the following:

(a) A citizen of the United States, or an eligible noncitizen, as defined for purposes of financial aid programs under Title IV of the federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as from time to time amended).

(b) In compliance with all applicable Selective Service registration requirements.

(c) Not incarcerated.

(d) Not in default on any student loan within the meaning of Section 69507.5.

(e) (1) For purposes of Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), and Article 4 (commencing with Section 69436), except as provided in subdivision (d) of Section 69436, at the time of high school graduation or its equivalent, be a resident of California.

(2) A student who does not meet the requirements for a high school diploma or its equivalent in the academic year immediately preceding the award year, but who meets the requirements for a high school diploma or its equivalent by December 31 of the academic year immediately following the date of application, satisfies any requirement for obtaining high school graduation or its equivalent for the purposes of this chapter as of the first day of the academic term immediately following the term in which the requirements for the high school diploma or its equivalent are met.

(3) No student shall receive an award for a term that begins prior to satisfying any requirement for obtaining high school graduation or its equivalent.

SEC. 2. Section 69514 of the Education Code is amended to read:

69514. The commission shall do all of the following:

(a) Report, on or before April 1 of each year, statistical data examining the impact and effectiveness of state-funded programs. The commission shall utilize common criteria in determining the impact of these programs, and shall have the authority to obtain any data from postsecondary educational institutions necessary for the reports. To the extent practicable, this report shall specifically note the number and the demographic characteristics of the students who qualify for a Cal Grant award based on obtaining high school graduation or its equivalent pursuant to paragraph (2) of subdivision (e) of Section 69433.9.

(b) Collect and disseminate data concerning the financial resources and needs of students and potential students, and the scope and impact of existing state, federal, and institutional student aid programs.

(c) Report, on or before April 1 of each year, the aggregate financial need of individuals seeking access to postsecondary education and the degree to which current student aid programs meet this legitimate financial need.

(d) Develop and report annually the distribution of funds and awards among income groups, ethnic groups, grade point average levels, and postsecondary education segments.

(e) Prepare and disseminate information regarding the criteria utilized in distributing available student aid funds.

(f) Be authorized to expend funds for the purpose of disseminating information about all institutional, state, and federal student aid programs to potential applicants. This distribution of information shall primarily focus on potential applicants with the greatest financial need.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to revise eligibility requirements relating to Cal Grant awards under the administration of the Student Aid Commission and to revise related reporting requirements as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 653

An act to amend, repeal, and add Section 42238.51 of the Education Code, relating to public schools.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 42238.51 of the Education Code is amended to read:

42238.51. (a) For purposes of paragraph (1) of subdivision (a) of Section 42238.5, a sponsoring school district's average daily attendance shall be computed as follows:

(1) Compute the sponsoring school district's regular average daily attendance in the current year, excluding all attendance of pupils in charter schools.

(2) Compute the sponsoring school district's second principal apportionment regular average daily attendance for the prior year,

excluding all attendance of pupils who either attended a charter school in the prior year or who satisfy both of the following conditions:

(A) He or she attended one or more noncharter schools of the school district between July 1 and the last day of the second period, inclusive, in the prior year.

(B) He or she attended a charter school sponsored by the school district between July 1 and the last day of the second period, inclusive, in the current year.

(3) To the greater of the amounts computed pursuant to paragraphs (1) and (2), add the regular average daily attendance in the current year of all pupils attending charter schools sponsored by the district that are not funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.

(b) For the purposes of this section, a "sponsoring school district" shall mean a "sponsoring local educational agency," as defined in Section 47632.

(c) This section shall become inoperative on July 1, 2007, and, as of January 1, 2008, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2008, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. Section 42238.51 is added to the Education Code, to read:

42238.51. (a) For purposes of paragraph (1) of subdivision (a) of Section 42238.5, a sponsoring school district's average daily attendance shall be computed as follows:

(1) Compute the sponsoring school district's regular average daily attendance in the current year, excluding the attendance of pupils in charter schools.

(2) (A) Compute the regular average daily attendance used to calculate the second principal apportionment of the school district for the prior year, excluding the attendance of pupils in charter schools.

(B) Compute the attendance of pupils who attended one or more noncharter school of the school district between July 1, and the last day of the second period, inclusive, in the prior year, and who attended a charter school sponsored by the school district between July 1, and the last day of the second period, inclusive, in the current year. For the purposes of this paragraph, a pupil enrolled in a grade at a charter school sponsored by the school district shall not be counted if the school district does not offer classes for pupils enrolled in that grade. The amount of the attendance counted for any pupil for the purpose of this subparagraph may not be greater than the attendance claimed for that pupil by the charter school in the current year.

(C) Compute the attendance of pupils who attended a charter school sponsored by the school district in the prior year and who attended one

or more noncharter schools of the school district in the current year. The amount of the attendance counted for any pupil for the purpose of this subparagraph may not be greater than the attendance claimed for that pupil by the school district in the current year.

(D) From the amount determined pursuant to subparagraph (B), subtract the amount determined pursuant to subparagraph (C). If the result is less than zero, the amount shall be deemed to be zero.

(E) The prior year average daily attendance determined pursuant to subparagraph (A) shall be reduced by the amount determined pursuant to subparagraph (D).

(3) To the greater of the amounts computed pursuant to paragraphs (1) and (2), add the regular average daily attendance in the current year of all pupils attending charter schools sponsored by the district that are not funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.

(b) For the purposes of this section, a "sponsoring school district" shall mean a "sponsoring local educational agency," as defined in Section 47632.

(c) This section shall become operative on July 1, 2007.

CHAPTER 654

An act to amend Sections 22115, 22217, 22362, 22803, 22820, 23852, 23855, and 24410.6 of, and to add Section 22404 to, the Education Code, relating to state teachers' retirement, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 22115 of the Education Code is amended to read:

22115. (a) "Compensation earnable" means the creditable compensation a person could earn in a school year for creditable service performed on a full-time basis, excluding service for which contributions are credited by the system to the Defined Benefit Supplement Program.

(b) The board may determine compensation earnable for persons employed on a part-time basis.

(c) When service credit for a school year is less than 1.000, compensation earnable shall be the quotient obtained when creditable

compensation paid in that year is divided by the service credit for that year, except as provided in subdivision (d).

(d) When a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is at least 0.900 of a year, compensation earnable shall be determined as if all service credit for that year had been earned at the highest pay rate. This subdivision shall be applicable only for purposes of determining final compensation. When a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is less than 0.900 of a year, compensation earnable shall be determined pursuant to subdivision (c).

(e) (1) For purposes of determining compensation earnable for a member employed by a community college prior to July 1, 1996, full time shall be defined pursuant to Section 22138.5 and pursuant to Section 20521 of Title 5 of the California Code of Regulations, as those provisions read on June 30, 1996, if application of that definition will increase the compensation earnable or otherwise enhance the benefits of the member.

(2) For purposes of administering this subdivision, the board shall have the authority to do both of the following:

(A) Establish and implement factors and assumptions necessary to calculate and compare the benefits payable under the definition of compensation earnable described in this subdivision. Those factors and assumptions may be based on information reported by the employer, including, but not limited to, all of the following:

(i) Base hours.

(ii) Actual earnings.

(iii) Compensation earnable.

(B) Review member benefit calculations that were performed using the factors and assumptions described in subparagraph (A). If the board determines that an employer failed to identify part-time service performed, the board shall consider that part-time service to be performed in a part-time lecture assignment as defined by the employer. If the board determines by the review of the member benefit calculations that the required information reported by the employer is inaccurate, incomplete, or the factors and assumptions were applied incorrectly, the board may recalculate member benefits using additional factors and assumptions that may include, but are not limited to, all of the following:

(i) Base hours.

(ii) Actual earnings.

(iii) Compensation earnable.

(3) This subdivision shall apply to a member employed by a community college prior to July 1, 1996, if the community college

subsequently acts to reduce the minimum standard for full time as described in subdivision (c) of Section 22138.5 and that community college provides written notice to the system of the act of the community college to reduce that minimum standard.

(4) This subdivision shall not apply to a member employed by a community college that has not reduced the minimum standard as described in subdivision (c) of Section 22138.5.

SEC. 2. Section 22217 of the Education Code is amended to read:

22217. (a) The board shall employ a certified public accountant or public accountant, who is not in public employment, to audit the financial statements of the system. The costs of the audit shall be paid from the income of the retirement fund. The audit shall be made annually and the audit report shall be incorporated into the annual report filed with the Governor and the Legislature pursuant to Section 22324.

(b) These audits shall not be duplicated by the Department of Finance or the State Auditor. The system shall be exempt from a pro rata general administrative charge for auditing.

SEC. 3. Section 22362 of the Education Code is amended to read:

22362. (a) Notwithstanding any other provision of law, the board shall give first priority to investing not less than 25 percent of all funds of the plan that become available in a fiscal year for new investments, in any of the following:

(1) Obligations secured by a lien or charge solely on residential realty, including rental housing, located in the state and on the security of which, commercial banks are permitted to make loans pursuant to Article 2 (commencing with Section 1220) of Chapter 10 of Division 1 of the Financial Code.

(2) Securities representing a beneficial interest in a pool of obligations secured by a lien or charge solely on residential realty located in the state.

(3) Certificates of deposit issued by savings and loan associations, if the savings and loan associations agree to make loans, or to fund tax-exempt notes or bonds issued by housing authorities, cities, or counties, on residential realty located in the state, including rental housing, in an amount equal to the amount of the deposit.

(b) Funds subject to investment pursuant to this section include all moneys received as employer and member contributions, investment income, and the proceeds from all net gains and losses from securities, reduced by the amount of benefit payments and withdrawals occurring during the fiscal year. In computing the amount of investment pursuant to this section, a dollar-for-dollar credit shall be given for residential realty investments described in this section that are contractually agreed to be made by a financial institution from which the board, in

consideration thereof, purchases other such investments. In computing the amount of investment pursuant to this section, the board may elect to include the dollar amount of commitments to purchase mortgages from public revenue bond programs in the year the commitment is given. However, that election may not exceed one-fifth of the total guideline amount.

(c) Nothing in this section shall be construed to require the acquisition of any instrument or security at less than the market rate.

(d) If the board determines during any fiscal year that compliance with this section will result in lower overall earnings for the retirement fund than obtainable from alternative investment opportunities that would provide equal or superior security, including guarantee of yield, the board may substitute those higher yielding investments, to the extent actually available for acquisition, for the investments otherwise specified by this section. Additionally, if, and to the extent that, adherence to the diversification guideline specified in this section would conflict with its fiduciary obligations in violation of Section 9 of Article I of the California Constitution or Section 10 of Article I of the United States Constitution, or would conflict with the standard for prudent investment of the fund as set forth in Section 17 of Article XVI of the California Constitution, the board may substitute alternative investments.

(e) The board, upon determining the final amount of funds available for investment in substitute alternative investments and the estimated amount of funds invested pursuant to subdivision (a), shall submit that information to the Governor and the Joint Legislative Audit Committee. Thereafter, the Joint Legislative Audit Committee shall transmit the report of the State Auditor to the Speaker of the Assembly and the Senate Committee on Rules for transmittal to the affected policy committees.

SEC. 4. Section 22404 is added to the Education Code, to read:

22404. (a) Notwithstanding any other provision of this part or Part 14 to the contrary, the board may establish by plan amendment a specified amount or amounts, not to exceed ten dollars ($10), below which the system may dispense with the processing of benefit payments or collection of benefit overpayments that result from adjustments made to the benefit paid to a member, participant, or beneficiary.

(b) When the cumulative dollar amount associated with one or more benefit adjustments equals or exceeds the amount described in subdivision (a), that amount shall be paid to, or collected from, the member, participant, or beneficiary. That cumulative amount paid or collected shall not be credited with interest.

SEC. 5. Section 22803 of the Education Code is amended to read:

22803. (a) A member may elect to receive credit for any of the following:

(1) Service performed in a teaching position in a publicly supported and administered university or college in this state not covered by another public retirement system.

(2) Service performed in a certificated teaching position in a child care center operated by a county superintendent of schools or a school district in this state.

(3) Service performed in a teaching position in the California School for the Deaf or the California School for the Blind, or in special classes maintained by the public schools of this state for the instruction of the deaf, the hard of hearing, the blind, or the semisighted.

(4) Service performed in a certificated teaching position in a federally supported and administered Indian school in this state.

(5) Time served, not to exceed two years, in a certificated teaching position in a job corps center administered by the United States government in this state if the member was employed to perform creditable service subject to coverage under the Defined Benefit Program within one year prior to entering the job corps and returned to employment to perform creditable service subject to coverage under the Defined Benefit Program within six months following the date of termination of service in the job corps.

(6) Time served, not to exceed two years, in a teaching position as a member of the Peace Corps if the member was employed to perform creditable service subject to coverage under the Defined Benefit Program within one year prior to entering the Peace Corps and returned to employment to perform creditable service subject to coverage under the Defined Benefit Program within six months following the date of termination of service in the Peace Corps.

(7) Time spent on a sabbatical leave, approved by an employer in this state, after July 1, 1956.

(8) Time spent on an approved leave, approved by an employer in this state, to participate in any program under the federal Mutual Educational and Cultural Exchange Program.

(9) Time spent on an approved maternity or paternity leave of two years or less in duration, regardless of whether or not the leave was taken before or after the addition of this subdivision.

(10) Time spent on an approved leave, up to four months in any 12-month period, for family care or medical leave purposes, as defined by Section 12945.2 of the Government Code, as it read on the date leave was granted, excluding maternity and paternity leave.

(11) Time spent employed by the Board of Governors of the California Community Colleges in a position subject to coverage by the Public Employees' Retirement System between July 1, 1991, and December 31, 1997, provided the member has elected to return to coverage under

the State Teachers' Retirement System pursuant to Section 20309 of the Government Code.

(b) In no event shall the member receive credit for service or time described in paragraphs (1) to (11), inclusive, of subdivision (a) if the member has received or is eligible to receive credit for the same service or time in the Cash Balance Benefit Program under Part 14 (commencing with Section 26000) or another retirement system.

SEC. 6. Section 22820 of the Education Code is amended to read:

22820. (a) A member, other than a retired member, may elect to purchase credit for out-of-state service for service performed in a position while employed by a public educational institution located in another state or territory of the United States, or for educational service performed as an employee of the United States. The member may not receive credit for this service if the member retains or is eligible to receive credit for the same service in the Cash Balance Benefit Program under Part 14 (commencing with Section 26000) or another public retirement system, excluding social security.

(b) The amount of out-of-state service for which a member may purchase credit may not exceed the number of years of service performed by the member in a position described in subdivision (a).

(c) Out-of-state service credit may be purchased under this section by means of any of the following actions:

(1) Paying an amount equal to the amount refunded from the other public retirement system and receiving service credit under the Defined Benefit Program pursuant to subdivision (a) of Section 22823.

(2) Paying the contributions required under the Defined Benefit Program pursuant to subdivision (a) of Section 22823 for the service credited in the other public retirement system.

(3) Paying an amount equal to the amount refunded from the other public retirement system and an additional amount in accordance with subdivision (a) of Section 22823 for the service credited in the other public retirement system.

(4) Paying the contributions required under the Defined Benefit Program pursuant to subdivision (a) of Section 22823 for the service not credited to a public retirement system.

(d) Compensation for out-of-state service may not be used in determining the highest average annual compensation earnable when calculating final compensation.

(e) The service credit purchased under this section may not be used to meet the eligibility requirements for benefits provided under Sections 24001 and 24101.

SEC. 7. Section 23852 of the Education Code is amended to read:

23852. Upon receipt of proof of death of a member who has no preretirement option in effect:

(a) The surviving spouse may elect to receive either of the following:

(1) The member's accumulated retirement contributions in a lump sum.

(2) The survivor benefit allowance pursuant to Sections 23854 and 23855.

(b) If there is no eligible surviving spouse, each eligible dependent child or children shall receive the child's portion of the survivor benefit allowance pursuant to Sections 23854, 23855, and 23856. The child's portion of the survivor benefit allowance shall be paid in lieu of the return of the member's accumulated retirement contributions.

(c) If there is no eligible surviving spouse or eligible dependent child or children, the member's accumulated retirement contributions shall be paid to the member's beneficiary in a lump sum.

(d) The member's accumulated annuity deposit contributions shall be paid to the member's beneficiary in a lump sum.

(e) The payment of accumulated contributions in a lump sum shall include credited interest through the date of payment.

SEC. 8. Section 23855 of the Education Code is amended to read:

23855. (a) The survivor benefit allowance is a monthly allowance equal to one-half of the modified retirement allowance the member would have received at 60 years of age, if the member had retired and elected Option 3 pursuant to Section 24300, naming the spouse as the option beneficiary.

(b) The allowance payable under this subdivision shall be based on the member's actual service credit and final compensation as of the date of his or her death, the retirement factor at 60 years of age, and the member's and spouse's ages as of the date the member would have attained 60 years of age. If the member's death occurs after he or she attains 60 years of age, his or her actual final compensation, the retirement factor at 60 years of age, and the member's and spouse's ages as of the date of the member's death shall be used in the allowance calculation.

(c) The allowance calculation shall include service credit for the unused sick leave that had accrued to the member as of the date of his or her death. Eligibility for the inclusion of unused sick leave service credit and the calculation of that service credit shall be determined pursuant to Section 22717.

(d) (1) The allowance calculation shall not include either of the following:

(A) The increase in the percentage of final compensation pursuant to Section 24203.5.

(B) The increase of the monthly allowance pursuant to Section 24203.6.

(2) The amendments to this section made by the act adding this paragraph do not constitute a change in, but are declaratory of, existing law.

(e) The surviving spouse may elect to begin receiving the survivor benefit allowance immediately as of the date of the member's death or to defer receipt of the allowance to the date the member would have attained 60 years of age. If allowance payments to the surviving spouse commence prior to the date the member would have attained 60 years of age, the allowance payable shall be actuarially reduced.

(f) If the spouse elects, pursuant to Section 23852, to receive the survivor benefit allowance, an additional 10 percent of final compensation shall be payable for each dependent child who is under 21 years of age, up to a maximum of 50 percent of final compensation. The child's portion shall begin to accrue on the day following the member's date of death and shall be payable even if the spouse elects to postpone receipt of the spouse's survivor benefit allowance until the date the member would have attained 60 years of age.

(g) If there is no surviving spouse, an allowance in an amount equal to 10 percent of the deceased member's final compensation shall be paid to each dependent child who is under 21 years of age, up to a maximum of 50 percent of final compensation. If there are more than five dependent children, they shall receive allowances in equal shares of the 50 percent of final compensation. A child's portion of the survivor benefit allowance shall begin to accrue on the day following the member's date of death.

SEC. 9. Section 24410.6 of the Education Code is amended to read:

24410.6. (a) Notwithstanding any provision of this part, including, but not limited to, subdivision (e) of Section 22664, and except as provided in subdivisions (b) and (c), the annual allowance payable on the effective date of this section to a retired member, an option beneficiary, or a surviving spouse receiving an allowance pursuant to either Section 23805 or 23855 shall not be less than the amount identified in the following schedule for the number of years of the member's credited service under the Defined Benefit Program at the time of the member's retirement, disability, or death, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, as those sections read on December 31, 2000, and excluding increases authorized by Section 24410.7 and annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions:

20 years of credited service	$15,000
21 years of credited service	$15,500
22 years of credited service	$16,000
23 years of credited service	$16,500
24 years of credited service	$17,000
25 years of credited service	$17,500
26 years of credited service	$18,000
27 years of credited service	$18,500
28 years of credited service	$19,000
29 years of credited service	$19,500
30 years or more of credited service	$20,000

(b) Notwithstanding subdivision (a), the amount identified in the schedule in subdivision (a) shall be reduced:

(1) By 50 percent for a beneficiary receiving an allowance under Option 3 or Option 7.

(2) By one-third for an option beneficiary receiving an allowance under Option 4 after the death of the member or for a member receiving an allowance under Option 4 after the death of the option beneficiary.

(3) By 50 percent for an option beneficiary receiving an allowance under Option 5 after the death of the member or for a member receiving an allowance under Option 5 after the death of the option beneficiary.

(4) By a percentage equal to 100 percent minus the percentage of the member's modified allowance received by the option beneficiary for each option beneficiary receiving an allowance under Option 8.

(5) By 60 percent for a surviving spouse receiving an allowance pursuant to subdivision (a) of Section 23805.

(6) By 50 percent for a surviving spouse receiving an allowance pursuant to subdivision (c) of Section 23805 or Section 23855.

(c) A benefit shall be paid pursuant to this section if both of the following apply:

(1) The retired member, the option beneficiary, or the surviving spouse had an allowance payable on January 1, 2000, and was not eligible to receive a benefit pursuant to Section 24410.5.

(2) The retired member or the member whose service was the basis of the allowance payable to the option beneficiary or surviving spouse was one of the following:

(A) A member who retired prior to the age of 55 years, provided the minimum allowance specified in subdivision (a) shall be reduced to an amount equal to that minimum allowance multiplied by the ratio of the percentage of final compensation per year of credited service on which the member's initial allowance was based to 1.4.

(B) A member who was paid a retirement allowance pursuant to Section 24211, 24212, or 24213, if the member's credited service, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, was less than 20 years but whose projected service to normal retirement age, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, was equal to or greater than 20 years, provided that the minimum allowance payable shall be based on 20 years of credited service.

(C) A member who retired as an inactive member.

(D) A member who retired prior to March 21, 1974, with 19.5 years or more of credited service, provided that the minimum allowance payable shall be based on 20 years of credited service.

(E) A member who retired on or after March 21, 1974, and prior to January 1, 2000, and whose credited service, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, was less than 20 years, but whose credited service, excluding service credited pursuant to Sections 22714, 22715, and 22826, but including service credited pursuant to Section 22717, was equal to or greater than 20 years, provided that the minimum allowance payable shall be based on 20 years of credited service.

(F) A member whose credited service, excluding service credited pursuant to Sections 22714, 22715, and 22826, but including credited service that a court has ordered be awarded to the member's nonmember spouse pursuant to Section 22652, equaled at least 20 years, provided that the amount payable to the member pursuant to this section shall be based on the amount of service credited to the member, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, and the amount awarded to the nonmember spouse, and further provided that the minimum allowance specified in subdivision (a) shall be reduced to an amount equal to that minimum allowance multiplied by the ratio of (i) the amount of service credited to the member, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, to (ii) the sum of the amount of service credited to the member, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, and the amount awarded to the nonmember spouse.

(d) A benefit shall be paid pursuant to this section to a retired member receiving a benefit pursuant to Section 24410.5 if (1) the member meets the criteria of subparagraph (F) of paragraph (2) of subdivision (c), and (2) the allowance payable under that subparagraph, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, is greater than the allowance payable under Section 24410.5, after the application of

all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415.

(e) A retired member, option beneficiary, or surviving spouse subject to this section shall receive the annual minimum allowance pursuant to this section unless the system receives in writing, on a form prescribed by the system, notification from the member, option beneficiary, or surviving spouse of his or her election not to receive the increase provided under this section.

(f) Benefits payable under this section shall be initially paid by the system on or before September 1, 2001.

(g) The amendments to this section made by the act adding this subdivision does not constitute a change in, but is declaratory of, the existing law.

SEC. 10. The sum of two hundred ninety thousand dollars ($290,000) is hereby appropriated from the Teachers' Retirement Fund to the Teachers' Retirement Board to fund expenditures required by the provisions of this act.

CHAPTER 655

An act to amend Sections 22007.5, 22105.5, 22115.2, 22123, 22123.5, 22134, 22134.5, 22303, 22309, 22655, 22657, 22660, 22664, 22703, 22801, 22823, 22826, 23004, 23300, 23805, 23855, 24201, 24202.5, 24203.6, 24205, 24209, 24209.3, 24211, 24214, 24221, 24300, 24300.6, 24301, 24302, 24303, 24305, 24305.3, 24305.5, 24306, 24306.7, 24307, 24309, 24402, 24703, 24704, 24705, 24976, 25009, 25011, 25012, 25015, 25016, 25018, 25021, 25024, 26000.5, 26002.5, 26113, 26116, 26137, 26214, 26301, 26400, 26401, 26807, 26811, 26906, 26910, 27004, 27405, 27408, 27410, 27411, and 44922 of, and to add Sections 24300.1, 24300.2, 24312.1, 25011.1, 25011.5, 25018.1, 25018.2, 26807.5, 26807.6, 26906.5, and 26906.6 to, the Education Code, and to amend Section 22009.1 of the Government Code, relating to state teachers' retirement, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 22007.5 of the Education Code is amended to read:

22007.5. Except as excluded by subdivision (d) of Sections 22661 and 23812, subdivision (c) of Section 24300.1, and subdivision (d) of Sections 25011.1, 25018.1, and 26807.5, a person who is the registered domestic partner of a member, as established pursuant to Section 297 or 299.2 of the Family Code, shall be treated in the same manner as a "spouse," as defined in Section 22171.

SEC. 2. Section 22105.5 of the Education Code is amended to read:

22105.5. "Annuity beneficiary" means the person or persons designated by a member pursuant to Section 25011, 25011.1, 25018, or 25018.1 to receive an annuity under the Defined Benefit Supplement Program upon the member's death.

SEC. 3. Section 22115.2 of the Education Code is amended to read:

22115.2. "Concurrent membership" means membership in the Defined Benefit Program by an individual who is credited with service that is not used as a basis for benefits under any other public retirement system and is also a member of the California Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, county retirement systems established under Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 of the Government Code, or the San Francisco Employees' Retirement System. A member with concurrent membership shall have the right to the following:

(a) Have final compensation determined pursuant to subdivision (c) of Section 22134 or subdivision (c) of Section 22134.5.

(b) Redeposit accumulated retirement contributions pursuant to Section 23201.

(c) Apply for retirement pursuant to paragraph (2) of subdivision (a) of Section 24201.

SEC. 4. Section 22123 of the Education Code is amended to read:

22123. (a) "Dependent child" or "dependent children" under the disability allowance and family allowance programs means a member's unmarried offspring or stepchild who is under 22 years of age and who is financially dependent upon the member on the effective date of the member's disability allowance or the date of the member's death.

(b) "Offspring" shall include the member's child who is born within the 10-month period commencing on the earlier of the member's disability allowance effective date or the date of the member's death.

(c) "Offspring" shall include a child adopted by the member.

(d) "Dependent child" shall not include the member's offspring or stepchild who is adopted by a person other than the member's spouse.

(e) "Dependent child" under the family allowance program shall not include:

(1) The member's offspring or stepchild who was financially dependent on the member on the date of the member's death if a disability allowance was payable to the member prior to his or her death and the disability allowance did not include an amount payable for that offspring or stepchild.

(2) A stepchild or adopted child acquired subsequent to the death of the member.

(f) "Financially dependent" for purposes of this section means that at least one-half of the child's support was being provided by the member on the member's disability allowance effective date or the date of the member's death. The system may require that income tax records or other data be submitted to substantiate the child's financial dependence. In the absence of substantiating documentation, the system may determine that the child was not dependent on the effective date of the member's disability allowance or the date of the member's death.

(g) "Member" as used in this section shall have the same meaning specified in Section 23800.

SEC. 5. Section 22123.5 of the Education Code is amended to read:

22123.5. (a) "Dependent child" or "dependent children" under the disability retirement and survivor benefit allowance programs means a member's offspring or stepchild who is under 21 years of age and who is financially dependent upon the member on the effective date of the member's disability retirement or the date of the member's death.

(b) "Offspring" shall include the member's child who is born within the 10-month period commencing on the earlier of the member's disability retirement effective date or the date of the member's death.

(c) "Offspring" shall include a child adopted by the member.

(d) "Dependent child" shall not include the member's offspring or stepchild who is adopted by a person other than the member's spouse.

(e) "Dependent child" under the survivor benefit allowance program shall not include a stepchild or adopted child acquired subsequent to the death of the member.

(f) "Financially dependent" for purposes of this section means that at least one-half of the child's support was being provided by the member on the member's disability retirement effective date or the date of the member's death. The system may require that income tax records or other data be submitted to substantiate the child's financial dependence. In the absence of substantiating documentation, the system may determine that the child was not dependent on the effective date of the member's disability retirement or the date of the member's death.

(g) "Member" as used in this section shall have the same meaning specified in Section 23850.

SEC. 6. Section 22134 of the Education Code is amended to read:

22134. (a) "Final compensation" means the highest average annual compensation earnable by a member during any period of three consecutive school years while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated to constitute a period of three consecutive years, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who has concurrent membership in any other retirement system pursuant to Section 22115.2 shall take into consideration the compensation earnable while a member of any other system, provided that both of the following exist:

(1) Service under any other system was not performed during the same pay period with service under the Defined Benefit Program.

(2) Retirement under the Defined Benefit Program is concurrent with the member's retirement under any other system.

(d) The compensation earnable for the first position in which California service was credited shall be used when additional compensation earnable is required to accumulate three consecutive years for the purpose of determining final compensation under Section 23805.

(e) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

(f) The board may specify a different final compensation with respect to disability allowances, disability retirement allowances, family allowances, and children's portions of survivor benefit allowances payable on and after January 1, 1978. The compensation earnable for periods of part-time service shall be adjusted by the ratio that part-time service bears to full-time service.

(g) The amendment of former Section 22127 made by Chapter 782 of the Statutes of 1982 does not constitute a change in, but is declaratory of, the existing law.

SEC. 7. Section 22134.5 of the Education Code is amended to read:

22134.5. (a) Notwithstanding Section 22134, "final compensation" means the highest average annual compensation earnable by a member during any period of 12 consecutive months while an active member of the Defined Benefit Program or time during which he or she was not a member but for which the member has received credit under the Defined

Benefit Program, except time that was so credited for service performed outside this state prior to July 1, 1944.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated to constitute a period of 12 consecutive months, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who has concurrent membership in any other retirement system pursuant to Section 22115.2 shall take into consideration the compensation earnable while a member of any other system, provided that both of the following exist:

(1) Service under any other system was not performed during the same pay period with service under the Defined Benefit Program.

(2) Retirement under the Defined Benefit Program is concurrent with the member's retirement under any other system.

(d) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

(e) The board may specify a different final compensation with respect to disability allowances, disability retirement allowances, family allowances, and children's portions of survivor benefit allowances payable on and after January 1, 1978. The compensation earnable for periods of part-time service shall be adjusted by the ratio that part-time service bears to full-time service.

(f) This section shall apply to the following:

(1) A member who has 25 or more years of credited service, excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22714.5.

(C) Section 22715.

(D) Section 22717, except as provided in subdivision (b) of Section 22121.

(E) Section 22826.

(2) A nonmember spouse, if the member had 25 or more years of credited service, as calculated in paragraph (1), on the date the parties separated, as established in the judgment or court order pursuant to Section 22652.

SEC. 7.5. Section 22303 of the Education Code is amended to read:

22303. (a) Due to an increase in the demand for retirement counseling services, the system, notwithstanding any other provision of law, may contract with a county superintendent or other employer to provide retirement counseling. Retired public employees may be employed on a part-time basis for that purpose, unless and until the study

required by subdivision (b) of Section 7 of Chapter 1532 of the Statutes of 1985 recommends against the employment of retired public employees for these purposes. This authorization is subject to the availability of funds appropriated for that purpose in the annual Budget Act.

(b) The board may, by resolution, designate one or more official contracted offices that provide retirement counseling pursuant to subdivision (a) to receive documents submitted pursuant to this part, Part 13.5 (commencing with Section 25900) or Part 14 (commencing with Section 26000). Notwithstanding any other provision of law, any document received by an official contracted office designated by the board pursuant to this subdivision during the office's regular business hours shall be deemed to have been received by the system's headquarters office, as established pursuant to Section 22375, on the date received by the designated official contracted office.

SEC. 8. Section 22309 of the Education Code is amended to read:

22309. (a) The board shall issue to each active and inactive member, no less frequently than annually after the close of the school year, a statement of the member's individual Defined Benefit Program and Defined Benefit Supplement accounts, provided the employer or member has informed the system of the member's current United States Postal Service mailing address. If the member indicates that he or she prefers to receive that annual statement through the Web site of the system, the board may, in lieu of mailing, issue the annual statement by secured access through the Web site of the system.

(b) The board shall periodically make a good faith effort to locate inactive members to provide these members with information concerning any benefit for which they may be eligible.

SEC. 9. Section 22655 of the Education Code is amended to read:

22655. (a) Upon the legal separation or dissolution of marriage of a retired member, the court may include in the judgment or court order a determination of the community property rights of the parties in the retired member's retirement allowance and, if applicable, retirement benefit under this part consistent with this section. Upon election under subparagraph (B) of paragraph (3) of subdivision (a) of Section 2610 of the Family Code, the court order awarding the nonmember spouse a community property share in the retirement allowance or retirement benefit, or both, of a retired member shall be consistent with this section.

(b) If the court does not award the entire retirement allowance or retirement benefit under this part to the retired member and the retired member is receiving a retirement allowance that has not been modified pursuant to Section 24300 or 24300.1, a single life annuity pursuant to Section 25011 or 25018, or a member only annuity described in paragraph (1) of subdivision (a) of Sections 25011.1 and 25018.1, the court shall

require only that the system pay the nonmember spouse, by separate warrant, his or her community property share of the retired member's retirement allowance or retirement benefit, or both, under this part.

(c) If the court does not award the entire retirement allowance or retirement benefit under this part to the retired member and the retired member is receiving an allowance that has been actuarially modified pursuant to Section 24300 or 24300.1, or a joint and survivor annuity pursuant to Section 25011, 25011.1, 25018, or 25018.1, the court shall order only one of the following:

(1) The retired member shall maintain the retirement allowance or joint and survivor annuity, or both, under this part without change.

(2) The retired member shall cancel the option that modified the retirement allowance under this part pursuant to Section 24305 and elect a new joint and survivor option or designate a new beneficiary or both, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement allowance payable to the retired member, the option beneficiary, or both.

(3) The retired member shall cancel the joint and survivor annuity under which the retirement benefit is being paid pursuant to Section 24305.3, and elect a new joint and survivor annuity or designate a new annuity beneficiary or both, based on the actuarial equivalent of the member's canceled annuity, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement benefit payable to the retired member, the annuity beneficiary, or both.

(4) The retired member shall take the action specified in both paragraphs (2) and (3).

(5) The retired member shall cancel the option that modified the retirement allowance under this part pursuant to Section 24305 and elect an unmodified retirement allowance and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retired member's retirement allowance under this part.

(6) The retired member shall cancel, pursuant to Section 24305.3, the joint and survivor annuity under which the retirement benefit is being paid, and elect a single life annuity, and the system shall pay the nonmember spouse, by separate warrant, his or her community property share of the retirement benefit payable to the retired member.

(7) The retired member shall take the action specified in both paragraphs (5) and (6).

(d) If the option beneficiary or annuity beneficiary or both under this part, other than the nonmember spouse, predeceases the retired member, the court shall order the retired member to designate a new option beneficiary pursuant to Section 24306, or a new annuity beneficiary

pursuant to Section 24305.3 and shall order the system to pay the nonmember spouse, by separate warrant, his or her share of the community property interest in the retirement allowance or retirement benefit payable to the retired member or the new option beneficiary or annuity beneficiary or each of them.

(e) The right of the nonmember spouse to receive his or her community property share of the retired member's retirement allowance or retirement benefit or both under this section shall terminate upon the death of the nonmember spouse. However, the nonmember spouse may designate a beneficiary under the Defined Benefit Program and a payee under the Defined Benefit Supplement Program to receive his or her community property share of the retired member's accumulated retirement contributions and accumulated Defined Benefit Supplement account balance under this part in the event that there are remaining accumulated retirement contributions and a balance of credits in the member's Defined Benefit Supplement account to be paid upon the death of the nonmember spouse.

SEC. 10. Section 22657 of the Education Code is amended to read:

22657. (a) The following provisions shall apply to a nonmember spouse as if he or she were a member under this part: Sections 22107, 22306, 22906, and 23802, subdivisions (a) and (b) of Section 24600, and Sections 24601, 24602, 24603, 24605, 24606, 24607, 24608, 24611, 24612, 24613, 24616, 24617, 25009, 25010, 25011, 25011.1, 25013, 25020, 25021, and 25022.

(b) Notwithstanding subdivision (a), this section shall not be construed to establish any right for the nonmember spouse under this part that is not explicitly established in Sections 22650 to 22655, inclusive, and Sections 22658 to 22665, inclusive.

SEC. 11. Section 22660 of the Education Code is amended to read:

22660. (a) The nonmember spouse who is awarded a separate account under this part shall have the right to designate, pursuant to Sections 23300 to 23304, inclusive, a beneficiary or beneficiaries to receive the accumulated retirement contributions under the Defined Benefit Program and to designate a payee to receive the accumulated Defined Benefit Supplement account balance under the Defined Benefit Supplement Program remaining in the separate account of the nonmember spouse on his or her date of death, and any accrued allowance or accrued benefit under the Defined Benefit Supplement Program that is attributable to the separate account of the nonmember spouse and that is unpaid on the date of the death of the nonmember spouse.

(b) This section shall not be construed to provide the nonmember spouse with any right to elect to modify a retirement allowance under

Section 24300 or 24300.1, or to elect a joint and survivor annuity under the Defined Benefit Supplement Program.

SEC. 12. Section 22664 of the Education Code is amended to read:

22664. The nonmember spouse who is awarded a separate account shall have the right to a service retirement allowance and, if applicable, a retirement benefit under this part.

(a) The nonmember spouse shall be eligible to retire for service under this part if the following conditions are satisfied:

(1) The member had at least five years of credited service during the period of marriage, at least one year of which had been performed subsequent to the most recent refund to the member of accumulated retirement contributions. The credited service may include service credited to the account of the member as of the date of the dissolution or legal separation, previously refunded service, out-of-state service, and permissive service credit that the member is eligible to purchase at the time of the dissolution or legal separation.

(2) The nonmember spouse has at least 2 ½ years of credited service in his or her separate account.

(3) The nonmember spouse has attained 55 years of age or more.

(b) A service retirement allowance of a nonmember spouse under this part shall become effective upon a date designated by the nonmember spouse, provided:

(1) The requirements of subdivision (a) are satisfied.

(2) The nonmember spouse has filed an application for service retirement on a properly executed form provided by the system, that is executed no earlier than six months before the effective date of the retirement allowance.

(3) The effective date is no earlier than the first day of the month that the application is received at the system's headquarters office as described in Section 22375, and the effective date is after the date the judgment or court order pursuant to Section 22652 was entered.

(c) (1) Upon service retirement at normal retirement age under this part, the nonmember spouse shall receive a retirement allowance that shall consist of an annual allowance payable in monthly installments equal to 2 percent of final compensation for each year of credited service.

(2) If the nonmember spouse's retirement is effective at less than normal retirement age and between early retirement age under this part and normal retirement age, the retirement allowance shall be reduced by one-half of 1 percent for each full month, or fraction of a month, that will elapse until the nonmember spouse would have reached normal retirement age.

(3) If the nonmember spouse's service retirement is effective at an age greater than normal retirement age and is effective on or after January

1, 1999, the percentage of final compensation for each year of credited service shall be determined pursuant to the following table:

Age at Retirement	Percentage
60 ¼	2.033
60 ½	2.067
60 ¾	2.10
61	2.133
61 ¼	2.167
61 ½	2.20
61 ¾	2.233
62	2.267
62 ¼	2.30
62 ½	2.333
62 ¾	2.367
63 and over	2.40

(4) In computing the retirement allowance of the nonmember spouse, the age of the nonmember spouse on the last day of the month that the retirement allowance begins to accrue shall be used.

(5) Final compensation, for purposes of calculating the service retirement allowance of the nonmember spouse under this subdivision, shall be calculated according to the definition of final compensation in Section 22134, 22134.5, 22135, or 22136, whichever is applicable, and shall be based on the member's compensation earnable up to the date the parties separated, as established in the judgment or court order pursuant to Section 22652. The nonmember spouse shall not be entitled to use any other calculation of final compensation.

(d) Upon service retirement under this part, the nonmember spouse shall receive a retirement benefit based on an amount equal to the balance of credits in the nonmember spouse's Defined Benefit Supplement account on the date the retirement benefit becomes payable.

(1) A retirement benefit shall be a lump-sum payment, or an annuity payable in monthly installments, or a combination of both a lump-sum payment and an annuity, as elected by the nonmember spouse on the application for a retirement benefit. A retirement benefit paid as an annuity under this chapter shall be subject to Sections 22660, 25011, and 25011.1.

(2) Upon distribution of the entire retirement benefit in a lump-sum payment, no other benefit shall be payable to the nonmember spouse or the nonmember spouse's beneficiary under the Defined Benefit Supplement Program.

(e) If the member is or was receiving a disability allowance under this part with an effective date before or on the date the parties separated as established in the judgment or court order pursuant to Section 22652, or at any time applies for and receives a disability allowance with an effective date that is before or coincides with the date the parties separated as established in the judgment or court order pursuant to Section 22652, the nonmember spouse shall not be eligible to retire until after the disability allowance of the member terminates. If the member who is or was receiving a disability allowance returns to employment to perform creditable service subject to coverage under the Defined Benefit Program or has his or her allowance terminated under Section 24015, the nonmember spouse may not be paid a retirement allowance until at least six months after termination of the disability allowance and the return of the member to employment to perform creditable service subject to coverage under the Defined Benefit Program, or the termination of the disability allowance and the employment or self-employment of the member in any capacity, notwithstanding Section 22132. If at the end of the six-month period, the member has not had a recurrence of the original disability or has not had his or her earnings fall below the amounts described in Section 24015, the nonmember spouse may be paid a retirement allowance if all other eligibility requirements are met.

(1) The retirement allowance of the nonmember spouse under this subdivision shall be calculated as follows: the disability allowance the member was receiving, exclusive of the portion for dependent children, shall be divided between the share of the member and the share of the nonmember spouse. The share of the nonmember spouse shall be the amount obtained by multiplying the disability allowance, exclusive of the portion for dependent children, by the years of service credited to the separate account of the nonmember spouse, including service projected to the date of separation, and dividing by the projected service of the member. The nonmember spouse's retirement allowance shall be the lesser of the share of the nonmember spouse under this subdivision or the retirement allowance under subdivision (c).

(2) The share of the member shall be the total disability allowance reduced by the share of the nonmember spouse. The share of the member shall be considered the disability allowance of the member for purposes of Section 24213.

(f) The nonmember spouse who receives a retirement allowance is not a retired member under this part. However, the allowance of the nonmember spouse shall be increased by application of the improvement factor and shall be eligible for the application of supplemental increases and other benefit maintenance provisions under this part, including, but not limited to, Sections 24411, 24412, and 24415 based on the same

criteria used for the application of these benefit maintenance increases to the service retirement allowances of members.

SEC. 13. Section 22703 of the Education Code is amended to read:

22703. (a) Service shall be credited to the Defined Benefit Program, except as provided in subdivision (b).

(b) A member's creditable service that exceeds 1.000 in a school year shall not be credited to the Defined Benefit Program. Commencing July 1, 2002, contributions by the employer and the member that are deposited in the Teachers' Retirement Fund for creditable compensation paid to the member for service that exceeds 1.000 in a school year, exclusive of contributions pursuant to Section 22951, shall be credited to the Defined Benefit Supplement Program.

(c) In lieu of any other benefits provided by this part, any member who performed service prior to July 1, 1956, shall receive retirement benefits for that service at least equal to the benefits that the member would have received for that service under the provisions of this part as they existed on June 30, 1956. This subdivision shall not apply to service that is credited in the San Francisco Employees' Retirement System.

(d) The amendments to this section made during the second year of the 1999–2000 Regular Session shall become operative on July 1, 2002, if the revenue limit cost-of-living adjustment computed by the Superintendent of Public Instruction for the 2001–02 fiscal year is equal to or greater than 3.5 percent. Otherwise the amendments to this section made during the second year of the 1999–2000 Regular Session shall become operative on July 1, 2003.

SEC. 14. Section 22801 of the Education Code is amended to read:

22801. (a) A member who elects to receive additional service credit as provided in this chapter shall pay, prior to retirement, all contributions with respect to that service at the contribution rate for additional service credit, adopted by the board as a plan amendment, in effect at the time of election. If the system is unable to inform the member or beneficiary of the amount required to purchase additional service credit prior to the effective date of the applicable allowance, the member or beneficiary may make the required payment within 30 working days after the date of mailing of the statement of contributions and interest required or the effective date of the appropriate allowance, whichever is later. The payment shall be paid in full before a member or beneficiary receives any adjustment in the appropriate allowance due because of that payment. Contributions shall be made in a lump sum, or in not more than 120 monthly installments, not to exceed ten years. No installment, except the final installment, shall be less than twenty-five dollars ($25).

(b) If the member is employed to perform creditable service subject to coverage by the Defined Benefit Program at the time of the election,

the contributions shall be based upon the compensation earnable in the current school year or either of the two immediately preceding school years, whichever is highest.

(c) If the member is not employed to perform creditable service subject to coverage by the Defined Benefit Program at the time of the election, the contributions shall be based upon the compensation earnable in the last school year of credited service or either of the two immediately preceding school years, whichever is highest.

(d) The employer may pay the amount required as employer contributions for additional service credited under paragraphs (2), (6), (7), (8), and (9) of subdivision (a) of Section 22803.

(e) The Public Employees' Retirement System shall transfer the actuarial present value of the assets of a person who makes an election pursuant to paragraph (10) of subdivision (a) of Section 22803.

(f) Regular interest shall be charged on all contributions from the end of the school year on which the contributions were based to the date of payment.

(g) Regular interest shall be charged on the monthly unpaid balance if the member pays in installments. Regular interest may not be charged or be payable for the period of a delay caused by the system's inability or failure to determine and inform the member or beneficiary of the amount of contributions and interest that is payable. The period of delay shall commence on the 20th day following the day on which the member or beneficiary who wishes to make payment evidences in writing to the system that he or she is ready, willing, and able to make payment to the system. The period of delay shall cease on the first day of the month following the mailing of notification of contributions and interest payable.

(h) If the payment described in subdivision (a) is not received at the system's headquarters office, as described in Section 22375, within 120 days of the due date, the election pursuant to this section shall be canceled. The member shall receive credit for additional service based on the payments that were made or the member may request a return of his or her payments.

(i) If the election to purchase additional service credit is canceled as described in subdivision (h), the member may, prior to the effective date of his or her retirement, elect to purchase additional service credit pursuant to this section.

SEC. 15. Section 22823 of the Education Code is amended to read:

22823. (a) A member who elects to receive credit for out-of-state service as provided in this chapter shall pay, prior to retirement, all contributions with respect to that service at the contribution rate for additional service credit adopted by the board as a plan amendment, in effect at the time of election.

(b) (1) Any payment that a member may make to the system to obtain credit for out-of-state service pursuant to this chapter shall be paid in full prior to the effective date of a family, survivor, disability, or retirement allowance.

(2) If the system is unable to inform the member or beneficiary of the amount required to purchase out-of-state service prior to the effective date of the applicable allowance, the member or beneficiary may make payment in full within 30 working days after the date of mailing of the statement of contributions and interest required or the effective date of the appropriate allowance, whichever is later. The payment shall be paid in full before a member or beneficiary may receive any adjustment in the appropriate allowance due because of that payment.

(c) Contributions for out-of-state service credit shall be made in a lump sum, or in not more than 120 monthly installments, not to exceed ten years. No installment, except the final installment, shall be less than twenty-five dollars ($25).

(d) Regular interest shall be charged on the monthly unpaid balance if the member makes installment payments.

(e) If the payment described in subdivision (a) is not received at the system's headquarters office, as described in Section 22375, within 120 days of the due date, the election pursuant to this section shall be canceled. The member shall receive credit for out-of-state service based on the payments that were made or the member may request a return of his or her payments.

(f) If the election to purchase out-of-state service is canceled as described in subdivision (e), the member may, prior to the effective date of his or her retirement, elect to purchase out-of-state service pursuant to this section.

SEC. 16. Section 22826 of the Education Code is amended to read:

22826. (a) A member may elect to receive up to five years of credit for nonqualified service provided the member is vested in the Defined Benefit Program as provided in Section 22156.

(b) A member who elects to receive credit for nonqualified service as provided in this chapter shall contribute to the retirement fund the actuarial cost of the service, including interest as appropriate, as determined by the board based on the most recent valuation of the plan with respect to the Defined Benefit Program.

(1) Payment that a member may make to the system to obtain credit for nonqualified service shall be paid in full prior to the effective date of a family, survivor, disability, or retirement allowance.

(2) If the system is unable to inform the member of the amount required to purchase nonqualified service prior to the effective date of the applicable allowance, the member may make payment in full within

30 working days after the date of mailing of the statement of contributions and interest required or the effective date of the appropriate allowance, whichever is later.

(c) Contributions for nonqualified service credit shall be made in a lump sum or in not more than 120 monthly installments, not to exceed ten years. No installment, except the final installment, shall be less than twenty-five dollars ($25).

(d) Regular interest shall be charged on the monthly unpaid balance if the member makes installment payments.

(e) If the payment described in subdivision (a) is not received at the system's headquarters office, as described in Section 22375, within 120 days of the due date, the election pursuant to this section shall be canceled. The member shall receive credit for nonqualified service based on the payments that were made or the member may request a return of his or her payments.

(f) If the election to purchase nonqualified service is canceled as described in subdivision (e), the member may, prior to the effective date of his or her retirement, elect to purchase nonqualified service pursuant to this section.

SEC. 17. Section 23004 of the Education Code is amended to read:

23004. The county superintendent of schools or employing agency shall, or a school district or community college district may, with approval of the board, submit a report monthly to the system containing information as the board may require in the administration of the plan. That monthly report shall be submitted electronically in an encrypted format provided by the system that ensures the security of the transmitted member data.

SEC. 18. Section 23300 of the Education Code is amended to read:

23300. (a) A member of the Defined Benefit Program may designate a beneficiary to receive benefits payable under this part upon the member's death. A beneficiary designation may not be made in derogation of a community property interest of a nonmember spouse, as defined by Section 25000.9, with respect to service or contributions credited under this part, unless the nonmember spouse has previously obtained an alternative order pursuant to Section 2610 of the Family Code.

(b) A member's beneficiary designation for benefits payable under the Defined Benefit Program, including a designation made pursuant to Section 24300 or 24300.1, shall also apply to benefits payable under the Defined Benefit Supplement Program. A beneficiary designation shall be in writing on a form prescribed by the system and executed by the member.

(c) A beneficiary designation shall not be valid unless it is received in the system's headquarters office, as established pursuant to Section 22375, prior to the member's death.

(d) A member may change or revoke a beneficiary designation at any time by making a new designation pursuant to this section.

(e) This section is not applicable to the designation of an option beneficiary or an annuity beneficiary under this part.

(f) An option beneficiary may designate a death beneficiary who would, upon the death of the option beneficiary, be entitled to receive the option beneficiary's accrued monthly allowance.

SEC. 19. Section 23805 of the Education Code is amended to read:

23805. A family allowance is payable in the amount and to the specified persons in the following order of priority:

(a) To the deceased member's surviving spouse who has financial responsibility for at least one dependent child, an amount equal to 40 percent of the member's final compensation or the disabled member's projected final compensation plus 10 percent of the member's final compensation or the disabled member's projected final compensation for each child, up to a maximum allowance of 90 percent.

(b) If there is no surviving spouse or upon the death of the surviving spouse, to each dependent child, an amount equal to 10 percent of the deceased member's final compensation or the disabled member's projected final compensation, up to a maximum allowance of 50 percent. If there are more than five dependent children, they shall share equally in the maximum allowance of 50 percent.

(c) To the surviving spouse at 60 years of age or over if there is no dependent child, a monthly allowance equal to the amount that would have been payable to the spouse as beneficiary under Option 3 pursuant to Section 24300 that provides an allowance equal to one-half of the modified retirement allowance the member would have received at 60 years of age, computed on the member's projected final compensation and projected service to normal retirement age. The allowance payable under this subdivision shall be increased by application of the benefit improvement factor for time that elapses between the date the member would have attained normal retirement age and the date the family allowance under this subdivision begins to accrue. The allowance calculation shall include service credit for the unused sick leave that had accrued to the member as of the date of his or her death. Eligibility for the inclusion of service credit for unused sick leave credit and the calculation of that service credit shall be determined pursuant to Section 22717.

(d) If there is no surviving spouse or dependent child, to the dependent parent, 60 years of age or over, a monthly allowance equal to the amount

that would have been payable to the dependent parent as beneficiary under Option 3 pursuant to Section 24300 that provides an allowance equal to one-half of the modified retirement allowance the member would have received at 60 years of age, computed on the member's projected final compensation and projected service to normal retirement age. The allowance calculation shall include service credit for the unused sick leave that had accrued to the member as of the date of his or her death. Eligibility for the inclusion of service credit for unused sick leave and the calculation of that service credit shall be determined pursuant to Section 22717. If there are two dependent parents, only one family allowance shall be payable under this subdivision and that allowance shall be computed on the assumption that the younger parent is the option beneficiary and the allowance shall be divided equally for as long as there are two dependent parents. Thereafter, the full allowance shall be payable to the surviving dependent parent.

(e) The surviving spouse or dependent parent may elect to begin receiving the family allowance payable under subdivision (c) or (d) immediately upon the later of the death of the member or when there is no dependent child, or to defer receipt of the allowance to the date the surviving spouse or dependent parent attains 60 years of age. If allowance payments commence prior to the date the surviving spouse or dependent parent attains 60 years of age, the allowance payable shall be actuarially reduced.

(f) If there is no dependent child, a surviving spouse or dependent parent or parents may elect, prior to receipt of the first payment under subdivision (c) or (d), to receive the member's accumulated retirement contributions in a lump sum subject to a reduction for any disability allowance or family allowance payments previously made.

(g) (1) The allowance calculated under this section shall not include either of the following:

(A) The increase in the percentage of final compensation pursuant to Section 24203.5.

(B) The increase in the monthly allowance pursuant to Section 24203.6.

(2) This subdivision does not constitute a change in, but is declaratory of, the existing law.

SEC. 20. Section 23855 of the Education Code is amended to read:

23855. (a) The survivor benefit allowance is a monthly allowance equal to one-half of the modified retirement allowance the member would have received at 60 years of age, if the member had retired and elected Option 3 pursuant to Section 24300, naming the spouse as the option beneficiary.

(b) The allowance payable under this subdivision shall be based on the member's actual service credit and final compensation as of the date of his or her death, the retirement factor at 60 years of age, and the member's and spouse's ages as of the date the member would have attained 60 years of age. If the member's death occurs after he or she attains 60 years of age, his or her actual final compensation, the retirement factor at 60 years of age, and the member's and spouse's ages as of the date of the member's death shall be used in the allowance calculation.

(c) The allowance calculation shall include service credit for the unused sick leave that had accrued to the member as of the date of his or her death. Eligibility for the inclusion of unused sick leave service credit and the calculation of that service credit shall be determined pursuant to Section 22717.

(d) (1) The allowance calculation shall not include either of the following:

(A) The increase in the percentage of final compensation pursuant to Section 24203.5.

(B) The increase in the monthly allowance pursuant to Section 24203.6.

(2) This subdivision does not constitute a change in, but is declaratory of, the existing law.

(e) The surviving spouse may elect to begin receiving the survivor benefit allowance immediately as of the date of the member's death or to defer receipt of the allowance to the date the member would have attained 60 years of age. If allowance payments to the surviving spouse commence prior to the date the member would have attained 60 years of age, the allowance payable shall be actuarially reduced.

(f) If the spouse elects, pursuant to Section 23852, to receive the survivor benefit allowance, an additional 10 percent of final compensation shall be payable for each dependent child who is under 21 years of age, up to a maximum of 50 percent of final compensation. The child's portion shall begin to accrue on the day following the member's date of death and shall be payable even if the spouse elects to postpone receipt of the spouse's survivor benefit allowance until the date the member would have attained 60 years of age.

SEC. 21. Section 24201 of the Education Code is amended to read:

24201. (a) A member may retire for service under this part upon written application for retirement to the board on a properly executed form provided by the system, under paragraph (1) or (2) as follows:

(1) The member has attained 55 years of age or more and has at least five years of credited service, at least one year of which has been performed subsequent to the most recent refund of accumulated

retirement contributions. The five years of credited service may include out-of-state service purchased pursuant to Section 22820. The number of years of credited service performed in California shall not be less than the number of years necessary to determine final compensation pursuant to Section 22134 or 22135, whichever is applicable to the member.

(2) The member is credited with service that is not used as a basis for benefits under any other public retirement system, excluding the federal social security system, if the member has attained 55 years of age or older and retires concurrently under one or more of the retirement systems with which the member has concurrent membership as defined in Section 22115.2.

(b) Application for retirement under paragraph (2) of subdivision (a) may be made even if the member has not earned five years of credited service.

SEC. 22. Section 24202.5 of the Education Code is amended to read:

24202.5. (a) A member who retires for service on or after January 1, 1999, shall receive a retirement allowance consisting of all of the following:

(1) An annual allowance payable in monthly installments, upon retirement equal to the percentage of the final compensation set forth opposite the member's age at retirement in the following table multiplied by each year of credited service:

Age at Retirement	Percentage
60	2.00
60 ¼	2.033
60 ½	2.067
60 ¾	2.10
61	2.133
61 ¼	2.167
61 ½	2.20
61 ¾	2.233
62	2.267
62 ¼	2.30
62 ½	2.333
62 ¾	2.367
63 and over	2.40

If the member's retirement is effective at less than normal retirement age and between early retirement age and normal retirement age, the member's allowance shall be reduced by one-half of 1 percent for each full month, or fraction of a month that will elapse until the member will attain normal retirement age.

(2) An annuity that shall be the actuarial equivalent of the member's accumulated annuity deposit contributions at the time of retirement.

(3) An annuity based on the balance of credits in the member's Defined Benefit Supplement account, pursuant to Section 25012, if elected by the member pursuant to Section 25011 or 25011.1.

(b) In computing the amounts described in paragraph (1) of subdivision (a), the age of the member on the last day of the month in which the retirement allowance begins to accrue or the later date as described in Section 24204 shall be used.

SEC. 23. Section 24203.6 of the Education Code is amended to read:

24203.6. (a) In addition to the amount otherwise payable pursuant to Sections 24202.5, 24203, 24203.5, 24205, 24209, 24209.3, 24210, 24211, and 24212, a member shall receive an increase in the monthly allowance, prior to any modification pursuant to Sections 24300, 24300.1, and 24309, in the amount identified in subdivision (b), if the member meets all of the following criteria:

(1) The member retires for service on or after January 1, 2001.

(2) Prior to January 1, 2011, the member has 30 or more years of credited service, including any credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652, but excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22714.5.

(C) Section 22715.

(D) Section 22717, except as provided in subdivision (b) of Section 22121.

(E) Section 22717.5.

(F) Section 22826.

(3) The member is receiving an allowance subject to Section 24203.5.

(b) The amount of the increase in the monthly allowance shall be based on the member's years of credited service at the time of retirement as follows:

30 years of credited service.....	$200
31 years of credited service.....	$300
32 or more years of credited service.....	$400

(c) This section also applies to a nonmember spouse, if all of the following conditions are satisfied:

(1) The member is eligible for the allowance increase pursuant to subdivisions (a) and (b) upon his or her retirement for service.

(2) On the date the parties separated, as established in the judgment or court order pursuant to Section 22652, the member had at least 30

years of credited service, excluding service credited pursuant to the following:

(A) Section 22714.

(B) Section 22714.5.

(C) Section 22715.

(D) Section 22717, except as provided in subdivision (b) of Section 22121.

(E) Section 22717.5.

(F) Section 22826.

(3) The service credit of the member was divided into separate accounts in the name of the member and the nonmember spouse by a court pursuant to Section 22652. The amount identified in the schedule in subdivision (b) and payable pursuant to this section, that is based on the service credited during the marriage, shall be divided and paid to the member and the nonmember spouse proportionately according to the respective percentages of the member's service credit that were allocated to the member and the nonmember spouse in the court's order.

(d) The allowance increase provided under this section is not subject to Sections 24415 and 24417, but is subject to Section 22140.

SEC. 24. Section 24205 of the Education Code is amended to read:

24205. Any member retiring prior to 60 years of age, and who has attained 55 years of age, may elect to receive one-half of the service retirement allowance for normal retirement age for a limited time and then revert to the full retirement allowance for normal retirement age.

(a) The retirement allowance shall be based on service credit and final compensation as of the date of retirement for service and shall be calculated with the factor for normal retirement age.

(b) If the member elects a joint and survivor option under Section 24300 or 24300.1, the actuarial reduction shall be based on the member's and beneficiary's ages as of the effective date of the early retirement. If the member elected a preretirement option under Section 24307, the actuarial reduction shall be based on the member's and beneficiary's ages as determined by provisions of that section.

(c) One-half of the retirement allowance as of 60 years of age shall be paid for a period of time equal to twice the elapsed time between the effective date of retirement and the date of the retired member's 60th birthday.

(d) The full retirement allowance as calculated under subdivision (a) or (b) shall begin to accrue as of the first of the month following the reduction period as specified in subdivision (c). The full retirement allowance shall not begin to accrue prior to this time under any circumstances, including, but not limited to, divorce or death of the named beneficiary.

(e) The annual improvement factor provided for in Sections 22140 and 22141 shall be based upon the retirement allowance as calculated under subdivision (a) or (b). The improvement factor shall begin to accrue on September 1 following the retired member's 60th birthday. These increases shall be accumulated and shall become payable when the full retirement allowance for normal retirement age first becomes payable.

(f) Any ad hoc benefit increase with an effective date prior to the retired member's 60th birthday shall not affect any allowance payable under this section. Only those ad hoc improvements with effective dates on or after the retired member's 60th birthday shall be accrued and accumulated and shall first become payable when the full retirement allowance for normal retirement age becomes payable.

(g) The cancellation of an option election in accordance with Section 24305 shall not cancel the election under this section. Upon cancellation of the joint and survivor option, one-half of the retired member's retirement allowance as calculated under subdivision (a) shall become payable for the balance of the reduction period specified in subdivision (c).

(h) If a retired member who has elected a joint and survivor option dies during the period when the reduced allowance is payable, the beneficiary shall receive one-half of the allowance payable to the beneficiary until the date when the retired member would have received the full retirement allowance for normal retirement age. At that time, the beneficiary's allowance shall be increased to the full amount payable to the beneficiary plus the appropriate annual improvement factor increases and ad hoc increases.

SEC. 25. Section 24209 of the Education Code is amended to read:

24209. (a) Upon retirement for service following reinstatement, the member shall receive a service retirement allowance equal to the sum of both of the following:

(1) An amount equal to the monthly allowance the member was receiving immediately preceding reinstatement, exclusive of any amounts payable pursuant to Section 22714, 22714.5, or 22715, increased by the improvement factor that would have been applied to the allowance if the member had not reinstated.

(2) An amount calculated pursuant to Section 24202, 24202.5, 24203, 24203.5, or 24206 on service credited subsequent to the most recent reinstatement, the member's age at retirement, and final compensation.

(b) If the total amount of credited service, other than that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in paragraphs

(1), for members who initially retired on or after January 1, 1999, and (2) of subdivision (a) shall be calculated pursuant to Section 24203.5.

(c) If the total amount of credited service, other than that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, upon retirement for service following reinstatement, a member who retired pursuant to Section 24213, and received the terminated disability allowance for the prior retirement, shall receive a service retirement allowance equal to the sum of the following:

(1) An amount based on the service credit accrued prior to the effective date of the disability allowance, the member's age at the prior retirement increased by the factor provided in Section 24203.5, and projected final compensation.

(2) An amount calculated pursuant to Section 24202, 24202.5, 24203.5, or 24206 on service credited subsequent to the reinstatement, the member's age at retirement, and final compensation.

(d) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

SEC. 26. Section 24209.3 of the Education Code is amended to read:

24209.3. (a) Notwithstanding subdivision (a) of Section 24209 and subdivision (d) of Section 24204, and exclusive of any amounts payable during the prior retirement for service pursuant to Section 22714, 22714.5, or 22715:

(1) A member who retired, other than pursuant to Section 24210, 24211, 24212, or 24213, and who reinstates and performs creditable service, as defined in Section 22119.5, after the most recent reinstatement, in an amount equal to two or more years of credited service, shall, upon retirement for service on or after the effective date of this section, receive a service retirement allowance equal to the sum of the following:

(A) An amount calculated pursuant to this chapter based on credited service performed prior to the most recent reinstatement, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation.

(B) An amount calculated pursuant to this chapter based on credited service performed subsequent to the most recent reinstatement, using the member's age at the subsequent service retirement, and final compensation.

(2) A member who retired pursuant to Section 24210 and who reinstates and performs creditable service, as defined in Section 22119.5, after the most recent reinstatement, in an amount equal to two or more years of credited service, shall, upon retirement for service on or after

the effective date of this section, receive a service retirement allowance equal to the sum of the following:

(A) An amount calculated pursuant to this chapter based on service credit accrued prior to the effective date of the disability retirement, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and indexed final compensation to the effective date of the initial service retirement.

(B) An amount calculated pursuant to this chapter based on the service credit accrued after termination of the disability retirement, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation.

(C) An amount calculated pursuant to this chapter based on credited service performed subsequent to the most recent reinstatement, using the member's age at the subsequent service retirement, and final compensation.

(3) A member who retired pursuant to Section 24211 and who reinstates and performs creditable service, as defined in Section 22119.5, after the most recent reinstatement, in an amount equal to two or more years of credited service, shall, upon retirement for service on or after the effective date of this section, receive a service retirement allowance equal to the sum of the following:

(A) The greater of (i) the disability allowance the member was receiving immediately prior to termination of that allowance, excluding the children's portion, or (ii) an amount calculated pursuant to this chapter based on service credit accrued prior to the effective date of the disability allowance, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation earnable or projected final compensation or a combination of both.

(B) An amount equal to either of the following:

(i) For a member who was receiving a benefit pursuant to subdivision (a) of Section 24211, the member's credited service at the time of the retirement pursuant to Section 24211, excluding service credited pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200).

(ii) For a member who was receiving a benefit pursuant to subdivision (b) of Section 24211, the member's projected service, excluding service credited pursuant to Section 22717 or 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200).

(C) An amount calculated pursuant to this chapter based on credited service performed subsequent to the most recent reinstatement, using the member's age at the subsequent service retirement, and final compensation using compensation earnable or projected final compensation or a combination of both.

(D) An amount based on any service credited pursuant to Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200) or, for credited service performed during the most recent reinstatement, Section 22714, 22714.5, 22715, 22717, or 22717.5, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(4) A member who retired pursuant to Section 24212 or 24213 and who reinstates and performs creditable service, as defined in Section 22119.5, after the most recent reinstatement, in an amount equal to two or more years of credited service, shall, upon retirement for service on or after the effective date of this section, receive a service retirement allowance equal to the sum of the following:

(A) An amount calculated pursuant to this chapter based on the member's projected service credit, excluding service credited pursuant to Section 22717, 22717.5, or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation earnable or projected final compensation or a combination of both.

(B) An amount calculated pursuant to this chapter based on credited service performed subsequent to the most recent reinstatement, using the member's age at the subsequent service retirement, and final compensation, using compensation earnable or projected final compensation or a combination of both.

(C) An amount based on any service credited pursuant to Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200) or, for credited service performed during the most recent reinstatement, Section 22714, 22714.5, 22715, 22717, or 22717.5, using the member's age at the subsequent service retirement, from which age shall be deducted the total time during which the member was retired for service, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(b) If the total amount of credited service, other than that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than the number of years required to be eligible for an increased allowance pursuant to this chapter or Section 22134.5, the amounts identified in this section shall be calculated pursuant to the section authorizing the increased benefit.

(c) For members receiving an allowance pursuant to Section 24410.5 or 24410.6, the amount payable pursuant to this section shall not be less than the amount payable to the member as of the effective date of reinstatement.

(d) The amount payable pursuant to this section shall not be less than the amount that would be payable to the member pursuant to Section 24209.

(e) For purposes of determining an allowance increase pursuant to Sections 24415 and 24417, the calendar year of retirement shall be the year of the subsequent retirement if the final compensation used to calculate the allowance pursuant to this section is higher than the final compensation used to calculate the allowance for the prior retirement.

(f) The allowance paid pursuant to this section to a member receiving a lump-sum payment pursuant to Section 24221 shall be actuarially reduced to reflect that lump-sum payment.

(g) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

SEC. 27. Section 24211 of the Education Code is amended to read:

24211. When a member who has been granted a disability allowance under this part after June 30, 1972, returns to employment subject to coverage under the Defined Benefit Program and performs:

(a) Less than three years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance which is the sum of the allowance calculated on service credit accrued after the termination date of the disability allowance, the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable and projected final compensation, plus the greater of either of the following:

(1) A service retirement allowance calculated on service credit accrued as of the effective date of the disability allowance, the age of the member on the last day of the month in which the retirement allowance begins to accrue, and projected final compensation excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820)

or Chapter 19 (commencing with Section 23200), to the termination date of the disability allowance.

(2) The disability allowance the member was receiving immediately prior to termination of that allowance, excluding children's portions.

(b) Three or more years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance that is the greater of the following:

(1) A service retirement allowance calculated on all actual and projected service excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(2) The disability allowance the member was receiving immediately prior to termination of that allowance, excluding children's portions.

(c) The allowance shall be increased by an amount based on any service credited pursuant to Sections 22714, 22714.5, 22715, 22717, and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) or Chapter 19 (commencing with Section 23200), and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(d) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Sections 24203.5 and 24203.6.

(e) For purposes of this section, final compensation shall not be based on a determination of compensation earnable as described in subdivision (e) of Section 22115.

SEC. 28. Section 24214 of the Education Code, as amended by Section 24 of Chapter 351 of the Statutes of 2005, is amended to read:

24214. (a) A member retired for service under this part may perform the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system, but the member may not make contributions to the retirement fund or accrue service credit based on compensation earned from that service. The employer shall maintain accurate records of the earnings of the retired member and report those earnings monthly to the system and retired member as described in Section 22461.

(b) If a member is retired for service under this part, the rate of pay for service performed by that member as an employee of the employer, as an employee of a third party, or as an independent contractor, may not be less than the minimum, nor exceed that paid by the employer to other employees performing comparable duties.

(c) A member retired for service under this part may not be required to reinstate for performing the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5, as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system.

(d) A member retired for service under this part may earn compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in any one school year up to the limitation specified in subdivision (f) as an employee of an employer, as an employee of a third party, or an independent contractor, within the California public school system, without a reduction in his or her retirement allowance.

(e) (1) The postretirement compensation limitation provisions set forth in this section are not applicable to compensation earned by a member retired for service under this part who has returned to work after the date of retirement and, for a period of at least 12 consecutive months, has not performed the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system. For the purpose of this paragraph, the period of 12 consecutive months begins from the effective date of the member's most recent retirement.

(2) The postretirement compensation limitation provisions set forth in this section are not applicable to compensation earned for the performance of the activities described in subdivision (a) for which the employer is not eligible to receive state apportionment or to compensation that is not creditable pursuant to Section 22119.2.

(f) The limitation that shall apply to the compensation for performance of the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 by a member retired for service under this part either as an employee of an employer, an employee of a third party, or as an independent contractor, shall, in any one school year, be an amount calculated by the board each July 1 equal to twenty-two thousand dollars ($22,000) adjusted by the percentage change in the average compensation earnable of active members of the Defined Benefit Program, as determined by the system, from the 1998–99 fiscal year to the fiscal year ending in the previous calendar year.

(g) If a member retired for service under this part earns compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in excess of the limitation specified in subdivision (f), as an employee of an employer, as an employee of a third party, or as an independent contractor, within the California public school system, and if that compensation is not exempt from that limitation under subdivision (e) or any other provisions of law, the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction may be equal to the monthly allowance payable but shall not exceed the amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned.

(h) The amendments to this section enacted during the 1995–96 Regular Session shall be deemed to have become operative on July 1, 1996.

(i) This section shall be repealed on January 1, 2008, unless later enacted legislation extends or deletes that date.

SEC. 29. Section 24214 of the Education Code, as amended by Section 23 of Chapter 912 of the Statutes of 2004, is amended to read:

24214. (a) A member retired for service under this part may perform the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system, but the member may not make contributions to the retirement fund or accrue service credit based on compensation earned from that service. The employer shall maintain accurate records of the earnings of the retired member and report those earnings monthly to the system and retired member as described in Section 22461.

(b) If a member is retired for service under this part, the rate of pay for service performed by that member as an employee of the employer, as an employee of a third party, or as an independent contractor, may not be less than the minimum, nor exceed that paid by the employer to other employees performing comparable duties.

(c) A member retired for service under this part may not be required to reinstate for performing the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5, as an employee of an employer, as an employee of a third party, or as an independent contractor within the California public school system.

(d) A member retired for service under this part may earn compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in any one school year up to the limitation specified in subdivision (f)

as an employee of an employer, as an employee of a third party, or an independent contractor, within the California public school system, without a reduction in his or her retirement allowance.

(e) The postretirement compensation limitation provisions set forth in this section are not applicable to compensation earned for the performance of the activities described in subdivision (a) for which the employer is not eligible to receive state apportionment or to compensation that is not creditable pursuant to Section 22119.2.

(f) The limitation that shall apply to the compensation for performance of the activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 by a member retired for service under this part either as an employee of an employer, an employee of a third party, or as an independent contractor, shall, in any one school year, be an amount calculated by the board each July 1 equal to twenty-two thousand dollars ($22,000) adjusted by the percentage change in the average compensation earnable of active members of the Defined Benefit Program, as determined by the system, from the 1998–99 fiscal year to the fiscal year ending in the previous calendar year.

(g) If a member retired for service under this part earns compensation for performing activities identified in paragraphs (1) to (9), inclusive, of subdivision (a), or subdivision (b), of Section 22119.5 in excess of the limitation specified in subdivision (f), as an employee of an employer, as an employee of a third party, or as an independent contractor, within the California public school system, the member's retirement allowance shall be reduced by the amount of the excess compensation. The amount of the reduction may be equal to the monthly allowance payable but may not exceed the amount of the annual allowance payable under this part for the fiscal year in which the excess compensation was earned.

(h) The language of this section derived from the amendments to the section of this number added by Chapter 394 of the Statutes of 1995, enacted during the 1995–96 Regular Session, is deemed to have become operative on July 1, 1996.

(i) This section shall become operative on January 1, 2008.

SEC. 30. Section 24221 of the Education Code is amended to read:

24221. (a) A member who retires for service prior to January 1, 2011, may elect, on a form prescribed by the system, to receive a lump-sum payment and an actuarially reduced monthly allowance pursuant to this section in lieu of the monthly unmodified allowance that would otherwise be payable to the member pursuant to this chapter. The election under this section shall be made at the time the member files his or her application for service retirement allowance as provided in Section 24204.

(b) A member who makes the election described in subdivision (a) shall receive a one-time, lump-sum payment in an amount that equals or does not exceed the lesser of the following amounts:

(1) The actuarial present value of the amount by which (A) the monthly unmodified allowance payable to the member pursuant to this chapter exceeds (B) an amount equal to 2 percent of the member's final compensation multiplied by the number of years of credited service and divided by 12.

(2) Fifteen percent of the actuarial present value of the monthly unmodified allowance payable to the member under this chapter.

(c) Notwithstanding any other provision of this part, a member who makes the election described in subdivision (a) shall receive a monthly unmodified allowance, pursuant to this chapter, that shall be actuarially reduced to reflect the lump-sum amount paid under subdivision (b). The actuarial reduced unmodified allowance may be modified pursuant to Section 24300 or 24300.1.

(d) A member may not apply a lump-sum payment made pursuant to this section for the purposes of redepositing previously refunded retirement contributions pursuant to Chapter 19 (commencing with Section 23200) or purchasing service credit pursuant to Chapter 14 (commencing with Section 22800), Chapter 14.2 (commencing with Section 22820) or Chapter 14.5 (commencing with Section 22850). The Legislature hereby finds and declares that if a member who elects to receive a partial lump-sum payment also elects to redeposit previously refunded retirement contributions or purchase service credit as a result of the receipt of the lump-sum payment, the Defined Benefit Program may experience a net actuarial impact.

(e) An election pursuant to subdivision (a) may have no net actuarial impact to the Defined Benefit Program. The board shall adopt present value factors to establish a corresponding actuarially reduced monthly allowance, that results in no net actuarial impact to the Defined Benefit Program. The Legislature reserves the right to modify the provisions of this section to further the objective of permitting eligible members to receive a lump-sum distribution of a portion of their benefits, with a corresponding actuarial reduction in their monthly allowance, so that there is no net actuarial impact to the Defined Benefit Program.

SEC. 31. Section 24300 of the Education Code is amended to read:

24300. (a) A member may, prior to the effective date of the member's retirement, elect an option pursuant to this part that would provide an actuarially modified retirement allowance payable throughout the life of the member and the member's option beneficiary or beneficiaries, as follows:

(1) Option 2. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(2) Option 3. The modified retirement allowance shall be paid to the retired member. Upon the retired member's death, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the option beneficiary.

(3) Option 4. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to two-thirds of the modified amount that the retired member was receiving shall be paid to the surviving retired member or the surviving option beneficiary.

(4) Option 5. The modified retirement allowance shall be paid to the retired member as long as both the retired member and the option beneficiary are living. Upon the death of either the retired member or the option beneficiary, an allowance equal to one-half of the modified amount that the retired member was receiving shall be paid to the surviving retired member or surviving option beneficiary.

(5) Option 6. The modified retirement allowance shall be paid to the retired member and upon the retired member's death, an allowance equal to the modified amount that the retired member was receiving shall be paid to the option beneficiary. However, if the option beneficiary predeceases the retired member, the retirement allowance without modification for the option shall be payable to the retired member. If the option beneficiary predeceases the retired member, the retired member may designate a new option beneficiary. The effective date of the new designation shall be six months following the date notification is received by the board, so long as both the retired member and the designated option beneficiary are then living. Notification shall be on a properly executed form for the new designation. The designation of the new option beneficiary under this subdivision is subject to an actuarial modification of the unmodified retirement allowance and shall not result in any additional liability to the fund. The new option beneficiary shall not be an existing option beneficiary.

(6) Option 7. The modified retirement allowance shall be paid to the retired member and upon the retired member's death, an allowance equal to one-half of the modified amount the retired member was receiving shall be paid to the option beneficiary. However, if the option beneficiary predeceases the retired member, the retirement allowance without modification for the option shall be payable to the retired member. If the option beneficiary predeceases the retired member, the

retired member may designate a new option beneficiary. The effective date of the new designation shall be six months following the date notification is received by the board, provided both the retired member and the designated option beneficiary are then living. Notification shall be on a properly executed form for the new designation. The designation of the new option beneficiary under this subdivision is subject to an actuarial modification of the unmodified retirement allowance and shall not result in any additional liability to the fund. The new option beneficiary shall not be an existing option beneficiary.

(7) Option 8. (A) Any member, prior to the effective date of the member's retirement, may designate multiple option beneficiaries. The member who has designated more than one option beneficiary shall elect an option that the member is authorized to elect subject to subdivision (e) for each beneficiary designated that would provide an actuarially modified retirement allowance payable throughout the lives of the member and the member's option beneficiaries.

(B) The modified retirement allowance shall be paid to the retired member as long as the retired member and at least one of the option beneficiaries are living. Upon the retired member's death, an allowance shall be paid to each surviving option beneficiary in accordance with the option elected respective to that beneficiary. However, if one or more of the option beneficiaries predeceases the retired member, the retired member's allowance shall be adjusted in accordance with the option elected for the deceased beneficiary. The member shall determine the percentage of the unmodified allowance that will be modified by the election of Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 within this option, the aggregate of which shall equal 100 percent of the member's unmodified allowance. The election of this option is subject to approval by the board.

(C) A member who is a party to an action for legal separation or dissolution of marriage and who is required by court order to designate a spouse or former spouse as an option beneficiary may designate his or her spouse or former spouse as a sole option beneficiary under subparagraphs (A) and (B). The member shall specify the option elected for the spouse or former spouse and the percentage of his or her unmodified allowance to be modified by the option, consistent with the court order. The percentage of the member's unmodified allowance that is not modified by the option shall remain an unmodified allowance payable to the member. The aggregate of the percentages specified for the option beneficiary and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(b) For purposes of this section, the member shall designate an option beneficiary on a form prescribed by the system, which shall be duly executed and filed with the system at the time of the member's retirement.

(c) A member may revoke or change an election of an option at any time prior to the effective date of the member's retirement under this part. A revocation or change of an option may not be made in derogation of a spouse's or former spouse's community property rights as specified in a court order.

(d) On or before July 1, 2004, the board shall evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section 26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing complexity in the election of options and annuities by members and participants. The changes to the options and annuities may have no net actuarial impact on the retirement fund, and the board may establish any eligibility criteria it deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment pursuant to this subdivision.

(e) Any member or participant who retired and elected an option or a joint and survivor annuity, or who filed a preretirement election of an option prior to the effective date of the plan amendment made pursuant to subdivision (d), may elect to change to a different option or joint and survivor annuity, as modified by the board as a plan amendment pursuant to subdivision (d), if the member or participant meets all the criteria established by the board to prevent a change in an option or joint and survivor annuity from having an adverse actuarial impact on the retirement fund, including, but not limited to, the effective date of a new designation or limitations on any changes if a member or participant, as the case may be, or beneficiary, or both, is currently not living or afflicted with a known terminal illness. The member or participant shall designate the change during the six-month period that begins with the effective date of the plan amendment, on a form prescribed by the system. Any member changing an option election pursuant to this subdivision is not subject to the allowance reduction prescribed in Section 24309 or 24310

as a result of the election. If a member or participant elects to change his or her option or joint and survivor annuity under this subdivision, the member or participant shall retain the same option beneficiary or beneficiaries as named in the prior designation.

(f) The Legislature reserves the right to modify this section prior to the effective date of the plan amendment made pursuant to subdivision (d) to prevent any actuarial impact to the fund.

(g) Except as described in subdivision (d) of Section 24300.1, on or after January 1, 2007, a member may not make a new election for an option or joint and survivor annuity described in subdivision (a).

(h) Any member with a retirement effective on or after January 1, 2007, shall elect an option from the options described in Section 24300.1. Any member making a new option election under the provisions of Section 24300.6, 24305.5, or 24306 shall elect an option from the options described in Section 24300.1 if the effective date of the new option election is on or after January 1, 2007.

SEC. 32. Section 24300.1 is added to the Education Code, to read:

24300.1. (a) A member may, prior to the effective date of his or her retirement, elect an option pursuant to this part that would provide an actuarially modified retirement allowance payable throughout the life of the member and the member's option beneficiary or beneficiaries, as follows:

(1) One hundred percent beneficiary option. The modified retirement allowance shall be paid to the member and upon the member's death, 100 percent of the modified allowance shall continue to be paid to the option beneficiary.

(2) Seventy-five percent beneficiary option. The modified retirement allowance shall be paid to the member and upon the member's death, 75 percent of the modified allowance shall continue to be paid to the option beneficiary. Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the benefits of the member under this part, the member may not designate an option beneficiary under this option who is more than exactly 19 years younger than the member.

(3) Fifty percent beneficiary option. The modified retirement allowance shall be paid to the member and upon the death of the member, 50 percent of the modified allowance shall continue to be paid to the option beneficiary.

(4) Compound option. The member may designate multiple option beneficiaries or one or multiple option beneficiaries with a designated percentage to remain unmodified. The member shall elect an option as described in paragraph (1), (2), or (3) for each designated option

beneficiary that would provide an actuarially modified retirement allowance payable throughout the lives of the member and the member's option beneficiary or beneficiaries.

(A) The modified retirement allowance shall be paid to the member as long as the member and at least one option beneficiary is living. Upon the member's death, an allowance shall be paid to each surviving option beneficiary in accordance with the option elected respective to that option beneficiary. If an option beneficiary predeceases the member, the member's allowance shall be adjusted in accordance with the option elected for the deceased option beneficiary.

(B) The member shall specify the percent of the unmodified allowance that will be modified by the election of each option described in paragraph (1), (2), or (3) of this subdivision. The percent of the unmodified allowance that is not modified by an option, if any, shall be payable to the member. The sum of the percentages specified for the option beneficiary or beneficiaries and the member's remaining unmodified allowance, if any, shall equal 100 percent.

(C) The member's election of the Compound Option is subject to all of the following:

(i) Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part, the member may not designate an option beneficiary under the 100 percent beneficiary option within this compound option who is more than exactly 10 years younger than the member.

(ii) Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the option beneficiary is the member's spouse or former spouse who has been awarded a community property interest in the member's benefits under this part, the member may not designate an option beneficiary under the 75 percent beneficiary option within this compound option who is more than exactly 19 years younger than the member.

(b) If an option beneficiary designated pursuant to paragraphs (1) to (3), inclusive, of subdivision (a) predeceases the member, the retirement allowance shall be paid to the member without modification for the option. If the option beneficiary predeceases the member, the member may designate a new option beneficiary. The effective date of the new designation shall be six months following the date of notification is received by the board, provided both the member and the designated option beneficiary are then living. Notification shall be on a properly executed form provided by the system. The designation of the new option beneficiary pursuant to this subdivision is subject to an actuarial modification of the unmodified retirement allowance and may not result

in additional liability to the fund. The new option beneficiary cannot be an existing option beneficiary.

(c) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse described in paragraphs (2) and (4) of subdivision (a) does not include the domestic partner of the member, pursuant to Section 7 of Title 1 of the United States Code.

(d) If there is a determination of community property rights as described in Chapter 12 (commencing with Section 22650) of this part on or before December 31, 2006, the member may elect the option that is required by the judgment or court order. Nothing in this part shall permit the member to change the option to the detriment of the community property interest of the nonmember spouse.

(e) The board may evaluate the existing options and annuities provided pursuant to this section, Chapter 38 (commencing with Section 25000) of this part, and Part 14 (commencing with Section 26000) and adopt, as a plan amendment, any appropriate changes to the options and annuities based on the needs of the members, participants, and their beneficiaries, including, but not limited to, providing economic security for beneficiaries and reducing the complexity of the options and annuities. The changes to the options and annuities may have no net actuarial impact on the retirement fund and the board may establish any eligibility criteria the board deems necessary to prevent an adverse actuarial impact to the fund. The board shall designate the effective date of the plan amendment, which shall be at least 18 months after the amendment is adopted by the board, and notwithstanding any other provision of this section, the options and annuities available to members and participants eligible to retire pursuant to this part and Part 14 (commencing with Section 26000), after the effective date of the plan amendment made pursuant to this subdivision, shall reflect the changes adopted as a plan amendment to this subdivision.

SEC. 33. Section 24300.2 is added to the Education Code, to read:

24300.2. (a) A member who retired and elected an option pursuant to Section 24300 may elect to change options, subject to all of the following:

(1) A member who elected Option 2 may elect to change to the 100 percent beneficiary option described in paragraph (1) or the 75 percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(2) A member who elected Option 3, Option 4, or Option 5 may elect to change to the 75 percent beneficiary option described in paragraph (2) or the 50 percent beneficiary option described in paragraph (3) of subdivision (a) of Section 24300.1.

(3) A member who elected Option 6 or Option 7 may elect to change to the 75 percent beneficiary option described in paragraph (2) of subdivision (a) of Section 24300.1.

(4) A member who elected Option 8 may elect to have any designated percentage of their unmodified allowance changed in accordance with paragraph (1), (2), or (3).

(5) The election by a member under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(6) The member designates the same beneficiary that was designated under the prior option elected by the member, if the option and beneficiary designation were effective on or before December 31, 2006.

(7) The member and the option beneficiary are not afflicted with a known terminal illness and the member declares, under penalty of perjury under the laws of this state, that to the best of his or her knowledge, he or she and the option beneficiary are not afflicted with a known terminal illness.

(8) The option beneficiary has not predeceased the member as of the effective date of the change in the option by the member.

(b) The change in the option by the member shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office as described in Section 22375 within 30 days after the date the election is signed.

(c) After receipt of a member's election document, the system shall mail an acknowledgment notice to the member that sets forth the new option elected by the member.

(d) If the member and the option beneficiary are alive and not afflicted with a known terminal illness, a member may cancel the election to change options and elect to receive the benefit according to the preexisting option election. After cancellation, the member may elect to make a one-time change from the preexisting option to any other option provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the member on or before June 1, 2007, or prior to the end of the election period, provided that the member and the option beneficiary are alive

and not afflicted with a known terminal illness, the system shall allow a member to cancel the election to change options and elect to receive the benefit according to the preexisting option election. After cancellation, the member may elect to make a one-time change from the preexisting option to any other option provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office as described in Section 22375 no later than 30 days following the date of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(f) If the member elects to change his or her option as described in subdivision (a), the retirement allowance of the member shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) The member shall not change options in derogation of a spouse's or former spouse's community property rights as specified in a court order.

SEC. 34. Section 24300.6 of the Education Code is amended to read:

24300.6. (a) Any retired member who was unmarried and not in a registered domestic partnership on the effective date of retirement who did not elect an option pursuant to Section 24300 or 24300.1, and who thereafter marries or registers in a domestic partnership, may, after the effective date of the member's retirement under this part, elect an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1, naming his or her new spouse or registered domestic partner as the option beneficiary, subject to all of the following:

(1) The retired member shall have been married or registered in a domestic partnership for at least one year prior to making the election of the option.

(2) The retired member shall notify the board, in writing on a properly executed form provided by the system, of the election of the option and the designation of the member's new spouse or registered domestic partner as the option beneficiary.

(3) The election of an option under this section is subject to approval by the board. A retired member may not elect a joint and survivor option that would result in any additional liability to the retirement fund. A retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1.

(4) The election shall be effective six months after the date the notification is received by the board, provided that both the retired member and the retired member's designated spouse or registered domestic partner are then living. If the effective date of the new option election is on or after January 1, 2007, at the time of the new election the retired member shall elect an option from the options described in Section 24300.1.

(b) The election of the option and designation of the option beneficiary under this section shall result in an actuarial modification of the member's retirement allowance that shall be payable through the life of the member and the member's new spouse or registered domestic partner. Modification of the member's retirement allowance pursuant to this section shall be based on the ages of the retired member and the retired member's new spouse or registered domestic partner as of the effective date of the election.

SEC. 35. Section 24301 of the Education Code is amended to read:

24301. (a) A member who has filed an application under this part for a disability retirement pursuant to Chapter 26 (commencing with Section 24100) may elect, as provided in Section 24300 or 24300.1 to receive an actuarially modified disability retirement allowance. After receipt of a disability retirement application from a member, the board shall mail an acknowledgment notice to the member. A 30-day period shall commence with the mailing of the acknowledgment, during which time the member may change the option election made on the disability retirement application.

(b) The option shall become effective on the effective date of the disability retirement allowance. The modification of the disability retirement allowance under the option elected shall be based on the ages of the retired member and the designated option beneficiary as of the effective date of the disability retirement. The modification shall be applicable only to the disability retirement allowance payable pursuant to subdivision (a) of Section 24106.

(c) The elected option may not be revoked or changed after the later of the effective date of the disability retirement allowance or 30 days after the mailing of the acknowledgment notice pursuant to this section.

(d) If a member dies prior to electing an unmodified allowance or an option, the death benefits shall be payable under Chapter 23 (commencing with Section 23850), regardless of whether the disability retirement application is or would have been approved.

SEC. 36. Section 24302 of the Education Code is amended to read:

24302. Upon termination of a service retirement allowance pursuant to Section 24208, any option elected pursuant to Section 24300 or 24300.1 and in effect at the time of reinstatement shall be considered to

be a preretirement election of an option elected as of the effective date of that retirement and shall be subject to the same provisions as an option elected under Section 24307.

SEC. 37. Section 24303 of the Education Code is amended to read:

24303. Termination of the service retirement allowance pursuant to Section 24208 shall not cancel an option elected under the provisions of Section 24300, 24300.1, or 24307. The option elected shall remain in effect, unchanged, and shall be reapplied to the allowance payable upon the subsequent service retirement. The effective date of the option shall be considered the effective date of the terminated service retirement allowance as described in Section 24302.

SEC. 38. Section 24305 of the Education Code is amended to read:

24305. (a) An option elected under Section 24300 or 24300.1 may be canceled by a retired member if the option beneficiary is the retired member's spouse or former spouse and a final decree of dissolution of marriage or a judgment of nullity has been entered or an order of separate maintenance has been made on or after January 1, 1978, by a court of competent jurisdiction. A retired member may cancel the option before or after issuance of the first retirement allowance payment.

(b) The retired member shall notify the board in writing of cancellation of the option. Notification shall not be earlier than the effective date of the decree, judgment, or order and shall include a certified copy of the final decree of dissolution, or judgment of nullity, or an order of separate maintenance, and any property settlement agreement.

(c) Upon notification to the board, the retired member may elect (1) to receive the unmodified retirement allowance from the date of receipt of the notification; or (2) a new joint and survivor option under Section 24300.1 and may designate one or multiple new option beneficiaries. Modification of the retirement allowance because of the newly elected option or newly designated beneficiary or beneficiaries shall be based on the ages of the retired member and the new option beneficiary or beneficiaries as of the effective date of the new option. The election of a new joint and survivor option or the designation of a new option beneficiary or beneficiaries shall be consistent with the final decree of dissolution, judgment of nullity, order of separate maintenance, or property settlement agreement, and shall not result in any additional liability to the Teachers' Retirement Fund. The effective date of the change shall be the date notification is received by the board.

SEC. 39. Section 24305.3 of the Education Code, as added by Section 39 of Chapter 1021 of the Statutes of 2000, is amended to read:

24305.3. (a) A member who is receiving a joint and survivor annuity under the Defined Benefit Supplement Program may change the annuity

or the annuity beneficiary elected pursuant to Section 25011, 25011.1, 25018, or 25018.1, provided all of the following conditions are met:

(1) The annuity beneficiary is the member's spouse or former spouse.

(2) A final decree of dissolution of marriage is granted, or a judgment of nullity is entered, or an order of separate maintenance is made by a court of competent jurisdiction with respect to the member and the spouse or former spouse on or after the beginning of the initial plan year designated by the board pursuant to Section 22156.05.

(3) The change is consistent with the final decree of dissolution, judgment of nullity, or order of separate maintenance.

(b) A member may change the annuity pursuant to subdivision (a) before or after the first annuity payment is issued.

(c) The member shall notify the system in writing of the change in the annuity. The notification shall not be earlier than the effective date of the final decree of dissolution, judgment of nullity, or order of separate maintenance and shall include a certified copy of the final decree of dissolution, judgment of nullity, or order of separate maintenance, and any property settlement agreement.

(d) A change in the annuity or annuity beneficiary or both shall become effective on the date the notification of change is received by the system. The annuity amount payable to the member upon the change elected by the member shall be determined as of the effective date of the change and shall be the actuarial equivalent of the lump sum that would otherwise be payable to the member as of the date of the change. If the member elects a joint and survivor annuity, the amount payable under the annuity shall be modified consistent with the annuity elected by the member.

SEC. 40. Section 24305.5 of the Education Code is amended to read:

24305.5. (a) An option elected under Section 24300 or 24300.1 may be canceled by a retired member if the option beneficiary is not the retired member's spouse or former spouse. A retired member may cancel the option before or after issuance of the first retirement allowance payment and shall designate his or her spouse as the new option beneficiary and the same or a different joint and survivor option described in Section 24300.1.

(b) The retired member shall notify the board, in writing on a properly executed form provided by the system, of the designation of the new option beneficiary. Notification shall include a certified copy of the marriage certificate and a properly executed form for the change.

(c) The effective date of the new election shall be six months following the date notification is received by the board, provided both the retired member and the new designated option beneficiary are then living. If the effective date of the new option election is on or after January 1,

2007, at the time of the new election the retired member shall elect an option from the options described in Section 24300.1.

(d) The election of the option and designation of the option beneficiaries under this section and Section 24300.1 shall be subject to an actuarial modification of the retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund. A retired member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1. Modification of the retirement allowance because of the new option beneficiary and the new option shall be based on the ages of the retired member and the new option beneficiary as of the effective date of the new election.

SEC. 41. Section 24306 of the Education Code is amended to read:

24306. (a) (1) If an option beneficiary designated in the election of an Option 2, Option 3, Option 4, or Option 5 as described in Section 24300 predeceases the retired member, the retired member may elect a new joint and survivor option described in paragraphs (1) to (4), inclusive, of subdivision (a) of Section 24300.1 and designate one or multiple new option beneficiaries.

(2) If an option beneficiary designated in the election of Option 2, Option 3, Option 4, or Option 5 within Option 8, predeceases the member, the member may elect a new joint and survivor option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 and designate a new option beneficiary for the portion of the retirement allowance that was modified for the prior option beneficiary. The member may not elect the compound option described in paragraph (4) of subdivision (a) of Section 24300.1.

(3) The effective date of the change shall be six months following the date notification is received by the board, provided both the retired member and the designated option beneficiary are then living. Notification shall include proof of death of the predeceased beneficiary and a properly executed form provided by the system. If the effective date of the new option election is on or after January 1, 2007, at the time of the new election the retired member shall elect an option from the options described in Section 24300.1.

(4) The election of the new joint and survivor option under this subdivision and Section 24300.1 is subject to an actuarial modification of the retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund.

(b) If an option beneficiary designated in the election of an Option 6 or Option 7 or in the election of Option 6 or Option 7 within Option 8, pursuant to Section 24300 predeceases the retired member, that portion

of the retirement allowance attributable to Option 6 or Option 7 without modification for the option shall be payable to the retired member upon notification to the board and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. Notification to the board shall include proof of death of the beneficiary.

(c) If an option beneficiary designated in the election of an option pursuant to paragraphs (1) to (3), inclusive, of subdivision (a) of Section 24300.1 predeceases the member, that portion of the retirement allowance attributable to the option without modification for the option shall be payable to the member upon notification to the board and shall commence to accrue to the retired member as of the day following the date of the death of the option beneficiary. Notification to the board shall include proof of death of the beneficiary.

SEC. 42. Section 24306.7 of the Education Code is amended to read:

24306.7. (a) Any member who retired for service under Option 4 or Option 5 with an effective date prior to January 1, 1991, may elect to change Option 4 to Option 6 or Option 5 to Option 7 if all of the following conditions are met:

(1) The election is made during the three-month period commencing January 1, 1999, and ending March 31, 1999.

(2) The same beneficiary under Option 4 or Option 5 is named as beneficiary under Option 6 or Option 7.

(3) The change in options is consistent with Sections 22453 and 24305.

(4) The option beneficiary is not afflicted with any known terminal illness.

(5) The option beneficiary has not predeceased the retired member as of the effective date of the change in option.

(6) The election to change the option under this section is received at the system's headquarters office as described in Section 22375 at least 30 days prior to the death of the option beneficiary.

(b) Failure to satisfy all of the conditions in subdivision (a) shall render the change of election invalid.

(c) The change in options under this section shall be effective on the date the election is signed, provided all the conditions set forth in subdivision (a) are satisfied and the election is received at the system's headquarters office, as established pursuant to Section 22375, within 30 days after the date of the signature.

(d) The election of a new joint and survivor option under this section is subject to a further modification of the modified retirement allowance. In no event may a retired member elect a joint and survivor option that would result in any additional liability to the fund.

SEC. 43. Section 24307 of the Education Code is amended to read:

24307. (a) A member who qualifies to apply for retirement under Section 24201 or 24203 may make a preretirement election of an option, as provided in Section 24300.1 without right of revocation or change after the effective date of retirement, except as provided in this part. The preretirement election of an option shall become effective as of the date of the member's signature on a properly executed form prescribed by the system, subject to the following requirements:

(1) The form includes the signature of the member's spouse or registered domestic partner, if applicable, the signature is dated, and the date of the signature is within 30 days of the member's signature.

(2) The date the form is received at the system's headquarters office, as established pursuant to Section 22375, is within 30 days of the date of the member's signature and within 30 days of the date of the spouse or registered domestic partner's signature, if applicable.

(b) A member who makes a preretirement election of an Option 2, Option 3, Option 4, Option 5, Option 6, or Option 7 pursuant to Section 24300, or an election as described in paragraph (1), (2), or (3) of Section 24300.1 may subsequently make a preretirement election of the compound option described in paragraph (4) of subdivision (a) of Section 24300.1. The member may retain the same option and the same option beneficiary as named in the prior preretirement election for a designated percentage within the compound option.

(c) Upon the member's death prior to the effective date of retirement, the beneficiary who was designated under the option elected and who survives shall receive an allowance calculated under the option, under the assumption that the member retired for service pursuant to Chapter 27 (commencing with Section 24201) on the date of death. The payment of the allowance to the option beneficiary shall be in lieu of the family allowance provided in Section 23804, the payment provided in paragraph (1) of subdivision (a) of Section 23802, the survivor benefit allowance provided in Section 23854, and the payment provided in subdivisions (a) and (b) of Section 23852, except that if the beneficiary dies before all of the member's accumulated retirement contributions are paid, the balance, if any, shall be paid to the estate of the person last receiving or entitled to receive the allowance. The accumulated annuity deposit contributions and the death payment provided in Sections 23801 and 23851 shall be paid to the beneficiary in a lump sum.

(d) If the member subsequently retires for service, and the elected option has not been canceled pursuant to Section 24309, a modified service retirement allowance computed under Section 24300 or 24300.1 and the option elected shall be paid.

(e) The amount of the service retirement allowance prior to applying the option factor shall be calculated as of the earlier of the member's

age at death before retirement or age on the last day of the month in which the member requested service retirement be effective. The modification of the service retirement allowance by the option elected shall be based on the ages of the member and the beneficiary designated under the option, as of the date the election was signed.

(f) A member who terminates the service retirement allowance pursuant to Section 24208 shall not be eligible to file a preretirement election of an option until one calendar year elapses from the date the allowance is terminated.

(g) The system shall inform members who are qualified to make a preretirement election of an option, through the annual statements of account, that the election of an option can be made.

SEC. 44. Section 24309 of the Education Code is amended to read:

24309. (a) A member may cancel the election of an option made pursuant to Section 24307, providing cancellation is on a properly executed form provided by the system and received by the board on or before the day preceding the effective date of retirement under this part or during the period between termination of the retirement allowance pursuant to Section 24208 or 24117 and the effective date of the subsequent retirement under this part. Regardless of how the member elects to receive his or her retirement allowance, that allowance shall be reduced by an amount determined by the board to be the actuarial equivalent of the coverage the member received as a result of the preretirement election and that does not result in any adverse funding to the plan.

(b) If the option beneficiary designated in the preretirement election of an option pursuant to Section 24307 dies prior to the member's retirement, the preretirement election shall be canceled as of the day following the date of death and the member's subsequent retirement allowance under this part shall be subject to the allowance reduction prescribed in this section.

(c) If the option elected pursuant to Section 24307 is Option 8 as described in paragraph (7) of subdivision (a) of Section 24300 or the compound option as described in paragraph (4) of subdivision (a) of Section 24300.1, a member may cancel the designation of an option beneficiary. If the member cancels the designation of the option beneficiary or the option beneficiary predeceases the member prior to the member's retirement, the member may elect to receive that portion of the retirement allowance without modification for the option or elect one or multiple new or existing option beneficiaries as described in Section 24307.

SEC. 45. Section 24312.1 is added to the Education Code, to read:

24312.1. (a) A member who has a preretirement election of an option in effect on December 31, 2006, pursuant to paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300 may change his or her preretirement election to an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 without the allowance reduction described in Sections 24309 and 24310, provided the change is made on or after January 1, 2007, and prior to July 1, 2007.

(b) A member who has a preretirement election of Option 8 as described in Section 24300 in effect on December 31, 2006, and in that Option 8 election has an option pursuant to paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300, may change any of the options under paragraphs (1) to (6), inclusive, of subdivision (a) of Section 24300 to an option described in paragraph (1), (2), or (3) of subdivision (a) of Section 24300.1 without the allowance reduction described in Sections 24309 and 24310, if change is made on or after January 1, 2007, and prior to July 1, 2007. A member may not change the portion of the unmodified benefit that would be modified pursuant to that prior option.

(c) The election to change the option by a member as described in this section shall be subject to all of the following:

(1) The member may not change the option beneficiary that was designated in the prior preretirement option election.

(2) The change in options under this section shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and received at the system's headquarters office, as described in Section 22375, within 30 days of the date of the signature.

(d) If the member elects to change options as described in this section, the age of the member and the option beneficiary on the effective date of the prior preretirement option election shall be the age used to calculate the member's benefit at the time of retirement.

SEC. 46. Section 24402 of the Education Code is amended to read:

24402. (a) Service retirement allowances, disability allowances, disability retirement allowances, family allowances, and survivor benefit allowances payable pursuant to this part shall be increased by application of the benefit improvement factor.

(b) Allowances payable to beneficiaries on account of options elected under Section 24300, 24300.1, 24301, or 24307 shall be increased by application of the improvement factor. This factor shall be applicable on the same date when it would have been applied to the allowance of the deceased person.

(c) The benefit improvement factor shall not be applied to an annuity that is the actuarial equivalent of the accumulated annuity deposit

contributions standing to the credit of the member's account on the effective date of a service or disability retirement.

SEC. 47. Section 24703 of the Education Code is amended to read:

24703. Persons who select to be covered only by the Defined Benefit Program and already have credit for classified or other noncertificated service in the San Francisco system shall not have that credit transferred to the Defined Benefit Program.

SEC. 48. Section 24704 of the Education Code is amended to read:

24704. The San Francisco Employees' Retirement System shall provide concurrent retirement benefits for classified and other noncertificated service in the San Francisco system according to the provisions applicable to miscellaneous employees of the time of the concurrent retirement for:

(a) Members of that system who transfer to the Defined Benefit Program after June 30, 1972.

(b) Persons who were members of both the San Francisco system and the Defined Benefit Program on June 30, 1972.

(c) A person who could have qualified under subdivision (b) if he or she had not taken a refund from either the San Francisco system or the Defined Benefit Program, but not both, provided the person qualifies for and redeposits prior to retirement.

SEC. 49. Section 24705 of the Education Code is amended to read:

24705. Notwithstanding the provisions in Section 24201, a member of the San Francisco system may retire concurrently and receive credit for service performed in other states of the United States, its territories and possessions, and in Canada.

SEC. 49.5. Section 24976 of the Education Code is amended to read:

24976. (a) (1) The Teachers' Deferred Compensation Fund is hereby established to serve as the repository of funds received by the system pursuant to this chapter, Chapter 36 (commencing with Section 24950) or Chapter 39 (commencing with Section 25100).

(2) Premium and fee revenues received by the system pursuant to Chapter 36 (commencing with Section 24950) shall be deposited into the 403(b) Services Operating Account within the Teachers' Deferred Compensation Fund, and shall only be used to carry out the purposes of that chapter.

(3) Premium and fee revenues received by the system pursuant to this chapter shall be deposited into the Deferred Compensation Services Operating Account within the Teachers' Deferred Compensation Fund, and shall only be used to carry out the purposes of this chapter.

(4) Compensation deferrals received by the system pursuant to this chapter shall be deposited into the Deferred Compensation Investment

Account within the Teachers' Deferred Compensation Fund, and shall only be used to carry out the purposes of this chapter.

(5) Fee revenues received by the system pursuant to Chapter 39 (commencing with Section 25100) shall be deposited into the 403(b) Vendor Registry Operating Account within the Teachers' Deferred Compensation Fund, and shall only be used to carry out the purposes of that chapter.

(6) Notwithstanding Section 13340 of the Government Code, all moneys in the Teachers' Deferred Compensation Fund shall be continuously appropriated without regard to fiscal year to carry out the purposes of this chapter, Chapter 36 (commencing with Section 24950), and Chapter 39 (commencing with Section 25100).

(b) With respect to deferred compensation plans administered pursuant to this chapter, and notwithstanding any other provision of law, the system may retain a bank or trust company, or a credit union, to serve as custodian of the moneys of the Teachers' Deferred Compensation Fund and to provide for safekeeping, recordkeeping, delivery, securities valuation, or investment performance reporting services, or services in connection with investment of the Teachers' Deferred Compensation Fund.

(c) With respect to deferred compensation plans administered pursuant to this chapter, the Teachers' Deferred Compensation Fund shall consist of the following sources and receipts, and disbursements shall be accounted for as set forth below:

(1) Premiums determined by the system and paid by participating employers and employees for the cost of administering the deferred compensation plan.

(2) Asset management fees as determined by the system assessed against investment earnings of investment option or of other investment funds. These fees shall be disclosed to employees participating in the deferred compensation plan.

(3) Compensation deferrals to be paid in monthly installments by employers sponsoring deferred compensation plans described in Section 24975 for investment by the system. The moneys shall be deposited in the investment corpus account within the Teachers' Deferred Compensation Fund and invested in accordance with the investment options selected by the participating employee.

(4) Disbursements to participating employees shall be paid from a disbursement account within the Teachers' Deferred Compensation Fund in accordance with applicable federal law pertaining to deferred compensation plans.

(5) Income, of whatever nature, earned on the Teachers' Deferred Compensation Fund shall be credited to the appropriate account. The

accounts of participating employees of the employer shall be individually posted to reflect amounts of compensation deferred and investment gains and losses. A periodic statement shall be given to each participating employee.

(6) The system shall have exclusive control of the administration and investment of the Teachers' Deferred Compensation Fund.

(7) All of the system's costs of administering the deferred compensation plans pursuant to this chapter shall be recovered from the employees who participate in the plans or assets of the Teachers' Deferred Compensation Fund in a manner acceptable to the board.

SEC. 50. Section 25009 of the Education Code is amended to read:

25009. (a) A member's retirement benefit under the Defined Benefit Supplement Program shall be an amount equal to the balance of credits in the member's Defined Benefit Supplement account on the date the retirement benefit becomes payable.

(b) A retirement benefit shall be a lump-sum payment, or an annuity payable in monthly installments, or a combination of both a lump-sum payment and an annuity, as elected by the member on the application for a retirement benefit. Any retirement benefit paid as an annuity under this chapter shall be subject to Section 25011 or 25011.1.

(c) Upon distribution of the entire retirement benefit in a lump-sum payment, no other benefit shall be payable to the member or the member's beneficiary under the Defined Benefit Supplement Program.

SEC. 51. Section 25011 of the Education Code is amended to read:

25011. (a) A member or nonmember spouse may elect to receive the retirement benefit as an annuity payable in monthly installments, provided the balance of credits in the member's or nonmember spouse's respective Defined Benefit Supplement account on the date the retirement benefit becomes payable equals at least three thousand five hundred dollars ($3,500) after any lump-sum payments have been made from the account.

(b) If the member elects to receive the retirement benefit as an annuity, the member shall elect one of the following forms of payment:

(1) A single life annuity without a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the member if the member elected to receive the retirement benefit in a lump-sum payment. Upon the death of the member, no other benefit shall be payable to the member's beneficiary under the Defined Benefit Supplement Program.

(2) A single life annuity with a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the member if the member elected to receive the retirement benefit in a lump-sum payment. Upon the death of the member, an amount equal

to the remaining balance, if any, of credits transferred from the member's Defined Benefit Supplement account to the Annuitant Reserve shall be returned in a lump-sum payment to the member's beneficiary.

(3) A 100-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary. Upon the death of the member, the same monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary. However, if the annuity beneficiary predeceases the member, the annuity payable to the member shall be the single life annuity with a cash refund feature that would have been payable had the member elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300, the new option beneficiary shall be the new annuity beneficiary. The effective date shall be six months following the date notification, on a properly executed form, is received by the board, provided both the member and the new annuity beneficiary are then living. The new annuity beneficiary under this paragraph is subject to an actuarial modification of the single life annuity with a cash refund feature and may not result in any additional liability to the fund. The new annuity beneficiary may not be an existing annuity beneficiary.

(4) A 50-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary. Upon the death of the member, one-half of the monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary. However, if the annuity beneficiary predeceases the member, the annuity payable to the member shall be the single life annuity with a cash refund feature that would have been payable had the member elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300, the new option beneficiary shall be the new annuity beneficiary. The effective date shall be six months following the date notification, on a properly executed form, is received by the board, provided both the member and the new annuity beneficiary are then living. The new annuity

beneficiary under this paragraph is subject to an actuarial modification of the single life annuity with a cash refund feature and may not result in any additional liability to the fund. The new annuity beneficiary may not be an existing annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the balance of credits in the member's Defined Benefit Supplement account on the date the retirement benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the member, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the member, or the life expectancy of the member and the member's annuity beneficiary. If the member's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the member's annuity beneficiary pursuant to Section 25022.

(c) If a nonmember spouse elects to receive the retirement benefit as an annuity, the nonmember spouse shall elect the form of payment specified in paragraph (1), (2), or (5) of subdivision (b) and, in those paragraphs, references to a "member" shall apply to the nonmember spouse.

(d) On or after January 1, 2007, a member may not make a new election of a joint and survivor annuity described in subdivision (b), except as provided by subdivision (e) of Section 25011.1.

(e) Any member with a retirement effective on or after January 1, 2007, shall elect an annuity from the annuities described in Section 25011.1.

SEC. 52. Section 25011.1 is added to the Education Code, to read:

25011.1. (a) A member may elect to receive the retirement benefit as an annuity payable in monthly installments, provided the balance of credits in the member's Defined Benefit Supplement account on the date the retirement benefit becomes payable equals at least three thousand five hundred dollars ($3,500) after any lump-sum payments have been made from the account. If the member elects to receive the retirement benefit as an annuity, the member shall elect one of the following forms of payments:

(1) Member only annuity. This is a single life annuity with a cash refund feature that is the actuarial equivalent of the amount that would be payable to the retired member if the member elected to receive the retirement benefit in a lump-sum payment. Upon the death of the member, an amount equal to the remaining balance of credits, if any, transferred from the member's Defined Benefit Supplement account to the annuitant reserve shall be returned in a lump-sum payment to the beneficiary of the member.

(2) One hundred percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary or beneficiaries. Upon the death of the member, 100 percent of the monthly amount that was payable to the member shall be paid monthly to the surviving annuity beneficiary or beneficiaries of the member.

(3) Seventy-five percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary. Pursuant to Section 401(a)(9) of the Internal Revenue Code, the member shall not elect this annuity if a beneficiary is more than exactly 19 years younger than the member, unless the beneficiary is the member's spouse or former spouse and the election is pursuant to a determination of community property rights. Upon the death of the member, 75 percent of the monthly amount that was payable to the member shall be paid monthly to the surviving annuity beneficiary or beneficiaries of the member.

(4) Fifty percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary or beneficiaries. Upon the death of the member, 50 percent of the monthly amount that was payable to the member shall be paid monthly to the surviving annuity beneficiary or beneficiaries of the member.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the balance of credits in the member's Defined Benefit Supplement account on the date the retirement benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the member, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the member, or the life expectancy of the member and the member's annuity beneficiary. If the member's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the member's annuity beneficiary pursuant to Section 25022.

(b) If an annuity beneficiary designated pursuant to paragraph (2), (3), or (4) of subdivision (a) predeceases the member, the annuity shall be paid to the member as the member only annuity that would have been payable had the member elected that form of payment at the commencement of the benefit. That member only annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the

annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300.1, the new option beneficiary shall be the new annuity beneficiary. The effective date shall be six months following the date notification is received by the board, provided both the member and the new annuity beneficiary are then living. Notice to the board of the death of the annuity beneficiary shall be on a properly executed form provided by the system. The new annuity beneficiary under this paragraph is subject to an actuarial modification of the member only annuity and may not result in any additional liability to the fund. The new annuity beneficiary may not be an existing annuity beneficiary.

(c) If a nonmember spouse elects to receive the retirement benefit as an annuity, the nonmember spouse shall elect the form of payment specified in paragraph (1) or (6) of subdivision (a) and, in those paragraphs, references to a "member" shall apply to the nonmember spouse.

(d) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse as described in paragraph (3) or (5) of subdivision (a) does not include the domestic partner of the member, pursuant to Section 7 of Title 1 of the United States Code.

(e) If there is a determination of community property rights as described in Chapter 12 (commencing with Section 22650) of this part on or before December 31, 2006, the member may elect the annuity that is required by the judgment or court order. Nothing in this part shall permit the member to change the annuity to the detriment of the community property interest of the nonmember spouse.

SEC. 53. Section 25011.5 is added to the Education Code, to read:

25011.5. (a) A member who retired and elected an annuity pursuant to Section 25011 may elect to change annuities, subject to all of the following:

(1) A member who elected a single life annuity with or without a cash refund feature or elects a period certain annuity may not change his or her annuity.

(2) A member who elected an annuity under paragraph (3) or (4) of subdivision (a) of Section 25011 may elect an annuity under paragraph (3) of subdivision (a) of Section 25011.1.

(3) The election by the member under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(4) The member designates the same beneficiary that was designated under the prior annuity election by the member, if the annuity and annuity designation was effective on December 31, 2006.

(5) The member and the annuity beneficiary are not afflicted with a known terminal illness and the member declares, under penalty of perjury

under the laws of this state, that to the best of his or her knowledge, he or she and the annuity beneficiary are not afflicted with a known terminal illness.

(6) The annuity beneficiary has not predeceased the member as of the effective date of the change in the annuity by the member.

(b) The change in the annuity by the member shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office as described in Section 22375 within 30 days after the date the election is signed.

(c) After receipt of a member's election document, the system shall mail an acknowledgment notice to the member that sets forth the new annuity elected by the member.

(d) If the member and the annuity beneficiary are alive and not afflicted with a known terminal illness, a member may cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the member may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the member on or before June 1, 2007, or prior to the end of the election period, provided that the member and the annuity beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a member to cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the member may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision,

the change shall be effective as of the member's signature date on the initial election to change.

(f) If the member elects to change his or her annuity as described in subdivision (a), the annuity of the member shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) References to a "member" in paragraph (1) of subdivision (a) shall apply to the nonmember spouse.

(h) The member shall not change annuities in derogation of a spouse's or former spouse's community property rights as specified in a court order.

SEC. 54. Section 25012 of the Education Code is amended to read:

25012. (a) An annuity payable under the Defined Benefit Supplement Program shall be determined as a value actuarially equivalent to the balance of credits in the member's Defined Benefit Supplement account on the date the benefit becomes payable and after any lump-sum payment. If a single life annuity is elected, the annuity shall be calculated using the age of the member on the date the benefit becomes payable. A member may elect a single life annuity only if the member did not elect to receive a modified allowance pursuant to Section 24300 or 24300.1. If a joint and survivor annuity is elected, the annuity shall be calculated using the age of the member and the age of the member's beneficiary on the date the benefit becomes payable. A member may elect a joint and survivor annuity only if the member elected to receive a modified allowance pursuant to Section 24300 or 24300.1.

(b) The beneficiary designation made pursuant to Section 24307 is not applicable to benefits payable under this chapter.

SEC. 55. Section 25015 of the Education Code is amended to read:

25015. (a) If a member elects to receive a benefit payable under the Defined Benefit Supplement Program as a joint and survivor annuity, the designation of the beneficiary made pursuant to Section 24300 or 24300.1 shall apply to the benefit payable under this chapter. The annuity beneficiary designation shall not be changed after the date the benefit becomes payable to the member, except as provided in Section 24305.3, 25011, 25011.1, 25018, or 25018.1, or Chapter 12 (commencing with Section 22650).

(b) If the member designates one or multiple option beneficiaries within Option 8 pursuant to Section 24300 or 24300.1, the percentage of the unmodified allowance attributable to each option beneficiary specified in that designation shall apply to the joint and survivor annuity payable under this chapter. The member shall elect one joint and survivor annuity type and this annuity type shall be applied the same for each beneficiary and each designated percentage of the member only annuity. If any percentage of the allowance was designated to remain unmodified,

the member only annuity shall apply for the corresponding percentage of the annuity provided under this chapter. The annuity amount payable to the member during his or her lifetime shall be modified to be payable over the combined lives of the member and the annuity beneficiary or beneficiaries.

(c) If the member predeceases an annuity beneficiary, the annuity beneficiary may designate, on a properly executed form provided by the system, a payee to receive an amount that may be payable in a lump sum pursuant to Section 25023 upon the death of the annuity beneficiary.

SEC. 56. Section 25016 of the Education Code is amended to read:

25016. (a) A member's disability benefit under the Defined Benefit Supplement Program shall be an amount equal to the balance of credits in the member's Defined Benefit Supplement account on the date the disability benefit becomes payable.

(b) A disability benefit shall be a lump-sum payment, or an annuity payable in monthly installments, or a combination of both a lump-sum payment and an annuity, as elected by the member on the application for a disability benefit. Any retirement benefit paid as an annuity under this chapter shall be subject to Section 25018 or 25018.1.

(c) Upon distribution of the entire disability benefit in a lump-sum payment, no other benefit shall be payable to the member or the member's beneficiary under the Defined Benefit Supplement Program.

SEC. 57. Section 25018 of the Education Code is amended to read:

25018. (a) A member may elect to receive the disability benefit as an annuity, payable in monthly installments, provided the balance of credits in the member's Defined Benefit Supplement account on the date the disability benefit becomes payable equals at least three thousand five hundred dollars ($3,500) after any lump-sum payment has been made from this account.

(b) If the member elects to receive the disability benefit as an annuity, the member shall elect one of the following forms of payment:

(1) A single life annuity without a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the member if the member elected to receive the disability benefit in a lump-sum payment. Upon the death of the member, no other benefit shall be payable to the member's beneficiary under the Defined Benefit Supplement Program.

(2) A single life annuity with a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the member if the member elected to receive the disability benefit in a lump-sum payment. Upon the death of the member, an amount equal to the remaining balance of credits, if any, transferred from the member's

Defined Benefit Supplement account to the Annuitant Reserve shall be returned in a lump-sum payment to the member's beneficiary.

(3) For a member receiving an allowance pursuant to Chapter 26 (commencing with Section 24100), a 100-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary. Upon the death of the member, the same monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary. However, if the annuity beneficiary predeceases the member, the annuity payable to the member shall be the single life annuity with a cash refund feature that would have been payable had the member elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300, the new option beneficiary shall be the new annuity beneficiary. The effective date shall be six months following the date notification, on a properly executed form, is received by the board, provided both the member and the new annuity beneficiary are then living. The new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(4) For a member receiving an allowance pursuant to Chapter 26 (commencing with Section 24100), a 50-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary. Upon the death of the member, one-half of the monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary. However, if the annuity beneficiary predeceases the member, the annuity payable to the member shall be the single life annuity with a cash refund feature that would have been payable had the member elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300, the new option beneficiary shall be the new annuity beneficiary. The effective date shall be six months

following the date notification, on a properly executed form, is received by the board, provided both the member and the new annuity beneficiary are then living. The new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the balance of credits in the member's Defined Benefit Supplement account on the date the disability benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the member, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the member, or the life expectancy of the member and the member's annuity beneficiary. If the member's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the member's annuity beneficiary pursuant to Section 25022.

(c) Except as described in subdivision (e) of Section 25018.1, on or after January 1, 2007, a member may not make a new election for an annuity described in subdivision (b).

(d) On or after January 1, 2007, a member may not make a new election of a joint and survivor annuity described in subdivision (b), except as provided by subdivision (e) of Section 25018.1.

(e) Any member with a disability benefit effective on or after January 1, 2007, shall elect an annuity from the annuities described in Section 25018.1.

SEC. 58. Section 25018.1 is added to the Education Code, to read:

25018.1. (a) A member may elect to receive the disability benefit as an annuity, payable in monthly installments, provided the balance of credits in the member's Defined Benefit Supplement account on the date the disability benefit becomes payable equals at least three thousand five hundred dollars ($3,500) after any lump-sum payment has been made from this account. If the member elects to receive the disability benefit as an annuity, the member shall elect one of the following forms of payment:

(1) Member only annuity. This is a single life annuity with a cash refund feature that is the actuarial equivalent of the amount that would be payable to the member if the member elected to receive the disability benefit in a lump-sum payment. Upon the death of the member, an amount equal to the remaining balance of credits, if any, transferred from the member's Defined Benefit Supplement account to the annuitant

reserve shall be returned in a lump-sum payment to the member's beneficiary.

(2) One hundred percent beneficiary annuity. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary or beneficiaries. Upon the death of the member, 100 percent of the monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary or beneficiaries.

(3) Seventy-five percent beneficiary annuity. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary or beneficiaries. Pursuant to Section 401(a)(9) of the Internal Revenue Code, the member shall not elect this annuity if a beneficiary is more than exactly 19 years younger than the member unless the beneficiary is the member's spouse or former spouse and the election is pursuant to a determination of community property rights. Upon the death of the member, 75 percent of the monthly amount that was payable to the member shall be paid monthly to the surviving annuity beneficiary or beneficiaries of the member.

(4) Fifty percent beneficiary annuity. This form of payment is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the member and the member's annuity beneficiary or beneficiaries. Upon the death of the member, one-half of the monthly amount that was payable to the member shall be paid monthly to the member's surviving annuity beneficiary or beneficiaries.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the balance of credits in the member's Defined Benefit Supplement account on the date the disability benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the member, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the member, or the life expectancy of the member and the member's annuity beneficiary. If the member's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the member's annuity beneficiary pursuant to Section 25022.

(b) If an annuity beneficiary designated pursuant to paragraph (2), (3), or (4) of subdivision (a) predeceases the member, the annuity shall be paid to the member as the member only annuity that would have been payable had the member elected that form of payment at the commencement of the benefit. That member only annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the

annuity beneficiary predeceases the member and the member designates a new option beneficiary pursuant to Section 24300.1, the new option beneficiary shall be a new annuity beneficiary. The effective date shall be six months following the date notification is received by the board, provided both the member and the new annuity beneficiary are then living. Notice to the board of the death of the annuity beneficiary shall be on a properly executed form provided by the system. The new annuity beneficiary under this paragraph is subject to an actuarial modification of the member only annuity and may not result in any additional liability to the fund. The new annuity beneficiary may not be an existing annuity beneficiary.

(c) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse as described in paragraph (3) or (5) of subdivision (a) does not include the domestic partner of the member, pursuant to Section 7 of Title 1 of the United States Code.

(d) If there is a determination of community property rights as described in Chapter 12 (commencing with Section 22650) of this part on or before December 31, 2006, the member may elect the annuity that is required by the judgment or court order. Nothing in this part shall permit the member to change the annuity to the detriment of the community property interest of the nonmember spouse.

SEC. 59. Section 25018.2 is added to the Education Code, to read:

25018.2. (a) A member who is disabled and elected an annuity pursuant to Section 25018 may elect to change annuities, subject to all of the following:

(1) A member who elected a single life annuity with or without a cash refund feature or elected a period certain annuity may not change his or her annuity.

(2) A member who elected an annuity under paragraph (3) or (4) of subdivision (b) of Section 25018 may elect an annuity under paragraph (3) of subdivision (a) of Section 25018.1.

(3) The election by the member under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(4) The member designates the same annuity beneficiary that was designated under the prior annuity election by the member, if the annuity and the annuity designation were effective on December 31, 2006.

(5) The member and the annuity beneficiary are not afflicted with a known terminal illness and the member declares, under penalty of perjury under the laws of this state, that to the best of his or her knowledge, he or she and the annuity beneficiary are not afflicted with a known terminal illness.

(6) The annuity beneficiary has not predeceased the member as of the effective date of the change in the annuity by the member.

(b) The change in the annuity by the member shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office as described in Section 22375 within 30 days after the date the election is signed.

(c) After receipt of a member's election document, the system shall mail an acknowledgment notice to the member that sets forth the new annuity elected by the member.

(d) If the member and the annuity beneficiary are alive and not afflicted with a known terminal illness, a member may cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the member may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the member on or before June 1, 2007, or prior to the end of the election period, provided that the member and the annuity beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a member to cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the member may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the member elects to make the one-time change provided by this subdivision, the change shall be effective as of the member's signature date on the initial election to change.

(f) If the member elects to change his or her annuity as described in subdivision (a), (d), or (e), the annuity of the member shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) The member shall not change annuities in derogation of a spouse's or former spouse's community property rights as specified in a court order.

SEC. 60. Section 25021 of the Education Code is amended to read:

25021. (a) A beneficiary, other than an entity, may elect to receive the final benefit payable under the Defined Benefit Supplement Program as an annuity payable in monthly installments provided the balance of credits in the member's Defined Benefit Supplement account that is payable to that beneficiary equals at least three thousand five hundred dollars ($3,500).

(b) A beneficiary who elects to receive an annuity under this section shall elect a period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the balance of credits in the member's Defined Benefit Supplement account on the date of the member's death. The annuity shall be payable in whole year increments over a period of years specified by the beneficiary, from a minimum of three years to a maximum of 10 years, but not to exceed the life expectancy of the beneficiary. The beneficiary may designate a payee to receive the remaining balance of payments if the beneficiary's death occurs prior to the end of the period certain.

(c) A beneficiary may designate a payee who would, upon the death of the beneficiary, be entitled to receive the beneficiary's accrued annuity allowance.

SEC. 61. Section 25024 of the Education Code is amended to read:

25024. (a) Upon the termination of all employment to perform creditable service subject to coverage under the plan for a reason other than retirement, disability, or death, a member shall be eligible for a termination benefit under the Defined Benefit Supplement Program. The member's employer, or employers if the member has multiple employers, shall certify on a form prescribed by the system that the member's employment has been terminated, unless the member's termination of employment occurred 12 consecutive months or more prior to the date the member signed the application for a Defined Benefit Supplement termination benefit.

(b) A member shall submit an application for a termination benefit on a form prescribed by the system. If a member submits an application for a refund of contributions under the Defined Benefit Program, pursuant to Section 23103, that application shall also be deemed an application for a termination benefit. If a member cancels the application for a refund of contributions under the Defined Benefit Program, the application for the termination benefit shall also be deemed to have been cancelled.

(c) The termination benefit shall be a lump-sum payment that is equal to the balance of credits in the member's Defined Benefit Supplement account.

(d) Upon distribution of the termination benefit, no further benefit shall be payable to the member or the member's beneficiary under the Defined Benefit Supplement Program.

(e) A partial distribution of the balance of credits in a member's Defined Benefit Supplement account shall not be made, except as provided in Section 25009, 25015, 25016, or 25022.

SEC. 62. Section 26000.5 of the Education Code is amended to read:

26000.5. An employer whose governing board has elected to provide the benefits of this part for its employees pursuant to Section 26000 shall enter into an agreement with the State Teachers' Retirement System. The agreement shall specify the terms and conditions of the employer's formal action to provide the Cash Balance Benefit Program and shall remain in effect unless or until the employer exercises the right to discontinue the program pursuant to Chapter 17 (commencing with Section 28100).

SEC. 63. Section 26002.5 of the Education Code is amended to read:

26002.5. Except as excluded in Section 26004, subdivision (d) of Section 26807.5, subdivision (d) of Section 26906.5, or Section 27406, a person who is the registered domestic partner of a member, as established pursuant to Section 297 or 299.2 of the Family Code, shall be treated in the same manner as a "spouse," as defined in Section 26140.

SEC. 64. Section 26113 of the Education Code is amended to read:

26113. (a) "Creditable service" means any of the following activities performed for an employer in a position requiring a credential, certificate, or permit pursuant to this code or under the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges or under the provisions of an approved charter for the operation of a charter school for which the employer is eligible to receive state apportionment or pursuant to a contract between a community college district and the United States Department of Defense to provide vocational training:

(1) The work of teachers, instructors, district interns and academic employees employed in the instructional program for pupils, including special programs such as adult education, regional occupational programs, child care centers, and prekindergarten programs pursuant to Section 22161.

(2) Education or vocational counseling, guidance, and placement services.

(3) The work of directors, coordinators, and assistant administrators who plan courses of study to be used in California public schools, or

research connected with the evaluation or efficiency of the instructional program.

(4) The selection, collection, preparation, classification, demonstration, or evaluation of instructional materials of any course of study for use in the development of the instructional program in California public schools, or other services related to school curriculum.

(5) The examination, selection, in-service training, or assignment of teachers, principals or other similar personnel involved in the instructional program.

(6) School activities related to, and an outgrowth of, the instructional and guidance program of the school when performed in addition to other activities described in this section.

(7) The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other school health professionals.

(8) Services as a school librarian.

(9) The work of county and district superintendents and other employees who are responsible for the supervision of persons or administration of the duties described in this section.

(10) Trustee service as described in Section 26403.

(b) "Creditable service" also means the work of superintendents of California public schools.

(c) The board shall have final authority for determining creditable service to cover activities not already specified.

SEC. 65. Section 26116 of the Education Code is amended to read:

26116. "Disability benefit" means an amount payable under this part for permanent and total disability that is equal to the sum of the participant's employee account and employer account as of the disability date and is payable pursuant to Section 26905, 26906, or 26906.5.

SEC. 66. Section 26137 of the Education Code is amended to read:

26137. "Retirement benefit" means an amount payable under this part in the event of the participant's retirement for service that is equal to the sum of the participant's employee account and employer account as of the retirement date and that is payable pursuant to Section 26806, 26807, or 26807.5.

SEC. 67. Section 26214 of the Education Code is amended to read:

26214. The board shall issue, after the end of the plan year, to each participant having a balance in his or her employee account or employer account, a statement setting forth the balance as of the close of the plan year and amounts credited for the year, provided that the employer or participant has informed the system of the participant's current United States Postal Service mailing address. If the participant indicates that he or she prefers to receive that statement through the Web site of the system, the board may, in lieu of mailing, issue the statement by secured

access through the Web site of the system. The board shall prescribe the form and content of the account statement.

SEC. 68. Section 26301 of the Education Code is amended to read:

26301. (a) Employers shall report contributions paid on behalf of each participant in each pay period, along with all other information required by the system no later than 10 working days following the last day of the pay period in which the salary was earned, and the report shall be delinquent immediately thereafter. That report shall be submitted electronically in an encrypted format provided by the system that ensures the security of the transmitted participant data.

(b) The board may assess a penalty against the employer for a report submitted late or in an unacceptable form. The penalty shall be based upon the sum of the employee and employer contributions required to be reported under this part at a rate of interest equal to the minimum interest rate, accruing on the balance for the period between the time the report was due and the time an acceptable report is actually filed, or a fee of five hundred dollars ($500), whichever is greater.

SEC. 69. Section 26400 of the Education Code is amended to read:

26400. (a) A person employed on a part-time basis by a school district or county office of education to perform creditable service for less than 50 percent of each full-time position shall become a participant on the later of the first day that creditable service is performed for an employer that provides the Cash Balance Benefit Program or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program, provided that creditable service is not performed for the same employer with whom the person is subject to mandatory membership in the Defined Benefit Program.

(b) A person employed on a temporary basis by a community college district, who is not subject to mandatory membership in the Defined Benefit Program pursuant to Section 22502 or 22504 for each position with the same employer, shall become a participant on the later of the first day that creditable service is performed for an employer that provides the Cash Balance Benefit Program or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program.

(c) If the employer's governing board's action to provide the Cash Balance Benefit Program gives employees the right to elect coverage under social security or an alternative retirement plan offered by the employer in addition to the Cash Balance Benefit Program, the employee may elect within 60 calendar days of the latest of the first day that creditable service is performed, the date of the employer's governing board's action to provide the Cash Balance Benefit Program, or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program to be covered by social security or to

participate in the alternative retirement plan in lieu of participating in the Cash Balance Benefit Program. An election may not preclude an employee from participating in the Cash Balance Benefit Program at a later date so long as the Cash Balance Benefit Program is provided by the employer and the employee is eligible to participate in the Cash Balance Benefit Program.

(d) If subdivision (c) is applicable, the employer shall inform employees pursuant to subdivision (c) of Section 26300 of their right to make an election and the election shall be made on a properly executed form provided by the system and filed with the employer. The employer shall retain a copy of the employee's signed election form and mail the original election form to the headquarters office of the system as described in Section 22375. The election shall become effective on the later of the first day that creditable service is performed or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program.

(e) If the participant's basis of employment with a school district or county office of education that provides the Cash Balance Benefit Program changes to employment to perform creditable service for 50 percent or more of the full-time position during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage by the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(f) If the participant's basis of employment with a community college district changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, or 22504 during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage by the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(g) If the governing board of an employer subsequently provides, in addition to the Cash Balance Benefit Program, social security coverage, a participant covered by the Cash Balance Benefit Program who is performing creditable service for that employer may elect to be covered by social security in lieu of the Cash Balance Benefit Program. That participant's election shall be made within 60 calendar days of the date the governing board acted to provide coverage under social security or the effective date of the governing board's action to provide social security coverage, whichever is later. An election under this subdivision

may not preclude an employee from participating in the Cash Balance Benefit Program at a later date if the employee is eligible to participate in the Cash Balance Benefit Program and the employer provides the Cash Balance Benefit Program.

(h) If the governing board of an employer provided social security coverage with an effective date prior to January 1, 2007, and the employer offered the Cash Balance Benefit Program as of the effective date of the governing board's action to provide social security coverage, a participant who was performing creditable service for that employer may elect to be covered by social security in lieu of the Cash Balance Benefit Program. The participant's election shall be made on or after March 1, 2008, and on or before May 1, 2008. The election to participate in social security shall be effective on July 1, 2008. An election under this subdivision may not preclude an employee from participating in the Cash Balance Benefit Program at a later date if the employee is eligible to participate in the Cash Balance Benefit Program and the employer provides the Cash Balance Benefit Program.

(i) An election by an employee to terminate his or her participation in the Cash Balance Benefit Program as described in subdivision (g) or (h) shall be made on a properly executed form provided by the system and filed with the employer. The employer shall retain a copy of the employee's signed election form and mail the original election form to the headquarters office of the system, as described in Section 22375.

SEC. 70. Section 26401 of the Education Code is amended to read:

26401. (a) A member of the Defined Benefit Program who is employed to perform creditable service on a part-time basis for less than 50 percent of each full-time position by a school district or county office of education that provides the Cash Balance Benefit Program may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided that the creditable service is not performed for the same employer with whom the member is also subject to mandatory membership in the Defined Benefit Program.

(b) A member of the Defined Benefit Program who is employed pursuant to Section 87474, 87480, 87481, 87482, or 87482.5 by a community college district that provides the Cash Balance Benefit Program may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided that the creditable service is not performed for the same employer with whom the member is also subject to mandatory membership in the Defined Benefit Program.

(c) The election shall be made on a properly executed form provided by the system and shall be filed with the employer within 60 calendar

days of the later of the first day of employment with an employer that provides the Cash Balance Benefit Program, the date of the employer's governing board's action to provide the Cash Balance Benefit Program, or the effective date of the employer's governing board's action to provide the Cash Balance Benefit Program.

(d) Employers shall make available to employees specified in subdivisions (a) and (b) information and forms provided by the system for making an election regarding participation. The employer shall retain a copy of the employee's signed election form and mail the original signed election form to the headquarters office of the system as described in Section 22375. The election shall become effective on the first day of the pay period following the pay period in which the election is made.

(e) If an election is made pursuant to subdivision (a) and the participant's basis of employment with that employer changes to employment to perform creditable service for 50 percent or more of the full-time position during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(f) If an election is made pursuant to subdivision (b) and the participant's basis of employment with the community college district changes to employment that is subject to mandatory membership in the Defined Benefit Program pursuant to Section 22501, 22502, or 22504 during one school year with the same employer, creditable service performed for that employer shall no longer be covered under the Cash Balance Benefit Program. Creditable service performed for that employer shall be subject to coverage under the Defined Benefit Program as of the first day of the pay period following the change in the participant's basis of employment.

(g) (1) If an employee was excluded from participation in the Cash Balance Benefit Program pursuant to Section 26401.5, as that section read on December 31, 2000, for the same service, the employee may elect to become a participant for creditable service subject to coverage under the Cash Balance Benefit Program for that employer, provided all of the following conditions are met:

(A) The employment is pursuant to Section 87474, 87480, 87481, 87482, or 87482.5.

(B) The employer offers the Cash Balance Benefit Program.

(C) The creditable service is not also subject to mandatory membership in the Defined Benefit Program.

(2) Employers shall, on or before May 1, 2007, make available to employees described in this subdivision, information and forms provided by the system for making an election regarding participation. The employee shall submit the form to the employer within a 60-day election period designated by the employer. The employer shall retain a copy of the employee's signed election form and mail the original signed election form to the headquarters office of the system as described in Section 22375. The election shall become effective on the first day of the pay period following the pay period in which the election is made.

SEC. 71. Section 26807 of the Education Code is amended to read:

26807. (a) Upon application for a retirement benefit under this part, the participant may elect to receive the retirement benefit in the form of an annuity, provided the sum of the employee account and employer account equals or exceeds three thousand five hundred dollars ($3,500).

(b) If the participant elects to receive the retirement benefit as an annuity, the participant shall elect one of the following forms of payment:

(1) A single life annuity without a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the retirement benefit in a lump-sum payment. This benefit shall be payable for the life of the participant. Upon the death of the participant, no other benefit shall be payable to any beneficiary under this part.

(2) A single life annuity with a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the retirement benefit in a lump-sum payment. This benefit shall be payable for the life of the participant and any balance remaining upon the death of the participant shall be payable in a lump sum to the participant's beneficiary.

(3) A 100-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the retirement benefit in a lump-sum payment, modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, the monthly amount that was payable to the participant shall be paid monthly to the participant's annuity beneficiary. However, if the annuity beneficiary predeceases the participant, the annuity payable to the participant shall be the single life annuity with a cash refund feature that would have been payable had the participant elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a

new annuity beneficiary. The effective date of the new designation shall be six months following the date notification, on a properly executed form, is received by the board, provided both the participant and the new designated annuity beneficiary are then living. The designation of the new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(4) A 50-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the retirement benefit in a lump-sum payment, modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, one-half of the monthly amount that was payable to the participant shall be paid monthly to the participant's annuity beneficiary. However, if the annuity beneficiary predeceases the participant, the annuity payable to the participant shall be the single life annuity with a cash refund feature that would have been payable had the participant elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a new annuity beneficiary. The effective date of the new designation shall be six months following the date notification, on a properly executed form, is received by the board, provided both the participant and the new designated annuity beneficiary are then living. The designation of the new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the sum of the balance of the employee account and the employer account on the date the retirement benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the participant, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the participant or of the participant and the participant's annuity beneficiary. If the participant's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the participant's annuity beneficiary pursuant to Section 27007.

(c) Except as described in subdivision (e) of Section 26807.5, on or after January 1, 2007, a participant may not make a new election of an annuity described in subdivision (b).

(d) Any participant with a retirement effective on or after January 1, 2007, shall elect an annuity from the annuities described in Section 26807.5.

SEC. 72. Section 26807.5 is added to the Education Code, to read:

26807.5. (a) Upon application for a retirement benefit under this part, the participant may elect to receive the retirement benefit as an annuity payable in monthly installments, provided the sum of the employee account and employer account equals or exceeds three thousand five hundred dollars ($3,500). If the participant elects to receive the retirement benefit as an annuity, the participant shall elect one of the following forms of payment:

(1) Participant only annuity. This is a single life annuity with a cash refund feature that is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the retirement benefit in a lump-sum payment. Upon the death of the participant, an amount equal to the remaining balance of the participant's contributions and interest shall be paid in a lump-sum to the participant's beneficiary.

(2) One hundred percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, 100 percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(3) Seventy-five percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the annuity beneficiary is the participant's spouse or former spouse who has been awarded a community property interest in the participant's benefits under this part, the participant may not designate an annuity beneficiary under this annuity who is more than exactly 19 years younger than the participant. Upon the death of the participant, 75 percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(4) Fifty percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, 50

percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity that is equal to the actuarial equivalent of the balance of credits in the participant's Cash Balance Benefit account on the date the retirement benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the participant, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the participant or of the participant and the participant's annuity beneficiary. If the participant's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the participant's annuity beneficiary pursuant to Section 27007.

(b) If an annuity beneficiary designated pursuant to paragraph (2), (3), or (4) of subdivision (a) predeceases the participant, the annuity shall be paid to the participant as the participant only annuity described in paragraph (1) of subdivision (a) that would have been payable had the participant elected that form of payment at the commencement of the benefit. That participant only annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a new annuity beneficiary. The effective date of the new designation shall be six months following the date notification is received by the board, provided both the participant and the new designated annuity beneficiary are then living. Notice to the board of the death of the annuity beneficiary shall be on a properly executed form provided by the system. The designation of the new annuity beneficiary under this paragraph is subject to an actuarial modification of the participant only annuity and may not result in any additional liability to the fund.

(c) If a nonparticipant spouse elects to receive the retirement benefit as an annuity, the nonparticipant spouse shall elect the form of payment specified in paragraph (1) or (5) of subdivision (a) and, in those paragraphs, references to a "participant" shall apply to the nonparticipant spouse.

(d) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse as described in paragraph (3) of subdivision (a) does not include the domestic partner of the participant, pursuant to Section 7 of Title 1 of the United States Code.

(e) If there is a determination of community property rights as described in Chapter 15 (commencing with Section 27400) of this part on or before December 31, 2006, the participant may elect the annuity that is required by the judgment or court order. Nothing in this part shall

permit the participant to change the annuity to the detriment of the community property interest of the nonparticipant spouse.

SEC. 73. Section 26807.6 is added to the Education Code, to read:

26807.6. (a) A participant who retired and elected an annuity pursuant to Section 26807 may elect to change annuities, subject to all of the following:

(1) A participant who elected a single life annuity with or without a cash refund feature or a period certain annuity may not change his or her annuity.

(2) A participant who elected an annuity under paragraph (3) or (4) of subdivision (b) of Section 26807 may elect an annuity under paragraph (3) of subdivision (a) of Section 26807.5.

(3) The election of the participant under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(4) The participant designates the same annuity beneficiary that was designated under the prior annuity elected by the participant, if the annuity and annuity designation were effective on December 31, 2006.

(5) The annuity beneficiary is not afflicted with a known terminal illness and the participant declares, under penalty of perjury under the laws of this state, that to the best of his or her knowledge, the annuity beneficiary is not afflicted with a known terminal illness.

(6) The annuity beneficiary has not predeceased the participant as of the effective date of the change in the annuity by the participant.

(b) The change in the annuity by the participant shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office as described in Section 22375 within 30 days after the date the election is signed.

(c) After receipt of a participant's election document, the system shall mail an acknowledgment notice to the participant that sets forth the new annuity elected by the participant.

(d) If the participant and the annuity beneficiary are alive and not afflicted with a known terminal illness, a participant may cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the participant may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the participant elects to make the one-time change provided by this subdivision, the

change shall be effective as of the participant's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the participant on or before June 1, 2007, or prior to the end of the election period, provided that the participant and the annuity beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a participant to cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the participant may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the participant elects to make the one-time change provided by this subdivision, the change shall be effective as of the participant's signature date on the initial election to change.

(f) If the participant elects to change his or her annuity as described in subdivision (a) or (d), the participant's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) References to a "participant" in paragraph (1) of subdivision (a) shall apply to the nonmember spouse.

(h) The participant shall not change annuities in derogation of a spouse's or former spouse's community property rights as specified in a court order.

SEC. 74. Section 26811 of the Education Code is amended to read:

26811. The beneficiary under the joint and survivor annuity elected pursuant to paragraph (3) or (4) of subdivision (b) of Section 26807 or paragraphs (2) to (5), inclusive, of subdivision (a) of Section 26807.5 shall be the person designated by the participant on the application for a retirement benefit under this part, and shall not be changed after the original retirement date unless the beneficiary has predeceased the participant.

SEC. 75. Section 26906 of the Education Code is amended to read:

26906. (a) Upon application for a disability benefit under this part, the participant may elect to receive the disability benefit in the form of an annuity provided the sum of the employee account and employer account equals or exceeds three thousand five hundred dollars ($3,500).

(b) If the participant elects to receive the disability benefit as an annuity, the participant shall elect one of the following forms of payment:

(1) A single life annuity without a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the disability benefit in a lump-sum payment. This benefit shall be payable for the life of the participant. Upon the death of the participant, no other benefit shall be payable to any beneficiary under this part.

(2) A single life annuity with a cash refund feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the disability benefit in a lump-sum payment. This benefit shall be payable for the life of the participant and any balance remaining upon the death of the participant shall be payable in a lump sum to the participant's beneficiary.

(3) A 100-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the disability benefit in a lump-sum payment, modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, the monthly amount that was payable to the participant shall be paid monthly to the participant's annuity beneficiary. However, if the annuity beneficiary predeceases the participant, the annuity payable to the participant shall be the single life annuity with a cash refund feature that would have been payable had the participant elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a new annuity beneficiary. The effective date of the new designation shall be six months following the date notification, on a properly executed form, is received by the board, provided both the participant and the new designated annuity beneficiary are then living. The designation of the new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(4) A 50-percent joint and survivor annuity with a "pop-up" feature. This form of payment is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the disability benefit in a lump-sum payment, modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, one-half of the monthly amount that was payable to the participant shall be paid monthly to the participant's annuity beneficiary. However, if the annuity beneficiary

predeceases the participant, the annuity payable to the participant shall be the single life annuity with a cash refund feature that would have been payable had the participant elected that form of payment at the commencement of the benefit. That single life annuity shall be payable as of the day following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a new annuity beneficiary. The effective date of the new designation shall be six months following the date notification, on a properly executed form, is received by the board, provided both the participant and the new designated annuity beneficiary are then living. The designation of the new annuity beneficiary under this paragraph shall be subject to an actuarial modification of the single life annuity with a cash refund feature and shall not result in any additional liability to the fund. The new annuity beneficiary shall not be an existing annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the sum of balance of the employee account and the employer account on the date the disability benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the participant, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the participant or of the participant and the participant's annuity beneficiary. If the participant's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the participant's annuity beneficiary pursuant to Section 27007.

(c) Except as described in subdivision (c) of Section 26906.5, on or after January 1, 2007, a participant may not make a new election of an annuity described in subdivision (b).

SEC. 76. Section 26906.5 is added to the Education Code, to read:

26906.5. (a) Upon application for a disability benefit under this part, the participant may elect to receive the disabled benefit in the form of an annuity provided the sum of the employee account and employer account equals or exceeds three thousand five hundred dollars ($3,500). If the participant elects to receive the disability benefit as an annuity, the participant shall elect one of the following forms of payment:

(1) Participant only annuity. This is a single life annuity with a cash refund feature that is the actuarial equivalent of the amount that would be payable to the participant if the participant elected to receive the disability benefit in a lump-sum payment. Upon the death of the participant, an amount equal to the remaining balance of the participant's

contributions and interest shall be paid in a lump sum to the participant's beneficiary.

(2) One hundred percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, 100 percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(3) Seventy-five percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Pursuant to Section 401(a)(9) of the Internal Revenue Code, unless the annuity beneficiary is the participant's spouse or former spouse who has been awarded a community property interest in the participant's benefits under this part, the participant may not designate an annuity beneficiary under this annuity who is more than exactly 19 years younger than the participant. Upon the death of the participant, 75 percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(4) Fifty percent beneficiary annuity. This is a joint and survivor annuity that is the actuarial equivalent of the lump-sum payment modified to be payable over the combined lives of the participant and the participant's annuity beneficiary. Upon the death of the participant, 50 percent of the monthly amount that was payable to the participant shall be paid monthly to the participant's surviving annuity beneficiary.

(5) A period certain annuity. This form of payment is an annuity that is equal to the actuarial equivalent of the balance of credits in the participant's Cash Balance Benefit account on the date the disability benefit becomes payable. The annuity shall be payable in whole year increments over a period of years specified by the participant, from a minimum of three years to a maximum of 10 years. However, the annuity period may not exceed the life expectancy of the participant or of the participant and the participant's annuity beneficiary. If the participant's death occurs prior to the end of the period certain, the remaining balance of payments shall be paid to the participant's annuity beneficiary pursuant to Section 27007.

(b) If an annuity beneficiary designated pursuant to paragraph (2), (3), or (4) of subdivision (a) predeceases the participant, the annuity shall be paid to the participant as the participant only annuity described in paragraph (1) of subdivision (a) that would have been payable had the participant elected that form of payment at the commencement of the benefit. That participant only annuity shall be payable as of the day

following the date of the annuity beneficiary's death upon receipt by the system of proof of the annuity beneficiary's death. If the annuity beneficiary predeceases the participant, the participant may designate a new annuity beneficiary. The effective date of the new designation shall be six months following the date notification is received by the board, provided both the participant and the new designated annuity beneficiary are then living. Notice to the board of the death of the annuity beneficiary shall be on a properly executed form provided by the system. The designation of the new annuity beneficiary under this paragraph is subject to an actuarial modification of the participant only annuity and may not result in any additional liability to the fund.

(c) Notwithstanding Section 297 or 299.2 of the Family Code, a spouse as described in paragraph (3) of subdivision (a) does not include the domestic partner of the participant pursuant to Section 7 of Title 1 of the United States Code.

(d) If there is a determination of community property rights as described in Chapter 15 (commencing with Section 27400) of this part on or before December 31, 2006, the participant may elect the annuity that is required by the judgment or court order. Nothing in this part shall permit the participant to change the annuity to the detriment of the community property interest of the nonparticipant spouse.

SEC. 77. Section 26906.6 is added to the Education Code, to read:

26906.6. (a) A participant who is disabled and elected an annuity pursuant to Section 26906 may elect to change annuities, subject to all of the following:

(1) A participant who elected a single life annuity with or without a cash refund feature or a period certain annuity may not change his or her annuity.

(2) A participant who elected an annuity under paragraph (3) or (4) of subdivision (b) of Section 26906 may elect an annuity under paragraph (3) of subdivision (a) of Section 26906.5.

(3) The election by the participant under this section is made on or after January 1, 2007, and prior to July 1, 2007.

(4) The participant designates the same annuity beneficiary that was designated under the prior annuity elected by the participant, if the annuity and the annuity beneficiary designation were effective on December 31, 2006.

(5) The annuity beneficiary is not afflicted with a known terminal illness and the participant declares, under penalty of perjury under the laws of this state, that to the best of his or her knowledge, the annuity beneficiary is not afflicted with a known terminal illness.

(6) The annuity beneficiary has not predeceased the participant as of the effective date of the change in the annuity by the participant.

(b) The change in the annuity by the participant shall be effective on the date the election is signed, provided that the election is on a properly executed form provided by the system and that election is received at the system's headquarters office as described in Section 22375 within 30 days after the date the election is signed.

(c) After receipt of a participant's election document, the system shall mail an acknowledgment notice to the participant that sets forth the new annuity elected by the participant.

(d) If the participant and the annuity beneficiary are alive and not afflicted with a known terminal illness, a participant may cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the participant may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change shall be made on a properly executed form provided by the system and shall be received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the participant elects to make the one-time change provided by this subdivision, the change shall be effective as of the participant's signature date on the initial election to change.

(e) If the system is unable to mail an acknowledgment notice to the participant on or before June 1, 2007, or prior to the end of the election period, provided that the participant and the annuity beneficiary are alive and not afflicted with a known terminal illness, the system shall allow a participant to cancel the election to change annuities and elect to receive the benefit according to the preexisting annuity election. After cancellation, the participant may elect to make a one-time change from the preexisting annuity to any other annuity provided by and subject to the restrictions of paragraph (1), (2), (3), or (4) of subdivision (a). The cancellation or the cancellation and one-time change may be made after the end of the election period if it is made on a properly executed form provided by the system and is received at the system's headquarters office as described in Section 22375 no later than 30 calendar days following the date of mailing of the acknowledgment notice. If the participant elects to make the one-time change provided by this subdivision, the change shall be effective as of the participant's signature date on the initial election to change.

(f) If the participant elects to change his or her annuity as described in subdivision (a) or (d), the participant's annuity shall be modified in a manner determined by the board to prevent any additional liability to the plan.

(g) The participant shall not change annuities in derogation of a spouse's or former spouse's community property rights as specified in a court order.

SEC. 78. Section 26910 of the Education Code is amended to read:

26910. The beneficiary under the joint and survivor option elected pursuant to paragraph (3) or paragraph (4) of subdivision (b) of Section 26906 or paragraph (2) or (4) of subdivision (a) of Section 26906.5 shall be the person designated by the participant on the application for a disability benefit and shall not be changed after the original disability date unless the beneficiary predeceases the participant.

SEC. 79. Section 27004 of the Education Code is amended to read:

27004. (a) A beneficiary, other than an entity, may elect to receive the final benefit payable under the Cash Balance Benefit Program as an annuity payable in monthly installments provided that the sum of the employee account and the employer account that is payable to the beneficiary equals at least three thousand five hundred dollars ($3,500).

(b) A beneficiary who elects to receive an annuity pursuant to this section shall elect a period certain annuity. This form of payment is an annuity equal to the actuarial equivalent of the sum of the balance of the employee account and the employer account on the date of the participant's death. The annuity shall be payable in whole year increments over a period of years specified by the beneficiary, from a minimum of three years to a maximum of 10 years. However, the annuity period shall not exceed the life expectancy of the beneficiary. The beneficiary may designate a payee to receive the remaining balance of payments if the beneficiary dies prior to the end of the period certain.

SEC. 80. Section 27405 of the Education Code is amended to read:

27405. Upon the legal separation or dissolution of marriage of a participant, the court may include in the judgment or court order a determination of the community property rights of the parties in the participant's annuity consistent with this section. Upon election under subparagraph (B) of paragraph (3) of subdivision (a) of Section 2610 of the Family Code, the court order awarding the nonparticipant spouse a community property share in the benefits of a participant receiving an annuity shall be consistent with this section.

(a) If the court does not award the entire annuity to the participant and the participant is receiving an annuity under paragraph (1) or (2) of subdivision (b) of Section 26807 or paragraph (1) of subdivision (a) of Section 26807.5, the court shall require only that the system pay from the plan the nonparticipant spouse, by separate warrant, his or her community property share of the participant's annuity, or the option beneficiary's annuity or both.

(b) The nonparticipant spouse may designate a beneficiary to receive his or her community property share of the participant's annuity.

SEC. 81. Section 27408 of the Education Code is amended to read:

27408. (a) Sections 26107, 26700, 26802, 26806, 27000, 27002, paragraphs (1) of subdivision (b) of Section 26807, and paragraphs (1) and (5) of subdivision (a) of Section 26807.5 shall apply to a nonparticipant spouse as if she or he were a participant.

(b) Notwithstanding subdivision (a), this section shall not be construed to establish any right for the nonparticipant spouse that is not explicitly established in Sections 27400 to 27405, inclusive, and Sections 27409 to 27412, inclusive.

SEC. 82. Section 27410 of the Education Code is amended to read:

27410. (a) The nonparticipant spouse who is awarded separate nominal accounts shall have the right to designate, pursuant to Sections 27100 to 27102, inclusive, a beneficiary or beneficiaries to receive the amounts credited to the separate nominal accounts of the nonparticipant spouse on his or her date of death, and any annuity attributable to the separate nominal accounts which is unpaid on the date of the death of the nonparticipant spouse.

(b) This section shall not be construed to provide the nonparticipant spouse with any right to elect a joint and survivor annuity pursuant to paragraphs (3) and (4) of subdivision (b) of Section 26807 or subdivision (a) of Section 26807.5.

SEC. 83. Section 27411 of the Education Code is amended to read:

27411. The nonparticipant spouse who is awarded a separate nominal account under this part shall have the right to an annuity pursuant to paragraph (1) or (5) of subdivision (a) of Section 26807.5.

(a) The nonparticipant spouse shall be eligible for an annuity if the following conditions are satisfied:

(1) The nonparticipant spouse has at least three thousand five hundred dollars ($3,500) in his or her separate nominal accounts.

(2) The nonparticipant spouse has attained the age of 55 years or more.

(b) An annuity of a nonparticipant spouse shall become effective upon any date designated by the nonparticipant spouse, provided:

(1) The requirements of subdivision (a) are satisfied.

(2) The nonparticipant spouse has filed an application for an annuity on a properly executed form provided by the system, which is executed no earlier than 90 days before the effective date of the annuity.

SEC. 84. Section 44922 of the Education Code is amended to read:

44922. Notwithstanding any other provision, the governing board of a school district or a county superintendent of schools may establish

regulations which allow their certificated employees to reduce their workload from full-time to part-time duties.

The regulations shall include, but shall not be limited to, the following, if the employees wish to reduce their workload and maintain retirement benefits pursuant to Section 22713 of this code or Section 20815 of the Government Code:

(a) The employee shall have reached the age of 55 prior to reduction in workload.

(b) The employee shall have been employed full time in a position requiring certification for at least 10 years of which the immediately preceding five years were full-time employment.

(c) During the period immediately preceding a request for a reduction in workload, the employee shall have been employed full time in a position requiring certification for a total of at least five years without a break in service. For purposes of this subdivision, sabbaticals and other approved leaves of absence shall not constitute a break in service.

(d) The option of part-time employment shall be exercised at the request of the employee and can be revoked only with the mutual consent of the employer and the employee.

(e) (1) The employee shall be paid a salary that is the pro rata share of the salary he or she would be earning had he or she not elected to exercise the option of part-time employment but shall retain all other rights and benefits for which he or she makes the payments that would be required if he or she remained in full-time employment.

(2) The employee shall receive health benefits as provided in Section 53201 of the Government Code in the same manner as a full-time employee.

(f) The minimum part-time employment shall be the equivalent of one-half of the number of days of service required by the employee's contract of employment during his or her final year of service in a full-time position.

(g) This option is limited in prekindergarten through grade 12 to certificated employees who do not hold positions with salaries above that of a school principal.

(h) The period of this part-time employment shall include a period of time, as specified in the regulations, which shall be up to and include five years for employees subject to Section 20815 of the Government Code or 10 years for employees subject to Section 22713 of this code.

(i) The period of part-time employment of employees subject to Section 20815 of the Government Code shall not extend beyond the end of the school year during which the employee reaches his or her 70th birthday. This subdivision shall not apply to any employee subject to Section 22713 of this code.

SEC. 85. Section 22009.1 of the Government Code is amended to read:

22009.1. "Retirement system" includes:

(a) A pension, annuity, retirement or similar fund or system established by a public agency and covering only positions of that agency.

(b) The Public Employees' Retirement System with respect only to employees of the state and employees of the University of California in positions covered by that system.

(c) The Public Employees' Retirement System with respect to employees of all school districts in positions covered under each contract entered into by a county superintendent of schools and the system.

(d) The State Teachers' Retirement System with respect to all employees in positions subject to coverage under the Defined Benefit Program of the State Teachers' Retirement Plan except employees of a public agency having any employees in positions covered by that system who are also in positions covered by a local retirement system for the retirement of teachers, or for membership in which public school teachers are eligible, operated by a city, city and county, county or other public agency or combination of public agencies of the state.

(e) The Legislators' Retirement System with respect to all employees in positions covered by that system.

(f) The Judges' Retirement System with respect to all employees in positions covered by that system.

(g) The University of California Retirement Plan only with respect to all employees in positions covered by that system.

(h) The San Francisco Employees' Retirement System with respect to all employees in positions covered by that system.

(i) Any other retirement system with respect only to employees of any two or more of the public agencies having employees in positions covered by that system, as designated by the board and with regard to which the board authorizes conduct of a referendum.

(j) Any retirement system with respect only to employees of a hospital that is an integral part of a city incorporated between January 15, 1898, and July 15, 1898, in positions covered by the system, as designated by the board on request of the city.

(k) Except as otherwise provided in subdivisions (b) to (j), inclusive, any retirement system with respect to employees of each of the public agencies having employees in positions covered by the system.

(*l*) The State Teachers' Retirement System with respect to all employees of each public agency, as defined by Section 22009.03, in positions covered by the State Teachers' Retirement Plan.

(m) Each division or part of a retirement system, as defined in subdivisions (a), (b), (c), (e), (g), (h), (i), (j), (k), and (*l*) of this section, that is divided pursuant to this chapter into two parts:

(1) The part composed of the positions of members of the system who desire coverage under the federal system.

(2) The part composed of the positions of members of the system who do not desire coverage under the federal system.

SEC. 86. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 87. Any section of any act enacted by the Legislature during the 2006 calendar year that takes effect on or before January 1, 2007, and that amends, amends and renumbers, adds, repeals and adds, or repeals a section that is amended, amended and renumbered, added, repealed and added, or repealed by this act, shall prevail over this act, whether that act is enacted prior to, or subsequent to, the enactment of this act. The repeal, or repeal and addition, of any article, chapter, part, title, or division of any code by this act shall not become operative if any section of any other act that is enacted by the Legislature during the 2006 calendar year and takes effect on or before January 1, 2007, amends, amends and renumbers, adds, repeals and adds, or repeals any section contained in that article, chapter, part, title, or division.

CHAPTER 656

An act to amend Section 2067 of, and to add Chapter 5 (commencing with Section 2068) to Part 8.5 of Division 2 of, the Labor Code, relating to car washes.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 2067 of the Labor Code is amended to read:

2067. This part shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 2. Chapter 5 (commencing with Section 2068) is added to Part 8.5 of Division 2 of the Labor Code, to read:

CHAPTER 5. REPORTING

2068. The commissioner shall study and report to the Legislature, not later than December 31, 2008, on the status of labor law violations and enforcement in the car washing and polishing industry.

CHAPTER 657

An act to add Section 14029.5 to the Welfare and Institutions Code, relating to Medi-Cal eligibility.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14029.5 is added to the Welfare and Institutions Code, to read:

14029.5. (a) (1) Commencing January 1, 2008, immediately following the issuance of an order of the juvenile court, pertaining to the disposition of a ward of the county, committing that ward to a juvenile hall, camp, or ranch for 30 days or longer, the county juvenile detention facility shall provide the appropriate county welfare department with the ward's name, his or her scheduled or actual release date, any known information regarding the ward's Medi-Cal status prior to disposition, and sufficient information, when available, for the county welfare department to begin the process of determining the ward's eligibility for benefits under this chapter, including, if the ward is a minor, contact information for the ward's parent or guardian, if available.

(2) If the ward is a minor, prior to providing information to the county welfare department pursuant to paragraph (1), the county juvenile detention facility shall notify the parent or guardian, in writing, of its intention to submit the information required by that paragraph to the county welfare department. The parent or guardian shall be given a reasonable time to opt out of the Medi-Cal eligibility determination

provided for under this section, in which case the county juvenile detention facility shall not comply with paragraph (1).

(3) For purposes of this section, "ward" means a person in the custody of a county juvenile detention facility.

(b) (1) Upon receipt of the information described in paragraph (1) of subdivision (a), and pursuant to the protocols and procedures developed pursuant to subdivision (c) the county welfare department shall initiate an application and determine the individual's eligibility for benefits under the Medi-Cal program. If the ward is a minor, the county welfare department shall promptly contact the parent or guardian to arrange for completion of the application. The county shall expedite the application of a ward who, according to the information provided pursuant to paragraph (1) of subdivision (a), is scheduled to be released in fewer than 45 days.

(2) If the county welfare department determines that the ward does not meet the eligibility requirements for the Medi-Cal program, the county welfare department, with the consent of the ward's parent or guardian, if the ward is a minor, shall forward the ward's information to the appropriate entity to determine eligibility for the Healthy Families Program, or other appropriate health coverage program, as determined by the department.

(3) If the county welfare department determines that a ward meets eligibility requirements for the Medi-Cal program, the county shall provide sufficient documentation to enable the ward to obtain necessary medical care upon his or her release from custody.

(c) By June 1, 2007, the department, in consultation with the Chief Probation Officers of California and the County Welfare Directors Association, shall establish the protocols and procedures necessary to implement this section.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department shall adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The department shall seek any federal waivers necessary for the implementation of this section.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

(commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 658

An act to amend Sections 30, 101, 205, 473.15, 1601.1, 1616.5, 1742, 1770, 2460, 2570.4, 2570.19, 2602, 2668, 2701, 2708, 2920, 2933, 3010.5, 3014.6, 3504, 3512, 3516.1, 3685, 3710, 3716, 3765, 4001, 4003, 4034, 4162, 4162.5, 4163.5, 4169, 4200.1, 4800, 4804.5, 4928, 4934, 5510, 5517, 5620, 5621, 5622, 5810, 5811, 6704, 6710, 6712, 6714, 6716, 6726.2, 6730, 6732.3, 6738, 6740, 6750, 6753, 6754, 6787, 7000.5, 7011, 7200, 7215.6, 7810, 7815.5, 8000, 8710, 8729, 8740, 8745, and 22251 of, to amend and repeal Sections 1760, 1760.5, 1761, 1762, 1763, 1764, 1765, 1766, 1768, 1769, 1772, 1774, 1775, and 4163 of, to amend, repeal, and add Sections 1621, 1670.1, 1680, 1721, 1721.5, 1741, 1742.1, 1743, 1744, 1771, 4999.2, and 4999.7 of, to add Sections 1900.5, 2660.5, 4163.1, 6732.5, and 6746.1 to, and to repeal Section 4163.6 of, the Business and Professions Code, to amend, repeal, and add Section 44876 of the Education Code, and to amend, repeal, and add Sections 1348.8 and 128160 of the Health and Safety Code, relating to professions and vocations, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 30 of the Business and Professions Code is amended to read:

30. (a) Notwithstanding any other provision of law, any board, as defined in Section 22, and the State Bar and the Department of Real Estate shall at the time of issuance of the license require that the licensee provide its federal employer identification number, if the licensee is a partnership, or his or her social security number for all others.

(b) Any licensee failing to provide the federal identification number or social security number shall be reported by the licensing board to the Franchise Tax Board and, if failing to provide after notification pursuant to paragraph (1) of subdivision (b) of Section 19528 of the Revenue and Taxation Code, shall be subject to the penalty provided in paragraph (2) of subdivision (b) of Section 19528 of the Revenue and Taxation Code.

(c) In addition to the penalty specified in subdivision (b), a licensing board may not process any application for an original license unless the

applicant or licensee provides its federal employer identification number or social security number where requested on the application.

(d) A licensing board shall, upon request of the Franchise Tax Board, furnish to the Franchise Tax Board the following information with respect to every licensee:

(1) Name.

(2) Address or addresses of record.

(3) Federal employer identification number if the entity is a partnership or social security number for all others.

(4) Type of license.

(5) Effective date of license or a renewal.

(6) Expiration date of license.

(7) Whether license is active or inactive, if known.

(8) Whether license is new or a renewal.

(e) For the purposes of this section:

(1) "Licensee" means any entity, other than a corporation, authorized by a license, certificate, registration, or other means to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.

(2) "License" includes a certificate, registration, or any other authorization needed to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.

(3) "Licensing board" means any board, as defined in Section 22, the State Bar, and the Department of Real Estate.

(f) The reports required under this section shall be filed on magnetic media or in other machine-readable form, according to standards furnished by the Franchise Tax Board.

(g) Licensing boards shall provide to the Franchise Tax Board the information required by this section at a time that the Franchise Tax Board may require.

(h) Notwithstanding Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code, the social security number and federal employer identification number furnished pursuant to this section shall not be deemed to be a public record and shall not be open to the public for inspection.

(i) Any deputy, agent, clerk, officer, or employee of any licensing board described in subdivision (a), or any former officer or employee or other individual who in the course of his or her employment or duty has or has had access to the information required to be furnished under this section, may not disclose or make known in any manner that information, except as provided in this section to the Franchise Tax Board or as provided in subdivision (k).

(j) It is the intent of the Legislature in enacting this section to utilize the social security account number or federal employer identification number for the purpose of establishing the identification of persons affected by state tax laws and for purposes of compliance with Section 17520 of the Family Code and, to that end, the information furnished pursuant to this section shall be used exclusively for those purposes.

(k) If the board utilizes a national examination to issue a license, and if a reciprocity agreement or comity exists between the State of California and the state requesting release of the social security number, any deputy, agent, clerk, officer, or employee of any licensing board described in subdivision (a) may release a social security number to an examination or licensing entity, only for the purpose of verification of licensure or examination status.

(*l*) For the purposes of enforcement of Section 17520 of the Family Code, and notwithstanding any other provision of law, any board, as defined in Section 22, and the State Bar and the Department of Real Estate shall at the time of issuance of the license require that each licensee provide the social security number of each individual listed on the license and any person who qualifies the license. For the purposes of this subdivision, "licensee" means any entity that is issued a license by any board, as defined in Section 22, the State Bar, the Department of Real Estate, and the Department of Motor Vehicles.

SEC. 2. Section 101 of the Business and Professions Code is amended to read:

101. The department is comprised of:

(a) The Dental Board of California.

(b) The Medical Board of California.

(c) The State Board of Optometry.

(d) The California State Board of Pharmacy.

(e) The Veterinary Medical Board.

(f) The California Board of Accountancy.

(g) The California Architects Board.

(h) The Bureau of Barbering and Cosmetology.

(i) The Board for Professional Engineers and Land Surveyors.

(j) The Contractors' State License Board.

(k) The Bureau for Private Postsecondary and Vocational Education.

(*l*) The Structural Pest Control Board.

(m) The Bureau of Home Furnishings and Thermal Insulation.

(n) The Board of Registered Nursing.

(o) The Board of Behavioral Sciences.

(p) The State Athletic Commission.

(q) The Cemetery and Funeral Bureau.

(r) The State Board of Guide Dogs for the Blind.

(s) The Bureau of Security and Investigative Services.
(t) The Court Reporters Board of California.
(u) The Board of Vocational Nursing and Psychiatric Technicians.
(v) The Landscape Architects Technical Committee.
(w) The Bureau of Electronic and Appliance Repair.
(x) The Division of Investigation.
(y) The Bureau of Automotive Repair.
(z) The State Board of Registration for Geologists and Geophysicists.
(aa) The Respiratory Care Board of California.
(ab) The Acupuncture Board.
(ac) The Board of Psychology.
(ad) The California Board of Podiatric Medicine.
(ae) The Physical Therapy Board of California.
(af) The Arbitration Review Program.
(ag) The Committee on Dental Auxiliaries or, on and after January 1, 2008, the Committee on Dental Assistants.
(ah) The Hearing Aid Dispensers Bureau.
(ai) The Physician Assistant Committee.
(aj) The Speech-Language Pathology and Audiology Board.
(ak) The California Board of Occupational Therapy.
(a*l*) The Osteopathic Medical Board of California.
(am) The Bureau of Naturopathic Medicine.
(an) On and after January 1, 2008, the California Dental Hygiene Bureau.
(ao) Any other boards, offices, or officers subject to its jurisdiction by law.

SEC. 2.5. Section 101 of the Business and Professions Code is amended to read:

101. The department is comprised of:
(a) The Dental Board of California.
(b) The Medical Board of California.
(c) The State Board of Optometry.
(d) The California State Board of Pharmacy.
(e) The Veterinary Medical Board.
(f) The California Board of Accountancy.
(g) The California Architects Board.
(h) The Bureau of Barbering and Cosmetology.
(i) The Board for Professional Engineers and Land Surveyors.
(j) The Contractors' State License Board.
(k) The Bureau for Private Postsecondary and Vocational Education.
(*l*) The Structural Pest Control Board.
(m) The Bureau of Home Furnishings and Thermal Insulation.
(n) The Board of Registered Nursing.

(o) The Board of Behavioral Sciences.
(p) The State Athletic Commission.
(q) The Cemetery and Funeral Bureau.
(r) The State Board of Guide Dogs for the Blind.
(s) The Bureau of Security and Investigative Services.
(t) The Court Reporters Board of California.
(u) The Board of Vocational Nursing and Psychiatric Technicians.
(v) The Landscape Architects Technical Committee.
(w) The Bureau of Electronic and Appliance Repair.
(x) The Division of Investigation.
(y) The Bureau of Automotive Repair.
(z) The State Board of Registration for Geologists and Geophysicists.
(aa) The Respiratory Care Board of California.
(ab) The California Asian Medical Board.
(ac) The Board of Psychology.
(ad) The California Board of Podiatric Medicine.
(ae) The Physical Therapy Board of California.
(af) The Arbitration Review Program.
(ag) The Committee on Dental Auxiliaries or, on and after January 1, 2008, the Committee on Dental Assistants.
(ah) The Hearing Aid Dispensers Bureau.
(ai) The Physician Assistant Committee.
(aj) The Speech-Language Pathology and Audiology Board.
(ak) The California Board of Occupational Therapy.
(a*l*) The Osteopathic Medical Board of California.
(am) The Bureau of Naturopathic Medicine.
(an) On and after January 1, 2008, the California Dental Hygiene Bureau.
(ao) Any other boards, offices, or officers subject to its jurisdiction by law.

SEC. 3. Section 205 of the Business and Professions Code is amended to read:

205. (a) There is in the State Treasury the Professions and Vocations Fund. The fund shall consist of the following special funds:
(1) Accountancy Fund.
(2) California Board of Architectural Examiners' Fund.
(3) Athletic Commission Fund.
(4) Barbering and Cosmetology Contingent Fund.
(5) Cemetery Fund.
(6) Contractors' License Fund.
(7) State Dentistry Fund.
(8) State Funeral Directors and Embalmers Fund.
(9) Guide Dogs for the Blind Fund.

(10) Bureau of Home Furnishings and Thermal Insulation Fund.
(11) California Board of Architectural Examiners-Landscape Architects Fund.
(12) Contingent Fund of the Medical Board of California.
(13) Optometry Fund.
(14) Pharmacy Board Contingent Fund.
(15) Physical Therapy Fund.
(16) Private Investigator Fund.
(17) Professional Engineers' and Land Surveyors' Fund.
(18) Consumer Affairs Fund.
(19) Behavioral Sciences Fund.
(20) Licensed Midwifery Fund.
(21) Court Reporters' Fund.
(22) Structural Pest Control Fund.
(23) Veterinary Medical Board Contingent Fund.
(24) Vocational Nurses Account of the Vocational Nursing and Psychiatric Technicians Fund.
(25) State Dental Auxiliary Fund or, on and after January 1, 2008, State Dental Assistant Fund.
(26) Electronic and Appliance Repair Fund.
(27) Geology and Geophysics Fund.
(28) Dispensing Opticians Fund.
(29) Acupuncture Fund.
(30) Hearing Aid Dispensers Fund.
(31) Physician Assistant Fund.
(32) Board of Podiatric Medicine Fund.
(33) Psychology Fund.
(34) Respiratory Care Fund.
(35) Speech-Language Pathology and Audiology Fund.
(36) Board of Registered Nursing Fund.
(37) Psychiatric Technician Examiners Account of the Vocational Nursing and Psychiatric Technicians Fund.
(38) Animal Health Technician Examining Committee Fund.
(39) Structural Pest Control Education and Enforcement Fund.
(40) Structural Pest Control Research Fund.
(41) On and after January 1, 2008, State Dental Hygiene Fund.

(b) For accounting and recordkeeping purposes, the Professions and Vocations Fund shall be deemed to be a single special fund, and each of the several special funds therein shall constitute and be deemed to be a separate account in the Professions and Vocations Fund. Each account or fund shall be available for expenditure only for the purposes as are now or may hereafter be provided by law.

SEC. 4. Section 473.15 of the Business and Professions Code is amended to read:

473.15. (a) The Joint Committee on Boards, Commissions, and Consumer Protection established pursuant to Section 473 shall review the following boards established by initiative measures, as provided in this section:

(1) The State Board of Chiropractic Examiners established by an initiative measure approved by electors November 7, 1922.

(2) The Osteopathic Medical Board of California established by an initiative measure approved June 2, 1913, and acts amendatory thereto approved by electors November 7, 1922.

(b) The Osteopathic Medical Board of California shall prepare an analysis and submit a report as described in subdivisions (a) to (e), inclusive, of Section 473.2, to the Joint Committee on Boards, Commissions, and Consumer Protection on or before September 1, 2010.

(c) The State Board of Chiropractic Examiners shall prepare an analysis and submit a report as described in subdivisions (a) to (e), inclusive, of Section 473.2, to the Joint Committee on Boards, Commissions, and Consumer Protection on or before September 1, 2011.

(d) The Joint Committee on Boards, Commissions, and Consumer Protection shall, during the interim recess of 2004 for the Osteopathic Medical Board of California, and during the interim recess of 2011 for the State Board of Chiropractic Examiners, hold public hearings to receive testimony from the Director of Consumer Affairs, the board involved, the public, and the regulated industry. In that hearing, each board shall be prepared to demonstrate a compelling public need for the continued existence of the board or regulatory program, and that its licensing function is the least restrictive regulation consistent with the public health, safety, and welfare.

(e) The Joint Committee on Boards, Commissions, and Consumer Protection shall evaluate and make determinations pursuant to Section 473.4 and shall report its findings and recommendations to the department as provided in Section 473.5.

(f) In the exercise of its inherent power to make investigations and ascertain facts to formulate public policy and determine the necessity and expediency of contemplated legislation for the protection of the public health, safety, and welfare, it is the intent of the Legislature that the State Board of Chiropractic Examiners and the Osteopathic Medical Board of California be reviewed pursuant to this section.

(g) It is not the intent of the Legislature in requiring a review under this section to amend the initiative measures that established the State Board of Chiropractic Examiners or the Osteopathic Medical Board of California.

SEC. 5. Section 1601.1 of the Business and Professions Code is amended to read:

1601.1. (a) There shall be in the Department of Consumer Affairs the Dental Board of California in which the administration of this chapter is vested. The board shall consist of eight practicing dentists, one registered dental hygienist, one registered dental assistant, and four public members. Of the eight practicing dentists, one shall be a member of a faculty of any California dental college and one shall be a dentist practicing in a nonprofit community clinic. The appointing powers, described in Section 1603, may appoint to the board a person who was a member of the prior board. The board shall be organized into standing committees dealing with examinations, enforcement, and other subjects as the board deems appropriate.

(b) For purposes of this chapter, any reference in this chapter to the Board of Dental Examiners shall be deemed to refer to the Dental Board of California.

(c) The board shall have all authority previously vested in the existing board under this chapter. The board may enforce all disciplinary actions undertaken by the prior board.

(d) This section shall become inoperative on July 1, 2008, and, as of January 1, 2009, is repealed, unless a later enacted statute that is enacted before January 1, 2009, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 6. Section 1616.5 of the Business and Professions Code is amended to read:

1616.5. (a) The board, by and with the approval of the director, may appoint a person exempt from civil service who shall be designated as an executive officer and exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

(b) This section shall become inoperative on July 1, 2008, and, as of January 1, 2009, is repealed, unless a later enacted statute that is enacted before January 1, 2009, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 7. Section 1621 of the Business and Professions Code is amended to read:

1621. The board shall utilize in the administration of its licensure examinations only examiners whom it has appointed and who meet the following criteria:

(a) Possession of a valid license to practice dentistry in this state or possession of a valid license in one of the following dental auxiliary categories: registered dental assistant, registered dental assistant in

extended functions, registered dental hygienist, registered dental hygienist in extended functions, or registered dental hygienist in alternative practice.

(b) Practice as a licensed dentist or in a dental auxiliary licensure category for at least five years preceding his or her appointment.

(c) Hold no position as an officer or faculty member at any college, school, or institution that provides dental instruction in the same licensure category as that held by the examiner.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 8. Section 1621 is added to the Business and Professions Code, to read:

1621. The board shall utilize in the administration of its licensure examinations only examiners whom it has appointed and who meet the following criteria:

(a) Possession of a valid license to practice dentistry in this state or possession of a valid license in one of the following categories: registered dental assistant, registered dental assistant in extended functions, registered dental hygienist, registered dental hygienist in extended functions, or registered dental hygienist in alternative practice.

(b) Practice as a licensed dentist or in a licensure category described in subdivision (a) for at least five years preceding his or her appointment.

(c) Hold no position as an officer or faculty member at any college, school, or institution that provides dental instruction in the same licensure category as that held by the examiner.

(d) This section shall become operative on January 1, 2008.

SEC. 9. Section 1670.1 of the Business and Professions Code is amended to read:

1670.1. Any licentiate under this chapter may have his or her license revoked or suspended or be reprimanded or be placed on probation by the board for conviction of a crime substantially related to the qualifications, functions, or duties of a dentist or dental auxiliary, in which case the record of conviction or a certified copy thereof, certified by the clerk of the court or by the judge in whose court the conviction is had, shall be conclusive evidence.

The board shall undertake proceedings under this section upon the receipt of a certified copy of the record of conviction. A plea or verdict of guilty or a conviction following a plea of nolo contendere made to a charge of a felony or of any misdemeanor substantially related to the qualifications, functions, or duties of a dentist or dental auxiliary is deemed to be a conviction within the meaning of this section. The board may order the license suspended or revoked, or may decline to issue a

license, when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under any provision of the Penal Code, including, but not limited to, Section 1203.4 of the Penal Code, allowing such person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information or indictment.

This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 10. Section 1670.1 is added to the Business and Professions Code, to read:

1670.1. (a) Any licentiate under this chapter may have his or her license revoked or suspended or be reprimanded or be placed on probation by the board for conviction of a crime substantially related to the qualifications, functions, or duties of a dentist, dental auxiliary, or registered dental hygienist, in which case the record of conviction or a certified copy thereof, certified by the clerk of the court or by the judge in whose court the conviction is had, shall be conclusive evidence.

(b) The board shall undertake proceedings under this section upon the receipt of a certified copy of the record of conviction. A plea or verdict of guilty or a conviction following a plea of nolo contendere made to a charge of a felony or of any misdemeanor substantially related to the qualifications, functions, or duties of a dentist, dental auxiliary, or registered dental hygienist is deemed to be a conviction within the meaning of this section. The board may order the license suspended or revoked, or may decline to issue a license, when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under any provision of the Penal Code, including, but not limited to, Section 1203.4 of the Penal Code, allowing the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.

(c) This section shall become operative on January 1, 2008.

SEC. 11. Section 1680 of the Business and Professions Code is amended to read:

1680. Unprofessional conduct by a person licensed under this chapter is defined as, but is not limited to, any one of the following:

(a) The obtaining of any fee by fraud or misrepresentation.

(b) The employment directly or indirectly of any student or suspended or unlicensed dentist to practice dentistry as defined in this chapter.

(c) The aiding or abetting of any unlicensed person to practice dentistry.

(d) The aiding or abetting of a licensed person to practice dentistry unlawfully.

(e) The committing of any act or acts of sexual abuse, misconduct, or relations with a patient that are substantially related to the practice of dentistry.

(f) The use of any false, assumed, or fictitious name, either as an individual, firm, corporation, or otherwise, or any name other than the name under which he or she is licensed to practice, in advertising or in any other manner indicating that he or she is practicing or will practice dentistry, except that name as is specified in a valid permit issued pursuant to Section 1701.5.

(g) The practice of accepting or receiving any commission or the rebating in any form or manner of fees for professional services, radiograms, prescriptions, or other services or articles supplied to patients.

(h) The making use by the licensee or any agent of the licensee of any advertising statements of a character tending to deceive or mislead the public.

(i) The advertising of either professional superiority or the advertising of performance of professional services in a superior manner. This subdivision shall not prohibit advertising permitted by subdivision (h) of Section 651.

(j) The employing or the making use of solicitors.

(k) The advertising in violation of Section 651.

(*l*) The advertising to guarantee any dental service, or to perform any dental operation painlessly. This subdivision shall not prohibit advertising permitted by Section 651.

(m) The violation of any of the provisions of law regulating the procurement, dispensing, or administration of dangerous drugs, as defined in Article 7 (commencing with Section 4211) of Chapter 9, or controlled substances, as defined in Division 10 (commencing with Section 11000) of the Health and Safety Code.

(n) The violation of any of the provisions of this division.

(o) The permitting of any person to operate dental radiographic equipment who has not met the requirements of Section 1656.

(p) The clearly excessive prescribing or administering of drugs or treatment, or the clearly excessive use of diagnostic procedures, or the clearly excessive use of diagnostic or treatment facilities, as determined by the customary practice and standards of the dental profession.

Any person who violates this subdivision is guilty of a misdemeanor and shall be punished by a fine of not less than one hundred dollars ($100) or more than six hundred dollars ($600), or by imprisonment for

a term of not less than 60 days or more than 180 days, or by both a fine and imprisonment.

(q) The use of threats or harassment against any patient or licensee for providing evidence in any possible or actual disciplinary action, or other legal action; or the discharge of an employee primarily based on the employee's attempt to comply with the provisions of this chapter or to aid in the compliance.

(r) Suspension or revocation of a license issued, or discipline imposed, by another state or territory on grounds which would be the basis of discipline in this state.

(s) The alteration of a patient's record with intent to deceive.

(t) Unsanitary or unsafe office conditions, as determined by the customary practice and standards of the dental profession.

(u) The abandonment of the patient by the licensee, without written notice to the patient that treatment is to be discontinued and before the patient has ample opportunity to secure the services of another dentist and provided the health of the patient is not jeopardized.

(v) The willful misrepresentation of facts relating to a disciplinary action to the patients of a disciplined licensee.

(w) Use of fraud in the procurement of any license issued pursuant to this chapter.

(x) Any action or conduct which would have warranted the denial of the license.

(y) The aiding or abetting of a licensed dentist or dental auxiliary to practice dentistry in a negligent or incompetent manner.

(z) The failure to report to the board in writing within seven days any of the following: (1) the death of his or her patient during the performance of any dental procedure; (2) the discovery of the death of a patient whose death is related to a dental procedure performed by him or her; or (3) except for a scheduled hospitalization, the removal to a hospital or emergency center for medical treatment for a period exceeding 24 hours of any patient to whom oral conscious sedation, conscious sedation, or general anesthesia was administered, or any patient as a result of dental treatment. With the exception of patients to whom oral conscious sedation, conscious sedation, or general anesthesia was administered, removal to a hospital or emergency center that is the normal or expected treatment for the underlying dental condition is not required to be reported. Upon receipt of a report pursuant to this subdivision the board may conduct an inspection of the dental office if the board finds that it is necessary.

(aa) Participating in or operating any group advertising and referral services that are in violation of Section 650.2.

(bb) The failure to use a fail-safe machine with an appropriate exhaust system in the administration of nitrous oxide. The board shall, by regulation, define what constitutes a fail-safe machine.

(cc) Engaging in the practice of dentistry with an expired license.

(dd) Except for good cause, the knowing failure to protect patients by failing to follow infection control guidelines of the board, thereby risking transmission of blood-borne infectious diseases from dentist or dental auxiliary to patient, from patient to patient, and from patient to dentist or dental auxiliary. In administering this subdivision, the board shall consider referencing the standards, regulations, and guidelines of the State Department of Health Services developed pursuant to Section 1250.11 of the Health and Safety Code and the standards, guidelines, and regulations pursuant to the California Occupational Safety and Health Act of 1973 (Part 1 (commencing with Section 6300), Division 5, Labor Code) for preventing the transmission of HIV, hepatitis B, and other blood-borne pathogens in health care settings. As necessary, the board shall consult with the Medical Board of California, the Board of Podiatric Medicine, the Board of Registered Nursing, and the Board of Vocational Nursing and Psychiatric Technicians, to encourage appropriate consistency in the implementation of this subdivision.

The board shall seek to ensure that licensees and others regulated by the board are informed of the responsibility of licensees and others to follow infection control guidelines, and of the most recent scientifically recognized safeguards for minimizing the risk of transmission of blood-borne infectious diseases.

(ee) The utilization by a licensed dentist of any person to perform the functions of a registered dental assistant, registered dental assistant in extended functions, registered dental hygienist, or registered dental hygienist in extended functions who, at the time of initial employment, does not possess a current, valid license to perform those functions.

(ff) The prescribing, dispensing, or furnishing of dangerous drugs or devices, as defined in Section 4022, in violation of Section 2242.1.

(gg) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 12. Section 1680 is added to the Business and Professions Code, to read:

1680. Unprofessional conduct by a person licensed under this chapter is defined as, but is not limited to, any one of the following:

(a) The obtaining of any fee by fraud or misrepresentation.

(b) The employment directly or indirectly of any student or suspended or unlicensed dentist to practice dentistry as defined in this chapter.

(c) The aiding or abetting of any unlicensed person to practice dentistry.

(d) The aiding or abetting of a licensed person to practice dentistry unlawfully.

(e) The committing of any act or acts of sexual abuse, misconduct, or relations with a patient that are substantially related to the practice of dentistry.

(f) The use of any false, assumed, or fictitious name, either as an individual, firm, corporation, or otherwise, or any name other than the name under which he or she is licensed to practice, in advertising or in any other manner indicating that he or she is practicing or will practice dentistry, except that name as is specified in a valid permit issued pursuant to Section 1701.5.

(g) The practice of accepting or receiving any commission or the rebating in any form or manner of fees for professional services, radiograms, prescriptions, or other services or articles supplied to patients.

(h) The making use by the licensee or any agent of the licensee of any advertising statements of a character tending to deceive or mislead the public.

(i) The advertising of either professional superiority or the advertising of performance of professional services in a superior manner. This subdivision shall not prohibit advertising permitted by subdivision (h) of Section 651.

(j) The employing or the making use of solicitors.

(k) The advertising in violation of Section 651.

(*l*) The advertising to guarantee any dental service, or to perform any dental operation painlessly. This subdivision shall not prohibit advertising permitted by Section 651.

(m) The violation of any of the provisions of law regulating the procurement, dispensing, or administration of dangerous drugs, as defined in Chapter 9 (commencing with Section 4000), or controlled substances, as defined in Division 10 (commencing with Section 11000) of the Health and Safety Code.

(n) The violation of any of the provisions of this division.

(o) The permitting of any person to operate dental radiographic equipment who has not met the requirements of Section 1656.

(p) The clearly excessive prescribing or administering of drugs or treatment, or the clearly excessive use of diagnostic procedures, or the clearly excessive use of diagnostic or treatment facilities, as determined by the customary practice and standards of the dental profession.

Any person who violates this subdivision is guilty of a misdemeanor and shall be punished by a fine of not less than one hundred dollars ($100) or more than six hundred dollars ($600), or by imprisonment for

a term of not less than 60 days or more than 180 days, or by both a fine and imprisonment.

(q) The use of threats or harassment against any patient or licensee for providing evidence in any possible or actual disciplinary action, or other legal action; or the discharge of an employee primarily based on the employee's attempt to comply with the provisions of this chapter or to aid in the compliance.

(r) Suspension or revocation of a license issued, or discipline imposed, by another state or territory on grounds which would be the basis of discipline in this state.

(s) The alteration of a patient's record with intent to deceive.

(t) Unsanitary or unsafe office conditions, as determined by the customary practice and standards of the dental profession.

(u) The abandonment of the patient by the licensee, without written notice to the patient that treatment is to be discontinued and before the patient has ample opportunity to secure the services of another dentist or registered dental hygienist and provided the health of the patient is not jeopardized.

(v) The willful misrepresentation of facts relating to a disciplinary action to the patients of a disciplined licensee.

(w) Use of fraud in the procurement of any license issued pursuant to this chapter.

(x) Any action or conduct that would have warranted the denial of the license.

(y) The aiding or abetting of a licensed dentist, dental auxiliary, or registered dental hygienist to practice dentistry in a negligent or incompetent manner.

(z) The failure to report to the board in writing within seven days any of the following: (1) the death of his or her patient during the performance of any dental or dental hygiene procedure; (2) the discovery of the death of a patient whose death is related to a dental or dental hygiene procedure performed by him or her; or (3) except for a scheduled hospitalization, the removal to a hospital or emergency center for medical treatment for a period exceeding 24 hours of any patient to whom oral conscious sedation, conscious sedation, or general anesthesia was administered, or any patient as a result of dental or dental hygiene treatment. With the exception of patients to whom oral conscious sedation, conscious sedation, or general anesthesia was administered, removal to a hospital or emergency center that is the normal or expected treatment for the underlying dental condition is not required to be reported. Upon receipt of a report pursuant to this subdivision the board may conduct an inspection of the dental office if the board finds that it is necessary.

(aa) Participating in or operating any group advertising and referral services that are in violation of Section 650.2.

(bb) The failure to use a fail-safe machine with an appropriate exhaust system in the administration of nitrous oxide. The board shall, by regulation, define what constitutes a fail-safe machine.

(cc) Engaging in the practice of dentistry or dental hygiene with an expired license.

(dd) Except for good cause, the knowing failure to protect patients by failing to follow infection control guidelines of the board, thereby risking transmission of blood-borne infectious diseases from dentist, dental auxiliary, or registered dental hygienist to patient, from patient to patient, and from patient to dentist, dental auxiliary, or registered dental hygienist. In administering this subdivision, the board shall consider referencing the standards, regulations, and guidelines of the State Department of Health Services developed pursuant to Section 1250.11 of the Health and Safety Code and the standards, guidelines, and regulations pursuant to the California Occupational Safety and Health Act of 1973 (Part 1 (commencing with Section 6300) of Division 5 of the Labor Code) for preventing the transmission of HIV, hepatitis B, and other blood-borne pathogens in health care settings. As necessary, the board shall consult with the Medical Board of California, the California Board of Podiatric Medicine, the Board of Registered Nursing, and the Board of Vocational Nursing and Psychiatric Technicians, to encourage appropriate consistency in the implementation of this subdivision.

The board shall seek to ensure that licensees and others regulated by the board are informed of the responsibility of licensees and others to follow infection control guidelines, and of the most recent scientifically recognized safeguards for minimizing the risk of transmission of blood-borne infectious diseases.

(ee) The utilization by a licensed dentist of any person to perform the functions of a registered dental assistant, registered dental assistant in extended functions, registered dental hygienist, or registered dental hygienist in extended functions who, at the time of initial employment, does not possess a current, valid license to perform those functions.

(ff) The prescribing, dispensing, or furnishing of dangerous drugs or devices, as defined in Section 4022, in violation of Section 2242.1.

(gg) This section shall become operative on January 1, 2008.

SEC. 13. Section 1721 of the Business and Professions Code is amended to read:

1721. (a) Except as provided in Section 1721.5, all funds received by the State Treasurer under the authority of this chapter shall be placed in the State Dentistry Fund. Except as provided in Section 1721.5, all

disbursements by the board made in the transaction of its business and in the enforcement of this chapter shall be paid out of the fund upon claims against the state.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 14. Section 1721 is added to the Business and Professions Code, to read:

1721. (a) Except as provided in Sections 1721.5 and 1945, all funds received by the State Treasurer under the authority of this chapter shall be placed in the State Dentistry Fund. Except as provided in Sections 1721.5 and 1945, all disbursements by the board made in the transaction of its business and in the enforcement of this chapter shall be paid out of the fund upon claims against the state.

(b) This section shall become operative on January 1, 2008.

SEC. 14.2. Section 1721.5 of the Business and Professions Code is amended to read:

1721.5. (a) All funds received by the State Treasurer under the authority of this chapter which relate to dental auxiliaries shall be placed in the State Dental Auxiliary Fund for the purposes of administering this chapter as it relates to dental auxiliaries.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 14.4. Section 1721.5 is added to the Business and Professions Code, to read:

1721.5. (a) All funds received by the State Treasurer under the authority of this chapter that relate to registered dental assistants shall be placed in the State Dental Assistant Fund for the purposes of administering this chapter as it relates to registered dental assistants.

(b) This section shall become operative on January 1, 2008.

SEC. 15. Section 1741 of the Business and Professions Code is amended to read:

1741. As used in this article:

(a) "Board" means the Dental Board of California.

(b) "Committee" means the Committee on Dental Auxiliaries.

(c) "Direct supervision" means supervision of dental procedures based on instructions given by a licensed dentist, who must be physically present in the treatment facility during the performance of those procedures.

(d) "General supervision" means supervision of dental procedures based on instructions given by a licensed dentist but not requiring the

physical presence of the supervising dentist during the performance of those procedures.

(e) "Dental auxiliary" means a person who may perform dental assisting or dental hygiene procedures authorized by this article.

(f) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 16. Section 1741 is added to the Business and Professions Code, to read:

1741. As used in this article:

(a) "Board" means the Dental Board of California.

(b) "Committee" means the Committee on Dental Assistants.

(c) "Direct supervision" means supervision of dental procedures based on instructions given by a licensed dentist, who must be physically present in the treatment facility during the performance of those procedures.

(d) "General supervision" means supervision of dental procedures based on instructions given by a licensed dentist but not requiring the physical presence of the supervising dentist during the performance of those procedures.

(e) "Dental auxiliary" means a person who may perform dental assisting authorized by this article.

This section shall become operative on January 1, 2008.

SEC. 17. Section 1742 of the Business and Professions Code is amended to read:

1742. (a) There is within the jurisdiction of the board a Committee on Dental Auxiliaries.

(b) The Committee on Dental Auxiliaries shall have the following areas of responsibility and duties:

(1) The committee shall have the following duties and authority related to education programs and curriculum:

(A) Shall evaluate all dental auxiliary programs applying for board approval in accordance with board rules governing the programs.

(B) May appoint board members to any evaluation committee. Board members so appointed shall not make a final decision on the issue of program or course approval.

(C) Shall report and make recommendations to the board as to whether a program or course qualifies for approval. The board retains the final authority to grant or deny approval to a program or course.

(D) Shall review and document any alleged deficiencies that might warrant board action to withdraw or revoke approval of a program or course, at the request of the board.

(E) May review and document any alleged deficiencies that might warrant board action to withdraw or revoke approval of a program or course, at its own initiation.

(2) The committee shall have the following duties and authority related to applications:

(A) Shall review and evaluate all applications for licensure in the various dental auxiliary categories to ascertain whether a candidate meets the appropriate licensing requirements specified by statute and board regulations.

(B) Shall maintain application records, cashier application fees, and perform any other ministerial tasks as are incidental to the application process.

(C) May delegate any or all of the functions in this paragraph to its staff.

(D) Shall issue auxiliary licenses in all cases, except where there is a question as to a licensing requirement. The board retains final authority to interpret any licensing requirement. If a question arises in the area of interpreting any licensing requirement, it shall be presented by the committee to the board for resolution.

(3) The committee shall have the following duties and authority regarding examinations:

(A) Shall advise the board as to the type of license examination it deems appropriate for the various dental auxiliary license categories.

(B) Shall, at the direction of the board, develop or cause to be developed, administer, or both, examinations in accordance with the board's instructions and periodically report to the board on the progress of those examinations. The following shall apply to the examination procedure:

(i) The examination shall be submitted to the board for its approval prior to its initial administration.

(ii) Once an examination has been approved by the board, no further approval is required unless a major modification is made to the examination.

(iii) The committee shall report to the board on the results of each examination and shall, where appropriate, recommend pass points.

(iv) The board shall set pass points for all dental auxiliary licensing examinations.

(C) May appoint board members to any examination committee established pursuant to subparagraph (B).

(4) The committee shall periodically report and make recommendations to the board concerning the level of fees for dental auxiliaries and the need for any legislative fee increase. However, the board retains final authority to set all fees.

(5) The committee shall be responsible for all aspects of the license renewal process, which shall be accomplished in accordance with this chapter and board regulations. The committee may delegate any or all of its functions under this paragraph to its staff.

(6) The committee shall have no authority with respect to the approval of continuing education providers and the board retains all of this authority.

(7) The committee shall advise the board as to appropriate standards of conduct for auxiliaries, the proper ordering of enforcement priorities, and any other enforcement-related matters that the board may, in the future, delegate to the committee. The board shall retain all authority with respect to the enforcement actions, including, but not limited to, complaint resolution, investigation, and disciplinary action against auxiliaries.

(8) The committee shall have the following duties regarding regulations:

(A) To review and evaluate all suggestions or requests for regulatory changes related to dental auxiliaries.

(B) To report and make recommendations to the board, after consultation with departmental legal counsel and the board's executive officer.

(C) To include in any report regarding a proposed regulatory change, at a minimum, the specific language of the proposed changes and the reasons for and facts supporting the need for the change. The board has the final rulemaking authority.

(c) This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the committee subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 17.5. Section 1742 of the Business and Professions Code is amended to read:

1742. (a) There is within the jurisdiction of the board a Committee on Dental Auxiliaries.

(b) The Committee on Dental Auxiliaries shall have the following areas of responsibility and duties:

(1) The committee shall have the following duties and authority related to education programs and curriculum:

(A) Shall evaluate all dental auxiliary programs applying for board approval in accordance with board rules governing the programs.

(B) May appoint board members to any evaluation committee. Board members so appointed shall not make a final decision on the issue of program or course approval.

(C) Shall report and make recommendations to the board as to whether a program or course qualifies for approval. The board retains the final authority to grant or deny approval to a program or course.

(D) Shall review and document any alleged deficiencies that might warrant board action to withdraw or revoke approval of a program or course, at the request of the board.

(E) May review and document any alleged deficiencies that might warrant board action to withdraw or revoke approval of a program or course, at its own initiation.

(2) The committee shall have the following duties and authority related to applications:

(A) Shall review and evaluate all applications for licensure in the various dental auxiliary categories to ascertain whether a candidate meets the appropriate licensing requirements specified by statute and board regulations.

(B) Shall maintain application records, cashier application fees, and perform any other ministerial tasks as are incidental to the application process.

(C) May delegate any or all of the functions in this paragraph to its staff.

(D) Shall issue auxiliary licenses in all cases, except where there is a question as to a licensing requirement. The board retains final authority to interpret any licensing requirement. If a question arises in the area of interpreting any licensing requirement, it shall be presented by the committee to the board for resolution.

(3) The committee shall have the following duties and authority regarding examinations:

(A) Shall advise the board as to the type of license examination it deems appropriate for the various dental auxiliary license categories.

(B) Shall, at the direction of the board, develop or cause to be developed, administer, or both, examinations in accordance with the board's instructions and periodically report to the board on the progress of those examinations. The following shall apply to the examination procedure:

(i) The examination shall be submitted to the board for its approval prior to its initial administration.

(ii) Once an examination has been approved by the board, no further approval is required unless a major modification is made to the examination.

(iii) The committee shall report to the board on the results of each examination and shall, where appropriate, recommend pass points.

(iv) The board shall set pass points for all dental auxiliary licensing examinations.

(C) May appoint board members to any examination committee established pursuant to subparagraph (B).

(4) The committee shall periodically report and make recommendations to the board concerning the level of fees for dental auxiliaries and the need for any legislative fee increase. However, the board retains final authority to set all fees.

(5) The committee shall be responsible for all aspects of the license renewal process, which shall be accomplished in accordance with this chapter and board regulations. The committee may delegate any or all of its functions under this paragraph to its staff.

(6) The committee shall have no authority with respect to the approval of continuing education providers; the board retains all of this authority.

(7) The committee shall advise the board as to appropriate standards of conduct for auxiliaries, the proper ordering of enforcement priorities, and any other enforcement-related matters that the board may, in the future, delegate to the committee. The board shall retain all authority with respect to the enforcement actions, including, but not limited to, complaint resolution, investigation, and disciplinary action against auxiliaries.

(8) The committee shall have the following duties regarding regulations:

(A) To review and evaluate all suggestions or requests for regulatory changes related to dental auxiliaries.

(B) To report and make recommendations to the board, after consultation with departmental legal counsel and the board's executive officer.

(C) To include in any report regarding a proposed regulatory change, at a minimum, the specific language of the proposed changes, and the reasons for and the facts supporting the need for the change. The board has the final rulemaking authority.

(c) This section shall become inoperative on July 1, 2008, and, as of January 1, 2009, is repealed, unless a later enacted statute which becomes effective on or before January 1, 2009, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the committee subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 18. Section 1742.1 of the Business and Professions Code is amended to read:

1742.1. (a) Protection of the public shall be the highest priority for the Committee on Dental Auxiliaries in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 19. Section 1742.1 is added to the Business and Professions Code, to read:

1742.1. Protection of the public shall be the highest priority for the Committee on Dental Assistants in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

This section shall become operative January 1, 2008.

SEC. 20. Section 1743 of the Business and Professions Code is amended to read:

1743. The committee shall consist of the following nine members:

(a) One member who is a public member of the board, one member who is a licensed dentist and who has been appointed by the board as an examiner pursuant to Section 1621, one member who is a licensed dentist who is neither a board member nor appointed by the board as an examiner pursuant to Section 1621, three members who are licensed as registered dental hygienists, at least one of whom is actively employed in a private dental office, and three members who are licensed as registered dental assistants. If available, an individual licensed as a registered dental hygienist in extended functions shall be appointed in place of one of the members licensed as a registered dental hygienist. If available, an individual licensed as a registered dental assistant in extended functions shall be appointed in place of one of the members licensed as a registered dental assistant.

(b) The public member of the board shall not have been licensed under Chapter 4 (commencing with Section 1600) of the Business and Professions Code within five years of the appointment date and shall not have any current financial interest in a dental-related business.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 21. Section 1743 is added to the Business and Professions Code, to read:

1743. The committee shall consist of the following nine members:

(a) One member who is a public member of the board, one member who is a licensed dentist and who has been appointed by the board as an examiner pursuant to Section 1621, one member who is a licensed dentist who is neither a board member nor appointed by the board as an examiner pursuant to Section 1621, and three members who are licensed as registered dental assistants. If available, an individual licensed as a registered dental assistant in extended functions shall be appointed in place of one of the members licensed as a registered dental assistant.

(b) The public member of the board shall not have been licensed under this chapter within five years of the appointment date and shall not have any current financial interest in a dental-related business.

This section shall become operative on January 1, 2008.

SEC. 22. Section 1744 of the Business and Professions Code is amended to read:

1744. (a) The members of the committee shall be appointed by the Governor. The terms of the member who is a board member and the member who has been appointed by the board as an examiner pursuant to Section 1621 shall expire December 31, 1976. The terms of the member who is a licensed dentist and one member who is a dental assistant and one member who is licensed as a registered dental hygienist shall expire on December 31, 1977. The terms of all other members shall expire on December 31, 1978. Thereafter, appointments shall be for a term of four years.

(b) No member shall serve as a member of the committee for more than two consecutive terms. Vacancies shall be filled by appointment for the unexpired terms. The committee shall annually elect one of its members as chairperson.

(c) The Governor shall have the power to remove any member of the committee from office for neglect of any duty required by law or for incompetence or unprofessional or dishonorable conduct.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 23. Section 1744 is added to the Business and Professions Code, to read:

1744. (a) The members of the committee shall be appointed by the Governor. Appointments shall be for a term of four years.

(b) No member shall serve as a member of the committee for more than two consecutive terms. Vacancies shall be filled by appointment for the unexpired terms. The committee shall annually elect one of its members as chairperson.

(c) The Governor shall have the power to remove any member of the committee from office for neglect of any duty required by law, incompetence, or unprofessional or dishonorable conduct.

(d) This section shall become operative on January 1, 2008.

SEC. 24. Section 1760 of the Business and Professions Code is amended to read:

1760. The following functions may be performed by a registered dental hygienist in addition to those authorized pursuant to Sections 1760.5, 1761, 1762, 1763, and 1764:

(a) All functions that may be performed by a dental assistant or a registered dental assistant.

(b) All persons holding a license as a registered dental hygienist on January 1, 2003, or issued a license on or before December 31, 2005, are authorized to perform the duties of a registered dental assistant specified in Section 1754. All persons issued a license as a registered dental hygienist on and after January 1, 2006, shall qualify for and receive a registered dental assistant license prior to performance of the duties specified in Section 1754.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 25. Section 1760.5 of the Business and Professions Code is amended to read:

1760.5. (a) The practice of dental hygiene includes dental hygiene assessment, development, planning, and implementation of a dental hygiene care plan. It also includes oral health education, counseling, and health screenings.

(b) The practice of dental hygiene does not include any of the following procedures:

(1) Diagnosis and comprehensive treatment planning.

(2) Placing, condensing, carving, or removal of permanent restorations.

(3) Surgery or cutting on hard and soft tissue including, but not limited to, the removal of teeth and the cutting and suturing of soft tissue.

(4) Prescribing medication.

(5) Administering local or general anesthesia or oral or parenteral conscious sedation, except for the administration of nitrous oxide and oxygen, whether administered alone or in combination with each other, or local anesthesia pursuant to Section 1761.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 26. Section 1761 of the Business and Professions Code is amended to read:

1761. A dental hygienist is authorized to perform the following procedures under direct supervision, after submitting to the board evidence of satisfactory completion of a board-approved course of instruction in the procedures:

(a) Soft-tissue curettage.

(b) Administration of local anesthesia.

(c) Administration of nitrous oxide and oxygen, whether administered alone or in combination with each other.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 27. Section 1762 of the Business and Professions Code is amended to read:

1762. A dental hygienist is authorized to perform the following procedures under general supervision:

(a) Preventive and therapeutic interventions, including oral prophylaxis, scaling, and root planing.

(b) Application of topical, therapeutic, and subgingival agents used for the control of caries and periodontal disease.

(c) The taking of impressions for bleaching trays and application and activation of agents with nonlaser, light-curing devices.

(d) The taking of impressions for bleaching trays and placements of in-office, tooth-whitening devices.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 28. Section 1763 of the Business and Professions Code is amended to read:

1763. (a) A dental hygienist may provide, without supervision, educational services, oral health training programs, and oral health screenings.

(b) A dental hygienist shall refer any screened patients with possible oral abnormalities to a dentist for a comprehensive examination, diagnosis, and treatment plan.

(c) In any public health program created by federal, state, or local law or administered by a federal, state, county, or local governmental entity, a dental hygienist may provide, without supervision, dental hygiene preventive services in addition to oral screenings, including, but not limited to, the application of fluorides and pit and fissure sealants.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 29. Section 1764 of the Business and Professions Code is amended to read:

1764. (a) Any procedure performed or service provided by a dental hygienist that does not specifically require direct supervision shall require general supervision, so long as it does not give rise to a situation in the dentist's office requiring immediate services for alleviation of severe pain, or immediate diagnosis and treatment of unforeseeable dental conditions, which, if not immediately diagnosed and treated, would lead to serious disability or death.

(b) Unless otherwise specified in this chapter, a dental hygienist may perform any procedure or provide any service within the scope of his or her practice in any setting, so long as the procedure is performed or the service is provided under the appropriate level of supervision required by this article.

(c) A dental hygienist may use any material or device approved for use in the performance of a service or procedure within his or her scope of practice under the appropriate level of supervision, if the dental hygienist has the appropriate education and training required to use the material or device.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 30. Section 1765 of the Business and Professions Code is amended to read:

1765. No person other than a licensed dental hygienist or a licensed dentist may engage in the practice of dental hygiene or perform dental hygiene procedures on patients, including, but not limited to, supragingival and subgingival scaling, dental hygiene assessment, and treatment planning, except for the following persons:

(a) A student enrolled in a dental or a dental hygiene school who is performing procedures as part of the regular curriculum of that program under the supervision of the faculty of that program.

(b) A dental assistant acting in accordance with the rules of the board in performing the following procedures:

(1) Applying nonaerosol and noncaustic topical agents.

(2) Applying topical fluoride.

(3) Taking impression for bleaching trays.

(c) A registered dental assistant acting in accordance with the rules of the board in performing the following procedures:

(1) Polishing the coronal surfaces of teeth.

(2) Applying bleaching agents.

(3) Activating bleaching agents with a nonlaser light-curing device.

(d) A registered dental assistant in extended functions acting in accordance with the rules of the board in applying pit and fissure sealants.

(e) A registered dental hygienist licensed in another jurisdiction performing a clinical demonstration for educational purposes.

(f) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 31. Section 1766 of the Business and Professions Code is amended to read:

1766. (a) The board shall license as a registered dental hygienist a person who satisfies all of the following requirements:

(1) Completion of an educational program for registered dental hygienists, approved by the board, and accredited by the Commission on Dental Accreditation, and conducted by a degree-granting, postsecondary institution.

(2) Satisfactory performance on an examination required by the board.

(3) Satisfactory completion of a national written dental hygiene examination approved by the board.

(b) The board may grant a license as a registered dental hygienist to an applicant who has not taken an examination before the board, if the applicant submits all of the following to the board:

(1) A completed application form and all fees required by the board.

(2) Proof of a current license as a registered dental hygienist issued by another state that is not revoked, suspended, or otherwise restricted.

(3) Proof that the applicant has been in clinical practice as a registered dental hygienist or has been a full-time faculty member in an accredited dental hygiene education program for a minimum of 750 hours per year for at least five years preceding the date of his or her application under this section. The clinical practice requirement shall be deemed met if the applicant provides proof of at least three years of clinical practice and commits to completing the remaining two years of clinical practice by filing with the board a copy of a pending contract to practice dental hygiene in any of the following facilities:

(A) A primary care clinic licensed under subdivision (a) of Section 1204 of the Health and Safety Code.

(B) A primary care clinic exempt from licensure pursuant to subdivision (c) of Section 1206 of the Health and Safety Code.

(C) A clinic owned or operated by a public hospital or health system.

(D) A clinic owned and operated by a hospital that maintains the primary contract with a county government to fill the county's role under Section 17000 of the Welfare and Institutions Code.

(4) Proof that the applicant has not been subject to disciplinary action by any state in which he or she is or has been previously licensed as a

registered dental hygienist or dentist. If the applicant has been subject to disciplinary action, the board shall review that action to determine if it warrants refusal to issue a license to the applicant.

(5) Proof of graduation from a school of dental hygiene accredited by the Commission on Dental Accreditation.

(6) Proof of satisfactory completion of the Dental Hygiene National Board Examination and of a state or regional clinical licensure examination.

(7) Proof that the applicant has not failed the examination for licensure to practice dental hygiene under this chapter more than once or once within five years prior to the date of his or her application for a license under this section.

(8) Documentation of completion of a minimum of 25 units of continuing education earned in the two years preceding application, including completion of any continuing education requirements imposed by the board on registered dental hygienists licensed in this state at the time of application.

(9) Any other information as specified by the board to the extent that it is required of applicants for licensure by examination under this article.

(c) The board may periodically request verification of compliance with the requirements of paragraph (3) of subdivision (b), and may revoke the license upon a finding that the employment requirement or any other requirement of paragraph (3) has not been met.

(d) The board shall provide in the application packet to each out-of-state dental hygienist pursuant to this section the following information:

(1) The location of dental manpower shortage areas in the state.

(2) Any not-for-profit clinics, public hospitals, and accredited dental hygiene education programs seeking to contract with licensees for dental hygiene service delivery or training purposes.

(e) The board shall review the impact of this section on the availability of actively practicing dental hygienists in California and report to the appropriate policy and fiscal committees of the Legislature by January 1, 2006. The report shall include a separate section providing data specific to dental hygienists who intend to fulfill the alternative clinical practice requirements of subdivision (b). The report shall include, but not be limited to, the following:

(1) The number of applicants from other states who have sought licensure.

(2) The number of dental hygienists from other states licensed pursuant to this section, the number of licenses not granted under this section, and the reason why the license was not granted.

(3) The practice location of dental hygienists licensed pursuant to this section.

(4) The number of dental hygienists licensed pursuant to this section who establish a practice in a rural area or in an area designated as having a shortage of practicing dental hygienists or no dental hygienists or in a safety net facility identified in paragraph (3) of subdivision (b).

(5) The length of time dental hygienists licensed pursuant to this section practiced in the reported location.

(f) In identifying a dental hygienist's location of practice, the board shall use medical service study areas or other appropriate geographic descriptions for regions of the state.

(g) (1) The board shall license as a registered dental hygienist a third- or fourth-year dental student who is in good standing at an accredited California dental school and who satisfies the following requirements:

(A) Satisfactorily performs on an examination required by the board.

(B) Satisfactorily completes a national written dental hygiene examination approved by the board.

(2) A dental student who is granted a registered dental hygienist license pursuant to this subdivision may only practice in a dental practice that serves patients who are insured under Denti-Cal, the Healthy Families Program, or other government programs, or a dental practice that has a sliding scale fee system based on income.

(3) Upon receipt of a license to practice dentistry pursuant to Section 1634, a registered dental hygiene license issued pursuant to this subdivision is automatically revoked.

(4) The dental hygiene license is granted for two years upon passage of the dental hygiene examination, without the ability for renewal.

(5) Notwithstanding paragraph (4), if a dental student fails to remain in good standing at an accredited California dental school, or fails to graduate from the dental program, a registered dental hygiene license issued pursuant to this subdivision shall be revoked. The student shall be responsible for submitting appropriate verifying documentation to the board.

(6) The provisions of paragraphs (1) and (2) shall be reviewed pursuant to Division 1.2 (commencing with Section 473). However, the review shall be limited to the fiscal feasibility and impact on the board.

(h) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 32. Section 1768 of the Business and Professions Code is amended to read:

1768. The board shall license as a registered dental hygienist in extended functions a person who meets all of the following requirements:

(a) Holds a valid license issued pursuant to Section 1766 as a registered dental hygienist.

(b) Completes clinical training approved by the board in a facility affiliated with a dental school under the direct supervision of the dental school faculty.

(c) Performs satisfactorily on an examination required by the board.

This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 33. Section 1769 of the Business and Professions Code is amended to read:

1769. (a) The board, in consultation with the committee, shall adopt regulations necessary to define the functions that may be performed by registered dental hygienists in extended functions, whether the functions require direct or general supervision, and the settings within which registered dental hygienists in extended functions may work.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 34. Section 1770 of the Business and Professions Code, as amended by Section 22 of Chapter 621 of the Statutes of 2005, is amended to read:

1770. (a) A licensed dentist may simultaneously utilize in his or her practice no more than two dental auxiliaries in extended functions who are licensed pursuant to Sections 1756 and 1768.

(b) This section shall become inoperative on December 31, 2007, and, as of January 1, 2008, is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 35. Section 1770 of the Business and Professions Code, as amended by Section 23 of Chapter 621 of the Statutes of 2005, is amended to read:

1770. (a) A licensed dentist may simultaneously utilize in his or her practice no more than three dental auxiliaries in extended functions or registered dental hygienists in extended functions licensed pursuant to Sections 1753 and 1918.

(b) This section shall become operative on January 1, 2008.

SEC. 36. Section 1771 of the Business and Professions Code is amended to read:

1771. (a) Any person, other than a person who has been issued a license by the board, who holds himself or herself out as a registered dental assistant, registered dental assistant in extended functions, registered dental hygienist, registered dental hygienist in extended

functions, or registered dental hygienist in alternative practice, or uses any other term indicating or implying he or she is licensed by the board in the aforementioned categories, is guilty of a misdemeanor.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 37. Section 1771 is added to the Business and Professions Code, to read:

1771. (a) Any person, other than a person who has been issued a license by the board, who holds himself or herself out as a registered dental assistant or registered dental assistant in extended functions, or uses any other term indicating or implying he or she is licensed by the board in the aforementioned categories, is guilty of a misdemeanor.

(b) This section shall become operative on January 1, 2008.

SEC. 38. Section 1772 of the Business and Professions Code is amended to read:

1772. (a) The board shall seek to obtain an injunction against any dental hygienist who provides services in alternative practice pursuant to Sections 1774 and 1775 if the board has reasonable cause to believe that the services are being provided to a patient who has not received a prescription for those services from a dentist or physician and surgeon licensed to practice in this state.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 39. Section 1774 of the Business and Professions Code is amended to read:

1774. (a) The board shall license as a registered dental hygienist in alternative practice a person who demonstrates satisfactory performance on an examination required by the board and, subject to Sections 1760 and 1766, who meets either of the following requirements:

(1) Holds a current California license as a dental hygienist and meets the following requirements:

(A) Has been engaged in clinical practice as a dental hygienist for a minimum of 2,000 hours during the immediately preceding 36 months.

(B) Has successfully completed a bachelor's degree or its equivalent from a college or institution of higher education that is accredited by a national agency recognized by the Council on Postsecondary Accreditation or the United States Department of Education, and a minimum of 150 hours of additional educational requirements, as prescribed by the board by regulation, that are consistent with good dental and dental hygiene practice, including, but not necessarily limited to, dental hygiene technique and theory including gerontology and

medical emergencies, and business administration and practice management.

(2) Has received a letter of acceptance into the employment utilization phase of the Health Manpower Pilot Project No. 155 established by the Office of Statewide Health Planning and Development pursuant to Article 1 (commencing with Section 128125) of Chapter 3 of Part 3 of Division 107 of the Health and Safety Code.

(b) Subject to the provisions of subdivisions (b) and (h) of Section 1775, the board, in consultation with the committee, shall adopt regulations in accordance with Section 1748 necessary to implement this section.

(c) The Director of Consumer Affairs shall review the regulations adopted by the board in accordance with Section 313.1.

(d) A person licensed as a registered dental hygienist who has completed the prescribed classes through the Health Manpower Pilot Project (HMPP) and who has established an independent practice under the HMPP by June 30, 1997, shall be deemed to have satisfied the licensing requirements under Section 1774, and shall be authorized to continue to operate the practice he or she presently operates, so long as he or she follows the requirements for prescription and functions as specified in this section and Section 1775, with the exception of subdivision (e) of Section 1775, and as long as he or she continues to personally practice and operate the practice or until he or she sells the practice to a licensed dentist.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 40. Section 1775 of the Business and Professions Code is amended to read:

1775. (a) A registered dental hygienist in alternative practice may perform those preventive and therapeutic functions described in subdivision (a) of Section 1760, subdivision (a) of Section 1760.5, and subdivisions (a) and (b) of Section 1762 as an employee of a dentist or of another registered dental hygienist in alternative practice, or as an independent contractor, or as a sole proprietor of an alternative dental hygiene practice, or as an employee of a primary care clinic or specialty clinic that is licensed pursuant to Section 1204 of the Health and Safety Code or as an employee of a primary care clinic exempt from licensure pursuant to subdivision (c) of Section 1206 of the Health and Safety Code, or as an employee of a clinic owned or operated by a public hospital or health system, or as an employee of a clinic owned and operated by a hospital that maintains the primary contract with a county

government to fill the county's role under Section 17000 of the Welfare and Institutions Code.

(b) A registered dental hygienist in alternative practice may perform the dental hygiene services specified in subdivision (a) in the following settings:

(1) Residences of the homebound.

(2) Schools.

(3) Residential facilities and other institutions.

(4) Dental health professional shortage areas, as certified by the Office of Statewide Health Planning and Development in accordance with existing office guidelines.

(c) A registered dental hygienist in alternative practice shall not do any of the following:

(1) Infer, purport, advertise, or imply that he or she is in any way able to provide dental services or make any type of dental health diagnosis beyond those services specified in subdivision (a).

(2) Hire a registered dental hygienist to provide direct patient services other than a registered dental hygienist in alternative practice.

(d) A registered dental hygienist in alternative practice may submit or allow to be submitted any insurance or third-party claims for patient services performed as authorized pursuant to this article.

(e) A registered dental hygienist in alternative practice may hire other registered dental hygienists in alternative practice to assist in his or her practice.

(f) A registered dental hygienist in alternative practice may hire and supervise dental assistants performing functions specified in subdivision (b) of Section 1751.

(g) A registered dental hygienist in alternative practice shall provide to the board documentation of an existing relationship with at least one dentist for referral, consultation, and emergency services.

(h) A registered dental hygienist in alternative practice may perform dental hygiene services for a patient who presents to the registered hygienist in alternative practice a written prescription for dental hygiene services issued by a dentist or physician and surgeon licensed to practice in this state who has performed a physical examination and a diagnosis of the patient prior to the prescription being provided. The prescription shall be valid for a time period based on the dentist's or physician and surgeon's professional judgment, but not to exceed 15 months from the date that it was issued.

(i) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 41. Section 1900.5 is added to the Business and Professions Code, to read:

1900.5. This article shall become operative on January 1, 2008.

SEC. 42. Section 2460 of the Business and Professions Code is amended to read:

2460. There is created within the jurisdiction of the Medical Board of California and its divisions the California Board of Podiatric Medicine. This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the California Board of Podiatric Medicine subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 43. Section 2570.4 of the Business and Professions Code is amended to read:

2570.4. Nothing in this chapter shall be construed as preventing or restricting the practice, services, or activities of any of the following persons:

(a) Any person licensed, certified, or otherwise recognized in this state by any other law or regulation when that person is engaged in the profession or occupation for which he or she is licensed, certified, or otherwise recognized.

(b) Any person pursuing a supervised course of study leading to a degree or certificate in occupational therapy at an accredited educational program, if the person is designated by a title that clearly indicates his or her status as a student or trainee.

(c) Any person fulfilling the supervised fieldwork experience requirements of subdivision (c) of Section 2570.6, if the experience constitutes a part of the experience necessary to meet the requirement of that provision.

(d) Any person performing occupational therapy services in the state if all of the following apply:

(1) An application for licensure as an occupational therapist or certification as an occupational therapy assistant has been filed with the board pursuant to Section 2570.6 and an application for a license or certificate in this state has not been previously denied.

(2) The person possesses a current, active, and nonrestricted license to practice occupational therapy under the laws of another state that the board determines has licensure requirements at least as stringent as the requirements of this chapter.

(3) Occupational therapy services are performed in association with an occupational therapist licensed under this chapter, and for no more

than 60 days from the date on which the application for licensure or certification was filed with the board.

(e) Any person employed as an aide subject to the supervision requirements of this section.

SEC. 44. Section 2570.19 of the Business and Professions Code is amended to read:

2570.19. (a) There is hereby created a California Board of Occupational Therapy, hereafter referred to as the board. The board shall enforce and administer this chapter.

(b) The members of the board shall consist of the following:

(1) Three occupational therapists who shall have practiced occupational therapy for five years.

(2) One occupational therapy assistant who shall have assisted in the practice of occupational therapy for five years.

(3) Three public members who shall not be licentiates of the board or of any board referred to in Section 1000 or 3600.

(c) The Governor shall appoint the three occupational therapists and one occupational therapy assistant to be members of the board. The Governor, the Senate Rules Committee, and the Speaker of the Assembly shall each appoint a public member. Not more than one member of the board shall be appointed from the full-time faculty of any university, college, or other educational institution.

(d) All members shall be residents of California at the time of their appointment. The occupational therapist and occupational therapy assistant members shall have been engaged in rendering occupational therapy services to the public, teaching, or research in occupational therapy for at least five years preceding their appointments.

(e) The public members may not be or have ever been occupational therapists or occupational therapy assistants or in training to become occupational therapists or occupational therapy assistants. The public members may not be related to, or have a household member who is, an occupational therapist or an occupational therapy assistant, and may not have had, within two years of the appointment, a substantial financial interest in a person regulated by the board.

(f) The Governor shall appoint two board members for a term of one year, two board members for a term of two years, and one board member for a term of three years. Appointments made thereafter shall be for four-year terms, but no person shall be appointed to serve more than two consecutive terms. Terms shall begin on the first day of the calendar year and end on the last day of the calendar year or until successors are appointed, except for the first appointed members who shall serve through the last calendar day of the year in which they are appointed, before commencing the terms prescribed by this section. Vacancies shall be

filled by appointment for the unexpired term. The board shall annually elect one of its members as president.

(g) The board shall meet and hold at least one regular meeting annually in the Cities of Sacramento, Los Angeles, and San Francisco. The board may convene from time to time until its business is concluded. Special meetings of the board may be held at any time and place designated by the board.

(h) Notice of each meeting of the board shall be given in accordance with 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).

(i) Members of the board shall receive no compensation for their services, but shall be entitled to reasonable travel and other expenses incurred in the execution of their powers and duties in accordance with Section 103.

(j) The appointing power shall have the power to remove any member of the board from office for neglect of any duty imposed by state law, for incompetency, or for unprofessional or dishonorable conduct.

(k) A loan is hereby authorized from the General Fund to the Occupational Therapy Fund on or after July 1, 2000, in an amount of up to one million dollars ($1,000,000) to fund operating, personnel, and other startup costs of the board. Six hundred ten thousand dollars ($610,000) of this loan amount is hereby appropriated to the board to use in the 2000–01 fiscal year for the purposes described in this subdivision. In subsequent years, funds from the Occupational Therapy Fund shall be available to the board upon appropriation by the Legislature in the annual Budget Act. The loan shall be repaid to the General Fund over a period of up to five years, and the amount paid shall also include interest at the rate accruing to moneys in the Pooled Money Investment Account. The loan amount and repayment period shall be minimized to the extent possible based upon actual board financing requirements as determined by the Department of Finance.

(*l*) This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute that is enacted before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 45. Section 2602 of the Business and Professions Code is amended to read:

2602. The Physical Therapy Board of California, hereafter referred to as the board, shall enforce and administer this chapter. This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is

repealed, unless a later enacted statute, which becomes effective on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 46. Section 2660.5 is added to the Business and Professions Code, to read:

2660.5. The board shall deny a physical therapist license or physical therapist assistant approval to an applicant who is required to register pursuant to Section 290 of the Penal Code. This section does not apply to an applicant who is required to register as a sex offender pursuant to Section 290 of the Penal Code solely because of a misdemeanor conviction under Section 314 of the Penal Code.

SEC. 47. Section 2668 of the Business and Professions Code is amended to read:

2668. (a) A fee to cover the actual cost of administering the program shall be charged for participation in the program. If the board contracts with any other entity to carry out this article, at the discretion of the board, the fee may be collected and retained by that entity.

(b) If the board contracts with any other entity to carry out this section, the executive officer of the board, or his or her designee, shall review the activities and performance of the contractor on a biennial basis. As part of this review, the board shall review files of participants in the program. However, the names of participants who entered the program voluntarily shall remain confidential, except when the review reveals misdiagnosis, case mismanagement, or noncompliance by the participant.

(c) Subdivision (a) shall apply to all new participants entering into the board's diversion program on or after January 1, 2007. Subdivision (a) shall apply on and after January 1, 2008, to participants currently enrolled as of December 31, 2007.

SEC. 48. Section 2701 of the Business and Professions Code is amended to read:

2701. There is in the Department of Consumer Affairs the Board of Registered Nursing consisting of nine members.

Within the meaning of this chapter, board, or the board, refers to the Board of Registered Nursing. Any reference in state law to the Board of Nurse Examiners of the State of California or California Board of Nursing Education and Nurse Registration shall be construed to refer to the Board of Registered Nursing.

This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section

renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 49. Section 2708 of the Business and Professions Code is amended to read:

2708. The board shall appoint an executive officer who shall perform the duties delegated by the board and who shall be responsible to it for the accomplishment of those duties.

The executive officer shall be a nurse currently licensed under this chapter and shall possess other qualifications as determined by the board.

The executive officer shall not be a member of the board.

This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 50. Section 2920 of the Business and Professions Code is amended to read:

2920. The Board of Psychology shall enforce and administer this chapter. The board shall consist of nine members, four of whom shall be public members.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 51. Section 2933 of the Business and Professions Code is amended to read:

2933. Except as provided by Section 159.5, the board shall employ and shall make available to the board within the limits of the funds received by the board all personnel necessary to carry out this chapter. The board may employ, exempt from the State Civil Service Act, an executive officer to the Board of Psychology. The board shall make all expenditures to carry out this chapter. The board may accept contributions to effectuate the purposes of this chapter.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 52. Section 3010.5 of the Business and Professions Code is amended to read:

3010.5. (a) There is in the Department of Consumer Affairs a State Board of Optometry in which the enforcement of this chapter is vested. The board consists of 11 members, five of whom shall be public members.

Six members of the board shall constitute a quorum.

(b) The board shall, with respect to conducting investigations, inquiries, and disciplinary actions and proceedings, have the authority previously vested in the board as created pursuant to Section 3010. The board may enforce any disciplinary actions undertaken by that board.

(c) This section shall remain in effect only until July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 53. Section 3014.6 of the Business and Professions Code is amended to read:

3014.6. (a) The board may appoint a person exempt from civil service who shall be designated as an executive officer and who shall exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

(b) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 54. Section 3504 of the Business and Professions Code is amended to read:

3504. There is established a Physician Assistant Committee of the Medical Board of California. The committee consists of nine members. This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the committee subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 55. Section 3512 of the Business and Professions Code is amended to read:

3512. (a) Except as provided in Sections 159.5 and 2020, the committee shall employ within the limits of the Physician Assistant Fund all personnel necessary to carry out the provisions of this chapter including an executive officer who shall be exempt from civil service. The board and committee shall make all necessary expenditures to carry out the provisions of this chapter from the funds established by Section 3520. The committee may accept contributions to effect the purposes of this chapter.

(b) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 56. Section 3516.1 of the Business and Professions Code is amended to read:

3516.1. (a) (1) Notwithstanding any other provision of law, a physician who provides services in a medically underserved area may supervise not more than four physician assistants at any one time.

(2) As used in this section, "medically underserved area" means a "health professional(s) shortage area" (HPSA) as defined in Part 5 (commencing with Section 5.1) of Chapter 1 of Title 42 of the Code of Federal Regulations or an area of the state where unmet priority needs for physicians exist as determined by the California Healthcare Workforce Policy Commission pursuant to Section 128225 of the Health and Safety Code.

(b) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute that is enacted before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 57. Section 3685 of the Business and Professions Code is amended to read:

3685. (a) The provisions of Article 8 (commencing with Section 3680) shall become operative on January 1, 2004, but the remaining provisions of this chapter shall become operative on July 1, 2004. It is the intent of the Legislature that the initial implementation of this chapter be administered by fees collected in advance from applicants. Therefore, the bureau shall have the power and authority to establish fees and receive applications for licensure or intents to file application statements on and after January 1, 2004. The department shall certify that sufficient funds are available prior to implementing this chapter. Funds from the General Fund may not be used for the purpose of implementing this chapter.

(b) This chapter shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute that is enacted before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this chapter renders the bureau subject to the review required by Division 1.2 (commencing with Section 473).

(c) The bureau shall prepare the report required by Section 473.2 no later than September 1, 2008.

SEC. 58. Section 3710 of the Business and Professions Code is amended to read:

3710. The Respiratory Care Board of California, hereafter referred to as the board, shall enforce and administer this chapter.

This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 59. Section 3716 of the Business and Professions Code is amended to read:

3716. The board may employ an executive officer exempt from civil service and, subject to the provisions of law relating to civil service, clerical assistants and, except as provided in Section 159.5, other employees as it may deem necessary to carry out its powers and duties.

This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 60. Section 3765 of the Business and Professions Code is amended to read:

3765. This act does not prohibit any of the following activities:

(a) The performance of respiratory care that is an integral part of the program of study by students enrolled in approved respiratory therapy training programs.

(b) Self-care by the patient or the gratuitous care by a friend or member of the family who does not represent or hold himself or herself out to be a respiratory care practitioner licensed under the provisions of this chapter.

(c) The respiratory care practitioner from performing advances in the art and techniques of respiratory care learned through formal or specialized training.

(d) The performance of respiratory care in an emergency situation by paramedical personnel who have been formally trained in these modalities and are duly licensed under the provisions of an act pertaining to their speciality.

(e) Respiratory care services in case of an emergency. "Emergency," as used in this subdivision, includes an epidemic or public disaster.

(f) Persons from engaging in cardiopulmonary research.

(g) Formally trained licensees and staff of child day care facilities from administering to a child inhaled medication as defined in Section 1596.798 of the Health and Safety Code.

(h) The performance by a person employed by a home medical device retail facility or by a home health agency licensed by the State Department of Health Services of specific, limited, and basic respiratory care or respiratory care related services that have been authorized by the board.

SEC. 61. Section 4001 of the Business and Professions Code is amended to read:

4001. (a) There is in the Department of Consumer Affairs a California State Board of Pharmacy in which the administration and enforcement of this chapter is vested. The board consists of 13 members.

(b) The Governor shall appoint seven competent pharmacists who reside in different parts of the state to serve as members of the board. The Governor shall appoint four public members, and the Senate Committee on Rules and the Speaker of the Assembly shall each appoint a public member who shall not be a licensee of the board, any other board under this division, or any board referred to in Section 1000 or 3600.

(c) At least five of the seven pharmacist appointees to the board shall be pharmacists who are actively engaged in the practice of pharmacy. Additionally, the membership of the board shall include at least one pharmacist representative from each of the following practice settings: an acute care hospital, an independent community pharmacy, a chain community pharmacy, and a long-term health care or skilled nursing facility. The pharmacist appointees shall also include a pharmacist who is a member of a labor union that represents pharmacists. For the purposes of this subdivision, a "chain community pharmacy" means a chain of 75 or more stores in California under the same ownership, and an "independent community pharmacy" means a pharmacy owned by a person or entity who owns no more than four pharmacies in California.

(d) Members of the board shall be appointed for a term of four years. No person shall serve as a member of the board for more than two consecutive terms. Each member shall hold office until the appointment and qualification of his or her successor or until one year shall have elapsed since the expiration of the term for which the member was appointed, whichever first occurs. Vacancies occurring shall be filled by appointment for the unexpired term.

(e) Each member of the board shall receive a per diem and expenses as provided in Section 103.

(f) In accordance with Sections 101.1 and 473.1, this section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 62. Section 4003 of the Business and Professions Code is amended to read:

4003. (a) The board may appoint a person exempt from civil service who shall be designated as an executive officer and who shall exercise the powers and perform the duties delegated by the board and vested in

him or her by this chapter. The executive officer may or may not be a member of the board as the board may determine.

(b) The executive officer shall receive the compensation as established by the board with the approval of the Director of Finance. The executive officer shall also be entitled to travel and other expenses necessary in the performance of his or her duties.

(c) The executive officer shall maintain and update in a timely fashion records containing the names, titles, qualifications, and places of business of all persons subject to this chapter.

(d) The executive officer shall give receipts for all money received by him or her and pay it to the Department of Consumer Affairs, taking its receipt therefor. Besides the duties required by this chapter, the executive officer shall perform other duties pertaining to the office as may be required of him or her by the board.

(e) In accordance with Sections 101.1 and 473.1, this section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 63. Section 4034 of the Business and Professions Code is amended to read:

4034. (a) "Pedigree" means a record, in electronic form, containing information regarding each transaction resulting in a change of ownership of a given dangerous drug, from sale by a manufacturer, through acquisition and sale by one or more wholesalers, manufacturers, or pharmacies, until final sale to a pharmacy or other person furnishing, administering, or dispensing the dangerous drug. The pedigree shall be created and maintained in an interoperable electronic system, ensuring compatibility throughout all stages of distribution.

(b) A pedigree shall include all of the following information:

(1) The source of the dangerous drug, including the name, the federal manufacturer's registration number or a state license number as determined by the board, and principal address of the source.

(2) The trade or generic name of the drug, the quantity of the dangerous drug, its dosage form and strength, the date of the transaction, the sales invoice number, the container size, the number of containers, the expiration dates, and the lot numbers.

(3) The business name, address, and the federal manufacturer's registration number or a state license number as determined by the board, of each owner of the dangerous drug, and the dangerous drug shipping information, including the name and address of each person certifying delivery or receipt of the dangerous drug.

(4) A certification under penalty of perjury from a responsible party of the source of the dangerous drug that the information contained in the pedigree is true and accurate.

(c) A single pedigree shall include every change of ownership of a given dangerous drug from its initial manufacture through to its final transaction to a pharmacy or other person for furnishing, administering, or dispensing the drug, regardless of repackaging or assignment of another National Drug Code (NDC) Directory number.

(d) A pedigree shall track each dangerous drug at the smallest package or immediate container distributed by the manufacturer, received and distributed by the wholesaler, and received by the pharmacy or another person furnishing, administering, or dispensing the dangerous drug.

(e) Any return of a dangerous drug to a wholesaler or manufacturer shall be documented on the same pedigree as the transaction that resulted in the receipt of the drug by the party returning it.

(f) If a licensed health care service plan, hospital organization, and one or more physician organizations have exclusive contractual relationships to provide health care services, drugs distributed between these persons shall be deemed not to have changed ownership.

(g) The following transactions are not required to be recorded on a pedigree:

(1) The provision of samples of dangerous drugs by a manufacturer's employee to an authorized prescriber, provided the samples are dispensed to a patient of the prescriber without charge.

(2) An injectable dangerous drug that is delivered by the manufacturer directly to an authorized prescriber or other entity directly responsible for administration of the injectable dangerous drug, only for an injectable dangerous drug that by law may only be administered under the professional supervision of the prescriber or other entity directly responsible for administration of the drug. Injectable dangerous drugs exempted from the pedigree requirement by this paragraph may not be dispensed to a patient or a patient's agent for self-administration, and shall only be administered to the patient, as defined in Section 4016, by the prescriber or other authorized entity that received the drug directly from the manufacturer.

(3) The exemption in paragraph (2) shall expire and be inoperative on January 1, 2010, unless prior to that date the board receives, at a public hearing, evidence that entities involved in the distribution of the injectable dangerous drugs subject to that paragraph are not able to provide a pedigree in compliance with all of the provisions of California law, and the board votes to extend the expiration date for the exemption until January 1, 2011. The decision as to whether to extend the expiration date shall be within the sole discretion of the board, and shall not be

subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code.

(h) If a manufacturer, wholesaler, or pharmacy has reasonable cause to believe that a dangerous drug in, or having been in, its possession is counterfeit or the subject of a fraudulent transaction, the manufacturer, wholesaler, or pharmacy shall notify the board within 72 hours of obtaining that knowledge. This subdivision shall apply to any dangerous drug that has been sold or distributed in or through this state.

(i) "Interoperable electronic system" as used in this chapter means an electronic track and trace system for dangerous drugs that uses a unique identification number, established at the point of manufacture, contained within a standardized nonproprietary data format and architecture, that is uniformly used by manufacturers, wholesalers, and pharmacies for the pedigree of a dangerous drug.

(j) The application of the pedigree requirement in pharmacies shall be subject to review during the board's sunset review to be conducted as described in subdivision (f) of Section 4001.

(k) This section shall become operative on January 1, 2009. However, the board may extend the date for compliance with this section and Section 4163 until January 1, 2011, in accordance with Section 4163.5.

SEC. 64. Section 4162 of the Business and Professions Code is amended to read:

4162. (a) (1) An applicant for the issuance or renewal of a wholesaler license shall submit a surety bond of one hundred thousand dollars ($100,000) or other equivalent means of security acceptable to the board payable to the Pharmacy Board Contingent Fund. The purpose of the surety bond is to secure payment of any administrative fine imposed by the board and any cost recovery ordered pursuant to Section 125.3.

(2) For purposes of paragraph (1), the board may accept a surety bond less than one hundred thousand dollars ($100,000) if the annual gross receipts of the previous tax year for the wholesaler is ten million dollars ($10,000,000) or less, in which case the surety bond shall be twenty-five thousand dollars ($25,000).

(3) A person to whom an approved new drug application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application, and is licensed or applies for licensure as a wholesaler, shall not be required to post a surety bond as provided in paragraph (1).

(4) For licensees subject to paragraph (2) or (3), the board may require a bond up to one hundred thousand dollars ($100,000) for any licensee

who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days after the order imposing the fine, or costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

(d) This section shall become operative on January 1, 2006, and shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends those dates.

SEC. 65. Section 4162.5 of the Business and Professions Code is amended to read:

4162.5. (a) (1) An applicant for the issuance or renewal of a nonresident wholesaler license shall submit a surety bond of one hundred thousand dollars ($100,000), or other equivalent means of security acceptable to the board, such as an irrevocable letter of credit, or a deposit in a trust account or financial institution, payable to the Pharmacy Board Contingent Fund. The purpose of the surety bond is to secure payment of any administrative fine imposed by the board and any cost recovery ordered pursuant to Section 125.3.

(2) For purpose of paragraph (1), the board may accept a surety bond less than one hundred thousand dollars ($100,000) if the annual gross receipts of the previous tax year for the nonresident wholesaler is ten million dollars ($10,000,000) or less in which the surety bond shall be twenty-five thousand dollars ($25,000).

(3) For applicants who satisfy paragraph (2), the board may require a bond up to one hundred thousand dollars ($100,000) for any nonresident wholesaler who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(4) A person to whom an approved new drug application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application, and is licensed or applies for licensure as a nonresident wholesaler, shall not be required to post a surety bond as provided in this section.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days of the issuance of the fine or when the costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

(d) This section shall become operative on January 1, 2006, and shall become inoperative and is repealed on, January 1, 2015, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends those dates.

SEC. 66. Section 4163 of the Business and Professions Code, as amended by Section 31 of Chapter 857 of the Statutes of 2004, is repealed.

SEC. 67. Section 4163 of the Business and Professions Code, as added by Section 32 of Chapter 857 of the Statutes of 2004, is amended to read:

4163. (a) A manufacturer or wholesaler may not furnish a dangerous drug or dangerous device to an unauthorized person.

(b) Dangerous drugs or dangerous devices shall be acquired from a person authorized by law to possess or furnish dangerous drugs or dangerous devices. When the person acquiring the dangerous drugs or dangerous devices is a wholesaler, the obligation of the wholesaler shall be limited to obtaining confirmation of licensure of those sources from whom it has not previously acquired dangerous drugs or dangerous devices.

(c) Except as otherwise provided in Section 4163.5, commencing on January 1, 2009, a wholesaler or pharmacy may not sell, trade, or transfer a dangerous drug at wholesale without providing a pedigree.

(d) Except as otherwise provided in Section 4163.5, commencing on January 1, 2009, a wholesaler or pharmacy may not acquire a dangerous drug without receiving a pedigree.

SEC. 68. Section 4163.1 is added to the Business and Professions Code, to read:

4163.1. It is the intent of the Legislature that commencing on January 1, 2007, and continuing through the full implementation of the pedigree requirements specified by Section 4163, manufacturers and wholesalers shall use best efforts to provide in the most readily accessible form possible, information regarding the manufacturer's specific relationships in the distribution of dangerous drugs with wholesalers.

SEC. 69. Section 4163.5 of the Business and Professions Code is amended to read:

4163.5. The board may extend the date for compliance with the requirement for a pedigree set forth in Sections 4034 and 4163 until January 1, 2011, if it determines that manufacturers or wholesalers require additional time to implement electronic technologies to track the distribution of dangerous drugs within the state. A determination by the board to extend the deadline for providing pedigrees shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 70. Section 4163.6 of the Business and Professions Code is repealed.

SEC. 71. Section 4169 of the Business and Professions Code, as added by Section 39 of Chapter 857 of the Statutes of 2004, is amended to read:

4169. (a) A person or entity may not do any of the following:

(1) Purchase, trade, sell, or transfer dangerous drugs or dangerous devices at wholesale with a person or entity that is not licensed with the board as a wholesaler or pharmacy, in violation of Section 4163.

(2) Purchase, trade, sell, or transfer dangerous drugs that the person knew or reasonably should have known were adulterated, as set forth in Article 2 (commencing with Section 111250) of Chapter 6 of Part 5 of Division 104 of the Health and Safety Code.

(3) Purchase, trade, sell, or transfer dangerous drugs that the person knew or reasonably should have known were misbranded, as defined in Section 111335 of the Health and Safety Code.

(4) Purchase, trade, sell, or transfer dangerous drugs or dangerous devices after the beyond use date on the label.

(5) Fail to maintain records of the acquisition or disposition of dangerous drugs or dangerous devices for at least three years.

(b) Notwithstanding any other provision of law, a violation of this section may subject the person or entity that has committed the violation to a fine not to exceed the amount specified in Section 125.9 for each occurrence, pursuant to a citation issued by the board.

(c) Amounts due from any person under this section shall be offset as provided under Section 12419.5 of the Government Code. Amounts received by the board under this section shall be deposited into the Pharmacy Board Contingent Fund.

(d) This section shall not apply to a pharmaceutical manufacturer licensed by the Food and Drug Administration or by the State Department of Health Services.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 72. Section 4169 of the Business and Professions Code, as added by Section 40 of Chapter 857 of the Statutes of 2004, is amended to read:

4169. (a) A person or entity may not do any of the following:

(1) Purchase, trade, sell, or transfer dangerous drugs or dangerous devices at wholesale with a person or entity that is not licensed with the board as a wholesaler or pharmacy.

(2) Purchase, trade, sell, or transfer dangerous drugs that the person knew or reasonably should have known were adulterated, as set forth in

Article 2 (commencing with Section 111250) of Chapter 6 of Part 5 of Division 104 of the Health and Safety Code.

(3) Purchase, trade, sell, or transfer dangerous drugs that the person knew or reasonably should have known were misbranded, as defined in Section 111335 of the Health and Safety Code.

(4) Purchase, trade, sell, or transfer dangerous drugs or dangerous devices after the beyond use date on the label.

(5) Fail to maintain records of the acquisition or disposition of dangerous drugs or dangerous devices for at least three years.

(b) Notwithstanding any other provision of law, a violation of this section or of subdivision (c) or (d) of Section 4163 may subject the person or entity that has committed the violation to a fine not to exceed the amount specified in Section 125.9 for each occurrence, pursuant to a citation issued by the board.

(c) Amounts due from any person under this section shall be offset as provided under Section 12419.5 of the Government Code. Amounts received by the board under this section shall be deposited into the Pharmacy Board Contingent Fund.

(d) This section shall not apply to a pharmaceutical manufacturer licensed by the Food and Drug Administration or by the State Department of Health Services.

(e) This section shall become operative on January 1, 2008.

SEC. 73. Section 4200.1 of the Business and Professions Code is amended to read:

4200.1. (a) Notwithstanding Section 135, an applicant may take the North American Pharmacist Licensure Examination four times, and may take the Multi-State Pharmacy Jurisprudence Examination for California four times.

(b) Notwithstanding Section 135, an applicant may take the North American Pharmacist Licensure Examination and the Multi-State Pharmacy Jurisprudence Examination for California four additional times each if he or she successfully completes, at minimum, 16 additional semester units of education in pharmacy as approved by the board.

(c) The applicant shall comply with the requirements of Section 4200 for each application for reexamination made pursuant to subdivision (b).

(d) An applicant may use the same coursework to satisfy the additional educational requirement for each examination under subdivision (b), if the coursework was completed within 12 months of the date of his or her application for reexamination.

(e) For purposes of this section, the board shall treat each failing score on the pharmacist licensure examination administered by the board prior to January 1, 2004, as a failing score on both the North American

Pharmacist Licensure Examination and the Multi-State Pharmacy Jurisprudence Examination for California.

(f) From January 1, 2004, to July 1, 2008, inclusive, the board shall collect data on the applicants who are admitted to, and take, the licensure examinations required by Section 4200. The board shall report to the Joint Committee on Boards, Commissions, and Consumer Protection before September 1, 2008, regarding the impact on those applicants of the examination limitations imposed by this section. The report shall include, but not be limited to, the following information:

(1) The number of applicants taking the examination and the number who fail the examination for the fourth time.

(2) The number of applicants who, after failing the examination for the fourth time, complete a pharmacy studies program in California or another state to satisfy the requirements of this section and who apply to take the licensure examination required by Section 4200.

(3) To the extent possible, the school from which the applicant graduated and the school's location and the pass/fail rates on the examination for each school.

(g) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 74. Section 4800 of the Business and Professions Code is amended to read:

4800. There is in the Department of Consumer Affairs a Veterinary Medical Board in which the administration of this chapter is vested. The board consists of seven members, three of whom shall be public members.

This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

The repeal of this section renders the board subject to the review provided for by Division 1.2 (commencing with Section 473).

SEC. 75. Section 4804.5 of the Business and Professions Code is amended to read:

4804.5. The board may appoint a person exempt from civil service who shall be designated as an executive officer and who shall exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 76. Section 4928 of the Business and Professions Code is amended to read:

4928. The Acupuncture Board, which consists of seven members, shall enforce and administer this chapter. The appointing powers, as described in Section 4929, may appoint to the board a person who was a member of the prior board prior to the repeal of that board on January 1, 2006.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 77. Section 4934 of the Business and Professions Code is amended to read:

4934. (a) The board, by and with the approval of the director, may employ personnel necessary for the administration of this chapter, and the board, by and with the approval of the director, may appoint an executive officer who is exempt from the provisions of the Civil Service Act.

(b) This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 78. Section 4999.2 of the Business and Professions Code is amended to read:

4999.2. (a) In order to obtain and maintain a registration, in-state or out-of-state telephone medical advice services shall comply with the requirements established by the department. Those requirements shall include, but shall not be limited to, all of the following:

(1) (A) Ensuring that all staff who provide medical advice services are appropriately licensed, certified, or registered as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) or the Osteopathic Initiative Act, as a dentist pursuant to Chapter 4 (commencing with Section 1600), as a dental hygienist pursuant to Sections 1760 to 1775, inclusive, as a psychologist pursuant to Chapter 6.6 (commencing with Section 2900), as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980), as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990), as an optometrist pursuant to Chapter 7 (commencing with Section 3000), or as a chiropractor pursuant to the Chiropractic Initiative Act, and operating consistent with the laws governing their respective scopes

of practice in the state within which they provide telephone medical advice services, except as provided in paragraph (2).

(B) Ensuring that all staff who provide telephone medical advice services from an out-of-state location are health care professionals, as identified in subparagraph (A), who are licensed, registered, or certified in the state within which they are providing the telephone medical advice services and are operating consistent with the laws governing their respective scopes of practice.

(2) Ensuring that all registered nurses providing telephone medical advice services to both in-state and out-of-state business entities registered pursuant to this chapter are licensed pursuant to Chapter 6 (commencing with Section 2700).

(3) Ensuring that the telephone medical advice provided is consistent with good professional practice.

(4) Maintaining records of telephone medical advice services, including records of complaints, provided to patients in California for a period of at least five years.

(5) Ensuring that no staff member uses a title or designation when speaking to an enrollee or subscriber that may cause a reasonable person to believe that the staff member is a licensed, certified, or registered professional described in subparagraph (A) of paragraph (1), unless the staff member is a licensed, certified, or registered professional.

(6) Complying with all directions and requests for information made by the department.

(b) To the extent permitted by Article VII of the California Constitution, the department may contract with a private nonprofit accrediting agency to evaluate the qualifications of applicants for registration pursuant to this chapter and to make recommendations to the department.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 79. Section 4999.2 is added to the Business and Professions Code, to read:

4999.2. (a) In order to obtain and maintain a registration, in-state or out-of-state telephone medical advice services shall comply with the requirements established by the department. Those requirements shall include, but shall not be limited to, all of the following:

(1) (A) Ensuring that all staff who provide medical advice services are appropriately licensed, certified, or registered as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) or the Osteopathic Initiative Act, as a dentist or dental hygienist pursuant to Chapter 4 (commencing with Section 1600), as a psychologist pursuant

to Chapter 6.6 (commencing with Section 2900), as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980), as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990), as an optometrist pursuant to Chapter 7 (commencing with Section 3000), or as a chiropractor pursuant to the Chiropractic Initiative Act, and operating consistent with the laws governing their respective scopes of practice in the state within which they provide telephone medical advice services, except as provided in paragraph (2).

(B) Ensuring that all staff who provide telephone medical advice services from an out-of-state location are health care professionals, as identified in subparagraph (A), who are licensed, registered, or certified in the state within which they are providing the telephone medical advice services and are operating consistent with the laws governing their respective scopes of practice.

(2) Ensuring that all registered nurses providing telephone medical advice services to both in-state and out-of-state business entities registered pursuant to this chapter are licensed pursuant to Chapter 6 (commencing with Section 2700).

(3) Ensuring that the telephone medical advice provided is consistent with good professional practice.

(4) Maintaining records of telephone medical advice services, including records of complaints, provided to patients in California for a period of at least five years.

(5) Ensuring that no staff member uses a title or designation when speaking to an enrollee or subscriber that may cause a reasonable person to believe that the staff member is a licensed, certified, or registered professional described in subparagraph (A) of paragraph (1), unless the staff member is a licensed, certified, or registered professional.

(6) Complying with all directions and requests for information made by the department.

(b) To the extent permitted by Article VII of the California Constitution, the department may contract with a private nonprofit accrediting agency to evaluate the qualifications of applicants for registration pursuant to this chapter and to make recommendations to the department.

(c) This section shall become operative on January 1, 2008.

SEC. 80. Section 4999.7 of the Business and Professions Code is amended to read:

4999.7. (a) Nothing in this section shall limit, preclude, or otherwise interfere with the practices of other persons licensed or otherwise authorized to practice, under any other provision of this division, telephone medical advice services consistent with the laws governing their respective scopes of practice, or licensed under the Osteopathic

Initiative Act or the Chiropractic Initiative Act and operating consistent with the laws governing their respective scopes of practice.

(b) For the purposes of this chapter, "telephone medical advice" means a telephonic communication between a patient and a health care professional in which the health care professional's primary function is to provide to the patient a telephonic response to the patient's questions regarding his or her or a family member's medical care or treatment. "Telephone medical advice" includes assessment, evaluation, or advice provided to patients or their family members.

(c) For the purposes of this chapter, "health care professional" is a staff person described in Section 4999.2 who provides medical advice services and is appropriately licensed, certified, or registered as a registered nurse pursuant to Chapter 6 (commencing with Section 2700), as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) or the Osteopathic Initiative Act, as a dentist pursuant to Chapter 4 (commencing with Section 1600), as a dental hygienist pursuant to Sections 1760 to 1775, inclusive, as a psychologist pursuant to Chapter 6.6 (commencing with Section 2900), as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980), as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990), as an optometrist pursuant to Chapter 7 (commencing with Section 3000), or as a chiropractor pursuant to the Chiropractic Initiative Act, and who is operating consistent with the laws governing his or her respective scopes of practice in the state in which he or she provides telephone medical advice services.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 81. Section 4999.7 is added to the Business and Professions Code, to read:

4999.7. (a) Nothing in this section shall limit, preclude, or otherwise interfere with the practices of other persons licensed or otherwise authorized to practice, under any other provision of this division, telephone medical advice services consistent with the laws governing their respective scopes of practice, or licensed under the Osteopathic Initiative Act or the Chiropractic Initiative Act and operating consistent with the laws governing their respective scopes of practice.

(b) For the purposes of this chapter, "telephone medical advice" means a telephonic communication between a patient and a health care professional in which the health care professional's primary function is to provide to the patient a telephonic response to the patient's questions regarding his or her or a family member's medical care or treatment.

"Telephone medical advice" includes assessment, evaluation, or advice provided to patients or their family members.

(c) For the purposes of this chapter, "health care professional" is a staff person described in Section 4999.2 who provides medical advice services and is appropriately licensed, certified, or registered as a registered nurse pursuant to Chapter 6 (commencing with Section 2700), as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) or the Osteopathic Initiative Act, as a dentist or dental hygienist pursuant to Chapter 4 (commencing with Section 1600), as a psychologist pursuant to Chapter 6.6 (commencing with Section 2900), as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980), as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990), as an optometrist pursuant to Chapter 7 (commencing with Section 3000), or as a chiropractor pursuant to the Chiropractic Initiative Act, and who is operating consistent with the laws governing his or her respective scopes of practice in the state in which he or she provides telephone medical advice services.

(d) This section shall become operative on January 1, 2008.

SEC. 82. Section 5510 of the Business and Professions Code is amended to read:

5510. There is in the Department of Consumer Affairs a California Architects Board which consists of 10 members.

Any reference in law to the California Board of Architectural Examiners shall mean the California Architects Board.

This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 83. Section 5517 of the Business and Professions Code is amended to read:

5517. The board may appoint a person exempt from civil service who shall be designated as an executive officer and who shall exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 84. Section 5620 of the Business and Professions Code is amended to read:

5620. The duties, powers, purposes, responsibilities, and jurisdiction of the California State Board of Landscape Architects that were succeeded to and vested with the Department of Consumer Affairs in accordance with Chapter 908 of the Statutes of 1994 are hereby transferred to the California Architects Board. The Legislature finds that the purpose for the transfer of power is to promote and enhance the efficiency of state government and that assumption of the powers and duties by the California Architects Board shall not be viewed or construed as a precedent for the establishment of state regulation over a profession or vocation that was not previously regulated by a board, as defined in Section 477.

(a) There is in the Department of Consumer Affairs a California Architects Board as defined in Article 2 (commencing with Section 5510) of Chapter 3.

Whenever in this chapter "board" is used it refers to the California Architects Board.

(b) Except as provided herein, the board may delegate its authority under this chapter to the Landscape Architects Technical Committee.

(c) After review of proposed regulations, the board may direct the examining committee to notice and conduct hearings to adopt, amend, or repeal regulations pursuant to Section 5630, provided that the board itself shall take final action to adopt, amend, or repeal those regulations.

(d) The board shall not delegate its authority to discipline a landscape architect or to take action against a person who has violated this chapter.

(e) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 85. Section 5621 of the Business and Professions Code is amended to read:

5621. (a) There is hereby created within the jurisdiction of the board, a Landscape Architects Technical Committee, hereinafter referred to in this chapter as the landscape architects committee.

(b) The landscape architects committee shall consist of five members who shall be licensed to practice landscape architecture in this state. The Governor shall appoint three of the members. The Senate Committee on Rules and the Speaker of the Assembly shall appoint one member each.

(c) The initial members to be appointed by the Governor are as follows: one member for a term of one year; one member for a term of two years; and one member for a term of three years. The Senate Committee on Rules and the Speaker of the Assembly shall initially each appoint one member for a term of four years. Thereafter, appointments shall be made for four-year terms, expiring on June 1 of the fourth year

and until the appointment and qualification of his or her successor or until one year shall have elapsed whichever first occurs. Vacancies shall be filled for the unexpired term.

(d) No person shall serve as a member of the landscape architects committee for more than two consecutive terms.

(e) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 86. Section 5622 of the Business and Professions Code is amended to read:

5622. (a) The landscape architects committee may assist the board in the examination of candidates for a landscape architect's license and, after investigation, evaluate and make recommendations regarding potential violations of this chapter.

(b) The landscape architects committee may investigate, assist, and make recommendations to the board regarding the regulation of landscape architects in this state.

(c) The landscape architects committee may perform duties and functions that have been delegated to it by the board pursuant to Section 5620.

(d) The landscape architects committee may send a representative to all meetings of the full board to report on the committee's activities.

(e) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 87. Section 5810 of the Business and Professions Code is amended to read:

5810. (a) This chapter shall be subject to the review required by Division 1.2 (commencing with Section 473).

(b) This chapter shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 88. Section 5811 of the Business and Professions Code is amended to read:

5811. An interior design organization issuing stamps under Section 5801 shall provide to the Joint Committee on Boards, Commissions, and Consumer Protection by September 1, 2008, a report that reviews and assesses the costs and benefits associated with the California Code and Regulations Examination and explores feasible alternatives to that examination.

SEC. 89. Section 6704 of the Business and Professions Code is amended to read:

6704. (a) In order to safeguard life, health, property, and public welfare, no person shall practice civil, electrical, or mechanical engineering unless appropriately licensed or specifically exempted from licensure under this chapter, and only persons licensed under this chapter shall be entitled to take and use the titles "consulting engineer," "professional engineer," or "registered engineer," or any combination of those titles or abbreviations thereof, and according to licensure with the board the engineering branch titles specified in Section 6732, or the authority titles specified in Sections 6736 and 6736.1, or the title "engineer-in-training."

(b) The provisions of this section shall not prevent the use of the title "consulting engineer" by a person who has qualified for and maintained exemption for using that title under the provisions of Section 6732.1, or by a person licensed as a photogrammetric surveyor.

SEC. 90. Section 6710 of the Business and Professions Code is amended to read:

6710. (a) There is in the Department of Consumer Affairs a Board for Professional Engineers and Land Surveyors, which consists of 13 members.

(b) Any reference in any law or regulation to the Board of Registration for Professional Engineers and Land Surveyors is deemed to refer to the Board for Professional Engineers and Land Surveyors.

(c) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 91. Section 6712 of the Business and Professions Code is amended to read:

6712. (a) All appointments to the board shall be for a term of four years. Vacancies shall be filled by appointment for the unexpired term. Each appointment thereafter shall be for a four-year term expiring on June 30 of the fourth year following the year in which the previous term expired.

(b) Each member shall hold office until the appointment and qualification of his or her successor or until one year shall have elapsed since the expiration of the term for which he or she was appointed, whichever first occurs. No person shall serve as a member of the board for more than two consecutive terms.

(c) The Governor shall appoint professional members so that one is licensed to practice engineering as a civil engineer, one as an electrical engineer, one as a mechanical engineer, another is authorized to use the title of structural engineer, and one is a member of one of the remaining branches of engineering. One of the professional members licensed under this chapter shall be from a local public agency, and one shall be from a state agency.

(d) The Governor shall appoint five of the public members and the professional members qualified as provided in Section 6711. The Senate Rules Committee and the Speaker of the Assembly shall each appoint a public member.

SEC. 92. Section 6714 of the Business and Professions Code is amended to read:

6714. The board shall appoint an executive officer at a salary to be fixed and determined by the board with the approval of the Director of Finance.

This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, that becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 93. Section 6716 of the Business and Professions Code is amended to read:

6716. (a) The board may adopt rules and regulations consistent with law and necessary to govern its action. These rules and regulations shall be adopted in accordance with the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) The board may adopt rules and regulations of professional conduct that are not inconsistent with state and federal law. The rules and regulations may include definitions of incompetence and negligence. Every person who holds a license or certificate issued by the board pursuant to this chapter shall be governed by these rules and regulations.

(c) The board shall hold at least two regular meetings each year. Special meetings shall be held at those times that the board's rules provide. A majority of the board constitutes a quorum.

SEC. 94. Section 6726.2 of the Business and Professions Code is amended to read:

6726.2. Each member of each technical advisory committee shall be an expert in the branch of engineering within the committee's jurisdiction and shall be licensed under this chapter.

SEC. 95. Section 6730 of the Business and Professions Code is amended to read:

6730. In order to safeguard life, health, property and public welfare, any person, either in a public or private capacity, except as in this chapter specifically excepted, who practices, or offers to practice, civil engineering, electrical engineering or mechanical engineering, in any of its branches in this state, including any person employed by the State of California, or any city, county, or city and county, who practices engineering, shall submit evidence that he or she is qualified to practice, and shall be licensed accordingly as a civil engineer, electrical engineer or mechanical engineer by the board.

SEC. 96. Section 6732.3 of the Business and Professions Code is amended to read:

6732.3. (a) Any person who has received from the board a license in corrosion, manufacturing, quality, or safety engineering, and who holds a valid license under this chapter, may continue to use the branch title of the branch in which the professional engineer is legally licensed. A person holding a license in corrosion, manufacturing, quality, or safety engineering is subject to the license renewal provisions of this chapter.

(b) The professional engineer also may continue to use the title of "professional engineer," "licensed engineer," "registered engineer," or "consulting engineer."

SEC. 97. Section 6732.5 is added to the Business and Professions Code, to read:

6732.5. (a) Upon the discontinuance of a national examination for a branch specified in this chapter, the board shall not be required to administer an examination for a license in that branch or be required to issue licenses in that branch.

(b) Any person who has received from the board a license in a branch for which the national examination is discontinued, and who holds a valid license under this chapter, may continue to use the branch title of the branch in which the professional engineer is legally licensed. A person holding a license in the affected branch of engineering is subject to the license renewal provisions of this chapter. The professional engineer may also continue to use the title of "professional engineer," "licensed engineer," or "consulting engineer."

SEC. 98. Section 6738 of the Business and Professions Code is amended to read:

6738. (a) This chapter does not prohibit one or more civil, electrical, or mechanical engineers from practicing or offering to practice within the scope of their license civil (including geotechnical and structural), electrical, or mechanical engineering as a sole proprietorship, partnership, firm, or corporation (hereinafter called business), if all of the following requirements are met:

(1) A civil, electrical, or mechanical engineer currently licensed in this state is an owner, partner, or officer in charge of the engineering practice of the business.

(2) All civil, electrical, or mechanical engineering services are performed by, or under the responsible charge of, a professional engineer licensed in the appropriate branch of professional engineering.

(3) If the business name of a California engineering business contains the name of any person, then that person shall be licensed as a professional engineer, a licensed land surveyor, a licensed architect, or a geologist registered under the Geologist Act (Chapter 12.5 (commencing with Section 7800)). Any offer, promotion, or advertisement by the business that contains the name of any individual in the business, other than by use of the name of an individual in the business name, shall clearly and specifically designate the license or registration discipline of each individual named.

(b) An out-of-state business with a branch office in this state shall meet the requirements of subdivision (a) and shall have an owner, partner, or officer who is in charge of the engineering work in the branch in this state, who is licensed in this state, and who is physically present at the branch office in this state on a regular basis. However, the name of the business may contain the name of any person not licensed in this state if that person is appropriately registered or licensed in another state. Any offer, promotion, or advertisement which contains the name of any individual in the business, other than by use of the names of the individuals in the business name, shall clearly and specifically designate the license or registration discipline of each individual named.

(c) The business name of a California engineering business may be a fictitious name. However, if the fictitious name includes the name of any person, the requirements of paragraph (3) of subdivision (a) shall be met.

(d) A person not licensed under this chapter may also be a partner or an officer of a civil, electrical, or mechanical engineering business if the requirements of subdivision (a) are met. Nothing in this section shall be construed to permit a person who is not licensed under this chapter to be the sole owner of a civil, electrical, or mechanical engineering business, unless otherwise exempt under this chapter.

(e) This chapter does not prevent an individual or business engaged in any line of endeavor other than the practice of civil, electrical, or mechanical engineering from employing or contracting with a licensed civil, electrical, or mechanical engineer to perform the respective engineering services incidental to the conduct of business.

(f) This section shall not prevent the use of the name of any business engaged in rendering civil, electrical, or mechanical engineering services,

including the use by any lawful successor or survivor, that lawfully was in existence on December 31, 1987. However, the business is subject to paragraphs (1) and (2) of subdivision (a).

(g) A business engaged in rendering civil, electrical, or mechanical engineering services may use in its name the name of a deceased or retired person provided all of the following conditions are satisfied:

(1) The person's name had been used in the name of the business, or a predecessor in interest of the business, prior to and after the death or retirement of the person.

(2) The person shall have been an owner, partner, or officer of the business, or an owner, partner, or officer of the predecessor in interest of the business.

(3) The person shall have been licensed as a professional engineer, or a land surveyor, or an architect, or a geologist, (A) by the appropriate licensing board if that person is operating a place of business or practice in this state, or (B) by the applicable state board if no place of business existed in this state.

(4) The person, if retired, has consented to the use of the name and does not permit the use of the name in the title of another professional engineering business in this state during the period of the consent. However, the retired person may use his or her name as the name of a new or purchased business if it is not identical in every respect to that person's name as used in the former business.

(5) The business shall be subject to the provisions of paragraphs (1) and (2) of subdivision (a).

(h) This section does not affect the provisions of Sections 6731.2 and 8726.1.

(i) A current organization record form shall be filed with the board for all business engaged in rendering civil, electrical, or mechanical engineering services.

SEC. 99. Section 6740 of the Business and Professions Code is amended to read:

6740. A subordinate to a civil, electrical or mechanical engineer licensed under this chapter, or a subordinate to a civil, electrical or mechanical engineer exempted from licensure under this chapter, insofar as he or she acts solely in that capacity, is exempt from licensure under the provisions of this chapter. This exemption, however, does not permit any such subordinate to practice civil, electrical or mechanical engineering in his or her own right or to use the titles listed in Sections 6732, 6736, and 6736.1.

SEC. 100. Section 6746.1 is added to the Business and Professions Code, to read:

6746.1. The provisions of this chapter pertaining to licensure of professional engineers, other than civil engineers, do not apply to employees in the communications industry, nor to the employees of contractors while engaged in work on communications equipment. However, those employees may not use any of the titles listed in Sections 6732, 6736, and 6736.1, unless licensed.

SEC. 101. Section 6750 of the Business and Professions Code is amended to read:

6750. (a) An application for licensure as a professional engineer or certification as an engineer-in-training shall be made to the board on the prescribed form, with all statements made therein under oath, and shall be accompanied by the application fee prescribed by this chapter. An application for licensure as a professional engineer shall specify, additionally, the branch of engineering in which the applicant desires licensure.

(b) The board may authorize an organization specified by the board pursuant to Section 6754 to receive directly from applicants payment of the examination fees charged by that organization as payment for examination materials and services.

SEC. 102. Section 6753 of the Business and Professions Code is amended to read:

6753. With respect to applicants for licensure as professional engineers, the board:

(a) Shall give credit as qualifying experience of four years, for graduation with an engineering degree from a college or university the curriculum of which has been approved by the board.

(b) May at its discretion give credit as qualifying experience up to a maximum of two years, for graduation with an engineering degree from a nonapproved engineering curriculum or graduation with an engineering technology degree in an approved engineering technology curriculum.

(c) May at its discretion give credit as qualifying experience of up to one-half year, for each year of successfully completed postsecondary study in an engineering curriculum up to a maximum of four years credit. A year of study shall be at least 32 semester units or 48 quarter units.

(d) May at its discretion give credit as qualifying experience not in excess of five years, for a postgraduate degree in a school of engineering with a board approved undergraduate or postgraduate curriculum.

(e) May at its discretion give credit as qualifying experience for engineering teaching, not in excess of one year, if of a character satisfactory to the board.

The sum of qualifying experience credit for subdivision (a) to (e), inclusive, shall not exceed five years.

SEC. 103. Section 6754 of the Business and Professions Code is amended to read:

6754. Examination for licensure shall be held at such times and places as the board shall determine.

The second division of the examination for all branches specified in Section 6732 shall be administered at least once each year.

Work of the board relating to examination and licensure may be divided into committees as the board shall direct. The scope of examinations and the methods of procedure may be prescribed by board rule.

The board may make arrangements with a public or private organization to conduct the examination. The board may contract with a public or private organization for materials or services related to the examination.

SEC. 104. Section 6787 of the Business and Professions Code is amended to read:

6787. Every person is guilty of a misdemeanor:

(a) Who, unless he or she is exempt from licensure under this chapter, practices or offers to practice civil, electrical, or mechanical engineering in this state according to the provisions of this chapter without legal authorization.

(b) Who presents or attempts to file as his or her own the certificate of licensure of a licensed professional engineer unless he or she is the person named on the certificate of licensure.

(c) Who gives false evidence of any kind to the board, or to any member thereof, in obtaining a certificate of licensure.

(d) Who impersonates or uses the seal of a licensed professional engineer.

(e) Who uses an expired, suspended, surrendered, or revoked certificate issued by the board.

(f) Who represents himself or herself as, or uses the title of, a licensed or registered civil, electrical, or mechanical engineer, or any other title whereby that person could be considered as practicing or offering to practice civil, electrical, or mechanical engineering in any of its branches, unless he or she is correspondingly qualified by licensure as a civil, electrical, or mechanical engineer under this chapter.

(g) Who, unless appropriately licensed, manages, or conducts as manager, proprietor, or agent, any place of business from which civil, electrical, or mechanical engineering work is solicited, performed, or practiced, except as authorized pursuant to subdivision (d) of Section 6738 and Section 8726.1.

(h) Who uses the title, or any combination of that title, of "professional engineer," "licensed engineer," "registered engineer," or the branch titles

specified in Section 6732, or the authority titles specified in Sections 6736 and 6736.1, or "engineer-in-training," or who makes use of any abbreviation of that title that might lead to the belief that he or she is a licensed engineer, is authorized to use the titles specified in Section 6736 or 6736.1, or holds a certificate as an engineer-in-training, without being licensed, authorized, or certified as required by this chapter.

(i) Who uses the title "consulting engineer" without being licensed as required by this chapter or without being authorized to use that title pursuant to legislation enacted at the 1963, 1965 or 1968 Regular Session.

(j) Who violates any provision of this chapter.

SEC. 105. Section 7000.5 of the Business and Professions Code is amended to read:

7000.5. (a) There is in the Department of Consumer Affairs a Contractors' State License Board, which consists of 15 members.

(b) The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473). However, the review of this board by the department shall be limited to only those unresolved issues identified by the Joint Committee on Boards, Commissions, and Consumer Protection.

(c) This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 106. Section 7011 of the Business and Professions Code is amended to read:

7011. The board, by and with the approval of the director, shall appoint a registrar of contractors and fix his or her compensation.

The registrar shall be the executive officer and secretary of the board and shall carry out all of the administrative duties as provided in this chapter and as delegated to him or her by the board.

For the purpose of administration of this chapter, there may be appointed a deputy registrar, a chief reviewing and hearing officer, and, subject to Section 159.5, other assistants and subordinates as may be necessary.

Appointments shall be made in accordance with the provisions of civil service laws.

This section shall become inoperative on July 1,2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 107. Section 7200 of the Business and Professions Code is amended to read:

7200. (a) There is in the Department of Consumer Affairs a State Board of Guide Dogs for the Blind in whom enforcement of this chapter is vested. The board shall consist of seven members appointed by the Governor. One member shall be the Director of Rehabilitation or his or her designated representative. The remaining members shall be persons who have shown a particular interest in dealing with the problems of the blind, and at least two of them shall be blind persons who use guide dogs.

(b) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 108. Section 7215.6 of the Business and Professions Code is amended to read:

7215.6. (a) In order to provide a procedure for the resolution of disputes between guide dog users and guide dog schools relating to the continued physical custody and use of a guide dog, in all cases except those in which the dog user is the unconditional legal owner of the dog, the following arbitration procedure shall be established as a pilot project.

(b) This procedure establishes an arbitration panel for the settlement of disputes between a guide dog user and a licensed guide dog school regarding the continued use of a guide dog by the user in all cases except those in which the dog user is the unconditional legal owner of the dog. The disputes that may be subject to this procedure concern differences between the user and school over whether or not a guide dog should continue to be used, differences between the user and school regarding the treatment of a dog by the user, and differences over whether or not a user should continue to have custody of a dog pending investigation of charges of abuse. It specifically does not address issues such as admissions to schools, training practices, or other issues relating to school standards. The board and its representative are not parties to any dispute described in this section.

(c) The licensed guide dog schools in California and the board shall provide to guide dog users graduating from guide dog programs in these schools a new avenue for the resolution of disputes that involve continued use of a guide dog, or the actual physical custody of a guide dog. Guide dog users who are dissatisfied with decisions of schools regarding continued use of guide dogs may appeal to the board to convene an arbitration panel composed of all of the following:

(1) One person designated by the guide dog user.

(2) One person designated by the licensed guide dog school.

(3) A representative of the board who shall coordinate the activities of the panel and serve as chair.

(d) If the guide dog user or guide dog school wishes to utilize the arbitration panel, this must be stated in writing to the board. The findings and decision of the arbitration panel shall be final and binding. By voluntarily agreeing to having a dispute resolved by the arbitration panel and subject to its procedures, each party to the dispute shall waive any right for subsequent judicial review.

(e) A licensed guide dog school that fails to comply with any provision of this section shall automatically be subject to a penalty of two hundred fifty dollars ($250) per day for each day in which a violation occurs. The penalty shall be paid to the board. The license of a guide dog school shall not be renewed until all penalties have been paid.

The fine shall be assessed without advance hearing, but the licensee may apply to the board for a hearing on the issue of whether the fine should be modified or set aside. This application shall be in writing and shall be received by the board within 30 days after service of notice of the fine. Upon receipt of this written request, the board shall set the matter for hearing within 60 days.

(f) As a general rule, custody of the guide dog shall remain with the guide dog user pending a resolution by the arbitration panel. In circumstances where the immediate health and safety of the guide dog user or guide dog is threatened, the licensed school may take custody of the dog at once. However, if the dog is removed from the user's custody without the user's concurrence, the school shall provide to the board the evidence that caused this action to be taken at once and without fail; and within five calendar days a special committee of two members of the board shall make a determination regarding custody of the dog pending hearing by the arbitration panel.

(g) The arbitration panel shall decide the best means to determine final resolution in each case. This shall include, but is not limited to, a hearing of the matter before the arbitration panel at the request of either party to the dispute, an opportunity for each party in the dispute to make presentations before the arbitration panel, examination of the written record, or any other inquiry as will best reveal the facts of the disputes. In any case, the panel shall make its findings and complete its examination within 45 calendar days of the date of filing the request for arbitration, and a decision shall be rendered within 10 calendar days of the examination.

All arbitration hearings shall be held at sites convenient to the parties and with a view to minimizing costs. Each party to the arbitration shall bear its own costs, except that the arbitration panel, by unanimous agreement, may modify this arrangement.

(h) The board may study the effectiveness of the arbitration panel pilot project in expediting resolution and reducing conflict in disputes between guide dog users and guide dog schools and may share its findings with the Legislature upon request.

(i) This section shall become inoperative on July 1, 2011, and as of January 1, 2012, is repealed, unless a later enacted statute, which is enacted before January 1, 2012, deletes or extends that date.

SEC. 109. Section 7810 of the Business and Professions Code is amended to read:

7810. The Board for Geologists and Geophysicists is within the department and is subject to the jurisdiction of the department. Except as provided in this section, the board shall consist of eight members, five of whom shall be public members, two of whom shall be geologists, and one of whom shall be a geophysicist.

Each member shall hold office until the appointment and qualification of the member's successor or until one year has elapsed from the expiration of the term for which the member was appointed, whichever occurs first. Vacancies occurring prior to the expiration of the term shall be filled by appointment for the remainder of the unexpired term.

Each appointment shall be for a four-year term expiring June 1 of the fourth year following the year in which the previous term expired. No person shall serve as a member of the board for more than two consecutive terms.

The Governor shall appoint three of the public members and the three members qualified as provided in Section 7811. The Senate Committee on Rules and the Speaker of the Assembly shall each appoint a public member, and their initial appointment shall be made to fill, respectively, the first and second public member vacancies that occurred on or after January 1, 1983.

At the time the first vacancy is created by the expiration of the term of a public member appointed by the Governor, the board shall be reduced to consist of seven members, four of whom shall be public members, two of whom shall be geologists, and one of whom shall be a geophysicist. Notwithstanding any other provision of law, the term of that member shall not be extended for any reason, except as provided in this section.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section renders the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 110. Section 7815.5 of the Business and Professions Code is amended to read:

7815.5. The board may appoint a person exempt from civil service who shall be designated as an executive officer and who shall exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 111. Section 8000 of the Business and Professions Code is amended to read:

8000. There is in the Department of Consumer Affairs a Court Reporters Board of California, which consists of five members, three of whom shall be public members and two of whom shall be holders of certificates issued under this chapter who have been actively engaged as shorthand reporters within this state for at least five years immediately preceding their appointment.

This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 112. Section 8710 of the Business and Professions Code is amended to read:

8710. (a) The Board for Professional Engineers and Land Surveyors is vested with power to administer the provisions and requirements of this chapter, and may make and enforce rules and regulations that are reasonably necessary to carry out its provisions.

(b) The board may adopt rules and regulations of professional conduct that are not inconsistent with state and federal law. The rules and regulations may include definitions of incompetence and negligence. Every person who holds a license or certificate issued by the board pursuant to this chapter, or a license or certificate issued to a civil engineer pursuant to Chapter 7 (commencing with Section 6700), shall be governed by these rules and regulations.

(c) This section shall become inoperative on July 1, 2011, and, as of January 1, 2012, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 2012, deletes or extends the dates on which it becomes inoperative and is repealed. The repeal of this section shall render the board subject to the review required by Division 1.2 (commencing with Section 473).

SEC. 113. Section 8729 of the Business and Professions Code is amended to read:

8729. (a) This chapter does not prohibit one or more licensed land surveyors or civil engineers licensed in this state prior to 1982 (hereinafter called civil engineers) from practicing or offering to practice within the scope of their licensure, land surveying as a sole proprietorship, partnership, firm, or corporation (hereinafter called business), if the following conditions are satisfied:

(1) A land surveyor or civil engineer currently licensed in the state is an owner, partner, or officer in charge of the land surveying practice of the business.

(2) All land surveying services are performed by or under the responsible charge of a land surveyor or civil engineer.

(3) If the business name of a California land surveying business contains the name of a person, then that person shall be licensed by the board as a land surveyor or licensed by the board in any year as a civil engineer. Any offer, promotion, or advertisement by the business that contains the name of any individual in the business, other than by use of the name of the individual in the business name, shall clearly and specifically designate the license discipline of each individual named.

(b) An out-of-state business with a branch office in this state shall meet the requirements of subdivision (a) and shall have an owner, partner, or officer who is in charge of the land surveying work in this state, who is licensed in this state, and who is physically present at the branch office in this state on a regular basis. However, the name of the business may contain the name of a person not licensed in this state, if that person is appropriately licensed or registered in another state. Any offer, promotion, or advertisement that contains the name of any individual in the business, other than by use of the name of the individual in the business name, shall clearly and specifically designate the license or registration discipline of each individual named.

(c) The business name of a California land surveying business may be a fictitious name. However, if the fictitious name includes the names of any person, the requirements of paragraph (3) of subdivision (a) shall be met.

(d) A person not licensed under this chapter or licensed as a civil engineer in this state prior to 1982 may also be a partner or an officer of a land surveying business if the conditions of subdivision (a) are satisfied. Nothing in this section shall be construed to permit a person who is not licensed under this chapter or licensed as a civil engineer in this state prior to 1982 to be the sole owner or office of a land surveying business, unless otherwise exempt under this chapter.

(e) This chapter does not prevent an individual or business engaged in any line of endeavor, other than the practice of land surveying, from employing or contracting with a licensed land surveyor or a licensed

civil engineer to perform the respective land surveying services incidental to the conduct of business.

(f) This section shall not prevent the use of the name of any business engaged in rendering land surveying services, including the use by any lawful successor or survivor, that lawfully was in existence on June 1, 1941. However, the business is subject to the provisions of paragraphs (1) and (2) of subdivision (a).

(g) A business engaged in rendering land surveying services may use in its name the name of a deceased or retired person if the following conditions are satisfied:

(1) The person's name had been used in the name of the business, or a predecessor in interest of the business, prior to the death or retirement of the person.

(2) The person shall have been an owner, partner, or officer of the business, or an owner, partner, or officer of the predecessor in interest of the business.

(3) The person shall have been licensed as a land surveyor or a civil engineer by the board, if operating a place of business or practice in this state, or by an applicable state board in the event no place of business existed in this state.

(4) The person, if retired, has consented to the use of the name and does not permit the use of the name in the title of another land surveying business in this state during the period of that consent, except that a retired person may use his or her name as the name of a new or purchased business, if that business is not identical in every respect to that person's name as used in the former business.

(5) The business shall be subject to paragraphs (1) and (2) of subdivision (a).

(h) This section does not affect Sections 6731.2 and 8726.1.

(i) A current organization record form shall be filed with the board for all businesses engaged in rendering professional land surveying services.

SEC. 114. Section 8740 of the Business and Professions Code is amended to read:

8740. (a) An application for each division of the examination for a license as a land surveyor shall be made to the board on the form prescribed by it, with all statements therein made under oath, and shall be accompanied by the application fee fixed by this chapter.

(b) The board may authorize an organization specified by the board pursuant to Section 8747 to receive directly from applicants payment of the examination fees charged by that organization as payment for examination materials and services.

SEC. 115. Section 8745 of the Business and Professions Code is amended to read:

8745. Examinations for license shall be held at such times and at such places within the state as determined by board rule.

The scope of examinations and the method of procedure shall be prescribed by board rule.

The board may make arrangements with a public or private organization to conduct the examination. The board may contract with a public or private organization for materials or services related to the examination.

SEC. 116. Section 22251 of the Business and Professions Code is amended to read:

22251. For the purposes of this chapter, the following words have the following meanings:

(a) (1) Except as otherwise provided in paragraph (2), "tax preparer" includes:

(A) A person who, for a fee or for other consideration, assists with or prepares tax returns for another person or who assumes final responsibility for completed work on a return on which preliminary work has been done by another person, or who holds himself or herself out as offering those services. A person engaged in that activity shall be deemed to be a separate person for the purposes of this chapter, irrespective of affiliation with, or employment by, another tax preparer.

(B) A corporation, partnership, association, or other entity that has associated with it persons not exempted under Section 22258, which persons shall have as part of their responsibilities the preparation of data and ultimate signatory authority on tax returns or that holds itself out as offering those services or having that authority.

(2) Notwithstanding paragraph (1), "tax preparer" does not include an employee who, as part of the regular clerical duties of his or her employment, prepares his or her employer's income, sales, or payroll tax returns.

(b) "Tax return" means a return, declaration, statement, refund claim, or other document required to be made or filed in connection with state or federal income taxes or state bank and corporation franchise taxes.

(c) An "approved curriculum provider," for purposes of basic instruction as described in subdivision (a) of Section 22255, and continuing education as described in subdivision (b) of Section 22255, is one who has been approved by the council as defined in subdivision (d). A curriculum provider who is approved by the tax education council is exempt from Chapter 7 (commencing with Section 94700) of Part 59 of Division 10 of the Education Code.

(d) "Council" means the California Tax Education Council that is a single organization made up of not more than one representative from each professional society, association, or other entity operating as a nonprofit corporation that chooses to participate in the council and that represents tax preparers, enrolled agents, attorneys, or certified public accountants with a membership in California of at least 200 for the last three years, and not more than one representative from each for-profit tax preparation corporation that chooses to participate in the council and that has at least 200 employees and has been operating in California for the last three years. The council shall establish a process by which six individuals who are tax preparers pursuant to Section 22255 are appointed to the council with full voting privileges to serve terms as determined by the council, with their initial terms being served on a staggered basis. A person exempt from the requirements of this chapter pursuant to Section 22258 is not eligible for appointment to the council, other than an employee of an individual in an exempt category.

(e) "Client" means an individual for whom a tax preparer performs or agrees to perform tax preparation services.

(f) "Refund anticipation loan" means a loan, whether provided by the tax preparer or another entity, such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or by both.

(g) "Refund anticipation loan fee schedule" means a list or table of refund anticipation loan fees that includes three or more representative refund anticipation loan amounts. The schedule shall separately list each fee or charge imposed, as well as a total of all fees imposed, related to the making of a refund anticipation loan. The schedule shall also include, for each representative loan amount, the estimated annual percentage rate calculated under the guidelines established by the federal Truth in Lending Act (15 U.S.C. Sec. 1601 and following).

SEC. 117. Section 44876 of the Education Code is amended to read:

44876. (a) The qualifications for a dental hygienist shall be a valid certificate issued by the Board of Dental Examiners of California and either a health and development credential, a standard designated services credential with a specialization in health, or a services credential with a specialization in health.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 118. Section 44876 is added to the Education Code, to read:

44876. (a) The qualifications for a dental hygienist shall be a valid license issued by the California Dental Hygiene Bureau or by the Dental Board of California and either a health and development credential, a

standard designated services credential with a specialization in health, or a services credential with a specialization in health.

(b) This section shall become operative on January 1, 2008.

SEC. 119. Section 1348.8 of the Health and Safety Code is amended to read:

1348.8. (a) Every health care service plan that provides, operates, or contracts for, telephone medical advice services to its enrollees and subscribers shall do all of the following:

(1) Ensure that the in-state or out-of-state telephone medical advice service is registered pursuant to Chapter 15 (commencing with Section 4999) of Division 2 of the Business and Professions Code.

(2) Ensure that the staff providing telephone medical advice services for the in-state or out-of-state telephone medical advice service are licensed as follows:

(A) For full service health care service plans, the staff hold a valid California license as a registered nurse or a valid license in the state within which they provide telephone medical advice services as a physician and surgeon or physician assistant, and are operating in compliance with the laws governing their respective scopes of practice.

(B) (i) For specialized health care service plans providing, operating, or contracting with a telephone medical advice service in California, the staff shall be appropriately licensed, registered, or certified as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code or the Osteopathic Initiative Act, as a registered nurse pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code, as a dentist pursuant to Chapter 4 (commencing with Section 1600) of Division 2 of the Business and Professions Code, as a dental hygienist pursuant to Article 7 (commencing with Section 1740) of Chapter 4 of Division 2 of the Business and Professions Code, as a psychologist pursuant to Chapter 6.6 (commencing with Section 2900) of Division 2 of the Business and Professions Code, as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980) of Division 2 of the Business and Professions Code, as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990) of Division 2 of the Business and Professions Code, as an optometrist pursuant to Chapter 7 (commencing with Section 3000) of Division 2 of the Business and Professions Code, or as a chiropractor pursuant to the Chiropractic Initiative Act, and operating in compliance with the laws governing their respective scopes of practice.

(ii) For specialized health care service plans providing, operating, or contracting with an out-of-state telephone medical advice service, the staff shall be health care professionals, as identified in clause (i), who

are licensed, registered, or certified in the state within which they are providing the telephone medical advice services and are operating in compliance with the laws governing their respective scopes of practice. All registered nurses providing telephone medical advice services to both in-state and out-of-state business entities registered pursuant to this chapter shall be licensed pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code.

(3) Ensure that every full service health care service plan provides for a physician and surgeon who is available on an on-call basis at all times the service is advertised to be available to enrollees and subscribers.

(4) Ensure that staff members handling enrollee or subscriber calls, who are not licensed, certified, or registered as required by paragraph (2), do not provide telephone medical advice. Those staff members may ask questions on behalf of a staff member who is licensed, certified, or registered as required by paragraph (2), in order to help ascertain the condition of an enrollee or subscriber so that the enrollee or subscriber can be referred to licensed staff. However, under no circumstances shall those staff members use the answers to those questions in an attempt to assess, evaluate, advise, or make any decision regarding the condition of an enrollee or subscriber or determine when an enrollee or subscriber needs to be seen by a licensed medical professional.

(5) Ensure that no staff member uses a title or designation when speaking to an enrollee or subscriber that may cause a reasonable person to believe that the staff member is a licensed, certified, or registered professional described in Section 4999.2 unless the staff member is a licensed, certified, or registered professional.

(6) Ensure that the in-state or out-of-state telephone medical advice service designates an agent for service of process in California and files this designation with the director.

(7) Requires that the in-state or out-of-state telephone medical advice service makes and maintains records for a period of five years after the telephone medical advice services are provided, including, but not limited to, oral or written transcripts of all medical advice conversations with the health care service plan's enrollees or subscribers in California and copies of all complaints. If the records of telephone medical advice services are kept out of state, the health care service plan shall, upon the request of the director, provide the records to the director within 10 days of the request.

(8) Ensure that the telephone medical advice services are provided consistent with good professional practice.

(b) The director shall forward to the Department of Consumer Affairs, within 30 days of the end of each calendar quarter, data regarding

complaints filed with the department concerning telephone medical advice services.

(c) For the purposes of this section, "telephone medical advice" means a telephonic communication between a patient and a health care professional in which the health care professional's primary function is to provide to the patient a telephonic response to the patient's questions regarding his or her or a family member's medical care or treatment. "Telephone medical advice" includes assessment, evaluation, or advice provided to patients or their family members.

(d) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 120. Section 1348.8 is added to the Health and Safety Code, to read:

1348.8. (a) Every health care service plan that provides, operates, or contracts for, telephone medical advice services to its enrollees and subscribers shall do all of the following:

(1) Ensure that the in-state or out-of-state telephone medical advice service is registered pursuant to Chapter 15 (commencing with Section 4999) of Division 2 of the Business and Professions Code.

(2) Ensure that the staff providing telephone medical advice services for the in-state or out-of-state telephone medical advice service are licensed as follows:

(A) For full service health care service plans, the staff hold a valid California license as a registered nurse or a valid license in the state within which they provide telephone medical advice services as a physician and surgeon or physician assistant, and are operating in compliance with the laws governing their respective scopes of practice.

(B) (i) For specialized health care service plans providing, operating, or contracting with a telephone medical advice service in California, the staff shall be appropriately licensed, registered, or certified as a physician and surgeon pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code or the Osteopathic Initiative Act, as a registered nurse pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code, as a dentist or a dental hygienist pursuant to Chapter 4 (commencing with Section 1600) of Division 2 of the Business and Professions Code, as a psychologist pursuant to Chapter 6.6 (commencing with Section 2900) of Division 2 of the Business and Professions Code, as a marriage and family therapist pursuant to Chapter 13 (commencing with Section 4980) of Division 2 of the Business and Professions Code, as a licensed clinical social worker pursuant to Chapter 14 (commencing with Section 4990) of Division 2 of the Business and Professions Code, as an

optometrist pursuant to Chapter 7 (commencing with Section 3000) of Division 2 of the Business and Professions Code, or as a chiropractor pursuant to the Chiropractic Initiative Act, and operating in compliance with the laws governing their respective scopes of practice.

(ii) For specialized health care service plans providing, operating, or contracting with an out-of-state telephone medical advice service, the staff shall be health care professionals, as identified in clause (i), who are licensed, registered, or certified in the state within which they are providing the telephone medical advice services and are operating in compliance with the laws governing their respective scopes of practice. All registered nurses providing telephone medical advice services to both in-state and out-of-state business entities registered pursuant to this chapter shall be licensed pursuant to Chapter 6 (commencing with Section 2700) of Division 2 of the Business and Professions Code.

(3) Ensure that every full service health care service plan provides for a physician and surgeon who is available on an on-call basis at all times the service is advertised to be available to enrollees and subscribers.

(4) Ensure that staff members handling enrollee or subscriber calls, who are not licensed, certified, or registered as required by paragraph (2), do not provide telephone medical advice. Those staff members may ask questions on behalf of a staff member who is licensed, certified, or registered as required by paragraph (2), in order to help ascertain the condition of an enrollee or subscriber so that the enrollee or subscriber can be referred to licensed staff. However, under no circumstances shall those staff members use the answers to those questions in an attempt to assess, evaluate, advise, or make any decision regarding the condition of an enrollee or subscriber or determine when an enrollee or subscriber needs to be seen by a licensed medical professional.

(5) Ensure that no staff member uses a title or designation when speaking to an enrollee or subscriber that may cause a reasonable person to believe that the staff member is a licensed, certified, or registered professional described in Section 4999.2 unless the staff member is a licensed, certified, or registered professional.

(6) Ensure that the in-state or out-of-state telephone medical advice service designates an agent for service of process in California and files this designation with the director.

(7) Requires that the in-state or out-of-state telephone medical advice service makes and maintains records for a period of five years after the telephone medical advice services are provided, including, but not limited to, oral or written transcripts of all medical advice conversations with the health care service plan's enrollees or subscribers in California and copies of all complaints. If the records of telephone medical advice services are kept out of state, the health care service plan shall, upon the

request of the director, provide the records to the director within 10 days of the request.

(8) Ensure that the telephone medical advice services are provided consistent with good professional practice.

(b) The director shall forward to the Department of Consumer Affairs, within 30 days of the end of each calendar quarter, data regarding complaints filed with the department concerning telephone medical advice services.

(c) For the purposes of this section, "telephone medical advice" means a telephonic communication between a patient and a health care professional in which the health care professional's primary function is to provide to the patient a telephonic response to the patient's questions regarding his or her or a family member's medical care or treatment. "Telephone medical advice" includes assessment, evaluation, or advice provided to patients or their family members.

(d) This section shall become operative on January 1, 2008.

SEC. 121. Section 128160 of the Health and Safety Code is amended to read:

128160. (a) Pilot projects may be approved in the following fields:

(1) Expanded role medical auxiliaries.

(2) Expanded role nursing.

(3) Expanded role dental auxiliaries.

(4) Maternal child care personnel.

(5) Pharmacy personnel.

(6) Mental health personnel.

(7) Other health care personnel including, but not limited to, veterinary personnel, chiropractic personnel, podiatric personnel, geriatric care personnel, therapy personnel, and health care technicians.

(b) Projects that operate in rural and central city areas shall be given priority.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

SEC. 122. Section 128160 is added to the Health and Safety Code, to read:

128160. (a) Pilot projects may be approved in the following fields:

(1) Expanded role medical auxiliaries.

(2) Expanded role nursing.

(3) Expanded role dental auxiliaries, dental hygienists, dental hygienists in alternative practice, or dental hygienists is extended functions.

(4) Maternal child care personnel.

(5) Pharmacy personnel.

(6) Mental health personnel.

(7) Other health care personnel including, but not limited to, veterinary personnel, chiropractic personnel, podiatric personnel, geriatric care personnel, therapy personnel, and health care technicians.

(b) Projects that operate in rural and central city areas shall be given priority.

(c) This section become operative on January 1, 2008.

SEC. 123. (a) Sections 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 14.2, 14.4, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 78, 79, 80, 81, 117, 118, 119, 120, 121, and 122 of this bill shall only become operative if AB 1472 is enacted and becomes effective on or before January 1, 2007, and this bill is enacted after AB 1472.

(b) Section 17.5 of this bill shall only become operative if AB 1472 is enacted and becomes effective on or before January 1, 2007, and this bill is enacted after AB 1472, in which case Section 17 of this bill shall not become operative.

SEC. 124. Section 2.5 of this bill incorporates amendments to Section 101 of the Business and Professions Code proposed by both this bill and AB 2821. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 101 of the Business and Professions Code, (3) SB 1472 is enacted and amends Section 101 of the Business and Professions Code, and (4) this bill is enacted after AB 2821 and SB 1472, in which case Section 2 of this bill shall not become operative.

SEC. 125. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 659

An act to amend Sections 725, 800, 1646.9, 2079, 2533, 4073, 4104, 4162, 4162.5, 4180, 4181, 4182, 4190, 4191, 4192, 4546, 4548, 4994, 4996.17, 4999, 4999.1, and 4999.4 of, to amend the heading of Article 4 (commencing with Section 4996) of Chapter 14 of Division 2 of, to add Chapter 13.5 (commencing with Section 4989.10) and Chapter 13.7 (commencing with Section 4990) to Division 2 of, to add Sections 4127.8,

4991, and 4991.2 to, to repeal Article 5 (commencing with Section 4986) of Chapter 13 and Article 1 (commencing with Section 4990) of Chapter 14 of Division 2 of, and to repeal Sections 4992.31, 4998.6, 4999.8, and 4999.9 of, the Business and Professions Code, relating to the healing arts, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 725 of the Business and Professions Code is amended to read:

725. Repeated acts of clearly excessive prescribing or administering of drugs or treatment, repeated acts of clearly excessive use of diagnostic procedures, or repeated acts of clearly excessive use of diagnostic or treatment facilities as determined by the standard of the community of licensees is unprofessional conduct for a physician and surgeon, dentist, podiatrist, psychologist, physical therapist, chiropractor, optometrist, speech-language pathologist, or audiologist. However, pursuant to Section 2241.5, no physician and surgeon in compliance with the California Intractable Pain Treatment Act shall be subject to disciplinary action for lawfully prescribing or administering controlled substances in the course of treatment of a person for intractable pain.

Any person who engages in repeated acts of clearly excessive prescribing or administering of drugs or treatment is guilty of a misdemeanor and shall be punished by a fine of not less than one hundred dollars ($100) nor more than six hundred dollars ($600), or by imprisonment for a term of not less than 60 days nor more than 180 days, or by both the fine and imprisonment.

SEC. 1.5. Section 725 of the Business and Professions Code is amended to read:

725. (a) Repeated acts of clearly excessive prescribing, furnishing, dispensing or administering of drugs or treatment, repeated acts of clearly excessive use of diagnostic procedures, or repeated acts of clearly excessive use of diagnostic or treatment facilities as determined by the standard of the community of licensees is unprofessional conduct for a physician and surgeon, dentist, podiatrist, psychologist, physical therapist, chiropractor, optometrist, speech-language pathologist, or audiologist.

(b) Any person who engages in repeated acts of clearly excessive prescribing or administering of drugs or treatment is guilty of a misdemeanor and shall be punished by a fine of not less than one hundred dollars ($100) nor more than six hundred dollars ($600), or by

imprisonment for a term of not less than 60 days nor more than 180 days, or by both that fine and imprisonment.

(c) A practitioner who has a medical basis for prescribing, furnishing, dispensing, or administering dangerous drugs or prescription controlled substances shall not be subject to disciplinary action or prosecution under this section.

(d) No physician and surgeon shall be subject to disciplinary action pursuant to this section for treating intractable pain in compliance with Section 2241.5.

SEC. 2. Section 800 of the Business and Professions Code is amended to read:

800. (a) The Medical Board of California, the Board of Psychology, the Dental Board of California, the Osteopathic Medical Board of California, the State Board of Chiropractic Examiners, the Board of Registered Nursing, the Board of Vocational Nursing and Psychiatric Technicians, the State Board of Optometry, the Veterinary Medical Board, the Board of Behavioral Sciences, the Physical Therapy Board of California, the California State Board of Pharmacy, and the Speech-Language Pathology and Audiology Board shall each separately create and maintain a central file of the names of all persons who hold a license, certificate, or similar authority from that board. Each central file shall be created and maintained to provide an individual historical record for each licensee with respect to the following information:

(1) Any conviction of a crime in this or any other state that constitutes unprofessional conduct pursuant to the reporting requirements of Section 803.

(2) Any judgment or settlement requiring the licensee or his or her insurer to pay any amount of damages in excess of three thousand dollars ($3,000) for any claim that injury or death was proximately caused by the licensee's negligence, error or omission in practice, or by rendering unauthorized professional services, pursuant to the reporting requirements of Section 801 or 802.

(3) Any public complaints for which provision is made pursuant to subdivision (b).

(4) Disciplinary information reported pursuant to Section 805.

(b) Each board shall prescribe and promulgate forms on which members of the public and other licensees or certificate holders may file written complaints to the board alleging any act of misconduct in, or connected with, the performance of professional services by the licensee.

If a board, or division thereof, a committee, or a panel has failed to act upon a complaint or report within five years, or has found that the complaint or report is without merit, the central file shall be purged of information relating to the complaint or report.

Notwithstanding this subdivision, the Board of Psychology, the Board of Behavioral Sciences, and the Respiratory Care Board of California shall maintain complaints or reports as long as each board deems necessary.

(c) The contents of any central file that are not public records under any other provision of law shall be confidential except that the licensee involved, or his or her counsel or representative, shall have the right to inspect and have copies made of his or her complete file except for the provision that may disclose the identity of an information source. For the purposes of this section, a board may protect an information source by providing a copy of the material with only those deletions necessary to protect the identity of the source or by providing a comprehensive summary of the substance of the material. Whichever method is used, the board shall ensure that full disclosure is made to the subject of any personal information that could reasonably in any way reflect or convey anything detrimental, disparaging, or threatening to a licensee's reputation, rights, benefits, privileges, or qualifications, or be used by a board to make a determination that would affect a licensee's rights, benefits, privileges, or qualifications. The information required to be disclosed pursuant to Section 803.1 shall not be considered among the contents of a central file for the purposes of this subdivision.

The licensee may, but is not required to, submit any additional exculpatory or explanatory statement or other information that the board shall include in the central file.

Each board may permit any law enforcement or regulatory agency when required for an investigation of unlawful activity or for licensing, certification, or regulatory purposes to inspect and have copies made of that licensee's file, unless the disclosure is otherwise prohibited by law.

These disclosures shall effect no change in the confidential status of these records.

SEC. 3. Section 1646.9 of the Business and Professions Code is amended to read:

1646.9. (a) Notwithstanding any other provision of law, including, but not limited to, Section 1646.1, a physician and surgeon licensed pursuant to Chapter 5 (commencing with Section 2000) may administer general anesthesia in the office of a licensed dentist for dental patients, without regard to whether the dentist possesses a permit issued pursuant to this article, if all of the following conditions are met:

(1) The physician and surgeon possesses a current license in good standing to practice medicine in this state.

(2) The physician and surgeon holds a valid general anesthesia permit issued by the Dental Board of California pursuant to subdivision (b).

(b) (1) A physician and surgeon who desires to administer general anesthesia as set forth in subdivision (a) shall apply to the Dental Board of California on an application form prescribed by the board and shall submit all of the following:

(A) The payment of an application fee prescribed by this article.

(B) Evidence satisfactory to the Medical Board of California showing that the applicant has successfully completed a postgraduate residency training program in anesthesiology that is recognized by the American Council on Graduate Medical Education, as set forth in Section 2079.

(C) Documentation demonstrating that all equipment and drugs required by the Dental Board of California are possessed by the applicant and shall be available for use in any dental office in which he or she administers general anesthesia.

(D) Information relative to the current membership of the applicant on hospital medical staffs.

(2) Prior to issuance or renewal of a permit pursuant to this section, the Dental Board of California may, at its discretion, require an onsite inspection and evaluation of the facility, equipment, personnel, including, but not limited to, the physician and surgeon, and procedures utilized. At least one of the persons evaluating the procedures utilized by the physician and surgeon shall be a licensed physician and surgeon expert in outpatient general anesthesia who has been authorized or retained under contract by the Dental Board of California for this purpose.

(3) The permit of any physician and surgeon who has failed an onsite inspection and evaluation shall be automatically suspended 30 days after the date on which the board notifies the physician and surgeon of the failure unless within that time period the physician and surgeon has retaken and passed an onsite inspection and evaluation. Every physician and surgeon issued a permit under this article shall have an onsite inspection and evaluation at least once every six years. Refusal to submit to an inspection shall result in automatic denial or revocation of the permit.

(c) This section shall remain in effect until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted on or before January 1, 2008, deletes or extends that date.

SEC. 4. Section 2079 of the Business and Professions Code is amended to read:

2079. (a) A physician and surgeon who desires to administer general anesthesia in the office of a dentist pursuant to Section 1646.9, shall provide the Medical Board of California with a copy of the application submitted to the Dental Board of California pursuant to subdivision (b) of Section 1646.9 and a fee established by the board not to exceed the costs of processing the application as provided in this section.

(b) The Medical Board of California shall review the information submitted and take action as follows:

(1) Inform the Dental Board of California whether the physician and surgeon has a current license in good standing to practice medicine in this state.

(2) Verify whether the applicant has successfully completed a postgraduate residency training program in anesthesiology and whether the program has been recognized by the American Council on Graduate Medical Education.

(3) Inform the Dental Board of California whether the Medical Board of California has determined that the applicant has successfully completed the postgraduate residency training program in anesthesiology recognized by the American Council on Graduate Medicine.

(c) This section shall remain in effect until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted on or before January 1, 2008, deletes or extends that date.

SEC. 5. Section 2533 of the Business and Professions Code is amended to read:

2533. The board may refuse to issue, or issue subject to terms and conditions, a license on the grounds specified in Section 480, or may suspend, revoke, or impose terms and conditions upon the license of any licensee if he or she has been guilty of unprofessional conduct. Unprofessional conduct shall include, but shall not be limited to, the following:

(a) Conviction of a crime substantially related to the qualifications, functions, and duties of a speech-language pathologist or audiologist, as the case may be. The record of the conviction shall be conclusive evidence thereof.

(b) Securing a license by fraud or deceit.

(c) (1) The use or administering to himself or herself, of any controlled substance; (2) the use of any of the dangerous drugs specified in Section 4022, or of alcoholic beverages, to the extent, or in a manner as to be dangerous or injurious to the licensee, to any other person, or to the public, or to the extent that the use impairs the ability of the licensee to practice speech-language pathology of audiology safely; (3) more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of the substances referred to in this section; or (4) any combination of paragraphs (1), (2), or (3). The record of the conviction shall be conclusive evidence of unprofessional conduct.

(d) Advertising in violation of Section 17500. Advertising an academic degree that was not validly awarded or earned under the laws of this

state or the applicable jurisdiction in which it was issued is deemed to constitute a violation of Section 17500.

(e) Committing a dishonest or fraudulent act which is substantially related to the qualifications, functions, or duties of a licensee.

(f) Incompetence or gross negligence in the practice of speech-language pathology or audiology.

(g) Other acts that have endangered or are likely to endanger the health, welfare, and safety of the public.

SEC. 6. Section 4073 of the Business and Professions Code is amended to read:

4073. (a) A pharmacist filling a prescription order for a drug product prescribed by its trade or brand name may select another drug product with the same active chemical ingredients of the same strength, quantity, and dosage form, and of the same generic drug name as determined by the United States Adopted Names (USAN) and accepted by the federal Food and Drug Administration (FDA), of those drug products having the same active chemical ingredients.

(b) In no case shall a selection be made pursuant to this section if the prescriber personally indicates, either orally or in his or her own handwriting, "Do not substitute," or words of similar meaning. Nothing in this subdivision shall prohibit a prescriber from checking a box on a prescription marked "Do not substitute"; provided that the prescriber personally initials the box or checkmark. To indicate that a selection shall not be made pursuant to this section for an electronic data transmission prescription as defined in subdivision (c) of Section 4040, a prescriber may indicate "Do not substitute," or words of similar meaning, in the prescription as transmitted by electronic data, or may check a box marked on the prescription "Do not substitute." In either instance, it shall not be required that the prohibition on substitution be manually initialed by the prescriber.

(c) Selection pursuant to this section is within the discretion of the pharmacist, except as provided in subdivision (b). The person who selects the drug product to be dispensed pursuant to this section shall assume the same responsibility for selecting the dispensed drug product as would be incurred in filling a prescription for a drug product prescribed by generic name. There shall be no liability on the prescriber for an act or omission by a pharmacist in selecting, preparing, or dispensing a drug product pursuant to this section. In no case shall the pharmacist select a drug product pursuant to this section unless the drug product selected costs the patient less than the prescribed drug product. Cost, as used in this subdivision, is defined to include any professional fee that may be charged by the pharmacist.

(d) This section shall apply to all prescriptions, including those presented by or on behalf of persons receiving assistance from the federal government or pursuant to the California Medical Assistance Program set forth in Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(e) When a substitution is made pursuant to this section, the use of the cost-saving drug product dispensed shall be communicated to the patient and the name of the dispensed drug product shall be indicated on the prescription label, except where the prescriber orders otherwise.

SEC. 7. Section 4104 of the Business and Professions Code is amended to read:

4104. (a) Every pharmacy shall have in place procedures for taking action to protect the public when a licensed individual employed by or with the pharmacy is discovered or known to be chemically, mentally, or physically impaired to the extent it affects his or her ability to practice the profession or occupation authorized by his or her license, or is discovered or known to have engaged in the theft, diversion, or self-use of dangerous drugs.

(b) Every pharmacy shall have written policies and procedures for addressing chemical, mental, or physical impairment, as well as theft, diversion, or self-use of dangerous drugs, among licensed individuals employed by or with the pharmacy.

(c) Every pharmacy shall report to the board, within 30 days of the receipt or development of the following information with regard to any licensed individual employed by or with the pharmacy:

(1) Any admission by a licensed individual of chemical, mental, or physical impairment affecting his or her ability to practice.

(2) Any admission by a licensed individual of theft, diversion, or self-use of dangerous drugs.

(3) Any video or documentary evidence demonstrating chemical, mental, or physical impairment of a licensed individual to the extent it affects his or her ability to practice.

(4) Any video or documentary evidence demonstrating theft, diversion, or self-use of dangerous drugs by a licensed individual.

(5) Any termination based on chemical, mental, or physical impairment of a licensed individual to the extent it affects his or her ability to practice.

(6) Any termination of a licensed individual based on theft, diversion, or self-use of dangerous drugs.

(d) Anyone making a report authorized or required by this section shall have immunity from any liability, civil or criminal, that might otherwise arise from the making of the report. Any participant shall have

the same immunity with respect to participation in any administrative or judicial proceeding resulting from the report.

SEC. 8. Section 4127.8 is added to the Business and Professions Code, to read:

4127.8. The board may, at its discretion, issue a temporary license to compound injectable sterile drug products, when the ownership of a pharmacy that is licensed to compound injectable sterile drug products is transferred from one person to another, upon the conditions and for any periods of time as the board determines to be in the public interest. A temporary license fee shall be five hundred dollars ($500) or another amount established by the board not to exceed the annual fee for renewal of a license to compound injectable sterile drug products. When needed to protect public safety, a temporary license may be issued for a period not to exceed 180 days, and may be issued subject to terms and conditions the board deems necessary. If the board determines a temporary license was issued by mistake or denies the application for a permanent license, the temporary license shall terminate upon either personal service of the notice of termination upon the licenseholder or service by certified mail, return receipt requested at the licenseholder's address of record with the board, whichever comes first. Neither for purposes of retaining a temporary license nor for purposes of any disciplinary or license denial proceeding before the board shall the temporary licenseholder be deemed to have a vested property right or interest in the license.

SEC. 9. Section 4162 of the Business and Professions Code is amended to read:

4162. (a) (1) An applicant, that is not a government-owned and operated wholesaler, for the issuance or renewal of a wholesaler license shall submit a surety bond of one hundred thousand dollars ($100,000) or other equivalent means of security acceptable to the board payable to the Pharmacy Board Contingent Fund. The purpose of the surety bond is to secure payment of any administrative fine imposed by the board and any cost recovery ordered pursuant to Section 125.3.

(2) For purposes of paragraph (1), the board may accept a surety bond less than one hundred thousand dollars ($100,000) if the annual gross receipts of the previous tax year for the wholesaler is ten million dollars ($10,000,000) or less, in which case the surety bond shall be twenty-five thousand dollars ($25,000).

(3) A person to whom an approved new drug application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application, and is licensed or applies for licensure as a wholesaler, shall not be required to post a surety bond as provided in paragraph (1).

(4) For licensees subject to paragraph (2) or (3), the board may require a bond up to one hundred thousand dollars ($100,000) for any licensee who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days after the order imposing the fine, or costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

(d) This section shall become operative on January 1, 2006, and shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends those dates.

SEC. 10. Section 4162.5 of the Business and Professions Code is amended to read:

4162.5. (a) (1) An applicant for the issuance or renewal of a nonresident wholesaler license shall submit a surety bond of one hundred thousand dollars ($100,000), or other equivalent means of security acceptable to the board, such as an irrevocable letter of credit, or a deposit in a trust account or financial institution, payable to the Pharmacy Board Contingent Fund. The purpose of the surety bond is to secure payment of any administrative fine imposed by the board and any cost recovery ordered pursuant to Section 125.3.

(2) For purpose of paragraph (1), the board may accept a surety bond less than one hundred thousand dollars ($100,000) if the annual gross receipts of the previous tax year for the nonresident wholesaler is ten million dollars ($10,000,000) or less in which the surety bond shall be twenty-five thousand dollars ($25,000).

(3) For applicants who satisfy paragraph (2), the board may require a bond up to one hundred thousand dollars ($100,000) for any nonresident wholesaler who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(4) A person to whom an approved new drug application or a biologics license application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application or biologics license application, and is licensed or applies for licensure as a nonresident wholesaler, shall not be required to post a surety bond as provided in this section.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days of the issuance of the fine or when the costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

(d) This section shall become operative on January 1, 2006, and shall become inoperative and is repealed on, January 1, 2011, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends those dates.

SEC. 11. Section 4180 of the Business and Professions Code is amended to read:

4180. (a) (1) Notwithstanding any provision of this chapter, any of the following clinics may purchase drugs at wholesale for administration or dispensing, under the direction of a physician and surgeon, to patients registered for care at the clinic:

(A) A licensed nonprofit community clinic or free clinic as defined in paragraph (1) of subdivision (a) of Section 1204 of the Health and Safety Code.

(B) A primary care clinic owned or operated by a county as referred to in subdivision (b) of Section 1206 of the Health and Safety Code.

(C) A clinic operated by a federally recognized Indian tribe or tribal organization as referred to in subdivision (c) of Section 1206 of the Health and Safety Code.

(D) A clinic operated by a primary care community or free clinic, operated on separate premises from a licensed clinic, and that is open no more than 20 hours per week as referred to in subdivision (h) of Section 1206 of the Health and Safety Code.

(E) A student health center clinic operated by a public institution of higher education as referred to in subdivision (j) of Section 1206 of the Health and Safety Code.

(F) A nonprofit multispecialty clinic as referred to in subdivision (*l*) of Section 1206 of the Health and Safety Code.

(2) The clinic shall keep records of the kind and amounts of drugs purchased, administered, and dispensed, and the records shall be available and maintained for a minimum of three years for inspection by all properly authorized personnel.

(b) No clinic shall be entitled to the benefits of this section until it has obtained a license from the board. A separate license shall be required for each clinic location. A clinic shall notify the board of any change in the clinic's address on a form furnished by the board.

SEC. 12. Section 4181 of the Business and Professions Code is amended to read:

4181. (a) Prior to the issuance of a clinic license authorized under Section 4180, the clinic shall comply with all applicable laws and regulations of the State Department of Health Services relating to the

drug distribution service to insure that inventories, security procedures, training, protocol development, recordkeeping, packaging, labeling, dispensing, and patient consultation occur in a manner that is consistent with the promotion and protection of the health and safety of the public. The policies and procedures to implement the laws and regulations shall be developed and approved by the consulting pharmacist, the professional director, and the clinic administrator.

(b) The dispensing of drugs in a clinic shall be performed only by a physician, a pharmacist, or other person lawfully authorized to dispense drugs, and only in compliance with all applicable laws and regulations.

SEC. 13. Section 4182 of the Business and Professions Code is amended to read:

4182. (a) Each clinic that makes an application for a license under Section 4180 shall show evidence that the professional director is responsible for the safe, orderly, and lawful provision of pharmacy services. In carrying out the professional director's responsibilities, a consulting pharmacist shall be retained to approve the policies and procedures in conjunction with the professional director and the administrator. In addition, the consulting pharmacist shall be required to visit the clinic regularly and at least quarterly. However, nothing in this section shall prohibit the consulting pharmacist from visiting more than quarterly to review the application of policies and procedures based on the agreement of all the parties approving the policies and procedures.

(b) The consulting pharmacist shall certify in writing quarterly that the clinic is, or is not, operating in compliance with the requirements of this article. Each completed written certification shall be kept on file in the clinic for three years and shall include recommended corrective actions, if appropriate.

(c) For the purposes of this article, "professional director" means a physician and surgeon acting in his or her capacity as medical director or a dentist or podiatrist acting in his or her capacity as a director in a clinic where only dental or podiatric services are provided.

(d) Licensed clinics shall notify the board within 30 days of any change in professional director on a form furnished by the board.

SEC. 14. Section 4190 of the Business and Professions Code is amended to read:

4190. (a) Notwithstanding any provision of this chapter, a surgical clinic, as defined in paragraph (1) of subdivision (b) of Section 1204 of the Health and Safety Code may purchase drugs at wholesale for administration or dispensing, under the direction of a physician, to patients registered for care at the clinic, as provided in subdivision (b). The clinic shall keep records of the kind and amounts of drugs purchased, administered, and dispensed, and the records shall be available and

maintained for a minimum of three years for inspection by all properly authorized personnel.

(b) The drug distribution service of a surgical clinic shall be limited to the use of drugs for administration to the patients of the surgical clinic and to the dispensing of drugs for the control of pain and nausea for patients of the clinic. Drugs shall not be dispensed in an amount greater than that required to meet the patient's needs for 72 hours. Drugs for administration shall be those drugs directly applied, whether by injection, inhalation, ingestion, or any other means, to the body of a patient for his or her immediate needs.

(c) No surgical clinic shall operate without a license issued by the board nor shall it be entitled to the benefits of this section until it has obtained a license from the board. A separate license shall be required for each clinic location. A clinic shall notify the board of any change in the clinic's address on a form furnished by the board.

(d) Any proposed change in ownership or beneficial interest in the licensee shall be reported to the board, on a form to be furnished by the board, at least 30 days prior to the execution of any agreement to purchase, sell, exchange, gift or otherwise transfer any ownership or beneficial interest or prior to any transfer of ownership or beneficial interest, whichever occurs earlier.

SEC. 14.5. Section 4190 of the Business and Professions Code is amended to read:

4190. (a) Notwithstanding any provision of this chapter, an ambulatory surgical center, licensed pursuant to paragraph (1) of subdivision (b) of Section 1204 of the Health and Safety Code, accredited by an accreditation agency pursuant to Section 1248 of the Health and Safety Code, or certified to participate in the Medicare Program under Title XVIII (42 U.S.C. Sec. 1395 et seq.) of the federal Social Security Act, may purchase drugs at wholesale for administration or dispensing, under the direction of a physician, to patients registered for care at the center, as provided in subdivision (b). The center shall keep records of the kind and amounts of drugs purchased, administered, and dispensed, and the records shall be available and maintained for a minimum of three years for inspection by all properly authorized personnel.

(b) The drug distribution service of an ambulatory surgical center shall be limited to the use of drugs for administration to the patients of the ambulatory surgical center and to the dispensing of drugs for the control of pain and nausea for patients of the center. Drugs shall not be dispensed in an amount greater than that required to meet the patient's needs for 72 hours. Drugs for administration shall be those drugs directly applied, whether by injection, inhalation, ingestion, or any other means, to the body of a patient for his or her immediate needs.

(c) No ambulatory surgical center shall operate without a license issued by the board nor shall it be entitled to the benefits of this section until it has obtained a license from the board. A separate license shall be required for each center location. A center shall notify the board of any change in the center's address on a form furnished by the board.

(d) Any proposed change in ownership or beneficial interest in the licensee shall be reported to the board, on a form to be furnished by the board, at least 30 days prior to the execution of any agreement to purchase, sell, exchange, gift or otherwise transfer any ownership or beneficial interest or prior to any transfer of ownership or beneficial interest, whichever occurs earlier.

SEC. 15. Section 4191 of the Business and Professions Code is amended to read:

4191. (a) Prior to the issuance of a clinic license authorized under this article, the clinic shall comply with all applicable laws and regulations of the State Department of Health Services and the board relating to drug distribution to insure that inventories, security procedures, training, protocol development, recordkeeping, packaging, labeling, dispensing, and patient consultation are carried out in a manner that is consistent with the promotion and protection of the health and safety of the public. The policies and procedures to implement the laws and regulations shall be developed and approved by the consulting pharmacist, the professional director, and the clinic administrator.

(b) The dispensing of drugs in a clinic that has received a license under this article shall be performed only by a physician, a pharmacist, or other person lawfully authorized to dispense drugs, and only in compliance with all applicable laws and regulations.

SEC. 16. Section 4192 of the Business and Professions Code is amended to read:

4192. (a) Each clinic that makes an application for a license under this article shall show evidence that the professional director is responsible for the safe, orderly, and lawful provision of pharmacy services. In carrying out the professional director's responsibilities, a consulting pharmacist shall be retained to approve the policies and procedures in conjunction with the professional director and the administrator. In addition, the consulting pharmacist shall be required to visit the clinic regularly and at least quarterly. However, nothing in this section shall prohibit the consulting pharmacist from visiting more than quarterly to review the application of policies and procedures based on the agreement of all the parties approving the policies and procedures.

(b) The consulting pharmacist shall certify in writing quarterly that the clinic is, or is not, operating in compliance with the requirements of this article. Each completed written certification shall be kept on file in

the clinic for three years and shall include recommended corrective actions, if appropriate.

(c) For the purposes of this article, "professional director" means a physician and surgeon acting in his or her capacity as medical director or a dentist or podiatrist acting in his or her capacity as a director in a clinic where only dental or podiatric services are provided.

(d) Licensed clinics shall notify the board within 30 days of any change in professional director on a form furnished by the board.

SEC. 17. Section 4546 of the Business and Professions Code is amended to read:

4546. The board shall report each month to the Controller the amount and source of all revenue received by it pursuant to this chapter and at the same time pay the entire amount thereof into the State Treasury for credit to the Vocational Nursing and Psychiatric Technicians Fund.

SEC. 18. Section 4548 of the Business and Professions Code is amended to read:

4548. The amount of the fees prescribed by this chapter in connection with the issuance of licenses under its provisions shall be according to the following schedule:

(a) The fee to be paid upon the filing of an application shall be in an amount not less than one hundred dollars ($100), and may be fixed by the board at an amount no more than one hundred fifty dollars ($150).

(b) The fee to be paid for taking each examination shall be the actual cost to purchase an examination from a vendor approved by the board.

(c) The fee to be paid for any examination after the first shall be in an amount of not less than one hundred dollars ($100), and may be fixed by the board at an amount no more than one hundred fifty dollars ($150).

(d) The biennial renewal fee to be paid upon the filing of an application for renewal shall be in an amount not less than two hundred dollars ($200), and may be fixed by the board at an amount no more than three hundred dollars ($300).

(e) Notwithstanding Section 163.5, the delinquency fee for failure to pay the biennial renewal fee within the prescribed time shall be in an amount not less than one hundred dollars ($100) and may be fixed by the board at not more than 50 percent of the regular renewal fee and in no case more than one hundred fifty dollars ($150).

(f) The initial license fee is an amount equal to the biennial renewal fee in effect on the date the application for the license is filed.

(g) The fee to be paid for an interim permit shall be in an amount no less than twenty dollars ($20) and may be fixed by the board at an amount no more than fifty dollars ($50).

(h) The fee to be paid for a duplicate license shall be in an amount not less than twenty dollars ($20) and may be fixed by the board at an amount no more than fifty dollars ($50).

(i) The fee to be paid for processing endorsement papers to other states shall be in an amount not less than twenty dollars ($20) and may be fixed by the board at an amount no more than fifty dollars ($50).

(j) The fee to be paid for postlicensure certification in blood withdrawal shall be in an amount not less than twenty dollars ($20) and may be fixed by the board at an amount no more than fifty dollars ($50).

(k) The biennial fee to be paid upon the filing of an application for renewal for a provider of an approved continuing education course or a course to meet the certification requirements for blood withdrawal shall be in an amount not less than one hundred fifty dollars ($150), and may be fixed by the board at an amount no more than two hundred dollars ($200).

SEC. 19. Article 5 (commencing with Section 4986) of Chapter 13 of Division 2 of the Business and Professions Code is repealed.

SEC. 20. Chapter 13.5 (commencing with Section 4989.10) is added to Division 2 of the Business and Professions Code, to read:

Chapter 13.5. Licensed Educational Psychologists

Article 1. General

4989.10. This chapter shall be known, and may be cited as, the Educational Psychologist Practice Act.

4989.12. The Board of Behavioral Sciences shall administer and enforce the provisions of this chapter. For the purposes of this chapter it shall be designated as the board.

4989.14. The practice of educational psychology is the performance of any of the following professional functions pertaining to academic learning processes or the educational system or both:

(a) Educational evaluation.

(b) Diagnosis of psychological disorders related to academic learning processes.

(c) Administration of diagnostic tests related to academic learning processes including tests of academic ability, learning patterns, achievement, motivation, and personality factors.

(d) Interpretation of diagnostic tests related to academic learning processes including tests of academic ability, learning patterns, achievement, motivation, and personality factors.

(e) Providing psychological counseling for individuals, groups, and families.

(f) Consultation with other educators and parents on issues of social development and behavioral and academic difficulties.

(g) Conducting psychoeducational assessments for the purposes of identifying special needs.

(h) Developing treatment programs and strategies to address problems of adjustment.

(i) Coordinating intervention strategies for management of individual crises.

4989.16. (a) A person appropriately credentialed by the Commission on Teacher Credentialing may perform the functions authorized by that credential in a public school without a license issued under this chapter by the board.

(b) Nothing in this chapter shall be construed to constrict, limit, or withdraw the Medical Practice Act (Chapter 5 (commencing with Section 2000)), the Nursing Practice Act (Chapter 6 (commencing with Section 2700)), the Psychology Licensing Law (Chapter 6.6 (commencing with Section 2900)), the Marriage and Family Therapist Practice Act (Chapter 13 (commencing with Section 4980)), or the Clinical Social Worker Practice Act (Chapter 14 (commencing with Section 4991)).

4989.18. The board may, by rules or regulations, adopt, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and dignity in the profession, provided those rules or regulations are not inconsistent with Section 4989.54. Every person licensed under this chapter shall be governed by those rules of professional conduct.

Article 2. Licensure

4989.20. (a) The board may issue a license as an educational psychologist if the applicant satisfies, with proof satisfactory to the board, the following requirements:

(1) Possession of, at minimum, a master's degree in psychology, educational psychology, school psychology, or counseling and guidance. This degree shall be obtained from an educational institution approved by the board according to the regulations adopted under this chapter.

(2) Attainment of 18 years of age.

(3) No commission of an act or crime constituting grounds for denial of licensure under Section 480.

(4) Successful completion of 60 semester hours of postgraduate work in pupil personnel services.

(5) Completion of three years of full-time experience as a credentialed school psychologist in the public schools. At least one year of the experience required by this paragraph shall be supervised professional

experience in an accredited school psychology program or obtained under the direction of a licensed psychologist or a licensed educational psychologist. The applicant shall not be credited with experience obtained more than six years prior to filing the application for licensure.

(6) Passage of an examination specified by the board.

4989.22. (a) Only persons who satisfy the requirements of Section 4989.20 are eligible to take the licensure examination.

(b) An applicant who fails the written examination may, within one year from the notification date of failure, retake the examination as regularly scheduled without further application. Thereafter, the applicant shall not be eligible for further examination until he or she files a new application, meets all current requirements, and pays all fees required.

(c) Notwithstanding any other provision of law, the board may destroy all examination materials two years after the date of an examination.

4989.24. The board shall not issue a license to a person who has been convicted of a crime in this or any other state or in a territory of the United States that involves sexual abuse of children or who is required to register pursuant to Section 290 of the Penal Code or the equivalent in another state or territory.

4989.26. The board may refuse to issue a license to an applicant if it appears he or she may be unable to practice safely due to mental illness or chemical dependency. The procedures set forth in Article 12.5 (commencing with Section 820) of Chapter 1 shall apply to a denial of a license pursuant to this section.

4989.28. The board may deny an application for licensure if the applicant is or has been guilty of unprofessional conduct as described in Section 4989.54.

Article 3. Renewal and Continuing Education

4989.30. A license issued under this chapter shall expire no later than 24 months after its date of issue. The expiration date of the original license shall be set by the board.

4989.32. To renew an unexpired license, the licensee shall, on or before the expiration date of the license, take all of the following actions:

(a) Apply for renewal on a form prescribed by the board.

(b) Pay a renewal fee prescribed by the board.

(c) Inform the board of whether he or she has been convicted, as defined in Section 490, of any misdemeanor or felony and whether any disciplinary action has been taken by a regulatory or licensing board in this or any other state after the prior issuance or renewal of his or her license.

(d) Complete the continuing education requirements described in Section 4989.34.

4989.34. (a) To renew his or her license, a licensee shall certify to the board, on a form prescribed by the board, completion in the preceding two years of not less than 60 hours of approved continuing education in, or relevant to, educational psychology.

(b) Notwithstanding subdivision (a), a licensee who possesses a current pupil personnel services credential issued on or after July 1, 1994, shall be exempt from the continuing education requirement.

(c) (1) The continuing education shall be obtained from either an accredited university or a continuing education provider approved by the board.

(2) The board shall establish, by regulation, a procedure for approving providers of continuing education courses, and all providers of continuing education shall comply with procedures established by the board. The board may revoke or deny the right of a provider to offer continuing education coursework pursuant to this section for failure to comply with the requirements of this section or any regulation adopted pursuant to this section.

(d) Training, education, and coursework by approved providers shall incorporate one or more of the following:

(1) Aspects of the discipline that are fundamental to the understanding or the practice of educational psychology.

(2) Aspects of the discipline of educational psychology in which significant recent developments have occurred.

(3) Aspects of other disciplines that enhance the understanding or the practice of educational psychology.

(e) The board may audit the records of a licensee to verify completion of the continuing education requirement. A licensee shall maintain records of the completion of required continuing education coursework for a minimum of two years and shall make these records available to the board for auditing purposes upon its request.

(f) The board may establish exceptions from the continuing education requirements of this section for good cause, as determined by the board.

(g) The board shall, by regulation, fund the administration of this section through continuing education provider fees to be deposited in the Behavioral Sciences Fund. The amount of the fees shall be sufficient to meet, but shall not exceed, the costs of administering this section.

(h) The continuing education requirements of this section shall comply fully with the guidelines for mandatory continuing education established by the Department of Consumer Affairs pursuant to Section 166.

4989.36. A licensee may renew a license that has expired at any time within five years after its expiration date by taking all of the actions

described in Section 4989.32 and by paying all unpaid prior renewal fees and delinquency fees.

4989.38. A suspended license is subject to expiration as provided in this article and may be renewed, following the period of suspension, if the licensee takes all of the actions described in Section 4989.32.

4989.40. A revoked license is subject to expiration as provided in this article and shall not be renewed. The applicant may apply to the board for reinstatement of his or her license and shall pay a reinstatement fee in an amount equal to the renewal fee in effect at that time and any delinquency fees that may have accrued and comply with other requirements of the board for reinstatement.

4989.42. A license that is not renewed within five years after its expiration may not be renewed, restored, reinstated, or reissued thereafter. A licensee may apply for a new license if he or she satisfies all of the following requirements:

(a) No fact, circumstance, or condition exists that, if the license were issued, would constitute grounds for its revocation or suspension.

(b) Payment of the fees that would be required if he or she were applying for a license for the first time.

(c) Passage of the current licensure examination.

4989.44. (a) A licensee may apply to the board to request that his or her license be placed on inactive status.

(b) A licensee on inactive status shall be subject to this chapter and shall not engage in the practice of educational psychology in this state.

(c) A licensee who holds an inactive license shall pay a biennial fee of one-half of the amount of the standard renewal fee.

(d) A licensee on inactive status who has not committed an act or crime constituting grounds for denial of licensure may, upon request, restore his or her license to practice educational psychology to active status. A licensee requesting that his or her license be placed on active status between renewal cycles shall pay the remaining one-half of his or her renewal fee. A licensee requesting to restore his or her license to active status, whose license will expire less than one year from the date of the request, shall complete 30 hours of continuing education as specified in Section 4989.34. A licensee requesting to restore his or her license to active status, whose license will expire more than one year from the date of the request, shall complete 60 hours of continuing education as specified in Section 4989.34.

Article 4. Regulation

4989.46. A licensee shall give written notice to the board of a name change within 30 days after each change, providing both the old and

new names. A copy of the legal document authorizing the name change, such as a court order or marriage certificate, shall be submitted with the notice.

4989.48. A licensee shall display his or her license in a conspicuous place in the licensee's primary place of practice.

4989.50. Except as authorized by this chapter, it is unlawful for any person to practice educational psychology or use any title or letters that imply that he or she is a licensed educational psychologist unless, at the time of so doing, he or she holds a valid, unexpired, and unrevoked license issued under this chapter.

4989.52. All consideration, compensation, or remuneration received by the licensee shall be in relation to professional counseling services actually provided by the licensee. Nothing in this section shall prevent collaboration among two or more licensees in a case. However, no fee shall be charged for that collaboration, except when disclosure of the fee has been made to the client.

Article 5. Enforcement

4989.54. The board may deny a license or may suspend or revoke the license of a licensee if he or she has been guilty of unprofessional conduct. Unprofessional conduct includes, but is not limited to, the following:

(a) Conviction of a crime substantially related to the qualifications, functions and duties of an educational psychologist.

(1) The record of conviction shall be conclusive evidence only of the fact that the conviction occurred.

(2) The board may inquire into the circumstances surrounding the commission of the crime in order to fix the degree of discipline or to determine if the conviction is substantially related to the qualifications, functions, or duties of a licensee under this chapter.

(3) A plea or verdict of guilty or a conviction following a plea of nolo contendere made to a charge substantially related to the qualifications, functions, or duties of a licensee under this chapter shall be deemed to be a conviction within the meaning of this section.

(4) The board may order a license suspended or revoked, or may decline to issue a license when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under Section 1203.4 of the Penal Code allowing the person to withdraw a plea of guilty and enter a plea of not guilty or setting aside the verdict of guilty or dismissing the accusation, information, or indictment.

(b) Securing a license by fraud, deceit, or misrepresentation on an application for licensure submitted to the board, whether engaged in by an applicant for a license or by a licensee in support of an application for licensure.

(c) Administering to himself or herself a controlled substance or using any of the dangerous drugs specified in Section 4022 or an alcoholic beverage to the extent, or in a manner, as to be dangerous or injurious to himself or herself or to any other person or to the public or to the extent that the use impairs his or her ability to safely perform the functions authorized by the license.

(d) Conviction of more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of the substances referred to in subdivision (c) or any combination thereof.

(e) Advertising in a manner that is false, misleading, or deceptive.

(f) Violating, attempting to violate, or conspiring to violate any of the provisions of this chapter or any regulation adopted by the board.

(g) Commission of any dishonest, corrupt, or fraudulent act substantially related to the qualifications, functions, or duties of a licensee.

(h) Denial of licensure, revocation, suspension, restriction, or any other disciplinary action imposed by another state or territory or possession of the United States or by any other governmental agency, on a license, certificate, or registration to practice educational psychology or any other healing art. A certified copy of the disciplinary action, decision, or judgment shall be conclusive evidence of that action.

(i) Revocation, suspension, or restriction by the board of a license, certificate, or registration to practice as a clinical social worker or marriage and family therapist.

(j) Failure to keep records consistent with sound clinical judgment, the standards of the profession, and the nature of the services being rendered.

(k) Gross negligence or incompetence in the practice of educational psychology.

(*l*) Misrepresentation as to the type or status of a license held by the licensee or otherwise misrepresenting or permitting misrepresentation of his or her education, professional qualifications, or professional affiliations to any person or entity.

(m) Intentionally or recklessly causing physical or emotional harm to any client.

(n) Engaging in sexual relations with a client or a former client within two years following termination of professional services, soliciting sexual relations with a client, or committing an act of sexual abuse or sexual misconduct with a client or committing an act punishable as a sexually

related crime, if that act or solicitation is substantially related to the qualifications, functions, or duties of a licensed educational psychologist.

(o) Prior to the commencement of treatment, failing to disclose to the client or prospective client the fee to be charged for the professional services or the basis upon which that fee will be computed.

(p) Paying, accepting, or soliciting any consideration, compensation, or remuneration, whether monetary or otherwise, for the referral of professional clients.

(q) Failing to maintain confidentiality, except as otherwise required or permitted by law, of all information that has been received from a client in confidence during the course of treatment and all information about the client that is obtained from tests or other means.

(r) Performing, holding himself or herself out as being able to perform, or offering to perform any professional services beyond the scope of the license authorized by this chapter or beyond his or her field or fields of competence as established by his or her education, training, or experience.

(s) Reproducing or describing in public, or in any publication subject to general public distribution, any psychological test or other assessment device the value of which depends in whole or in part on the naivete of the subject in ways that might invalidate the test or device. An educational psychologist shall limit access to the test or device to persons with professional interests who can be expected to safeguard its use.

(t) Aiding or abetting an unlicensed person to engage in conduct requiring a license under this chapter.

(u) When employed by another person or agency, encouraging, either orally or in writing, the employer's or agency's clientele to utilize his or her private practice for further counseling without the approval of the employing agency or administration.

(v) Failing to comply with the child abuse reporting requirements of Section 11166 of the Penal Code.

(w) Failing to comply with the elder and adult dependent abuse reporting requirements of Section 15630 of the Welfare and Institutions Code.

4989.56. The board shall revoke the license of a licensee, other than one who is also licensed as a physician and surgeon, who uses or offers to use drugs in the course of his or her practice as an educational psychologist.

4989.58. The board shall revoke the license of a licensee upon a decision that contains a finding of fact that the licensee engaged in an act of sexual contact, as defined in Section 729, when that act is with a client, or with a former client and the relationship was terminated primarily for the purpose of engaging in that act. The revocation shall not be stayed by the administrative law judge or the board.

4989.60. A person whose license has been suspended or revoked shall not, until the reinstatement of his or her license, engage in any activity to which the license relates or any other activity or conduct in violation of the order or judgment by which the license was suspended.

4989.62. All proceedings by the board to suspend, revoke, or to take other disciplinary action against a licensee shall be conducted pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

4989.64. In addition to other proceedings provided for in this chapter, whenever a person has engaged, or is about to engage, in an act or practice that constitutes, or will constitute, an offense against this chapter, the superior court in and for the county where the act or practice takes place, or is about to take place, may issue an injunction, or other appropriate order, restraining that conduct on application of the board, the Attorney General, or the district attorney of the county. The proceedings under this section shall be governed by Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure.

4989.66. A person who violates any of the provisions of this chapter is guilty of a misdemeanor.

Article 6. Revenue

4989.68. (a) The board shall assess the following fees relating to the licensure of educational psychologists:

(1) The application fee for examination eligibility shall be one hundred dollars ($100).

(2) The fee for issuance of the initial license shall be a maximum amount of one hundred fifty dollars ($150).

(3) The fee for license renewal shall be a maximum amount of one hundred fifty dollars ($150).

(4) The delinquency fee shall be seventy-five dollars ($75). A person who permits his or her license to become delinquent may have it restored only upon payment of all the fees that he or she would have paid if the license had not become delinquent, plus the payment of any and all delinquency fees.

(5) The written examination fee shall be one hundred dollars ($100). An applicant who fails to appear for an examination, once having been scheduled, shall forfeit any examination fees he or she paid.

(6) The fee for rescoring a written examination shall be twenty dollars ($20).

(7) The fee for issuance of a replacement registration, license, or certificate shall be twenty dollars ($20).

(8) The fee for issuance of a certificate or letter of good standing shall be twenty-five dollars ($25).

(b) With regard to all license, examination, and other fees, the board shall establish fee amounts at or below the maximum amounts specified in this chapter.

4989.70. The board shall report each month to the Controller, the amount and source of all revenue received pursuant to this chapter and at the same time pay the entire amount thereof into the State Treasury for credit to the Behavioral Sciences Fund.

SEC. 21. Chapter 13.7 (commencing with Section 4990) is added to Division 2 of the Business and Professions Code, to read:

Chapter 13.7. Board of Behavioral Sciences

Article 1. Administration

4990. (a) There is in the Department of Consumer Affairs, a Board of Behavioral Sciences that consists of 11 members composed as follows:

(1) Two state licensed clinical social workers.

(2) One state licensed educational psychologist.

(3) Two state licensed marriage and family therapists.

(4) Six public members.

(b) Each member, except the six public members, shall have at least two years of experience in his or her profession.

(c) Each member shall reside in the State of California.

(d) The Governor shall appoint four of the public members and the five licensed members with the advice and consent of the Senate. The Senate Committee on Rules and the Speaker of the Assembly shall each appoint a public member.

(e) Each member of the board shall be appointed for a term of four years. A member appointed by the Speaker of the Assembly or the Senate Committee on Rules shall hold office until the appointment and qualification of his or her successor or until one year from the expiration date of the term for which he or she was appointed, whichever first occurs. Pursuant to Section 1774 of the Government Code, a member appointed by the Governor shall hold office until the appointment and qualification of his or her successor or until 60 days from the expiration date of the term for which he or she was appointed, whichever first occurs.

(f) A vacancy on the board shall be filled by appointment for the unexpired term by the authority who appointed the member whose membership was vacated.

(g) Not later than the first of June of each calendar year, the board shall elect a chairperson and a vice chairperson from its membership.

(h) Each member of the board shall receive a per diem and reimbursement of expenses as provided in Section 103.

(i) This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

4990.02. "Board," as used in this chapter, Chapter 13 (commencing with Section 4980), Chapter 13.5 (commencing with Section 4989.10), and Chapter 14 (commencing with Section 4991) means the Board of Behavioral Sciences.

4990.04. (a) The board shall appoint an executive officer. This position is designated as a confidential position and is exempt from civil service under subdivision (e) of Section 4 of Article VII of the California Constitution.

(b) The executive officer serves at the pleasure of the board.

(c) The executive officer shall exercise the powers and perform the duties delegated by the board and vested in him or her by this chapter.

(d) With the approval of the director, the board shall fix the salary of the executive officer.

(e) The chairperson and executive officer may call meetings of the board and any duly appointed committee at a specified time and place. For purposes of this section, "call meetings" means setting the agenda, time, date, or place for any meeting of the board or any committee.

(f) This section shall become inoperative on July 1, 2009, and, as of January 1, 2010, is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends the dates on which it becomes inoperative and is repealed.

4990.06. Subject to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code) and except as provided by Sections 155, 156, and 159.5, the board may employ any clerical, technical, and other personnel as it deems necessary to carry out the provisions of this chapter and the other chapters it administers and enforces, within budget limitations.

4990.08. The board shall keep an accurate record of all of its proceedings and a record of all applicants for licensure and all individuals to whom it has issued a license.

4990.10. The board may conduct research in, and make studies of problems involved in, the maintaining of professional standards among those engaged in the professions it licenses and may publish its recommendations thereon.

4990.12. The duty of administering and enforcing this chapter, Chapter 13 (commencing with Section 4980), Chapter 13.5 (commencing with Section 4989.10), and Chapter 14 (commencing with Section 4991) is vested in the board and the executive officer subject to, and under the direction of, the board. In the performance of this duty, the board and the executive officer have all the powers and are subject to all the responsibilities vested in, and imposed upon, the head of a department by Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code.

4990.14. The board shall have and use a seal bearing the words "The Board of Behavioral Sciences," and shall otherwise conform to Section 107.5.

4990.16. Protection of the public shall be the highest priority for the board in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

4990.18. It is the intent of the Legislature that the board employ its resources for each and all of the following functions:

(a) The licensure of marriage and family therapists, clinical social workers, and educational psychologists.

(b) The development and administration of licensure examinations and examination procedures consistent with prevailing standards for the validation and use of licensing and certification tests. Examinations shall measure knowledge and abilities demonstrably important to the safe, effective practice of the profession.

(c) Enforcement of laws designed to protect the public from incompetent, unethical, or unprofessional practitioners.

(d) Consumer education.

4990.20. (a) The board may adopt rules and regulations as necessary to administer and enforce the provisions of this chapter and the other chapters it administers and enforces. The adoption, amendment, or repeal of those rules and regulations shall be made in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The board may formulate and enforce rules and regulations requiring the following:

(1) That the articles of incorporation or bylaws of a marriage and family therapist or licensed clinical social worker corporation include a provision whereby the capital stock of that corporation owned by a disqualified person, as defined in the Moscone-Knox Professional Corporation Act (Part 4 (commencing with Section 13400) of Division 3 of Title 1 of the Corporations Code), or a deceased person shall be

sold to the corporation or to the remaining shareholders of that corporation within the time that the rules and regulations may provide.

(2) That a marriage and family therapist corporation or a licensed clinical social worker corporation shall provide adequate security by insurance or otherwise for claims against it by its patients arising out of the rendering of professional services.

4990.22. (a) The Behavioral Sciences Fund shall be used for the purposes of carrying out and enforcing the provisions of this chapter.

(b) The board shall keep records that reasonably ensure that funds expended in the administration of each licensure or registration category shall bear a reasonable relation to the revenue derived from each category and report to the department no later than May 31 of each year on those expenditures.

(c) Surpluses, if any, may be used by the board in a manner that bears a reasonable relation to the revenue derived from each licensure or registration category and may include, but not be limited to, expenditures for education and research related to each of the licensing or registration categories.

4990.24. The powers and duties of the board, as set forth in this chapter, shall be subject to the review required by Division 1.2 (commencing with Section 473).

4990.26. Wherever "Board of Behavioral Science Examiners," "Board of Social Work Examiners of the State of California," or "Social Worker and Marriage Counselor Qualifications Board of the State of California" is used in any law or regulations of this state, it shall mean the Board of Behavioral Sciences.

Article 2. Disciplinary Actions

4990.28. The board may refuse to issue a registration or license under the chapters it administers and enforces whenever it appears that the applicant may be unable to practice his or her profession safely due to mental illness or chemical dependency. The procedures set forth in Article 12.5 (commencing with Section 820) of Chapter 1 shall apply to denial of a license or registration pursuant to this section.

4990.30. (a) A licensed marriage and family therapist, marriage and family therapist intern, licensed clinical social worker, associate clinical social worker, or licensed educational psychologist whose license or registration has been revoked, suspended, or placed on probation, may petition the board for reinstatement or modification of the penalty, including modification or termination of probation. The petition shall be on a form provided by the board and shall state any facts and information as may be required by the board including, but not limited

to, proof of compliance with the terms and conditions of the underlying disciplinary order. The petition shall be verified by the petitioner who shall file an original and sufficient copies of the petition, together with any supporting documents, for the members of the board, the administrative law judge, and the Attorney General.

(b) The licensee or registrant may file the petition on or after the expiration of the following timeframes, each of which commences on the effective date of the decision ordering the disciplinary action or, if the order of the board, or any portion of it, is stayed by the board itself or by the superior court, from the date the disciplinary action is actually implemented in its entirety:

(1) Three years for reinstatement of a license or registration that was revoked for unprofessional conduct, except that the board may, in its sole discretion, specify in its revocation order that a petition for reinstatement may be filed after two years.

(2) Two years for early termination of any probation period of three years or more.

(3) One year for modification of a condition, reinstatement of a license or registration revoked for mental or physical illness, or termination of probation of less than three years.

(c) The petition may be heard by the board itself or the board may assign the petition to an administrative law judge pursuant to Section 11512 of the Government Code.

(d) The petitioner may request that the board schedule the hearing on the petition for a board meeting at a specific city where the board regularly meets.

(e) The petitioner and the Attorney General shall be given timely notice by letter of the time and place of the hearing on the petition and an opportunity to present both oral and documentary evidence and argument to the board or the administrative law judge.

(f) The petitioner shall at all times have the burden of production and proof to establish by clear and convincing evidence that he or she is entitled to the relief sought in the petition.

(g) The board, when it is hearing the petition itself, or an administrative law judge sitting for the board, may consider all activities of the petitioner since the disciplinary action was taken, the offense for which the petitioner was disciplined, the petitioner's activities during the time his or her license or registration was in good standing, and the petitioner's rehabilitative efforts, general reputation for truth, and professional ability.

(h) The hearing may be continued from time to time as the board or the administrative law judge deems appropriate but in no case may the

hearing on the petition be delayed more than 180 days from its filing without the consent of the petitioner.

(i) The board itself, or the administrative law judge if one is designated by the board, shall hear the petition and shall prepare a written decision setting forth the reasons supporting the decision. In a decision granting a petition reinstating a license or modifying a penalty, the board itself, or the administrative law judge, may impose any terms and conditions that the agency deems reasonably appropriate, including those set forth in Sections 823 and 4990.40. If a petition is heard by an administrative law judge sitting alone, the administrative law judge shall prepare a proposed decision and submit it to the board. The board may take action with respect to the proposed decision and petition as it deems appropriate.

(j) The petitioner shall pay a fingerprinting fee and provide a current set of his or her fingerprints to the board. The petitioner shall execute a form authorizing release to the board or its designee, of all information concerning the petitioner's current physical and mental condition. Information provided to the board pursuant to the release shall be confidential and shall not be subject to discovery or subpoena in any other proceeding, and shall not be admissible in any action, other than before the board, to determine the petitioner's fitness to practice as required by Section 822.

(k) The board may delegate to its executive officer authority to order investigation of the contents of the petition.

(*l*) No petition shall be considered while the petitioner is under sentence for any criminal offense, including any period during which the petitioner is on court-imposed probation or parole or the petitioner is required to register pursuant to Section 290 of the Penal Code. No petition shall be considered while there is an accusation or petition to revoke probation pending against the petitioner.

(m) Except in those cases where the petitioner has been disciplined for violation of Section 822, the board may in its discretion deny without hearing or argument any petition that is filed pursuant to this section within a period of two years from the effective date of a prior decision following a hearing under this section.

4990.32. (a) Except as otherwise provided in this section, an accusation filed pursuant to Section 11503 of the Government Code against a licensee or registrant under the chapters the board administers and enforces shall be filed within three years from the date the board discovers the alleged act or omission that is the basis for disciplinary action or within seven years from the date the alleged act or omission that is the basis for disciplinary action occurred, whichever occurs first.

(b) An accusation filed against a licensee alleging the procurement of a license by fraud or misrepresentation is not subject to the limitations set forth in subdivision (a).

(c) The limitations period provided by subdivision (a) shall be tolled for the length of time required to obtain compliance when a report required to be filed by the licensee or registrant with the board pursuant to Article 11 (commencing with Section 800) of Chapter 1 is not filed in a timely fashion.

(d) An accusation alleging sexual misconduct shall be filed within three years after the board discovers the act or omission alleged as the grounds for disciplinary action or within 10 years after the act or omission alleged as the grounds for disciplinary action occurred, whichever occurs first. This subdivision shall apply to a complaint alleging sexual misconduct received by the board on and after January 1, 2002.

(e) If an alleged act or omission involves a minor, the seven-year limitations period provided for by subdivision (a) and the 10-year limitations period provided for by subdivision (d) shall be tolled until the minor reaches the age of majority.

(f) The limitations period provided by subdivision (a) shall be tolled during any period if material evidence necessary for prosecuting or determining whether a disciplinary action would be appropriate is unavailable to the board due to an ongoing criminal investigation.

(g) For purposes of this section, "discovers" means the latest of the occurrence of any of the following with respect to each act or omission alleged as the basis for disciplinary action:

(1) The date the board received a complaint or report describing the act or omission.

(2) The date, subsequent to the original complaint or report, on which the board became aware of any additional acts or omissions alleged as the basis for disciplinary action against the same individual.

(3) The date the board receives from the complainant a written release of information pertaining to the complainant's diagnosis and treatment.

4990.34. (a) The board may place a license or registration issued under the chapters it administers and enforces on probation under the following circumstances:

(1) In lieu of, or in addition to, any order of the board suspending or revoking the license or registration.

(2) Upon the issuance of a license or registration to an individual who has been guilty of unprofessional conduct but who otherwise completed all education, training, and experience required for licensure or registration.

(3) As a condition upon the reissuance or reinstatement of a license or registration that has been suspended or revoked by the board.

(b) The board may adopt regulations establishing a monitoring program to ensure compliance with any terms or conditions of probation imposed by the board pursuant to subdivision (a). The cost of probation or monitoring may be ordered to be paid by the licensee or registrant.

4990.36. The board, in its discretion, may require a licensee or registrant whose license or registration has been placed on probation or whose license or registration has been suspended, to obtain additional professional training and to pass an examination upon completion of that training and to pay any necessary examination fee. The examination may be written, oral, or a practical or clinical examination.

4990.38. The board may deny an application or may suspend or revoke a license or registration issued under the chapters it administers and enforces for any disciplinary action imposed by another state or territory or possession of the United States, or by a governmental agency on a license, certificate or registration to practice marriage and family therapy, clinical social work, educational psychology or any other healing art. The disciplinary action, which may include denial of licensure or revocation or suspension of the license or imposition of restrictions on it, constitutes unprofessional conduct. A certified copy of the disciplinary action decision or judgment shall be conclusive evidence of that action.

4990.40. The board shall revoke a license or registration issued under the chapters it administers and enforces upon a decision made in accordance with the procedures set forth in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, that contains a finding of fact that the licensee or registrant engaged in an act of sexual contact, as defined in Section 729, when that act is with a patient or with a former patient when the relationship was terminated primarily for the purpose of engaging in that act. The revocation shall not be stayed by the administrative law judge or the board.

4990.42. The proceedings under this article shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 22. Article 1 (commencing with Section 4990) of Chapter 14 of Division 2 of the Business and Professions Code is repealed.

SEC. 23. Section 4991 is added to the Business and Professions Code, to read:

4991. This chapter shall be known, and may be cited, as the Clinical Social Worker Practice Act. It shall be liberally construed to effect its objectives.

SEC. 24. Section 4991.2 is added to the Business and Professions Code, to read:

4991.2. "Accredited school of social work," within the meaning of this chapter, is a school that is accredited by the Commission on Accreditation of the Council on Social Work Education.

SEC. 25. Section 4992.31 of the Business and Professions Code is repealed.

SEC. 26. The heading of Article 4 (commencing with Section 4996) of Chapter 14 of Division 2 of the Business and Professions Code is amended to read:

Article 4. Licensure

SEC. 27. Section 4996.17 of the Business and Professions Code is amended to read:

4996.17. (a) Experience gained outside of California shall be accepted toward the licensure requirements if it is substantially the equivalent of the requirements of this chapter.

(b) The board may issue a license to any person who, at the time of application, has held a valid active clinical social work license, issued by a board of clinical social work examiners or corresponding authority of any state, if the person passes the board administered licensing examinations as specified in Section 4996.1 and pays the required fees. Issuance of the license is conditioned upon all of the following:

(1) The applicant has supervised experience that is substantially the equivalent of that required by this chapter. If the applicant has less than 3200 hours of qualifying supervised experience, time actively licensed as a clinical social worker shall be accepted at a rate of 100 hours per month up to a maximum of 1200 hours.

(2) Completion of the following coursework or training in or out of this state:

(A) A minimum of seven contact hours of training or coursework in child abuse assessment and reporting as specified in Section 28, and any regulations promulgated thereunder.

(B) A minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 25, and any regulations promulgated thereunder.

(C) A minimum of 15 contact hours of training or coursework in alcoholism and other chemical substance dependency, as specified by regulation.

(D) A minimum of 15 contact hours of coursework or training in spousal or partner abuse assessment, detection, and intervention strategies.

(3) The applicant's license is not suspended, revoked, restricted, sanctioned, or voluntarily surrendered in any state.

(4) The applicant is not currently under investigation in any other state, and has not been charged with an offense for any act substantially related to the practice of social work by any public agency, entered into any consent agreement or been subject to an administrative decision that contains conditions placed by an agency upon an applicant's professional conduct or practice, including any voluntary surrender of license, or been the subject of an adverse judgment resulting from the practice of social work that the board determines constitutes evidence of a pattern of incompetence or negligence.

(5) The applicant shall provide a certification from each state where he or she holds a license pertaining to licensure, disciplinary action, and complaints pending.

(6) The applicant is not subject to denial of licensure under Sections 480, 4992.3, 4992.35, or 4992.36.

(c) The board may issue a license to any person who, at the time of application, has held a valid, active clinical social work license for a minimum of four years, issued by a board of clinical social work examiners or a corresponding authority of any state, if the person passes the board administered licensing examinations as specified in Section 4996.1 and pays the required fees. Issuance of the license is conditioned upon all of the following:

(1) Completion of the following coursework or training in or out of state:

(A) A minimum of seven contact hours of training or coursework in child abuse assessment and reporting as specified in Section 28, and any regulations promulgated thereunder.

(B) A minimum of 10 contact hours of training or coursework in human sexuality as specified in Section 25, and any regulations promulgated thereunder.

(C) A minimum of 15 contact hours of training or coursework in alcoholism and other chemical substance dependency, as specified by regulation.

(D) A minimum of 15 contact hours of coursework or training in spousal or partner abuse assessment, detection, and intervention strategies.

(2) The applicant has been licensed as a clinical social worker continuously for a minimum of four years prior to the date of application.

(3) The applicant's license is not suspended, revoked, restricted, sanctioned, or voluntarily surrendered in any state.

(4) The applicant is not currently under investigation in any other state, and has not been charged with an offense for any act substantially related to the practice of social work by any public agency, entered into any consent agreement or been subject to an administrative decision that

contains conditions placed by an agency upon an applicant's professional conduct or practice, including any voluntary surrender of license, or been the subject of an adverse judgment resulting from the practice of social work that the board determines constitutes evidence of a pattern of incompetence or negligence.

(5) The applicant provides a certification from each state where he or she holds a license pertaining to licensure, disciplinary action, and complaints pending.

(6) The applicant is not subject to denial of licensure under Section 480, 4992.3, 4992.35, or 4992.36.

SEC. 28. Section 4998.6 of the Business and Professions Code is repealed.

SEC. 29. Section 4999 of the Business and Professions Code is amended to read:

4999. (a) Any business entity that employs, or contracts or subcontracts, directly or indirectly, with, the full-time equivalent of five or more persons functioning as health care professionals, whose primary function is to provide telephone medical advice, that provides telephone medical advice services to a patient at a California address shall be registered with the Telephone Medical Advice Services Bureau.

(b) A medical group that operates in multiple locations in California shall not be required to register pursuant to this section if no more than five full-time equivalent persons at any one location perform telephone medical advice services and those persons limit the telephone medical advice services to patients being treated at that location.

(c) Protection of the public shall be the highest priority for the bureau in exercising its registration, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

SEC. 30. Section 4999.1 of the Business and Professions Code is amended to read:

4999.1. Application for registration as an in-state or out-of-state telephone medical advice service shall be made on a form prescribed by the department, accompanied by the fee prescribed pursuant to Section 4999.5. The department shall make application forms available. Applications shall contain all of the following:

(a) The signature of the individual owner of the in-state or out-of-state telephone medical advice service, or of all of the partners if the service is a partnership, or of the president or secretary if the service is a corporation. The signature shall be accompanied by a resolution or other written communication identifying the individual whose signature is on the form as owner, partner, president, or secretary.

(b) The name under which the person applying for the in-state or out-of-state telephone medical advice service proposes to do business.

(c) The physical address, mailing address, and telephone number of the business entity.

(d) The designation, including the name and physical address, of an agent for service of process in California.

(e) A list of all in-state or out-of-state staff providing telephone medical advice services that are required to be licensed, registered, or certified pursuant to this chapter. This list shall be submitted to the department on a quarterly basis on a form to be prescribed by the department and shall include, but not be limited to, the name, address, state of licensure, category of license, and license number.

(f) The department shall be notified within 30 days of any change of name, physical location, mailing address, or telephone number of any business, owner, partner, corporate officer, or agent for service of process in California, together with copies of all resolutions or other written communications that substantiate these changes.

SEC. 31. Section 4999.4 of the Business and Professions Code is amended to read:

4999.4. (a) Every registration issued to a telephone medical advice service shall expire 24 months after the initial date of issuance.

(b) To renew an unexpired registration, the registrant shall, before the time at which the license registration would otherwise expire, apply for renewal on a form prescribed by the bureau, and pay the renewal fee authorized by Section 4999.5.

(c) A registration that is not renewed within three years following its expiration shall not be renewed, restored, or reinstated thereafter, and the delinquent registration shall be canceled immediately upon expiration of the three-year period. An expired registration may be renewed at any time within three years after its expiration upon the filing of an application for renewal on a form prescribed by the bureau and the payment of all fees authorized by Section 4999.5.

SEC. 32. Section 4999.8 of the Business and Professions Code is repealed.

SEC. 33. Section 4999.9 of the Business and Professions Code is repealed.

SEC. 34. The amendments made to subdivision (d) of Section 2533 of the Business and Professions Code in the 2006–07 Regular Session of the Legislature are declaratory of existing law and shall not be applied in any way that would infringe on rights guaranteed under the Constitution of the United States or the Constitution of California.

SEC. 35. Section 1.5 of this bill incorporates amendments to Section 725 of the Business and Professions Code proposed by both this bill and

AB 2198. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 725 of the Business and Professions Code, and (3) this bill is enacted after 2198, in which case Section 1 of this bill shall not become operative.

SEC. 36. Section 14.5 of this bill incorporates amendments to Section 4190 of the Business and Professions Code proposed by both this bill and AB 2308. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 4190 of the Business and Professions Code, and (3) this bill is enacted after AB 2308, in which case Section 14 of this bill shall not become operative.

SEC. 37. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 660

An act to amend Section 653o of the Penal Code, relating to crimes.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 653o of the Penal Code is amended to read:

653o. (a) It is unlawful to import into this state for commercial purposes, to possess with intent to sell, or to sell within the state, the dead body, or any part or product thereof, of any polar bear, leopard, ocelot, tiger, cheetah, jaguar, sable antelope, wolf (Canis lupus), zebra, whale, cobra, python, sea turtle, colobus monkey, kangaroo, vicuna, sea otter, free-roaming feral horse, dolphin or porpoise (Delphinidae), Spanish lynx, or elephant.

(b) Commencing January 1, 2010, it shall be unlawful to import into this state for commercial purposes, to possess with intent to sell, or to sell within the state, the dead body, or any part or product thereof, of any crocodile or alligator.

(c) Any person who violates any provision of this section is guilty of a misdemeanor and shall be subject to a fine of not less than one thousand dollars ($1,000) and not to exceed five thousand dollars ($5,000) or imprisonment in the county jail for not to exceed six months, or both such fine and imprisonment, for each violation.

(d) The prohibitions against importation for commercial purposes, possession with intent to sell, and sale of the species listed in this section are severable. A finding of the invalidity of any one or more prohibitions shall not affect the validity of any remaining prohibitions.

SEC. 2. It is the intent of the Legislature that the amendments to Section 653o of the Penal Code made by this act shall not be construed to authorize the importation or sale of any alligator or crocodilian species, or any products thereof, that are listed as endangered under the federal Endangered Species Act, or to allow the importation or sale of any alligator or crocodilian species, or any products thereof, in violation of any federal law or any international treaty to which the United States is a party.

CHAPTER 661

An act to amend Section 17463.6 of the Education Code, relating to school property.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 17463.6 of the Education Code is amended to read:

17463.6. (a) Notwithstanding any other law, the Santee School District, the Valley Center-Pauma Unified School District, and the Capistrano Unified School District may sell surplus real property, together with any personal property located thereon, purchased entirely with local funds, to any nonprofit, for profit, or governmental entity and may deposit the proceeds thereof into the general fund of the school district or county office of education; and may use the proceeds from the sale for any one-time general fund purpose. If the purchase of the property was made using the proceeds of a general obligation bond act or revenue derived from developer fees, the amount of the proceeds of the transaction that may be deposited into the general fund of the school district or county office of education may not exceed the percentage

computed by the difference between the purchase price of the property and the proceeds from the transaction, divided by the amount of the proceeds of the transaction. For the purposes of this section, proceeds of the transaction means either of the following, as appropriate:

(1) The amount realized from the sale of property after reasonable expenses related to the sale.

(2) For any transaction that does not result in a lump-sum payment of the proceeds of the transaction, the proceeds of the transaction shall be calculated as the net present value of the future cashflow generated by the transaction.

(b) The State Allocation Board shall reduce an apportionment of hardship assistance awarded to the Santee School District, the Valley Center-Pauma Unified School District, or the Capistrano Unified School District pursuant to Article 8 (commencing with Section 17075.10) by an amount equal to the amount of the sale of surplus real property used for a one-time expenditure of the school district pursuant to this section.

(c) If the Santee School District, the Valley Center-Pauma Unified School District, or the Capistrano Unified School District exercises the authority granted pursuant to this section, the district is ineligible for hardship funding from the State School Deferred Maintenance Fund under Section 17587 for five years after the date of sale.

(d) Before the Santee School District, the Valley Center-Pauma Unified School District, or the Capistrano Unified School District exercises the authority granted pursuant to this section, the governing board of the school district shall first submit to the State Allocation Board documents certifying the following:

(1) The school district has no major deferred maintenance requirements not covered by existing capital outlay resources.

(2) The sale of real property pursuant to this section does not violate any provisions of a local bond act.

(3) The real property is not suitable to meet any projected school construction need for the next 10 years.

(e) Before the Santee School District, the Valley Center-Pauma Unified School District, or the Capistrano Unified School District exercises the authority granted pursuant to this section, the governing board of the school district shall at a regularly scheduled meeting present a plan for expending one-time resources pursuant to this section. The plan shall identify the source and use of the funds and describe the reasons why the expenditure will not result in ongoing fiscal obligations for the school district.

(f) This section is repealed on January 1, 2010, unless a later enacted statute that becomes operative on or before January 1, 2010, deletes or extends the date on which it is repealed.

SEC. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique financial circumstances of the Valley Center-Paumas Unified School District.

CHAPTER 662

An act to add Article 4 (commencing with Section 11773) to Chapter 1 of Division 10.5 of the Health and Safety Code, relating to alcohol and drug programs, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares the following:

(1) Methamphetamine is California's primary drug problem, affecting public health and safety, child welfare, and the environment.

(2) It is estimated that at least 338,000 Californians age 12 or older use methamphetamine. Patients admitted to publicly funded addiction treatment centers identify methamphetamine as their drug of choice more often than any other substance, including alcohol.

(3) Long-term frequent use of methamphetamine leads to addiction, violent behavior, psychosis, memory loss, hallucination, irreversible stroke-producing brain damage, increased blood pressure, and death from overdose.

(4) Methamphetamine use has been linked to the transmission of the human immunodeficiency virus (HIV), and some studies suggest that methamphetamine abuse may affect HIV disease progression.

(5) Methamphetamine abuse is unique in that it affects women and men at nearly equal rates.

(6) In at least seven counties in California, methamphetamine use is related to over 60 percent of cases referred to child protective services.

(7) Methamphetamine trafficking is related to a growing level of gang violence.

(8) Illegal methamphetamine labs in California have more output capacity than laboratories in any other state. Five to seven pounds of toxic waste are produced with every pound of methamphetamine, polluting homes, agricultural land, and urban neighborhoods.

(b) It is therefore the intent of the Legislature to enact legislation that would require the Department of Alcohol and Drug Programs to develop and implement a statewide public information campaign designed to prevent the abuse of methamphetamine in California.

SEC. 2. Article 4 (commencing with Section 11773) is added to Chapter 1 of Division 10.5 of the Health and Safety Code, to read:

Article 4. Methamphetamine Deterrence Program

11773. (a) Subject to Section 11773.1, the department shall develop and implement a statewide prevention campaign designed to deter the abuse of methamphetamine in California.

(b) (1) The department may design the campaign to deter initial and continued use of methamphetamine.

(2) The department may also design the campaign to target communities or populations that use methamphetamine at a greater rate than the general population, communities or populations in which the transmission and contraction of HIV and AIDS, hepatitis C, and other diseases is significantly related to methamphetamine use, communities or populations in which the use of methamphetamine is likely to have a negative effect on children, communities or populations at risk due to the environmental damage caused by the methamphetamine production, and any other community or population that is at a high risk of methamphetamine use or addiction.

(3) In determining the intended audience of the campaign, the department shall give priority to communities or populations in which the use of methamphetamine is most likely to be deterred by the campaign. In determining which communities or populations to include in the audience of the campaign, the department shall rely on evidence from published reports, the experience of other drug abuse prevention programs, and other relevant sources.

(c) (1) The department shall, in the implementation of the program, use a variety of media to convey its messages to its intended audiences. This media may include, but need not be limited to, television, radio, billboards, print media, and the Internet.

(2) The department may use a variety of marketing and community outreach programs to convey its message, including, but not limited to, programs at schools, fairs, conventions, and other venues.

(3) The department shall conduct and base the development of its messages on market research, including, but not limited to, opinion polling and focus groups, to determine which messages would be most effective in deterring methamphetamine use within particular communities or populations.

(d) The department may incorporate information regarding drug addiction treatment programs into messages meant for individuals who are addicted to methamphetamine.

(e) In implementing the campaign, the department shall work with public and private organizations to extend its message to a wide range of venues and media outlets.

(f) The department may contract with private or public organizations for the development and implementation of the campaign.

(g) The department shall conduct research to measure the effect of the prevention campaign and shall annually report its findings to the chairpersons of the appropriate Senate and Assembly Health committees.

11773.1. (a) The department may accept voluntary contributions, in cash or in-kind, to pay for the costs of implementing the program under this article. Voluntary contributions shall be deposited into the California Methamphetamine Abuse Prevention Account, which is hereby created in the State Treasury. Only private moneys, donated for the purposes of this article, may be deposited into the account. Moneys in the account are hereby appropriated to the department for the purposes of this article for the 2006–07 fiscal year. The Legislature may appropriate moneys in the account for subsequent fiscal years in the annual Budget Act or any other act.

(b) Notwithstanding subdivision (a), during the 2006–07 fiscal year, the department shall develop and implement the campaign established under this article only upon a determination by the Director of Finance that sufficient private donations have been collected and deposited into the California Methamphetamine Abuse Prevention Account. If sufficient funds are collected and deposited, the Director of Finance shall file a written notice thereof with the Secretary of State

(c) Except as provided in subdivision (b) of Section 11773.2, for purposes of this article, "sufficient private donations" means funds in the amount of at least twelve million dollars ($12,000,000).

11773.2. (a) Notwithstanding Section 11773.1, during the 2006–07 fiscal year, the department may develop and implement a limited campaign to deter the abuse of methamphetamine by limiting the intended audience of the campaign in accordance with paragraphs (2) and (3) of subdivision (b) of Section 11773, only upon a determination by the Director of Finance that sufficient private donations have been collected and deposited into the California Methamphetamine Abuse Prevention Account. If sufficient funds are collected and deposited in the account, the Director of Finance shall file a written notice thereof with the Secretary of State.

(b) For purposes of this section, "sufficient private donations" means funds in the amount of at least five hundred thousand dollars ($500,000).

Nothing in this section shall be construed to require the department to implement a campaign where the cost of the campaign would exceed the private donations available for the campaign in the California Methamphetamine Abuse Prevention Account.

11773.3. Any funds that are not expended or encumbered for purposes of this article 730 days after being deposited into the California Methamphetamine Abuse Prevention Account shall be returned to the private donor.

CHAPTER 663

An act to add Chapter 2.5 (commencing with Section 13996.4) to Part 4.7 of Division 3 of Title 2 of, and to add Title 20 (commencing with Section 99500) to, the Government Code, relating to international trade and investment.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the California International Trade and Investment Act.

SEC. 2. Chapter 2.5 (commencing with Section 13996.4) is added to Part 4.7 of Division 3 of Title 2 of the Government Code, to read:

Chapter 2.5. International Trade and Investment

13996.4. The Legislature finds and declares all of the following:

(a) The statutory authority for the Technology, Trade, and Commerce Agency, including the agency's international trade and investment promotion programs, was repealed by Chapter 229 of the Statutes of 2003, thereby reducing the capacity of state government to assist California firms in developing global business opportunities.

(b) The repeal of the statutory authority for the Technology, Trade, and Commerce Agency has increased the importance of strengthening collaborative linkages among remaining California-based international trade and investment promotion programs operated at federal, state, regional, and local levels. These programs include, but are not limited to, the Centers for International Trade Development operated by the California Community Colleges, 15 offices of the United States Commercial Service within the United States Department of Commerce,

numerous local and regional World Trade Centers, and public and private economic development and trade associations.

(c) According to data for 2000, international trade and investment activity in the state supports one in every seven California jobs.

(d) According to the Public Policy Institute of California:

(1) Nearly 94 percent of all exporters located in California are small- or medium-sized firms. Over 90 percent of businesses in California are small businesses and over 50 percent of all workers are employed by a small business.

(2) Exporters are more productive and pay higher wages than nonexporters.

(3) Effective state programs supporting export opportunities should identify and respond to differing needs of both export-willing and export-ready firms.

(e) The adequacy of the state's infrastructure, workforce, research facilities, manufacturing and service industries, and access to capital form the foundation of California's global market-related economy.

(f) California's multicultural and ethnic populations offer unique opportunities for international trade and investment.

(g) United States subsidiaries of foreign companies in California employed 561,000 California workers from 2000 to 2005. This is an increase of 15 percent. In comparison to other states, California is an attractive location for international employers, ranking first in the United States in the number of employees supported by United States subsidiaries.

(h) California's trade and investment policy is a living document that should be regularly updated to reflect emerging business trends and the changing needs of California businesses and workers.

13996.45. (a) (1) Subject to paragraph (2), and subject to Section 13996.75, the Business, Transportation and Housing Agency shall be the primary state agency authorized to do all of the following:

(A) Attract employment-producing foreign investment to the state.

(B) Cooperate in international public infrastructure projects.

(C) Provide support for California business in accessing international markets, including, but not limited to, export assistance.

(D) Engage in other trade or foreign investment related activities specifically assigned by the Governor.

(2) Nothing in this chapter shall be construed to confer powers or impose duties upon the agency in conflict with any powers conferred or duties imposed upon the Department of Food and Agriculture with respect to the promotion of California agriculture, fish, and forest exports.

(b) The international trade and investment activities of the agency shall be monitored by the Legislature, and all public moneys in its budget

expended for those purposes, shall be subject to approval by the Legislature.

(c) The Secretary of Business, Transportation and Housing shall develop an international trade and investment policy, which shall be consistent with the economic development strategic plan prepared by the California Economic Strategy Panel pursuant to Section 15570, and shall provide guidance to strategies and plans from other agencies and departments related to workforce and infrastructure development.

(d) California's international trade and investment policy shall be directed through its state strategy, which shall be based on current and emerging market conditions and the needs of investors, businesses, and workers to be competitive in global markets.

13996.5. (a) Not later than October 1, 2007, the Secretary of Business, Transportation and Housing shall complete a study on the potential roles of the state in global markets.

(b) The study shall include, but not be limited to, all of the following:

(1) A discussion of California's economy and its relationship to global markets, including identification of current and emerging trends, industries, services, and areas of comparative advantage.

(2) An inventory and gap analysis of existing programs and services provided by local, state, federal, and private entities, which serve, or could serve, businesses in opening new foreign markets for their products, attracting foreign investment to their businesses, or generally assisting California businesses in global markets.

(3) An assessment and gap analysis of the current and future physical and human infrastructure related to foreign trade and investment markets, and the appropriate role for state government to improve the infrastructure needs.

(4) The results of a survey of businesses on their needs and priorities related to foreign trade and investment. The study may rely on current surveys prepared by trade organizations or academic centers dedicated to economic development, or other surveys, as appropriate.

(5) An examination of how best to coordinate and leverage existing local, state, and federal organizations, programs, and services related to international trade and investment.

(6) An assessment of unique opportunities and challenges in developing businesses and attracting investment along the border and in historically underserved urban and rural areas.

(c) (1) The study shall make recommendations on policies, programs, and funding needs for the next three years, seven years, and over the long term.

(2) Recommendations may include infrastructure improvements, workforce training needs, incentives for business or investors, and need

for international trade and investment offices in relation to the international trade and investment needs of the state.

(3) To the extent international trade and investment offices are found to be appropriate, the study may make general recommendations on the administration, oversight, and mission or missions of the offices.

(4) The study shall recommend priorities for state activities and funding related to international trade and investment. The priorities shall be based on the assessment of current and emerging market trends, the inventory and gap analysis of programs and services, the assessment of current and future infrastructure and workforce needs, and input by the business community.

(5) The study shall recommend an organizational structure for the state administration of international trade and investment policies, programs, and services.

(d) During the course of the study, the secretary shall consult with other agencies, boards, and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment including, but not limited to, the Economic Strategy Panel, the California Commission on Industrial Innovation, the Office of the Small Business Advocate, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the California Energy Commission.

(e) The results of the study shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the study shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

13996.55. (a) Based on the study prepared pursuant to Section 13996.5, the Secretary of Business, Transportation and Housing shall provide to the Legislature, not later than February 1, 2008, a strategy for international trade and investment that, at a minimum, includes all of the following:

(1) Policy goals, objectives, and recommendations necessary to implement a comprehensive international trade and investment program for the State of California. This information shall be provided in a fashion that clearly indicates priority within the overall strategy.

(2) Measurable outcomes and timelines for the goals, objectives, and actions for the international trade and investment program.

(3) Identification of impediments for achieving goals and objectives.

(4) Identification of key stakeholder partnerships that will be used in implementing the strategy.

(5) Identification of options for funding recommended actions.

(6) Identification of an international trade and investment organizational structure for the state administration of international trade and investment policies, programs, and services.

(b) The strategy shall be developed in consultation with the California Economic Strategy Panel. In the course of developing the strategy, the secretary shall also consult with other agencies, boards, and commissions that have statutory responsibilities related to workforce development, infrastructure, business, and international trade and investment including, but not limited to, the California Commission on Industrial Innovation, the Office of the Small Business Advocate, the California Transportation Commission, the California Community Colleges, the University of California, the California State University, the Workforce Investment Board, the Employment Training Panel, and the California Energy Commission.

(c) The strategy shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the strategy shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(d) (1) The strategy shall be reviewed in at least one public hearing by the relevant policy and fiscal committees of each house of the Legislature. The hearings shall be held within 60 days of the strategy being submitted to the Legislature. If the strategy is submitted when the Legislature is in recess, the hearings shall occur within 60 days of the members convening.

(2) The legislative committees may make recommendations to the secretary on the strategy, and the secretary may modify the strategy accordingly.

(e) The secretary shall report to the fiscal committees of the Legislature on or before February 1, 2009, and by that date each year thereafter, on how the Governor's proposed budget relates to the strategy.

(f) The strategy shall be updated pursuant to the procedures of this section at least once every five years.

13996.6. (a) The Secretary of Business, Transportation and Housing shall convene a statewide business partnership for international trade and investment no later than March 1, 2007.

(b) The business partnership shall include representatives from small, medium, and large businesses and industries, as well as nongovernmental organizations and government representatives.

(c) The business partnership shall advise the secretary on business needs and strategy priorities as they relate to international trade and investment. This information shall be used in establishing the needs and priorities in the plan developed pursuant to Section 13996.5 and the strategy developed pursuant to Section 13996.55, and for any other uses as determined by the secretary.

13996.65. (a) (1) The Secretary of Business, Transportation and Housing is prohibited from establishing any international trade and investment office unless the following conditions are met:

(A) The secretary determines that, based on a review of the international trade and investment policies and the recommendations and priorities established in the international trade and investment strategy developed pursuant to Section 13996.55, it is appropriate to consider establishing international trade and investment offices.

(B) The secretary prepares a separate international trade and investment office strategy, that meets the requirements and conditions of this section.

(C) The international trade and investment office strategy receives statutory authorization pursuant to the requirements and conditions of this section.

(D) The secretary submits a business plan to the Legislature, that meets the requirements of Section 13996.7.

(2) This chapter does not apply to any international trade and investment office established pursuant to Section 13997.1.

(b) If the secretary determines that opening international trade and investment offices is in the best interest of the state, the secretary shall develop a strategy for selecting, opening, and managing international trade and investment offices.

(c) The international trade and investment office strategy shall conform to at least all of the following requirements:

(1) It shall be based on the needs and priorities of California's businesses.

(2) It shall be consistent with the resources and priorities of the overall trade and investment strategy submitted to the Legislature pursuant to Section 13996.55.

(3) It shall define the program's goals, objectives, and timelines for achieving quantifiable targets. Individual offices may have separate missions or play different roles within the overall international trade and investment office strategy. To the extent that the proposed offices are

expected to assist businesses in opening new markets, these activities shall be targeted primarily to small- and medium-sized businesses.

(4) It shall outline the Business, Transportation and Housing Agency's management and oversight responsibilities, funding levels, and activities.

(5) It shall outline how international trade and investment office locations will be selected by the secretary and approved by the Governor, including the general geographic locations, number of offices, a process for determining how long an office should remain operational, and duties undertaken by the offices.

(6) It shall define how the offices will be funded, including funding for oversight and monitoring.

(7) It shall consider how offices will be staffed, including staffing levels and types of positions needed to operate the offices proposed in the international trade and investment office strategy.

(8) It shall provide a conflict-of-interest policy and gift policy.

(9) It shall provide for the appointment of a senior level international trade and investment office manager as described in subdivision (c) of Section 99106.

(d) The international trade and investment office strategy shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate. A copy of the strategy shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(e) (1) The international trade and investment office strategy shall be reviewed in at least one public hearing by the relevant policy and fiscal committees of each house of the Legislature. The hearings shall be held within 60 days of the strategy being submitted to the Legislature. If the strategy is submitted when the Legislature is in recess, the hearings shall occur within 60 days of the members convening.

(2) The legislative committees may make recommendations to the secretary on the strategy, and the secretary may modify the strategy accordingly.

(f) The international trade and investment office strategy shall be updated no less than every five years from the date that the first strategy is submitted to the Chief Clerk of the Assembly and the Secretary of the Senate.

(g) The international trade and investment office strategy shall be implemented only upon statutory authorization by the Legislature.

13996.7. (a) Except as specified in Section 13997.1, international trade and investment offices are prohibited from being established except

under the conditions specified in the international trade and investment office strategy described in Section 13996.65. Except as specified in Section 13997.1, no office may be established except as provided in this chapter.

(b) In establishing offices pursuant to this section, the secretary shall submit to the Legislature a business plan for each proposed office, which shall include, but not be limited to, all of the following:

(1) The mission of the office, goals, objectives, and timelines for achieving quantifiable targets.

(2) The level of staffing and staff expertise requirements needed to successfully operate the office.

(3) The proposed terms for the operation of the offices, including the duration and oversight needed for office operations.

(4) How the opening of the office relates to the international trade and investment office strategy and the overall international trade and investment strategy.

(c) (1) The international trade and investment offices shall be under the direction of a manager of international trade and investment offices within the agency, to be designated by the secretary. The manager shall be an individual with experience in management and oversight of public agencies or experience in international trade, investments, or global business.

(2) No international trade and investment office shall be opened until the position of the manager of international trade and investment offices is filled within the agency.

(3) The position of the manager of the international trade and investment offices shall be a state employee position funded and staffed in a manner consistent with the international trade and investment office strategy.

(d) (1) Each office established pursuant to this chapter shall submit a report to the agency by December 1 of each year on meeting its goals, objectives, and timelines as outlined in its business plan.

(2) The secretary shall provide a summary of the reports to the relevant policy committees of each house of the Legislature, as set forth in paragraph (2) of subdivision (f), by the following February 1 of each year.

(e) The agency shall conduct an annual performance review of each office for the first three years of the office's operation. After this term, upon the determination of the secretary, the performance reviews may be undertaken at a longer interval, but not to exceed five years. If the secretary determines that an extended interval is appropriate for a particular office, this shall be clearly indicated in the secretary's annual report to the Legislature on the activities of the offices.

(f) (1) The secretary shall contract for an independent study of the operations and effectiveness of the international trade and investment offices established pursuant to this section at the conclusion of the first two years of operation and at four year intervals after the initial study.

(2) The report on the results of the study shall be submitted to the Chief Clerk of the Assembly and the Secretary of the Senate no later than two years after the opening of the first office pursuant to this chapter. A copy of the report shall be provided to the Speaker of the Assembly, the President pro Tempore of the Senate, and the chairs of the Assembly Committee on Jobs, Economic Development, and the Economy and the Senate Committee on Business, Professions and Economic Development, or the successor committees with jurisdiction over international trade and economic development programs.

(g) International trade and investment offices shall be funded only according to the international trade and investment office strategy authorized pursuant to subdivision (g) of Section 13996.65, except as provided for in Section 13997.1. All nonstate sources of funding shall be identified on the agency Web site by name and the amount contributed. The agency shall be responsible for all state administrative and oversight costs. The agency shall also be responsible for some portion of the costs of each office, not to exceed one hundred thousand dollars ($100,000) per office.

(h) Consistent with the international trade and investment office strategy, the secretary shall make a determination by September 1 of each year that sufficient funds have been appropriated in the annual Budget Act to meet its oversight and management responsibilities related to the proper operation of the offices. If, in the opinion of the secretary, insufficient funding has been provided, the secretary shall notify the Joint Legislative Budget Committee and submit a budget change proposal to request sufficient funding.

13996.75. The Controller shall not allocate any state funds to the Business, Transportation and Housing Agency for international trade and investment activities if any of the following conditions occur:

(a) The strategy for international trade and investment has not been submitted to the Legislature pursuant to subdivision (a) of Section 13996.55 by May 1, 2008, or the strategy update required by subdivision (f) of that section has not been completed within six years of the completion of the original strategy or the most recent update, as applicable.

(b) The report to the fiscal committees of the Legislature required by subdivision (e) of Section 13996.55 has not been submitted by May 1 of the year in which it is due.

(c) The summary required by paragraph (2) of subdivision (d) of Section 13996.7 has not been submitted to the Legislature by May 1 of the year in which it is due.

(d) The determination required by subdivision (h) of Section 13996.7 has not been made by December 1 of the year in which it is due.

SEC. 3. Title 20 (commencing with Section 99500) is added to the Government Code, to read:

TITLE 20. INTERNATIONAL RELATIONS

99500. (a) The Governor is the primary state officer representing California's interest in international affairs, to the extent that representation is not in conflict with federal law or the California Constitution, and except as otherwise specified in this title, to the extent this title is not in conflict with federal law or the California Constitution.

(b) The Lieutenant Governor is the Chair of the California Commission for Economic Development, to improve trade opportunities for California. The Legislature finds that the commission has developed international partnerships that provide venues for foreign companies to do business in the state and for California-based companies to access foreign markets.

(c) The Attorney General is the chief law officer of California and as such assists the federal government in defending against international challenges to California laws.

(d) The Secretary of State oversees the International Business Relations Program, which aims to develop stronger connections between the international business community and the state by assisting foreign business entities with the various filing processes and procedures in California.

(e) The Department of Food and Agriculture is the primary state agency for the promotion of California agriculture, fish, and forest exports.

(f) The Resources Agency and the California Environmental Protection Agency are the primary state agencies for the promotion of international exchange of environmental protection technologies, alternative energy technologies, and the promotion of the transfer of environmental technology to and from the state.

(g) The Business, Transportation and Housing Agency is the primary state agency responsible for international trade and investment activities in areas other than those covered by the Department of Food and Agriculture.

(h) Subdivisions (a) to (f), inclusive, are declaratory of, and do not constitute a change in, existing law.

99501. (a) (1) The state point of contact, within the executive branch, acts, in compliance with federal practice, as the liaison between the state and the Office of the United States Trade Representative on trade-related matters.

(2) The state point of contact who, in compliance with federal practice, receives updates from the federal government on trade policies, is often provided the opportunity to review and comment on ongoing trade negotiations.

(b) The state point of contact shall, in addition to any other duties assigned by the Governor, do all of the following:

(1) Promptly disseminate correspondence or information from the United States Trade Representative to the appropriate state agencies and departments and legislative committees.

(2) Work with the appropriate state agencies and departments, and the Legislature, to review the effects on the California environment, and California businesses, workers, and general lawmaking authority, of any proposed or enacted trade agreement provisions, and communicate those findings to the United States Trade Representative.

(3) Serve as liaison to the Legislature on matters of trade policy oversight.

99502. (a) The Office of Planning and Research shall maintain and update, a full and comprehensive list of all state agreements made with foreign governments. The list shall be updated within 30 days of the effective date of each new agreement. The list shall include at least all of the following:

(1) The dates of enactment or approval and termination.

(2) The agency, department, board, commission, or other governmental entity responsible for implementation.

(3) Activities proposed.

(4) Expected outcomes.

(b) Agencies may separately maintain detailed information or reports on these activities as those agencies determine to be appropriate, but that information or those reports shall not be deemed to meet the requirements of this section.

99503. (a) (1) All state employees working under the jurisdiction of an agency secretary shall, within 30 days of traveling out of the country on official state business provide, to the secretary to whom they report, a memorandum detailing dates of the trip, countries and localities visited, a description of attendees of any official meetings or events, and the goals, outcomes, and followup expected from the trip. However, attendance at formal conferences may be described in more general detail, including dates, location, types of groups represented in the audience, and general topics covered during the course of the conference.

(2) Except as provided in paragraphs (3) and (4), state employees who do not work within an agency structure shall report the information as described in paragraph (1) to the Governor's office.

(3) Legislative employees shall provide the information as described in paragraph (1) to their respective Committee on Rules.

(4) State employees working under the jurisdiction of a constitutional officer shall provide the information as described in paragraph (1) to the constitutional officer to whom they report.

(5) Except as provided in paragraphs (3) and (4), state employees who undertake official state business that could impact California international trade or investment shall also provide a copy of the memorandum to the Secretary of the Business, Transportation and Housing Agency.

(b) Travel out of the country on official state business when the Governor, a Member of the Legislature, or a constitutional officer, or all of these persons, is present, is exempt from the requirements of subdivision (a).

CHAPTER 664

An act to add Section 15601 to the Elections Code, relating to elections.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 15601 is added to the Elections Code, to read:

15601. The Secretary of State, within the Secretary of State's existing budget, shall adopt regulations no later than January 1, 2008, for each voting system approved for use in the state and specify the procedures for recounting ballots, including absentee and provisional ballots, using those voting systems.

CHAPTER 665

An act to amend Sections 14166.6, 14166.7, and 14166.75 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The University of California (UC) health system is the fifth largest hospital system in California. The five academic medical centers share, and collaborate toward, a common mission of educating the next generation of health professionals, conducting cutting edge research, and providing high-quality patient care. Annually, the medical centers provide patient care services valued at over $3.8 billion.

(b) Successful implementation of the Medi-Cal Hospital/Uninsured Demonstration Project, approved by the federal Centers for Medicare and Medicaid Services, is critical to maintaining essential communitywide services provided by the UC medical centers. The UC medical centers house 3,467 licensed acute care hospital beds and provide a broad array of specialized services that are often not available elsewhere, including trauma, burn, and cancer centers, high-risk obstetrics programs, and neonatal intensive care units. The Medi-Cal Hospital/Uninsured Demonstration Project must ensure that Medi-Cal and uninsured patients have access to the tertiary health care services offered at UC; specialized health care services must be available to all patients.

(c) In order to ensure that Medi-Cal recipients and the uninsured have access to basic and specialized hospital care, the Medi-Cal Hospital/Uninsured Demonstration Project must ensure that adequate numbers of health professionals are trained. The UC medical centers offer more than 300 residency programs and train almost one-half of all interns and residents in California. The UC medical centers are among the largest teaching facilities that will receive funding under the Medi-Cal Hospital/Uninsured Demonstration Project.

(d) The five medical centers operate within the larger UC health system and work collaboratively with UC's five medical schools to achieve their mission of education, research, and clinical care. UC's complex organizational structure may create challenges to the medical centers under the Medi-Cal Hospital/Uninsured Demonstration Project. These difficulties would be addressed by clarifying that the five UC medical centers are a system for the purposes of the Medi-Cal Hospital/Uninsured Demonstration Project.

(e) By ensuring access to UC's tertiary care medical centers, the State of California works to improve the health of Medi-Cal and uninsured patients. It is appropriate to regard the five UC medical centers as a

hospital system under the Medi-Cal Hospital/Uninsured Demonstration Project in order to ensure adequate resources are available to work toward this goal.

It is the intent of the Legislature that payment redistribution recognize the level of care provided to Medi-Cal and uninsured patients and maintain the viability and effectiveness of the University of California health system.

SEC. 2. Section 14166.6 of the Welfare and Institutions Code is amended to read:

14166.6. (a) For the 2005–06 project year and subsequent project years, each designated public hospital described in subdivision (c) of Section 14166.3 shall be eligible to receive an allocation of federal Medicaid funding from the applicable federal disproportionate share hospital allotment pursuant to this section. The department shall establish the allocations in a manner that maximizes federal Medicaid funding to the state during the term of the demonstration project, and shall consider, at a minimum, all of the following factors, taking into account all other payments to each hospital under this article:

(1) The optimal use of intergovernmental transfer-funded payments described in subdivision (d).

(2) Each hospital's pro rata share of the applicable aggregate designated public hospital baseline funding amount described in subdivision (d) of Section 14166.5.

(3) That the allocation under this section, in combination with the federal share of certified public expenditures for Medicaid inpatient hospital services for the project year determined under subdivision (a) of Section 14166.4, any supplemental reimbursement for professional services rendered to hospital inpatients determined for the project year under subdivision (e) of Section 14166.4, and the distribution of safety net care pool funds from the Health Care Support Fund determined under subdivision (a) of Section 14166.7, shall not exceed the baseline funding amount or adjusted baseline funding amount, as appropriate, for the hospital.

(4) Minimizing the need to redistribute federal funds that are based on the certified public expenditures of designated public hospitals as described in subdivision (c).

(b) Each designated public hospital shall receive its allocation of federal disproportionate share hospital payments in one or both of the following forms:

(1) Distributions from the Demonstration Disproportionate Share Hospital Fund established pursuant to subdivision (d) of Section 14166.9, consisting of federal funds claimed and received by the department, pursuant to subparagraphs (A) and (C) of paragraph (2) of subdivision

(a) of Section 14166.9 based on designated public hospitals' certified public expenditures up to 100 percent of uncompensated Medi-Cal and uninsured costs.

(2) Intergovernmental transfer-funded payments, as described in subdivision (d). For purposes of determining whether the hospital has received its allocation of federal disproportionate share hospital payments established under this section, only the federal share of intergovernmental transfer-funded payments shall be considered.

(c) The distributions described in paragraph (1) of subdivision (b) may be made to a designated public hospital independent of the amount of uncompensated Medi-Cal and uninsured costs certified as public expenditures by that hospital pursuant to Section 14166.8, provided that, in accordance with the Special Terms and Conditions for the demonstration project, the recipient hospital does not return any portion of the funds received to any unit of government, excluding amounts recovered by the state or federal government.

(d) Designated public hospitals that meet the requirement of Section 1396r-4(b)(1)(A) of Title 42 of the United States Code regarding the Medicaid inpatient utilization rate or Section 1396r-4(b)(1)(B) of Title 42 of the United States Code regarding the low-income utilization rate, may receive intergovernmental transfer-funded disproportionate share hospital payments as follows:

(1) The department shall establish the amount of the hospital's intergovernmental transfer-funded disproportionate share hospital payment. The total amount of that payment, consisting of the federal and nonfederal components, shall in no case exceed that amount equal to 75 percent of the hospital's uncompensated Medi-Cal and uninsured costs of hospital services, determined in accordance with the Special Terms and Conditions for the demonstration project.

(2) A transfer amount shall be determined for each hospital that is subject to this subdivision, equal to the nonfederal share of the payment amount established for the hospital pursuant to paragraph (1). The transfer amount so determined shall be paid by the hospital, or the public entity with which the hospital is affiliated, and deposited into the Medi-Cal Inpatient Payment Adjustment Fund established pursuant to subdivision (b) of Section 14163. The sources of funds utilized for the transfer amount shall not include impermissible provider taxes or donations as defined under Section 1396b(w) of Title 42 of the United States Code or other federal funds. For this purpose, federal funds do not include patient care revenue received as payment for services rendered under programs such as Medicare or Medicaid.

(3) The department shall pay the amounts established pursuant to paragraph (1) to each hospital using the transfer amounts deposited

pursuant to paragraph (2) as the nonfederal share of those payments. The total intergovernmental transfer-funded payment amount, consisting of the federal and nonfederal share, paid to a hospital shall be retained by the hospital in accordance with the Special Terms and Conditions for the demonstration project.

(e) The total federal disproportionate share hospital funds allocated under this section to designated public hospitals with respect to each project year, in combination with the federal share of disproportionate share hospital payment adjustments made to nondesignated public hospitals pursuant to Section 14166.16 for the same project year, shall not exceed the applicable federal disproportionate share hospital allotment.

(f) (1) Each designated public hospital shall receive quarterly interim payments of its disproportionate share hospital allocation during the project year. The determinations set forth in subdivisions (a) to (e), inclusive, shall be made on an interim basis prior to the start of each project year, except that, with respect to the 2005–06 project year, the interim determinations shall be made prior to January 1, 2006. The department shall use the same cost and statistical data used in determining the interim payments for Medi-Cal inpatient hospital services under Section 14166.4, and available payments and uncompensated and uninsured cost data, including data from the Medi-Cal paid claims file and the hospital's books and records, for the corresponding period.

(2) Prior to the distribution of payments in accordance with paragraph (1) and with subdivision (g) to a designated public hospital that is part of a hospital system containing multiple designated public hospitals licensed to the same governmental entity, the department shall consult with the applicable governmental entity. The department shall implement any adjustments to the payment distributions for the hospitals in that hospital system as requested by the governmental entity if the net effect of the requested adjustments for those hospitals is zero. These payment redistributions shall recognize the level of care provided to Medi-Cal and uninsured patients and shall maintain the viability and effectiveness of the hospital system. The adjustments made pursuant to this paragraph with respect to an affected hospital shall be disregarded in the application of the limitations described in paragraph (3) of subdivision (a), and in paragraph (1) of subdivision (a) of Section 14166.7.

(g) No later than April 1 following the end of the project year, the department shall undertake an interim reconciliation of payments based on Medicare and other cost, payment, and statistical data submitted by the hospital for the project year, and shall adjust payments to the hospital accordingly.

(h) Each designated public hospital shall receive its disproportionate share hospital allocation, as computed pursuant to subdivisions (a) to (e), inclusive, subject to final audits of all applicable Medicare and other cost, payment, and statistical data for the project year.

SEC. 3. Section 14166.7 of the Welfare and Institutions Code is amended to read:

14166.7. (a) (1) With respect to each project year, designated public hospitals, or governmental entities with which they are affiliated, shall be eligible to receive safety net care pool payments from the Health Care Support Fund established pursuant to Section 14166.21. The total amount of these payments, in combination with the federal share of certified public expenditures for Medicaid inpatient hospital services determined for the project year under subdivision (a) of Section 14166.4, any supplemental reimbursement for physician and nonphysician practitioner services rendered to hospital inpatients determined for the project year under subdivision (e) of Section 14166.4, and the federal disproportionate share hospital allocation determined under Section 14166.6, shall not exceed the hospital's baseline funding amount or adjusted baseline funding amount, as appropriate.

(2) The department shall establish the amount of the safety net care pool payment described in paragraph (1) for each designated public hospital in a manner that maximizes federal Medicaid funding to the state during the term of the demonstration project.

(3) A safety net care pool payment amount may be paid to a designated public hospital, or governmental entity with which it is affiliated, pursuant to this section independent of the amount of uncompensated Medi-Cal and uninsured costs that is certified as public expenditures pursuant to Section 14166.8, provided that, in accordance with the Special Terms and Conditions for the demonstration project, the recipient hospital does not return any portion of the funds received to any unit of government, excluding amounts recovered by the state or federal government.

(4) In establishing the amount to be paid to each designated public hospital under this subdivision, the department shall minimize to the extent possible the redistribution of federal funds that are based on certified public expenditures as described in paragraph (3).

(b) (1) Each designated public hospital, or governmental entity with which it is affiliated, shall receive the amount established pursuant to subdivision (a) in quarterly interim payments during the project year. The determination of the interim payments shall be made on an interim basis prior to the start of each project year, except that, with respect to the 2005–06 project year, the determination of the interim payments shall be made prior to January 1, 2006. The department shall use the same cost and statistical data that is used in determining the interim

payments for Medi-Cal inpatient hospital services under Section 14166.4 and for the disproportionate share hospital allocations under Section 14166.6, for the corresponding period.

(2) Prior to the distribution of payments in accordance with paragraph (1) and with subdivision (c) to a designated public hospital that is part of a hospital system containing multiple designated public hospitals licensed to the same governmental entity, the department shall consult with the applicable governmental entity. The department shall implement any adjustments to the payment distributions for the hospitals in that hospital system as requested by the governmental entity if the net effect of the requested adjustments for those hospitals is zero. These payment redistributions shall recognize the level of care provided to Medi-Cal and uninsured patients and shall maintain the viability and effectiveness of the hospital system. The adjustments made pursuant to this paragraph with respect to an affected hospital shall be disregarded in the application of the limitations described in paragraph (1) of subdivision (a), and in paragraph (3) of subdivision (a) of Section 14166.6.

(c) (1) No later than April 1 following the end of the project year, the department shall undertake an interim reconciliation of the payment amount established pursuant to subdivision (a) for each designated public hospital using Medicare and other cost, payment, and statistical data submitted by the hospital for the project year, and shall adjust payments to the hospital accordingly.

(2) The final payment to a designated public hospital for purposes of subdivision (b) and paragraph (1) of this subdivision, shall be subject to final audits of all applicable Medicare and other cost, payment, and statistical data for the project year, and the distribution priorities set forth in Section 14166.20.

(d) (1) Each designated public hospital, or governmental entity with which it is affiliated, shall be eligible to receive additional safety net care pool payments above the baseline funding amount or adjusted baseline funding amount, as appropriate, from the Health Care Support Fund, established pursuant to Section 14166.21, for the project year in accordance with the stabilization funding determination for the hospital made pursuant to Section 14166.75.

(2) Payment of the additional safety net care pool amounts shall be subject to the distribution priorities set forth in Section 14166.21.

SEC. 4. Section 14166.75 of the Welfare and Institutions Code is amended to read:

14166.75. (a) For services provided during the 2005–06 project year, the amount allocated to designated public hospitals pursuant to subparagraph (A) of paragraph (2) and subparagraph (A) of paragraph (5) of subdivision (b) of Section 14166.20 shall be allocated, in

accordance with this section, among the designated public hospitals and paid as direct grants, which shall not constitute Medi-Cal payments.

(b) The baseline funding amount, as determined under Section 14166.5, for San Mateo Medical Center shall be increased by eight million dollars ($8,000,000) for purposes of this section.

(c) The following payments shall be made from the amount identified in subdivision (a), in addition to any other payments due to the University of California hospitals and health system and County of Los Angeles hospitals under this section:

(1) The lower of eleven million dollars ($11,000,000) or 3.67 percent of the amount identified in subdivision (a) to the University of California hospitals and health system.

(2) In the event that the one hundred eighty million dollars ($180,000,000) identified in paragraph 41 of the Special Terms and Conditions for the demonstration project is available in the safety net care pool for the project year, the lower of twenty-three million ($23,000,000) or 7.67 percent of the amount identified in subdivision (a) to the County of Los Angeles, Department of Health Services, hospitals. If an amount less than the one hundred eighty million dollars ($180,000,000) is available during the project year, the amount determined under this paragraph shall be reduced proportionately.

(d) The amount identified in subdivision (a), as reduced by the amounts identified in subdivision (c), shall be distributed among the designated public hospitals as follows:

(1) Designated public hospitals that are donor hospitals, and their associated donated certified public expenditures, shall be identified as follows:

(A) An initial pro rata allocation of the amount subject to this subdivision shall be made to each designated public hospital, based upon the hospital's baseline funding amount determined pursuant to Section 14166.5, and as further adjusted in subdivision (b). This initial allocation shall be used for purposes of the calculations under subparagraph (C) and paragraph (3).

(B) The federal financial participation amount arising from the certified public expenditures of each designated public hospital, including the expenditures of the governmental entity, nonhospital clinics, and other provider types with which it is affiliated, that were claimed by the department from the federal disproportionate share hospital allotment pursuant to subparagraphs (A) and (C) of paragraph (2) of subdivision (a) of Section 14166.9, and from the safety net care pool funds pursuant to paragraph (3) of subdivision (a) of Section 14166.9, shall be determined.

(C) The amount of federal financial participation received by each designated public hospital, and by the governmental entity, nonhospital clinics, and other provider types with which it is affiliated, based on certified public expenditures from the federal disproportionate share hospital allotment pursuant to paragraph (1) of subdivision (b) of Section 14166.6, and from the safety net care pool payments pursuant to subdivision (a) of Section 14166.7 shall be identified. With respect to this identification, if a payment adjustment for a hospital has been made pursuant to paragraph (2) of subdivision (f) of Section 14166.6, or paragraph (2) of subdivision (b) of Section 14166.7, the amount of federal financial participation received by the hospital based on certified public expenditures shall be determined as though no such payment adjustment had been made. The resulting amount shall be increased by amounts distributed to the hospital pursuant to subdivision (c) of this section, paragraph (1) of subdivision (b) of Section 14166.20, and the initial allocation determined for the hospitals in subparagraph (A).

(D) If the amount in subparagraph (B) is greater than the amount determined in subparagraph (C), the hospital is a donor hospital, and the difference between the two amounts is deemed to be that donor hospital's associated donated certified public expenditures amount.

(2) Seventy percent of the total amount subject to this subdivision shall be allocated pro rata among the designated public hospitals based upon each hospital's baseline funding amount determined pursuant to Section 14166.5, and as further adjusted in subdivision (b).

(3) The lesser of the remaining 30 percent of the total amount subject to this subdivision or the total amounts of donated certified public expenditures for all donor hospitals, shall be distributed pro rata among the donor hospitals based upon the donated certified public expenditures amount determined for each donor hospital. Any amounts not distributed pursuant to this paragraph shall be distributed in the same manner as set forth in paragraph (2).

(e) The department shall consult with designated public hospital representatives regarding the appropriate distribution of stabilization funding before stabilization funds are allocated and paid to hospitals. No later than 30 days after this consultation, the department shall issue a final allocation of stabilization funding under this section that shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of the department.

SEC. 4.5. Section 14166.75 of the Welfare and Institutions Code is amended to read:

14166.75. (a) For services provided during the 2005–06 and 2006–07 project years, the amount allocated to designated public hospitals pursuant to subparagraph (A) of paragraph (2) and subparagraph (A) of paragraph

(5) of subdivision (b) of Section 14166.20 shall be allocated, in accordance with this section, among the designated public hospitals and paid as direct grants, which shall not constitute Medi-Cal payments.

(b) The baseline funding amount, as determined under Section 14166.5, for San Mateo Medical Center shall be increased by eight million dollars ($8,000,000) for purposes of this section.

(c) The following payments shall be made from the amount identified in subdivision (a), in addition to any other payments due to the University of California hospitals and health system and County of Los Angeles hospitals under this section:

(1) The lower of eleven million dollars ($11,000,000) or 3.67 percent of the amount identified in subdivision (a) to the University of California hospitals and health system.

(2) In the event that the one hundred eighty million dollars ($180,000,000) identified in paragraph 41 of the Special Terms and Conditions for the demonstration project is available in the safety net care pool for the project year, the lower of twenty-three million ($23,000,000) or 7.67 percent of the amount identified in subdivision (a) to the County of Los Angeles, Department of Health Services, hospitals. If an amount less than the one hundred eighty million dollars ($180,000,000) is available during the project year, the amount determined under this paragraph shall be reduced proportionately.

(d) The amount identified in subdivision (a), as reduced by the amounts identified in subdivision (c), shall be distributed among the designated public hospitals as follows:

(1) Designated public hospitals that are donor hospitals, and their associated donated certified public expenditures, shall be identified as follows:

(A) An initial pro rata allocation of the amount subject to this subdivision shall be made to each designated public hospital, based upon the hospital's baseline funding amount determined pursuant to Section 14166.5, and as further adjusted in subdivision (b). This initial allocation shall be used for purposes of the calculations under subparagraph (C) and paragraph (3).

(B) The federal financial participation amount arising from the certified public expenditures of each designated public hospital, including the expenditures of the governmental entity, nonhospital clinics, and other provider types with which it is affiliated, that were claimed by the department from the federal disproportionate share hospital allotment pursuant to subparagraphs (A) and (C) of paragraph (2) of subdivision (a) of Section 14166.9, and from the safety net care pool funds pursuant to paragraph (3) of subdivision (a) of Section 14166.9, shall be determined.

(C) The amount of federal financial participation received by each designated public hospital, and by the governmental entity, nonhospital clinics, and other provider types with which it is affiliated, based on certified public expenditures from the federal disproportionate share hospital allotment pursuant to paragraph (1) of subdivision (b) of Section 14166.6, and from the safety net care pool payments pursuant to subdivision (a) of Section 14166.7 shall be identified. With respect to this identification, if a payment adjustment for a hospital has been made pursuant to paragraph (2) of subdivision (f) of Section 14166.6, or paragraph (2) of subdivision (b) of Section 14166.7, the amount of federal financial participation received by the hospital based on certified public expenditures shall be determined as though no such payment adjustment had been made. The resulting amount shall be increased by amounts distributed to the hospital pursuant to subdivision (c) of this section, paragraph (1) of subdivision (b) of Section 14166.20, and the initial allocation determined for the hospitals in subparagraph (A).

(D) If the amount in subparagraph (B) is greater than the amount determined in subparagraph (C), the hospital is a donor hospital, and the difference between the two amounts is deemed to be that donor hospital's associated donated certified public expenditures amount.

(2) Seventy percent of the total amount subject to this subdivision shall be allocated pro rata among the designated public hospitals based upon each hospital's baseline funding amount determined pursuant to Section 14166.5, and as further adjusted in subdivision (b).

(3) The lesser of the remaining 30 percent of the total amount subject to this subdivision or the total amounts of donated certified public expenditures for all donor hospitals, shall be distributed pro rata among the donor hospitals based upon the donated certified public expenditures amount determined for each donor hospital. Any amounts not distributed pursuant to this paragraph shall be distributed in the same manner as set forth in paragraph (2).

(e) The department shall consult with designated public hospital representatives regarding the appropriate distribution of stabilization funding before stabilization funds are allocated and paid to hospitals. No later than 30 days after this consultation, the department shall issue a final allocation of stabilization funding under this section that shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of the department.

SEC. 5. Section 4.5 of this bill incorporates amendments to Section 14166.75 of the Welfare and Institutions Code proposed by both this bill and AB 1920. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, but this bill becomes operative first, (2) each bill amends Section 14166.75 of the

Welfare and Institutions Code, and (3) this bill is enacted after AB 1920, in which case Section 14166.75 of the Welfare and Institutions Code, as amended by Section 4 of this bill, shall remain operative only until the operative date of AB 1920, at which time Section 4.5 of this bill shall become operative.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement the Medi-Cal Hospital/Uninsured Demonstration Project and preserve the financial viability of the state's safety net hospitals as soon as possible, it is necessary that this act take effect immediately.

CHAPTER 666

An act to add and repeal Section 14132.38 of the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14132.38 is added to the Welfare and Institutions Code, to read:

14132.38. (a) Home infusion treatments with tocolytic agents for pregnant women shall be covered under this chapter. This coverage shall be subject to both of the following:

(1) Utilization controls.

(2) Clinical guidelines or protocols as outlined in peer-reviewed professional journals.

(b) By October 1, 2009, the department shall prepare, or contract for the preparation of, a report evaluating the medical effectiveness and cost-effectiveness of infusion treatments with tocolytic agents. The report shall determine, to the extent possible, changes in the health, birth weight, and length of term for newborns using tocolytic treatments, and shall provide a comparison to a representative control population that does not use tocolytic treatments. The report shall include a summary of peer-reviewed research findings on the effectiveness of tocolytic agents in the medical literature.

(c) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

CHAPTER 667

An act to amend Sections 104, 710, 710.5, 710.7, 711, 711.2, and 711.4 of, to add Section 106 to, to repeal Sections 208 and 209 of, and to repeal and add Sections 206 and 207 of, the Fish and Game Code, relating to fish and game.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 104 of the Fish and Game Code is amended to read:

104. The commission may employ a staff, including an executive director, to assist the commission in conducting its operations, but neither the commission nor its staff shall have or be given any powers in relation to the administration of the department.

SEC. 2. Section 106 is added to the Fish and Game Code, to read:

106. (a) The commission shall adopt and approve a Conflict of Interest Code pursuant to Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 of the Government Code.

(b) For a period of 12 months after leaving office, a former commissioner shall be prohibited from acting as an agent or attorney for, or otherwise representing, any person before the commission by making any formal or informal appearance before, or any oral or written communication to, the commission.

SEC. 3. Section 206 of the Fish and Game Code is repealed.

SEC. 4. Section 206 is added to the Fish and Game Code, to read:

206. (a) The commission shall hold no fewer than ten regular meetings per calendar year. The commission may also hold special meetings or hearings to receive additional input from the department and the public.

(b) The commission shall announce the dates and locations of meetings for the year by January 1st of that year, or 60 days prior to the first meeting, whichever comes first. Meeting locations shall be accessible to the public and located throughout the state, with no more than two regular meetings to be held in Sacramento per year. To the extent feasible,

meetings shall be held in state facilities. In setting the dates and locations for regular meetings, the commission shall also consider the following factors:

(1) Recommendations of the department.

(2) Opening and closing dates of fishing and hunting seasons.

(3) The schedules of other state and federal regulatory agencies whose regulations affect the management of fish and wildlife of this state.

(c) The commission shall cause the notice of the schedule for regular meetings, and notice of any change in the date and location of a meeting, to be disseminated to the public in a manner that will result in broad dissemination, including, but not limited to, electronic distribution, mailings to interested parties, and publication in local newspapers of affected communities.

SEC. 5. Section 207 of the Fish and Game Code is repealed.

SEC. 6. Section 207 is added to the Fish and Game Code, to read:

207. (a) Except for emergency regulations, the commission shall consider and adopt regulations pursuant to Sections 203 and 205 at a series of no fewer than three meetings. These meetings may be regular or special meetings that are duly noticed to the public in accordance with subdivision (c) of Section 206 and the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) At the first meeting, the commission shall receive recommendations for regulations from its own members and staff, the department, other public agencies, and the public.

(c) At the second meeting, the commission shall devote time for open public discussion of proposed regulations presented at the first meeting. The department shall participate in this discussion by reviewing and presenting its findings regarding each regulation proposed by the public and by responding to objections raised pertaining to its proposed regulations. After considering the public discussion, the commission shall announce, prior to adjournment of the meeting, the regulations it intends to add, amend, or repeal.

(d) At the third meeting, the commission may choose to hear additional public discussion regarding the regulations it intends to adopt. At the meeting or within 20 days after the meeting, the commission shall add, amend, or repeal regulations relating to any recommendation received at the initial meeting it deems necessary to preserve, properly utilize, and maintain each species or subspecies.

(e) Within 45 days after adoption, the department shall publish and distribute regulations adopted pursuant to this section.

SEC. 7. Section 208 of the Fish and Game Code is repealed.

SEC. 8. Section 209 of the Fish and Game Code is repealed.

SEC. 9. Section 710 of the Fish and Game Code is amended to read:

710. The Legislature finds and declares that the department has in the past not been adequately funded to meet its mandates. The principal causes have been the fixed nature of the department's revenues in contrast with the rising costs resulting from inflation, the increased burden on the department to carry out its public trust responsibilities, and additional responsibilities placed on the department by the Legislature. This lack of funding has prevented proper planning and manpower allocation. The lack of funding has required the department to restrict warden enforcement and to defer essential management of lands acquired for wildlife conservation. The lack of funding for fish and wildlife conservation activities other than sport and commercial fishing and hunting activities has resulted in inadequate wildlife and habitat conservation and wildlife protection programs.

SEC. 10. Section 710.5 of the Fish and Game Code is amended to read:

710.5. (a) The Legislature finds and declares that the department continues to be inadequately funded to meet its mandates. While revenues have been declining, the department's responsibilities have increased in order to protect public trust resources in the face of increasing population and resource management demands. The department's revenues have been limited due to a failure to maximize user fees and inadequate non-fee-related funding. The limited department revenues have resulted in the inability of the department to effectively provide all of the programs and activities required under this code and to manage the wildlife resources held in trust by the department for the people of the state.

(b) The Legislature further finds and declares that the department has been largely supported by fees paid by those who utilize the resources held in trust by the department. It is the intent of the Legislature that, to the extent feasible, the department should continue to be funded by user fees. All fees collected by the department, including, but not limited to, recreational hunting and fishing licenses, landing taxes, commercial licenses, permits and entitlements, and other fees for use of the resources regulated or managed by the department, are user fees. To the extent that these fees are appropriated through the Budget Act for the purposes for which they are collected to provide services to the people of the State of California, these user fees are not subject to Article XIII B of the California Constitution.

(c) The Legislature further finds and declares that user fees are not sufficient to fund all of the department's mandates. To fulfill its mandates, the department must secure a significant increase in reliable funding, in addition to user fees.

SEC. 11. Section 710.7 of the Fish and Game Code is amended to read:

710.7. (a) The Legislature finds and declares all of the following:

(1) The department continues to face serious funding instability due to revenue declines from traditional user fees and taxes and the addition of new and expanded program responsibilities.

(2) Historically, the recreational and commercial fishing industry has funded much of the department's marine fisheries activities.

(3) As the state's population grows and development changes historic land uses, fish and wildlife continue to be depleted, necessitating a significant portion of the department's activities to be directed toward protecting fish and wildlife for the benefit of the people of the state.

(b) It is the intent of the Legislature to extend the current user-based funding system by allocating a portion of the marine resource protection costs to those who use and benefit from recreational and commercial use of the marine resources.

(c) It is the Legislature's intent that, notwithstanding Section 711, the department shall cooperate with the Legislature, recreational users, conservation organizations, the commercial fishing industry, and other interested parties to identify and propose new alternative sources of revenue to fund the department's necessary marine conservation, restoration, and resources management, and protection responsibilities.

(d) It is further the intent of the Legislature to identify new funding sources and to secure those sources to adequately fund the department's activities directed at protecting and managing wildlife for the people of the state.

SEC. 12. Section 711 of the Fish and Game Code is amended to read:

711. (a) It is the intent of the Legislature to ensure adequate funding from appropriate sources for the department. To this end, the Legislature finds and declares that:

(1) The costs of nongame fish and wildlife programs shall be provided annually in the Budget Act by appropriating money from the General Fund, through nongame user fees, and sources other than the Fish and Game Preservation Fund to the department for these purposes.

(2) The costs of commercial fishing programs shall be provided out of revenues from commercial fishing taxes, license fees, and other revenues, from reimbursements and federal funds received for commercial fishing programs, and other funds appropriated by the Legislature for this purpose.

(3) The costs of hunting and sportfishing programs shall be provided out of hunting and sportfishing revenues and reimbursements and federal funds received for hunting and sportfishing programs, and other funds appropriated by the Legislature for this purpose. These revenues,

reimbursements, and federal funds shall not be used to support commercial fishing programs, free hunting and fishing license programs, or nongame fish and wildlife programs.

(4) The costs of managing lands managed by the department and the costs of wildlife management programs shall be supplemented out of revenues in the Native Species Conservation and Enhancement Account in the Fish and Game Preservation Fund.

(5) Hunting, sportfishing, and sport ocean fishing license fees shall be adjusted annually to an amount equal to that computed pursuant to Section 713. However, a substantial increase in the aggregate of hunting and sportfishing programs shall be reflected by appropriate amendments to the sections of this code that establish the base sport license fee levels. The inflationary index provided in Section 713 may not be used to accommodate a substantial increase in the aggregate of hunting and sportfishing programs.

(b) The director and the Secretary of the Resources Agency shall, with the department's annual budget submittal to the Legislature, submit a report on the fund condition, including the expenditures and revenue, for all accounts and subaccounts within the Fish and Game Preservation Fund. The department shall also update its cost allocation plan to reflect the costs of program activities.

(c) For purposes of this article, "substantial increase" means an increase in excess of 5 percent of the Fish and Game Preservation Fund portion of the department's current year support budget, excluding cost-of-living increases provided for salaries, staff benefits, and operating expenses.

SEC. 13. Section 711.2 of the Fish and Game Code is amended to read:

711.2. (a) For purposes of this code, unless the context otherwise requires, "wildlife" means and includes all wild animals, birds, plants, fish, amphibians, and related ecological communities, including the habitat upon which the wildlife depends for its continued viability and "project" has the same meaning as defined in Section 21065 of the Public Resources Code.

(b) For purposes of this article, "person" includes any individual, firm, association, organization, partnership, business, trust, corporation, limited liability company, company, district, county, city and county, city, town, the state, and any of the agencies of those entities.

SEC. 14. Section 711.4 of the Fish and Game Code is amended to read:

711.4. (a) The department shall impose and collect a filing fee in the amount prescribed in subdivision (d) to defray the costs of managing and protecting fish and wildlife trust resources, including, but not limited

to, consulting with other public agencies, reviewing environmental documents, recommending mitigation measures, developing monitoring requirements for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), consulting pursuant to Section 21104.2 of the Public Resources Code, and other activities protecting those trust resources identified in the review pursuant to the California Environmental Quality Act.

(b) The filing fees shall be proportional to the cost incurred by the department and shall be annually reviewed and adjustments recommended to the Legislature in an amount necessary to pay the full costs of department programs as specified. The department shall annually adjust the fees pursuant to Section 713.

(c) (1) All project applicants and public agencies subject to the California Environmental Quality Act shall pay a filing fee for each proposed project, as specified in subdivision (d).

(2) Notwithstanding paragraph (1), no filing fee shall be paid pursuant to this section if any of the following conditions exist:

(A) The project has no effect on fish and wildlife.

(B) The project is being undertaken by the department.

(C) The project costs are payable from any of the following sources:

(i) The Public Resources Account in the Cigarette and Tobacco Products Surtax Fund.

(ii) The California Wildlife, Coastal, and Park Land Conservation Fund of 1988.

(iii) The Habitat Conservation Fund.

(iv) The Fisheries Restoration Account in the Fish and Game Preservation Fund.

(v) The Commercial Salmon Stamp Account in the Fish and Game Preservation Fund.

(vi) Striped bass stamp funds collected pursuant to Section 7360.

(vii) The California Ocean Resource Enhancement Account.

(D) The project is implemented through a contract with either a nonprofit entity or a local government agency.

(3) Filing fees shall be paid at the time and in the amount specified in subdivision (d). Notwithstanding Sections 21080.5 and 21081 of the Public Resources Code, no project shall be operative, vested, or final, nor shall local government permits for the project be valid, until the filing fees required pursuant to this section are paid.

(d) The fees shall be in the following amounts:

(1) For a project which is statutorily or categorically exempt from the California Environmental Quality Act, including those certified regulatory programs which incorporate statutory and categorical exemptions, no filing fee shall be paid.

(2) For a project for which a negative declaration is prepared pursuant to subdivision (c) of Section 21080 of the Public Resources Code, the filing fee is one thousand eight hundred dollars ($1,800). The filing fee shall be paid to the county clerk at the time of filing a notice of determination pursuant to Section 21152 of that code or to the Office of Planning and Research at the time of filing a notice of determination pursuant to Section 21108 of that code, as appropriate.

(3) For a project with an environmental impact report prepared pursuant to the California Environmental Quality Act, the filing fee is two thousand five hundred dollars ($2,500). The filing fee shall be paid to the county clerk at the time of filing a notice of determination pursuant to Section 21152 of the Public Resources Code or to the Office of Planning and Research at the time of filing a notice of determination pursuant to Section 21108 of that code, as appropriate.

(4) For a project that is subject to a certified regulatory program pursuant to Section 21080.5 of the Public Resources Code, the filing fee is eight hundred fifty dollars ($850). The filing fee shall be paid to the department prior to the filing of the notice of determination pursuant to Section 21080.5 of that code.

(e) The county clerk may charge a documentary handling fee of fifty dollars ($50) per filing in addition to the filing fee specified in subdivision (d).

(1) The county clerk of each county and the Office of Planning and Research shall maintain a record, both electronic and in paper, of all environmental documents received. The record shall include, for each environmental document received, the name of each applicant or lead agency, the document filing number, the project name as approved by the lead agency, and the filing date. The record shall be made available for examination or audit by authorized personnel of the department during normal business hours.

(2) The filing fee imposed and collected pursuant to subdivision (d) shall be remitted monthly to the department within 30 days after the end of each month. The remittance shall be accompanied with the information required pursuant to paragraph (1). The amount of fees due shall be reported on forms prescribed and provided by the department.

(3) The department shall assess a penalty of 10 percent of the amount of fees due for any failure to remit the amount payable when due. The department may pursue collection of delinquent fees through the Controller's office pursuant to Section 12419.5 of the Government Code.

(f) Notwithstanding Section 12000, failure to pay the fee under subdivision (d) is not a misdemeanor. All unpaid fees are a statutory assessment subject to collection under procedures as provided in the Revenue and Taxation Code.

(g) Only one filing fee shall be paid for each project unless the project is tiered or phased, or separate environmental documents are required.

(h) This section does not preclude or modify the duty of the department to recommend, require, permit, or engage in mitigation activities pursuant to the California Environmental Quality Act.

(i) The permit process of the California Coastal Commission, as certified by the Secretary of the Resources Agency, is exempt from the payment of the filing fees prescribed by paragraph (5) of subdivision (d) insofar as the permits are issued under any of the following regulations:

(1) Subchapter 4 (commencing with Section 13136) of Chapter 5 of Division 5.5 of Title 14 of the California Code of Regulations.

(2) Subchapter 1 (commencing with Section 13200), Subchapter 3 (commencing with Section 13213), Subchapter 3.5 (commencing with Section 13214), Subchapter 4 (commencing with Section 13215), Subchapter 4.5 (commencing with Section 13238), Subchapter 5 (commencing with Section 13240), Subchapter 6 (commencing with Section 13250), and Subchapter 8 (commencing with Section 13255) of Chapter 6 of Division 5.5 of Title 14 of the California Code of Regulations.

SEC. 15. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 668

An act to amend Section 12076 of the Penal Code, relating to firearms.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 12076 of the Penal Code is amended to read:

12076. (a) (1) Before January 1, 1998, the Department of Justice shall determine the method by which a dealer shall submit firearm

purchaser information to the department and the information shall be in one of the following formats:

(A) Submission of the register described in Section 12077.

(B) Electronic or telephonic transfer of the information contained in the register described in Section 12077.

(2) On or after January 1, 1998, electronic or telephonic transfer, including voice or facsimile transmission, shall be the exclusive means by which purchaser information is transmitted to the department.

(3) On or after January 1, 2003, except as permitted by the department, electronic transfer shall be the exclusive means by which information is transmitted to the department. Telephonic transfer shall not be permitted for information regarding sales of any firearms.

(b) (1) Where the register is used, the purchaser of any firearm shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name and affix his or her residence address and date of birth to the register in quadruplicate. The salesperson shall affix his or her signature to the register in quadruplicate as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the register and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Sections 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The original of the register shall be retained by the dealer in consecutive order. Each book of 50 originals shall become the permanent register of transactions that shall be retained for not less than three years from the date of the last transaction and shall be available for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(3) Two copies of the original sheet of the register, on the date of the application to purchase, shall be placed in the mail, postage prepaid, and properly addressed to the Department of Justice in Sacramento.

(4) If requested, a photocopy of the original shall be provided to the purchaser by the dealer.

(5) If the transaction is one conducted pursuant to Section 12082, a photocopy of the original shall be provided to the seller by the dealer, upon request.

(c) (1) Where the electronic or telephonic transfer of applicant information is used, the purchaser shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name to the record of electronic or telephonic transfer. The salesperson shall affix his or her signature to the record of electronic or telephonic transfer as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the electronic or telephonic transfer and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Sections 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the electronic or telephonic transfer shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The record of applicant information shall be transmitted to the Department of Justice in Sacramento by electronic or telephonic transfer on the date of the application to purchase.

(3) The original of each record of electronic or telephonic transfer shall be retained by the dealer in consecutive order. Each original shall become the permanent record of the transaction that shall be retained for not less than three years from the date of the last transaction and shall be provided for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(4) If requested, a copy of the record of electronic or telephonic transfer shall be provided to the purchaser by the dealer.

(5) If the transaction is one conducted pursuant to Section 12082, a copy shall be provided to the seller by the dealer, upon request.

(d) (1) The department shall examine its records, as well as those records that it is authorized to request from the State Department of Mental Health pursuant to Section 8104 of the Welfare and Institutions Code, in order to determine if the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code.

(2) To the extent that funding is available, the Department of Justice may participate in the National Instant Criminal Background Check System (NICS), as described in subsection (t) of Section 922 of Title 18 of the United States Code, and, if that participation is implemented, shall notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, that the purchaser is a person prohibited from acquiring a firearm under federal law.

(3) If the department determines that the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code, it shall immediately notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, of that fact.

(4) If the department determines that the copies of the register submitted to it pursuant to paragraph (3) of subdivision (b) contain any blank spaces or inaccurate, illegible, or incomplete information, preventing identification of the purchaser or the pistol, revolver, or other firearm to be purchased, or if any fee required pursuant to subdivision (e) is not submitted by the dealer in conjunction with submission of copies of the register, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall submit corrected copies of the register to the department, or shall submit any fee required pursuant to subdivision (e), or both, as appropriate and, if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(5) If the department determines that the information transmitted to it pursuant to subdivision (c) contains inaccurate or incomplete information preventing identification of the purchaser or the pistol,

revolver, or other firearm capable of being concealed upon the person to be purchased, or if the fee required pursuant to subdivision (e) is not transmitted by the dealer in conjunction with transmission of the electronic or telephonic record, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall transmit corrections to the record of electronic or telephonic transfer to the department, or shall transmit any fee required pursuant to subdivision (e), or both, as appropriate, and if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(e) The Department of Justice may require the dealer to charge each firearm purchaser a fee not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations. The fee shall be no more than is necessary to fund the following:

(1) (A) The department for the cost of furnishing this information.

(B) The department for the cost of meeting its obligations under paragraph (2) of subdivision (b) of Section 8100 of the Welfare and Institutions Code.

(2) Local mental health facilities for state-mandated local costs resulting from the reporting requirements imposed by Section 8103 of the Welfare and Institutions Code.

(3) The State Department of Mental Health for the costs resulting from the requirements imposed by Section 8104 of the Welfare and Institutions Code.

(4) Local mental hospitals, sanitariums, and institutions for state-mandated local costs resulting from the reporting requirements imposed by Section 8105 of the Welfare and Institutions Code.

(5) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code.

(6) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code.

(7) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(8) The Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code.

(9) The department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072.

(10) The department for the costs associated with funding Department of Justice firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

The fee established pursuant to this subdivision shall not exceed the sum of the actual processing costs of the department, the estimated reasonable costs of the local mental health facilities for complying with the reporting requirements imposed by paragraph (2) of this subdivision, the costs of the State Department of Mental Health for complying with the requirements imposed by paragraph (3) of this subdivision, the estimated reasonable costs of local mental hospitals, sanitariums, and institutions for complying with the reporting requirements imposed by paragraph (4) of this subdivision, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code imposed by paragraph (6) of this subdivision, the estimated reasonable costs of the Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code, the estimated reasonable costs of the department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, and the estimated reasonable costs of department firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

(f) (1) The Department of Justice may charge a fee sufficient to reimburse it for each of the following but not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations:

(A) For the actual costs associated with the preparation, sale, processing, and filing of forms or reports required or utilized pursuant to Section 12078.

(B) For the actual processing costs associated with the submission of a Dealers' Record of Sale to the department.

(C) For the actual costs associated with the preparation, sale, processing, and filing of reports utilized pursuant to subdivision (*l*) of Section 12078 or paragraph (18) of subdivision (b) of Section 12071, or clause (i) of subparagraph (A) of paragraph (2) of subdivision (f) of Section 12072, or paragraph (3) of subdivision (f) of Section 12072.

(D) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(2) If the department charges a fee pursuant to subparagraph (B) of paragraph (1) of this subdivision, it shall be charged in the same amount to all categories of transaction that are within that subparagraph.

(3) Any costs incurred by the Department of Justice to implement this subdivision shall be reimbursed from fees collected and charged pursuant to this subdivision. No fees shall be charged to the dealer pursuant to subdivision (e) for implementing this subdivision.

(g) All money received by the department pursuant to this section shall be deposited in the Dealers' Record of Sale Special Account of the General Fund, which is hereby created, to be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to this section, paragraph (1) and subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, Sections 12083 and 12099, subdivision (c) of Section 12131, Sections 12234, 12289, and 12289.5, and subdivisions (f) and (g) of Section 12305.

(h) Where the electronic or telephonic transfer of applicant information is used, the department shall establish a system to be used for the submission of the fees described in subdivision (e) to the department.

(i) (1) Only one fee shall be charged pursuant to this section for a single transaction on the same date for the sale of any number of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person or for the taking of possession of those firearms.

(2) In a single transaction on the same date for the delivery of any number of firearms that are pistols, revolvers, or other firearms capable of being concealed upon the person, the department shall charge a reduced fee pursuant to this section for the second and subsequent firearms that are part of that transaction.

(j) Only one fee shall be charged pursuant to this section for a single transaction on the same date for taking title or possession of any number of firearms pursuant to paragraph (18) of subdivision (b) of Section 12071 or subdivision (c) or (i) of Section 12078.

(k) Whenever the Department of Justice acts pursuant to this section as it pertains to firearms other than pistols, revolvers, or other firearms capable of being concealed upon the person, the department's acts or omissions shall be deemed to be discretionary within the meaning of the California Tort Claims Act pursuant to Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(*l*) As used in this section, the following definitions apply:

(1) "Purchaser" means the purchaser or transferee of a firearm or a person being loaned a firearm.

(2) "Purchase" means the purchase, loan, or transfer of a firearm.

(3) "Sale" means the sale, loan, or transfer of a firearm.

(4) "Seller" means, if the transaction is being conducted pursuant to Section 12082, the person selling, loaning, or transferring the firearm.

SEC. 1.1. Section 12076 of the Penal Code is amended to read:

12076. (a) (1) Before January 1, 1998, the Department of Justice shall determine the method by which a dealer shall submit firearm purchaser information to the department and the information shall be in one of the following formats:

(A) Submission of the register described in Section 12077.

(B) Electronic or telephonic transfer of the information contained in the register described in Section 12077.

(2) On or after January 1, 1998, electronic or telephonic transfer, including voice or facsimile transmission, shall be the exclusive means by which purchaser information is transmitted to the department.

(3) On or after January 1, 2003, except as permitted by the department, electronic transfer shall be the exclusive means by which information is transmitted to the department. Telephonic transfer shall not be permitted for information regarding sales of any firearms.

(b) (1) Where the register is used, the purchaser of any firearm shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name and affix his or her residence address and date of birth to the register in quadruplicate. The salesperson shall affix his or her signature to the register in quadruplicate as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the register and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The original of the register shall be retained by the dealer in consecutive order. Each book of 50 originals shall become the permanent register of transactions that shall be retained for not less than three years from the date of the last transaction and shall be available for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of

proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(3) Two copies of the original sheet of the register, on the date of the application to purchase, shall be placed in the mail, postage prepaid, and properly addressed to the Department of Justice in Sacramento.

(4) If requested, a photocopy of the original shall be provided to the purchaser by the dealer.

(5) If the transaction is one conducted pursuant to Section 12082, a photocopy of the original shall be provided to the seller by the dealer, upon request.

(c) (1) Where the electronic or telephonic transfer of applicant information is used, the purchaser shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name to the record of electronic or telephonic transfer. The salesperson shall affix his or her signature to the record of electronic or telephonic transfer as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the electronic or telephonic transfer and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The record of applicant information shall be transmitted to the Department of Justice in Sacramento by electronic or telephonic transfer on the date of the application to purchase.

(3) The original of each record of electronic or telephonic transfer shall be retained by the dealer in consecutive order. Each original shall become the permanent record of the transaction that shall be retained for not less than three years from the date of the last transaction and shall be provided for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that

are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(4) If requested, a copy of the record of electronic or telephonic transfer shall be provided to the purchaser by the dealer.

(5) If the transaction is one conducted pursuant to Section 12082, a copy shall be provided to the seller by the dealer, upon request.

(d) (1) The department shall examine its records, as well as those records that it is authorized to request from the State Department of Mental Health pursuant to Section 8104 of the Welfare and Institutions Code, in order to determine if the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code.

(2) To the extent that funding is available, the Department of Justice may participate in the National Instant Criminal Background Check System, as described in subsection (t) of Section 922 of Title 18 of the United States Code, and, if that participation is implemented, shall notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, that the purchaser is a person prohibited from acquiring a firearm under federal law.

(3) If the department determines that the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code, it shall immediately notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, of that fact.

(4) If the department determines that the copies of the register submitted to it pursuant to paragraph (3) of subdivision (b) contain any blank spaces or inaccurate, illegible, or incomplete information, preventing identification of the purchaser or the pistol, revolver, or other firearm to be purchased, or if any fee required pursuant to subdivision (e) is not submitted by the dealer in conjunction with submission of copies of the register, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall submit corrected copies of the register to the department, or shall submit any fee required pursuant to subdivision (e), or both, as appropriate and, if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until

the conclusion of the waiting period described in Sections 12071 and 12072.

(5) If the department determines that the information transmitted to it pursuant to subdivision (c) contains inaccurate or incomplete information preventing identification of the purchaser or the pistol, revolver, or other firearm capable of being concealed upon the person to be purchased, or if the fee required pursuant to subdivision (e) is not transmitted by the dealer in conjunction with transmission of the electronic or telephonic record, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall transmit corrections to the record of electronic or telephonic transfer to the department, or shall transmit any fee required pursuant to subdivision (e), or both, as appropriate, and if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(e) The Department of Justice may require the dealer to charge each firearm purchaser a fee not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations. The fee shall be no more than is necessary to fund the following:

(1) (A) The department for the cost of furnishing this information.

(B) The department for the cost of meeting its obligations under paragraph (2) of subdivision (b) of Section 8100 of the Welfare and Institutions Code.

(2) Local mental health facilities for state-mandated local costs resulting from the reporting requirements imposed by Section 8103 of the Welfare and Institutions Code.

(3) The State Department of Mental Health for the costs resulting from the requirements imposed by Section 8104 of the Welfare and Institutions Code.

(4) Local mental hospitals, sanitariums, and institutions for state-mandated local costs resulting from the reporting requirements imposed by Section 8105 of the Welfare and Institutions Code.

(5) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code.

(6) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code.

(7) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(8) The Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code.

(9) The department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072.

(10) The department for the costs associated with funding Department of Justice firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

The fee established pursuant to this subdivision shall not exceed the sum of the actual processing costs of the department, the estimated reasonable costs of the local mental health facilities for complying with the reporting requirements imposed by paragraph (2) of this subdivision, the costs of the State Department of Mental Health for complying with the requirements imposed by paragraph (3) of this subdivision, the estimated reasonable costs of local mental hospitals, sanitariums, and institutions for complying with the reporting requirements imposed by paragraph (4) of this subdivision, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code imposed by paragraph (6) of this subdivision, the estimated reasonable costs of the Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code, the estimated reasonable costs of the department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, and the estimated reasonable costs of department firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

(f) (1) The Department of Justice may charge a fee sufficient to reimburse it for each of the following but not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations:

(A) For the actual costs associated with the preparation, sale, processing, and filing of forms or reports required or utilized pursuant to Section 12078.

(B) For the actual processing costs associated with the submission of a Dealers' Record of Sale to the department.

(C) For the actual costs associated with the preparation, sale, processing, and filing of reports utilized pursuant to subdivision (*l*) of Section 12078 or paragraph (18) of subdivision (b) of Section 12071, or

clause (i) of subparagraph (A) of paragraph (2) of subdivision (f) of Section 12072, or paragraph (3) of subdivision (f) of Section 12072.

(D) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(2) If the department charges a fee pursuant to subparagraph (B) of paragraph (1) of this subdivision, it shall be charged in the same amount to all categories of transactions that are within that subparagraph.

(3) Any costs incurred by the Department of Justice to implement this subdivision shall be reimbursed from fees collected and charged pursuant to this subdivision. No fees shall be charged to the dealer pursuant to subdivision (e) for implementing this subdivision.

(g) All money received by the department pursuant to this section shall be deposited in the Dealers' Record of Sale Special Account of the General Fund, which is hereby created, to be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to this section, Sections 12072, 12083, and 12099, subdivision (c) of Section 12131, Sections 12234, 12289, and 12289.5, and subdivisions (f) and (g) of Section 12305.

(h) Where the electronic or telephonic transfer of applicant information is used, the department shall establish a system to be used for the submission of the fees described in subdivision (e) to the department.

(i) (1) Only one fee shall be charged pursuant to this section for a single transaction on the same date for the sale of any number of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person or for the taking of possession of those firearms.

(2) In a single transaction on the same date for the delivery of any number of firearms that are pistols, revolvers, or other firearms capable of being concealed upon the person, the department shall charge a reduced fee pursuant to this section for the second and subsequent firearms that are part of that transaction.

(j) Only one fee shall be charged pursuant to this section for a single transaction on the same date for taking title or possession of any number of firearms pursuant to paragraph (18) of subdivision (b) of Section 12071 or subdivision (c) or (i) of Section 12078.

(k) Whenever the Department of Justice acts pursuant to this section as it pertains to firearms other than pistols, revolvers, or other firearms capable of being concealed upon the person, the department's acts or omissions shall be deemed to be discretionary within the meaning of the California Tort Claims Act pursuant to Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(*l*) As used in this section, the following definitions apply:

(1) "Purchaser" means the purchaser or transferee of a firearm or a person being loaned a firearm.

(2) "Purchase" means the purchase, loan, or transfer of a firearm.

(3) "Sale" means the sale, loan, or transfer of a firearm.

(4) "Seller" means, if the transaction is being conducted pursuant to Section 12082, the person selling, loaning, or transferring the firearm.

SEC. 1.3. Section 12076 of the Penal Code is amended to read:

12076. (a) (1) Before January 1, 1998, the Department of Justice shall determine the method by which a dealer shall submit firearm purchaser information to the department and the information shall be in one of the following formats:

(A) Submission of the register described in Section 12077.

(B) Electronic or telephonic transfer of the information contained in the register described in Section 12077.

(2) On or after January 1, 1998, electronic or telephonic transfer, including voice or facsimile transmission, shall be the exclusive means by which purchaser information is transmitted to the department.

(3) On or after January 1, 2003, except as permitted by the department, electronic transfer shall be the exclusive means by which information is transmitted to the department. Telephonic transfer shall not be permitted for information regarding sales of any firearms.

(b) (1) Where the register is used, the purchaser of any firearm shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name and affix his or her residence address and date of birth to the register in quadruplicate. The salesperson shall affix his or her signature to the register in quadruplicate as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the register and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The original of the register shall be retained by the dealer in consecutive order. Each book of 50 originals shall become the permanent register of transactions that shall be retained for not less than three years from the date of the last transaction and shall be available for the

inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(3) Two copies of the original sheet of the register, on the date of the application to purchase, shall be placed in the mail, postage prepaid, and properly addressed to the Department of Justice in Sacramento.

(4) If requested, a photocopy of the original shall be provided to the purchaser by the dealer.

(5) If the transaction is a private party transfer conducted pursuant to Section 12082, a photocopy of the original shall be provided to the seller or purchaser by the dealer, upon request. The dealer shall redact all of the purchaser's personal information, as required pursuant to paragraph (1) of subdivision (b) and paragraph (1) of subdivision (c) of Section 12077, from the seller's copy, and the seller's personal information from the purchaser's copy.

(c) (1) Where the electronic or telephonic transfer of applicant information is used, the purchaser shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name to the record of electronic or telephonic transfer. The salesperson shall affix his or her signature to the record of electronic or telephonic transfer as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the electronic or telephonic transfer and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The record of applicant information shall be transmitted to the Department of Justice in Sacramento by electronic or telephonic transfer on the date of the application to purchase.

(3) The original of each record of electronic or telephonic transfer shall be retained by the dealer in consecutive order. Each original shall

become the permanent record of the transaction that shall be retained for not less than three years from the date of the last transaction and shall be provided for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(4) If requested, a copy of the record of electronic or telephonic transfer shall be provided to the purchaser by the dealer.

(5) If the transaction is a private party transfer conducted pursuant to Section 12082, a copy shall be provided to the seller or purchaser by the dealer, upon request. The dealer shall redact all of the purchaser's personal information, as required pursuant to paragraph (1) of subdivision (b) and paragraph (1) of subdivision (c) of Section 12077, from the seller's copy, and the seller's personal information from the purchaser's copy.

(d) (1) The department shall examine its records, as well as those records that it is authorized to request from the State Department of Mental Health pursuant to Section 8104 of the Welfare and Institutions Code, in order to determine if the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code.

(2) To the extent that funding is available, the Department of Justice may participate in the National Instant Criminal Background Check System (NICS), as described in subsection (t) of Section 922 of Title 18 of the United States Code, and, if that participation is implemented, shall notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, that the purchaser is a person prohibited from acquiring a firearm under federal law.

(3) If the department determines that the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code, it shall immediately notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, of that fact.

(4) If the department determines that the copies of the register submitted to it pursuant to paragraph (3) of subdivision (b) contain any blank spaces or inaccurate, illegible, or incomplete information, preventing identification of the purchaser or the pistol, revolver, or other firearm to be purchased, or if any fee required pursuant to subdivision (e) is not submitted by the dealer in conjunction with submission of copies of the register, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall submit corrected copies of the register to the department, or shall submit any fee required pursuant to subdivision (e), or both, as appropriate and, if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(5) If the department determines that the information transmitted to it pursuant to subdivision (c) contains inaccurate or incomplete information preventing identification of the purchaser or the pistol, revolver, or other firearm capable of being concealed upon the person to be purchased, or if the fee required pursuant to subdivision (e) is not transmitted by the dealer in conjunction with transmission of the electronic or telephonic record, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall transmit corrections to the record of electronic or telephonic transfer to the department, or shall transmit any fee required pursuant to subdivision (e), or both, as appropriate, and if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(e) The Department of Justice may require the dealer to charge each firearm purchaser a fee not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations. The fee shall be no more than is necessary to fund the following:

(1) (A) The department for the cost of furnishing this information.

(B) The department for the cost of meeting its obligations under paragraph (2) of subdivision (b) of Section 8100 of the Welfare and Institutions Code.

(2) Local mental health facilities for state-mandated local costs resulting from the reporting requirements imposed by Section 8103 of the Welfare and Institutions Code.

(3) The State Department of Mental Health for the costs resulting from the requirements imposed by Section 8104 of the Welfare and Institutions Code.

(4) Local mental hospitals, sanitariums, and institutions for state-mandated local costs resulting from the reporting requirements imposed by Section 8105 of the Welfare and Institutions Code.

(5) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code.

(6) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code.

(7) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(8) The Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code.

(9) The department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072.

(10) The department for the costs associated with funding Department of Justice firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

The fee established pursuant to this subdivision shall not exceed the sum of the actual processing costs of the department, the estimated reasonable costs of the local mental health facilities for complying with the reporting requirements imposed by paragraph (2) of this subdivision, the costs of the State Department of Mental Health for complying with the requirements imposed by paragraph (3) of this subdivision, the estimated reasonable costs of local mental hospitals, sanitariums, and institutions for complying with the reporting requirements imposed by paragraph (4) of this subdivision, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code imposed by paragraph (6) of this subdivision, the estimated reasonable costs of the Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code, the estimated reasonable costs of the department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, and the estimated reasonable costs of

department firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

(f) (1) The Department of Justice may charge a fee sufficient to reimburse it for each of the following but not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations:

(A) For the actual costs associated with the preparation, sale, processing, and filing of forms or reports required or utilized pursuant to Section 12078.

(B) For the actual processing costs associated with the submission of a Dealers' Record of Sale to the department.

(C) For the actual costs associated with the preparation, sale, processing, and filing of reports utilized pursuant to subdivision (*l*) of Section 12078 or paragraph (18) of subdivision (b) of Section 12071, or clause (i) of subparagraph (A) of paragraph (2) of subdivision (f) of Section 12072, or paragraph (3) of subdivision (f) of Section 12072.

(D) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(2) If the department charges a fee pursuant to subparagraph (B) of paragraph (1) of this subdivision, it shall be charged in the same amount to all categories of transaction that are within that subparagraph.

(3) Any costs incurred by the Department of Justice to implement this subdivision shall be reimbursed from fees collected and charged pursuant to this subdivision. No fees shall be charged to the dealer pursuant to subdivision (e) for implementing this subdivision.

(g) All money received by the department pursuant to this section shall be deposited in the Dealers' Record of Sale Special Account of the General Fund, which is hereby created, to be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to this section, paragraph (1) and subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, Sections 12083 and 12099, subdivision (c) of Section 12131, Sections 12234, 12289, and 12289.5, and subdivisions (f) and (g) of Section 12305.

(h) Where the electronic or telephonic transfer of applicant information is used, the department shall establish a system to be used for the submission of the fees described in subdivision (e) to the department.

(i) (1) Only one fee shall be charged pursuant to this section for a single transaction on the same date for the sale of any number of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person or for the taking of possession of those firearms.

(2) In a single transaction on the same date for the delivery of any number of firearms that are pistols, revolvers, or other firearms capable of being concealed upon the person, the department shall charge a reduced fee pursuant to this section for the second and subsequent firearms that are part of that transaction.

(j) Only one fee shall be charged pursuant to this section for a single transaction on the same date for taking title or possession of any number of firearms pursuant to paragraph (18) of subdivision (b) of Section 12071 or subdivision (c) or (i) of Section 12078.

(k) Whenever the Department of Justice acts pursuant to this section as it pertains to firearms other than pistols, revolvers, or other firearms capable of being concealed upon the person, the department's acts or omissions shall be deemed to be discretionary within the meaning of the California Tort Claims Act pursuant to Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(*l*) As used in this section, the following definitions apply:

(1) "Purchaser" means the purchaser or transferee of a firearm or a person being loaned a firearm.

(2) "Purchase" means the purchase, loan, or transfer of a firearm.

(3) "Sale" means the sale, loan, or transfer of a firearm.

(4) "Seller" means, if the transaction is being conducted pursuant to Section 12082, the person selling, loaning, or transferring the firearm.

SEC. 1.5. Section 12076 of the Penal Code is amended to read:

12076. (a) (1) Before January 1, 1998, the Department of Justice shall determine the method by which a dealer shall submit firearm purchaser information to the department and the information shall be in one of the following formats:

(A) Submission of the register described in Section 12077.

(B) Electronic or telephonic transfer of the information contained in the register described in Section 12077.

(2) On or after January 1, 1998, electronic or telephonic transfer, including voice or facsimile transmission, shall be the exclusive means by which purchaser information is transmitted to the department.

(3) On or after January 1, 2003, except as permitted by the department, electronic transfer shall be the exclusive means by which information is transmitted to the department. Telephonic transfer shall not be permitted for information regarding sales of any firearms.

(b) (1) Where the register is used, the purchaser of any firearm shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name and affix his or her residence address and date of birth to the register in quadruplicate. The salesperson shall affix his or her signature to the register in quadruplicate as a witness

to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the register and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The original of the register shall be retained by the dealer in consecutive order. Each book of 50 originals shall become the permanent register of transactions that shall be retained for not less than three years from the date of the last transaction and shall be available for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(3) Two copies of the original sheet of the register, on the date of the application to purchase, shall be placed in the mail, postage prepaid, and properly addressed to the Department of Justice in Sacramento.

(4) If requested, a photocopy of the original shall be provided to the purchaser by the dealer.

(5) If the transaction is a private party transfer conducted pursuant to Section 12082, a photocopy of the original shall be provided to the seller or purchaser by the dealer, upon request. The dealer shall redact all of the purchaser's personal information, as required pursuant to paragraph (1) of subdivision (b) and paragraph (1) of subdivision (c) of Section 12077, from the seller's copy, and the seller's personal information from the purchaser's copy.

(c) (1) Where the electronic or telephonic transfer of applicant information is used, the purchaser shall be required to present clear evidence of his or her identity and age, as defined in Section 12071, to the dealer, and the dealer shall require him or her to sign his or her current legal name to the record of electronic or telephonic transfer. The salesperson shall affix his or her signature to the record of electronic or telephonic transfer as a witness to the signature and identification of the purchaser. Any person furnishing a fictitious name or address or

knowingly furnishing any incorrect information or knowingly omitting any information required to be provided for the electronic or telephonic transfer and any person violating any provision of this section is guilty of a misdemeanor, provided however, that any person who is prohibited from obtaining a firearm pursuant to Section 12021 or 12021.1 of this code, or Section 8100 or 8103 of the Welfare and Institutions Code who knowingly furnishes a fictitious name or address or knowingly furnishes any incorrect information or knowingly omits any information required to be provided for the register shall be punished by imprisonment in a county jail not exceeding one year or imprisonment in the state prison for a term of 8, 12, or 18 months.

(2) The record of applicant information shall be transmitted to the Department of Justice in Sacramento by electronic or telephonic transfer on the date of the application to purchase.

(3) The original of each record of electronic or telephonic transfer shall be retained by the dealer in consecutive order. Each original shall become the permanent record of the transaction that shall be retained for not less than three years from the date of the last transaction and shall be provided for the inspection of any peace officer, Department of Justice employee designated by the Attorney General, or agent of the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives upon the presentation of proper identification, but no information shall be compiled therefrom regarding the purchasers or other transferees of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person.

(4) If requested, a copy of the record of electronic or telephonic transfer shall be provided to the purchaser by the dealer.

(5) If the transaction is a private party transfer conducted pursuant to Section 12082, a copy shall be provided to the seller or purchaser by the dealer, upon request. The dealer shall redact all of the purchaser's personal information, as required pursuant to paragraph (1) of subdivision (b) and paragraph (1) of subdivision (c) of Section 12077, from the seller's copy, and the seller's personal information from the purchaser's copy.

(d) (1) The department shall examine its records, as well as those records that it is authorized to request from the State Department of Mental Health pursuant to Section 8104 of the Welfare and Institutions Code, in order to determine if the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code.

(2) To the extent that funding is available, the Department of Justice may participate in the National Instant Criminal Background Check

System, as described in subsection (t) of Section 922 of Title 18 of the United States Code, and, if that participation is implemented, shall notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, that the purchaser is a person prohibited from acquiring a firearm under federal law.

(3) If the department determines that the purchaser is a person described in Section 12021, 12021.1, or subparagraph (A) of paragraph (9) of subdivision (a) of Section 12072 of this code or Section 8100 or 8103 of the Welfare and Institutions Code, it shall immediately notify the dealer and the chief of the police department of the city or city and county in which the sale was made, or if the sale was made in a district in which there is no municipal police department, the sheriff of the county in which the sale was made, of that fact.

(4) If the department determines that the copies of the register submitted to it pursuant to paragraph (3) of subdivision (b) contain any blank spaces or inaccurate, illegible, or incomplete information, preventing identification of the purchaser or the pistol, revolver, or other firearm to be purchased, or if any fee required pursuant to subdivision (e) is not submitted by the dealer in conjunction with submission of copies of the register, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall submit corrected copies of the register to the department, or shall submit any fee required pursuant to subdivision (e), or both, as appropriate and, if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(5) If the department determines that the information transmitted to it pursuant to subdivision (c) contains inaccurate or incomplete information preventing identification of the purchaser or the pistol, revolver, or other firearm capable of being concealed upon the person to be purchased, or if the fee required pursuant to subdivision (e) is not transmitted by the dealer in conjunction with transmission of the electronic or telephonic record, the department may notify the dealer of that fact. Upon notification by the department, the dealer shall transmit corrections to the record of electronic or telephonic transfer to the department, or shall transmit any fee required pursuant to subdivision (e), or both, as appropriate, and if notification by the department is received by the dealer at any time prior to delivery of the firearm to be purchased, the dealer shall withhold delivery until the conclusion of the waiting period described in Sections 12071 and 12072.

(e) The Department of Justice may require the dealer to charge each firearm purchaser a fee not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations. The fee shall be no more than is necessary to fund the following:

(1) (A) The department for the cost of furnishing this information.

(B) The department for the cost of meeting its obligations under paragraph (2) of subdivision (b) of Section 8100 of the Welfare and Institutions Code.

(2) Local mental health facilities for state-mandated local costs resulting from the reporting requirements imposed by Section 8103 of the Welfare and Institutions Code.

(3) The State Department of Mental Health for the costs resulting from the requirements imposed by Section 8104 of the Welfare and Institutions Code.

(4) Local mental hospitals, sanitariums, and institutions for state-mandated local costs resulting from the reporting requirements imposed by Section 8105 of the Welfare and Institutions Code.

(5) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code.

(6) Local law enforcement agencies for state-mandated local costs resulting from the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code.

(7) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(8) The Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code.

(9) The department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072.

(10) The department for the costs associated with funding Department of Justice firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

The fee established pursuant to this subdivision shall not exceed the sum of the actual processing costs of the department, the estimated reasonable costs of the local mental health facilities for complying with the reporting requirements imposed by paragraph (2) of this subdivision, the costs of the State Department of Mental Health for complying with the requirements imposed by paragraph (3) of this subdivision, the estimated reasonable costs of local mental hospitals, sanitariums, and institutions for complying with the reporting requirements imposed by

paragraph (4) of this subdivision, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (a) of Section 6385 of the Family Code, the estimated reasonable costs of local law enforcement agencies for complying with the notification requirements set forth in subdivision (c) of Section 8105 of the Welfare and Institutions Code imposed by paragraph (6) of this subdivision, the estimated reasonable costs of the Department of Food and Agriculture for the costs resulting from the notification provisions set forth in Section 5343.5 of the Food and Agricultural Code, the estimated reasonable costs of the department for the costs associated with subparagraph (D) of paragraph (2) of subdivision (f) of Section 12072, and the estimated reasonable costs of department firearms-related regulatory and enforcement activities related to the sale, purchase, loan, or transfer of firearms pursuant to this chapter.

(f) (1) The Department of Justice may charge a fee sufficient to reimburse it for each of the following but not to exceed fourteen dollars ($14), except that the fee may be increased at a rate not to exceed any increase in the California Consumer Price Index as compiled and reported by the California Department of Industrial Relations:

(A) For the actual costs associated with the preparation, sale, processing, and filing of forms or reports required or utilized pursuant to Section 12078.

(B) For the actual processing costs associated with the submission of a Dealers' Record of Sale to the department.

(C) For the actual costs associated with the preparation, sale, processing, and filing of reports utilized pursuant to subdivision (*l*) of Section 12078 or paragraph (18) of subdivision (b) of Section 12071, or clause (i) of subparagraph (A) of paragraph (2) of subdivision (f) of Section 12072, or paragraph (3) of subdivision (f) of Section 12072.

(D) For the actual costs associated with the electronic or telephonic transfer of information pursuant to subdivision (c).

(2) If the department charges a fee pursuant to subparagraph (B) of paragraph (1) of this subdivision, it shall be charged in the same amount to all categories of transactions that are within that subparagraph.

(3) Any costs incurred by the Department of Justice to implement this subdivision shall be reimbursed from fees collected and charged pursuant to this subdivision. No fees shall be charged to the dealer pursuant to subdivision (e) for implementing this subdivision.

(g) All money received by the department pursuant to this section shall be deposited in the Dealers' Record of Sale Special Account of the General Fund, which is hereby created, to be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to this section, Sections 12072, 12083,

and 12099, subdivision (c) of Section 12131, Sections 12234, 12289, and 12289.5, and subdivisions (f) and (g) of Section 12305.

(h) Where the electronic or telephonic transfer of applicant information is used, the department shall establish a system to be used for the submission of the fees described in subdivision (e) to the department.

(i) (1) Only one fee shall be charged pursuant to this section for a single transaction on the same date for the sale of any number of firearms that are not pistols, revolvers, or other firearms capable of being concealed upon the person or for the taking of possession of those firearms.

(2) In a single transaction on the same date for the delivery of any number of firearms that are pistols, revolvers, or other firearms capable of being concealed upon the person, the department shall charge a reduced fee pursuant to this section for the second and subsequent firearms that are part of that transaction.

(j) Only one fee shall be charged pursuant to this section for a single transaction on the same date for taking title or possession of any number of firearms pursuant to paragraph (18) of subdivision (b) of Section 12071 or subdivision (c) or (i) of Section 12078.

(k) Whenever the Department of Justice acts pursuant to this section as it pertains to firearms other than pistols, revolvers, or other firearms capable of being concealed upon the person, the department's acts or omissions shall be deemed to be discretionary within the meaning of the California Tort Claims Act pursuant to Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(*l*) As used in this section, the following definitions apply:

(1) "Purchaser" means the purchaser or transferee of a firearm or a person being loaned a firearm.

(2) "Purchase" means the purchase, loan, or transfer of a firearm.

(3) "Sale" means the sale, loan, or transfer of a firearm.

(4) "Seller" means, if the transaction is being conducted pursuant to Section 12082, the person selling, loaning, or transferring the firearm.

SEC. 2. (a) Section 1.1 of this bill incorporates amendments to Section 12076 of the Penal Code proposed by both this bill and AB 2521. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 12076 of the Penal Code, (3) SB 1239 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after AB 2521 in which case Sections 1, 1.3 and 1.5 of this bill shall not become operative.

(b) Section 1.3 of this bill incorporates amendments to Section 12076 of the Penal Code proposed by both this bill and SB 1239. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 12076 of the

Penal Code, and (3) AB 2521 is not enacted or as enacted does not amend that section, and (4) this bill is enacted after SB 1239, in which case Sections 1, 1.1 and 1.5 of this bill shall not become operative.

(c) Section 1.5 of this bill incorporates amendments to Section 12076 of the Penal Code proposed by this bill, AB 2521, and SB 1239. It shall only become operative if (1) all three bills are enacted and become effective on or before January 1, 2007, (2) all three bills amend Section 12076 of the Penal Code, and (3) this bill is enacted after SB 1239 and AB 2521, in which case Sections 1, 1.1 and 1.3 of this bill shall not become operative.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 669

An act to add Section 66205.9 to the Education Code, relating to the high school curriculum.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 66205.9 is added to the Education Code, to read:

66205.9. (a) If, by July 1, 2008, the University of California has not adopted model uniform academic standards for career technical education courses, pursuant to Section 66205.5, that will satisfy the completion of a general elective course requirement for the purposes of admission to that university, the Regents of the University of California are requested to recognize the completion of all high school career technical education courses that meet the model curriculum standards established pursuant to Sections 51226 and 51226.1 as satisfying the completion of a general elective course requirement for the purposes of admission to that university.

(b) If the Regents of the University of California adopt standards for career technical education courses pursuant to Section 66205.5, the University of California is requested to make those standards publicly available upon their adoption.

(c) If, by July 1, 2008, the California State University has not adopted model uniform academic standards for career technical education courses, pursuant to Section 66205.5, that will satisfy the completion of a general elective course requirement for the purposes of admission to that university, the Trustees of the California State University shall recognize the completion of all high school career technical education courses that meet the model curriculum standards established pursuant to Sections 51226 and 51226.1 as satisfying the completion of a general elective course requirement for the purposes of admission to that university.

(d) If the Trustees of the California State University adopt standards for career technical education courses pursuant to Section 66205.5, the California State University shall make those standards publicly available upon their adoption.

(e) This section shall not apply to any career technical education courses that, as of January 1, 2007, are approved as satisfying the admissions requirements of the University of California or the California State University.

CHAPTER 670

An act to add Section 25503.55 to the Business and Professions Code, relating to alcoholic beverages.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 25503.55 is added to the Business and Professions Code, to read:

25503.55. (a) A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may instruct consumers or conduct courses of instruction for consumers, on the subject of beer, including, but not limited to, the history, nature, values, and characteristics of beer, and the methods of presenting and serving beer. A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may conduct such instructions at the premises of a retail on-sale licensee authorized to sell beer.

(b) The instruction of consumers regarding beer may include the furnishing of tastes of beer to an individual of legal drinking age. Beer tastes at any individual course of instruction shall not exceed eight ounces of beer per person, per day. The tasting portion of a course of instruction shall not exceed one hour at any individual licensed retail premises. Tastes of beer may not be served to a consumer in their original container but must be served in an individual glass or cup.

(c) All tastes of beer served to a consumer as authorized in subdivision (b) shall be served only as part of the course of instruction and shall be served to the consumer by an employee of the on-sale retail licensee.

(d) A beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler may not hold more than six courses of instruction per calendar year at any individual on-sale retail licensed premises if the courses of instruction includes consumer tastes of beer.

(e) (1) A representative of a beer manufacturer, a licensed beer and wine importer general, or a licensed beer and wine wholesaler, except as provided in paragraph (2), must be present and authorize any tastes of beer conducted at an on-sale retail licensed premises pursuant to this section. The representative shall be responsible for paying the retailer for the tastes of beer served at any course of instruction. Such payment shall not exceed the retail price of the beer.

(2) For purposes of this subdivision, a licensed beer and wine wholesaler shall not be a representative of a beer manufacturer or a licensed beer and wine importer general.

(f) No on-sale retail licensee shall require one or more courses of instruction pursuant to this section as a requirement to carry a brand or brands of any beer manufacturer, licensed beer and wine importer general, or licensed beer and wine wholesaler.

(g) No premium, gift, free goods, or other thing of value may be given away in connection with an authorized course of instruction that includes beer tastes, except as authorized by this division. Failure to comply with the provisions of this section shall be presumed to be a violation of Section 25500.

(h) A retail licensee may advertise the instructional tasting event using interior signs visible only within the establishment.

(i) (1) A beer manufacturer, a licensed beer and wine importer general, and a licensed beer and wine wholesaler shall maintain an individual record of each course of instruction involving tastes of beer for three years.

(2) Records shall include the date of the tasting, the name and address of the retail licensee, and the brand, quantity, and payment made for the

beer furnished by the beer manufacturer, the licensed beer and wine importer general, or the licensed beer and wine wholesaler.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 671

An act to add Part 8.2 (commencing with Section 32600) to Division 12 of the Water Code, relating to water.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Part 8.2 (commencing with Section 32600) is added to Division 12 of the Water Code, to read:

PART 8.2. COACHELLA VALLEY WATER DISTRICT

32600. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this part.

(a) "Board" means the Board of Directors of the Coachella Valley Water District.

(b) "District" means the Coachella Valley Water District.

(c) "New industrial facilities" means industrial facilities for which either of the following applies:

(1) The building permit for that facility is issued on or after January 1, 2010.

(2) If a building permit is not required for that facility, construction for that facility commences on or after January 1, 2010.

32601. (a) The Legislature hereby finds and declares that the use of potable domestic water for nonpotable uses for cemeteries, parks, highway landscaped areas, new industrial facilities, and golf course irrigation is a waste and an unreasonable use of the water within the meaning of Section 2 of Article X of the California Constitution, if

nonpotable water, including recycled water, is available under all of the following conditions as determined by the board, after notice to any person or local public agency that may be ordered to use nonpotable water or to cease using potable water and a hearing held by the board if requested by the person or local public agency:

(1) The board determines that the source of nonpotable water is of adequate quality for the proposed use and is available for that use. In determining adequate quality, the board shall consider all relevant factors, including, but not limited to, food and employee safety, and level and types of specific constituents in the nonpotable water affecting the use, on a user-by-user basis. In addition, the board shall consider the effect of the use of nonpotable water in lieu of potable water on the generation of hazardous waste and on the quality of wastewater discharges subject to permit.

(2) The board determines that the nonpotable water may be furnished for the proposed use at a reasonable cost to the user. In determining reasonable cost, the board shall consider all relevant factors, including, but not limited to, the present and projected costs of supplying, delivering, and treating potable domestic water for the proposed use and the present and projected costs of supplying and delivering nonpotable water for that use, and finds that the cost of supplying the nonpotable water is comparable to, or less than, the cost of supplying potable domestic water.

(3) The State Department of Health Services determines that the use of nonpotable water from the proposed source will not be detrimental to public health.

(4) The California regional water quality control board determines that the use of nonpotable water from the proposed source will comply with any applicable water quality control plan.

(5) The board determines that the use of nonpotable water for the proposed use will not adversely affect groundwater rights, will not degrade water quality, and is determined not to be injurious to plant life, fish, and wildlife.

(b) In making the determination described in subdivision (a), the board shall consider the impact of the cost and quality of the nonpotable water on each individual user.

(c) The board may require a person or public agency to furnish information that the board determines to be relevant to making the determinations described in subdivision (a).

32602. Notwithstanding any other provision of law, but subject to the other requirements of this part, no person or local public agency shall use water within the district's service area from any source that is suitable for potable domestic use for nonpotable uses for cemeteries, parks, highway landscaped areas, new industrial facilities, and golf course

irrigation, if the board, in accordance with Section 32601, determines that suitable nonpotable water is available.

32603. (a) The use of nonpotable water, including recycled water, in accordance with this part is subject to all applicable state regulation.

(b) This part only applies to a use of water within the district's service area that is not the subject of a determination pursuant to Article 7 (commencing with Section 13550) of Chapter 7 of Division 7.

(c) This part is in addition to, and not a limitation upon, any powers of a public agency or a court to prevent the waste or unreasonable use of water.

SEC. 2. The Legislature finds and declares that this act, which is applicable only to the Coachella Valley Water District, is necessary because of the unique and special water problems in the area included in the district. It is, therefore, hereby declared that a general law within the meaning of Section 16 of Article IV of the California Constitution cannot be made applicable to the district and the enactment of this special law is necessary for the conservation, development, control, and use of that water for the public good.

CHAPTER 672

An act to amend Section 14005.2 of, to add Section 13283 to, and to add Chapter 10.4 (commencing with Section 18945) to Part 6 of Division 9 of, the Welfare and Institutions Code, relating to human services.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13283 is added to the Welfare and Institutions Code, to read:

13283. Notwithstanding any other provision of law, the department shall ensure that noncitizen victims of trafficking, domestic violence, and other serious crimes, as defined in subdivision (b) of Section 18945, have access to refugee cash assistance, and refugee employment social services set forth in this chapter, to the same extent as individuals who are admitted to the United States as refugees under Section 1157 of Title 8 of the United States Code. These individuals shall be subject to the same work requirements and exemptions as other participants, provided that compliance with these requirements is authorized by law. An exemption from these requirements shall be available if physical or

psychological trauma related to or arising from the victimization impedes their ability to comply. Assistance and services under this subdivision shall be paid from state funds to the extent federal funding is unavailable.

SEC. 2 Section 14005.2 of the Welfare and Institutions Code is amended to read:

14005.2. Unless otherwise specified in this chapter, the eligibility of a person eligible under the Cuban-Haitian Entrant Program or the Refugee Resettlement Program for health care services under Section 14005 shall be determined by applying the same income and resource methodologies and standards and all other eligibility criteria established pursuant to this chapter that are applied by the department in determining the eligibility of a medically needy family person, except for those criteria that establish categorical relatedness, and only as long as federal funds are available. Victims of trafficking, domestic violence, and other serious crimes, as defined in subdivision (b) of Section 18945, shall be eligible for these services to the same extent as individuals who are admitted to the United States as a refugee under Section 1157 of Title 8 of the United States Code. Services under this subdivision shall be paid from state funds to the extent federal funding is unavailable.

SEC. 3. Chapter 10.4 (commencing with Section 18945) is added to Part 6 of Division 9 of the Welfare and Institutions Code, to read:

Chapter 10.4. Services and Benefits for Noncitizen Victims of Trafficking, Domestic Violence, and Other Serious Crimes

18945. (a) Noncitizen victims of trafficking, domestic violence, and other serious crimes, as defined in subdivision (b), shall be eligible for public social services under the division, and health care services under Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code, to the same extent as individuals who are admitted to the United States as refugees under Section 1157 of Title 8 of the United States Code. These services shall discontinue if there is a final administrative denial of a visa application under Section 1101(a)(15)(T)(i) or (ii), or Section 1101 (a)(15)(U)(i) or (ii), of Title 8 of the United States Code. For trafficking victims on behalf of whom law enforcement officials have not yet filed for continued presence or who have not yet filed an application for a visa, benefits issued pursuant to this subdivision shall be available for up to one year, and shall continue after that date only if an application for continued presence, or an application for a visa, is filed within the one-year period. Benefits and services under this subdivision shall be paid from state funds to the extent federal funding is unavailable.

(b) For purposes of this section, victims of trafficking, domestic violence, and other serious crimes shall be defined to include both of the following:

(1) Noncitizen victims of a severe form of trafficking in persons, who have been subjected to an act or practice described in Section 7102 (8) or (9) of Title 22 of the United States Code or Section 236.1 of the Penal Code, and who have filed an I-914 application for T Nonimmigrant status with the appropriate federal agency, are preparing to file an application for status under Section 1101(a)(15)(T)(i) or (ii) of Title 8 of the United States Code, or otherwise are taking steps to meet the conditions for federal benefits eligibility under Section 7105 of Title 22 of the United States Code.

(2) Individuals who have filed a formal application with the appropriate federal agency for status under Section 1101(a)(15)(U)(i) or (ii) of Title 8 of the United States Code.

(c) After one year from the date of application for public social services, noncitizen victims of a severe form of trafficking, as defined in paragraph (1) of subdivision (b), shall be ineligible for state funded services if a visa application has not been filed until under Section 1101(a)(15)(T)(i) or (ii) of Title 8 of the United States Code.

(d) A noncitizen victim of a severe form of trafficking, as defined in paragraph (1) of subdivision (b), who is issued a visa shall be removed from the state funded program and provided federally funded public social services benefits under the provisions of Section 1522 of Title 8 of the United States Code, or another federal program for which the noncitizen victim may be eligible.

(e) For purposes of this section, Section 13283 and Section 14005.2:

(1) In determining whether an applicant for public social services has been a victim of a severe form of human trafficking, as defined in Section 7102 (8) or (9) of Title 22 of the United States Code, or Section 236.1 of the Penal Code, the state or local agency shall consider all relevant and credible evidence. A sworn statement by a victim, or a representative if the victim is not able to competently swear, shall be sufficient if at least one item of additional evidence is also provided, including, but not limited to, any of the following:

(A) Police, government agency, or court records or files.

(B) News articles.

(C) Documentation from a social services, trafficking, or domestic violence program, or a legal, clinical, medical, or other professional from whom the applicant or recipient has sought assistance in dealing with the crime.

(D) A statement from any other individual with knowledge of the circumstances that provided the basis for the claim.

(E) Physical evidence.

(F) A copy of a completed visa application.

(G) Written notice from the federal agency of receipt of the visa application.

(2) If the victim cannot provide additional evidence, then the sworn statement shall be sufficient if the county or state agency makes a determination documented in the case file that the applicant is credible.

SEC. 4. (a) The director shall adopt regulations, as otherwise necessary, to implement the applicable provisions of this act no later than July 1, 2008. Emergency regulations to implement the applicable provisions of the act may be adopted by the director in accordance with the Administrative Procedure Act. Emergency regulations shall be exempt from review by the Office of Administrative Law and shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days.

(b) Notwithstanding the provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the State Department of Social Services may implement and administer the applicable provisions of this act through an all-county letter or similar instructions from the director until such time as regulations are adopted.

SEC. 5. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 673

An act to amend Sections 65080 and 66513 of the Government Code, and to amend Section 182.7 of the Streets and Highways Code, relating to transportation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 65080 of the Government Code is amended to read:

65080. (a) Each transportation planning agency designated under Section 29532 or 29532.1 shall prepare and adopt a regional transportation plan directed at achieving a coordinated and balanced regional transportation system, including, but not limited to, mass transportation, highway, railroad, maritime, bicycle, pedestrian, goods movement, and aviation facilities and services. The plan shall be action-oriented and pragmatic, considering both the short-term and long-term future, and shall present clear, concise policy guidance to local and state officials. The regional transportation plan shall consider factors specified in Section 134 of Title 23 of the United States Code. Each transportation planning agency shall consider and incorporate, as appropriate, the transportation plans of cities, counties, districts, private organizations, and state and federal agencies.

(b) The regional transportation plan shall include all of the following:

(1) A policy element that describes the transportation issues in the region, identifies and quantifies regional needs, and describes the desired short-range and long-range transportation goals, and pragmatic objective and policy statements. The objective and policy statements shall be consistent with the funding estimates of the financial element. The policy element of transportation planning agencies with populations that exceed 200,000 persons may quantify a set of indicators including, but not limited to, all of the following:

(A) Measures of mobility and traffic congestion, including, but not limited to, vehicle hours of delay per capita and vehicle miles traveled per capita.

(B) Measures of road and bridge maintenance and rehabilitation needs, including, but not limited to, roadway pavement and bridge conditions.

(C) Measures of means of travel, including, but not limited to, percentage share of all trips (work and nonwork) made by all of the following:

(i) Single occupant vehicle.

(ii) Multiple occupant vehicle or carpool.

(iii) Public transit including commuter rail and intercity rail.

(iv) Walking.

(v) Bicycling.

(D) Measures of safety and security, including, but not limited to, total injuries and fatalities assigned to each of the modes set forth in subparagraph (C).

(E) Measures of equity and accessibility, including, but not limited to, percentage of the population served by frequent and reliable public transit, with a breakdown by income bracket, and percentage of all jobs accessible by frequent and reliable public transit service, with a breakdown by income bracket.

(F) The requirements of this section may be met utilizing existing sources of information. No additional traffic counts, household surveys, or other sources of data shall be required.

(2) An action element that describes the programs and actions necessary to implement the plan and assigns implementation responsibilities. The action element may describe all projects proposed for development during the 20-year life of the plan.

The action element shall consider congestion management programming activities carried out within the region.

(3) (A) A financial element that summarizes the cost of plan implementation constrained by a realistic projection of available revenues. The financial element shall also contain recommendations for allocation of funds. A county transportation commission created pursuant to Section 130000 of the Public Utilities Code shall be responsible for recommending projects to be funded with regional improvement funds, if the project is consistent with the regional transportation plan. The first five years of the financial element shall be based on the five-year estimate of funds developed pursuant to Section 14524. The financial element may recommend the development of specified new sources of revenue, consistent with the policy element and action element.

(B) The financial element of transportation planning agencies with populations that exceed 200,000 persons may include a project cost breakdown for all projects proposed for development during the 20-year life of the plan that includes total expenditures and related percentages of total expenditures for all of the following:

(i) State highway expansion.

(ii) State highway rehabilitation, maintenance, and operations.

(iii) Local road and street expansion.

(iv) Local road and street rehabilitation, maintenance, and operation.

(v) Mass transit, commuter rail, and intercity rail expansion.

(vi) Mass transit, commuter rail, and intercity rail rehabilitation, maintenance, and operations.

(vii) Pedestrian and bicycle facilities.

(viii) Environmental enhancements and mitigation.

(ix) Research and planning.

(x) Other categories.

(c) Each transportation planning agency may also include other factors of local significance as an element of the regional transportation plan,

including, but not limited to, issues of mobility for specific sectors of the community, including, but not limited to, senior citizens.

(d) Except as otherwise provided in this subdivision, each transportation planning agency shall adopt and submit, every four years, an updated regional transportation plan to the California Transportation Commission and the Department of Transportation. A transportation planning agency located in a federally designated air quality attainment area or that does not contain an urbanized area may at its option adopt and submit a regional transportation plan every five years. When applicable, the plan shall be consistent with federal planning and programming requirements and shall conform to the regional transportation plan guidelines adopted by the California Transportation Commission. Prior to adoption of the regional transportation plan, a public hearing shall be held after the giving of notice of the hearing by publication in the affected county or counties pursuant to Section 6061.

SEC. 2. Section 66513 of the Government Code is amended to read:

66513. The regional transportation plan shall be subjected to continuous review by the commission, with revisions prepared as the need may arise. The commission shall adopt revisions to the plan, consistent with Section 65080.

SEC. 3. Section 182.7 of the Streets and Highways Code is amended to read:

182.7. (a) Notwithstanding Sections 182 and 182.5, Sections 188, 188.8, and 825 do not apply to the expenditure of an amount of federal funds equal to the amount of federal funds apportioned to the state pursuant to subsection (b)(2) of Section 104 of Title 23 of the United States Code. These funds shall be known as the congestion mitigation and air quality program funds and shall be expended in accordance with Section 149 of Title 23 of the United States Code. The department, the transportation planning agencies, and the metropolitan planning organizations may do all things necessary in their jurisdictions to secure and expend those federal funds in accordance with the intent of federal law and this chapter.

(b) The congestion mitigation and air quality program funds, including any funds to which subsection (c) of Section 110 of Title 23 of the United States Code, as added by subdivision (a) of Section 1310 of Public Law 105-178, applies, shall be apportioned by the department to the metropolitan planning organizations designated pursuant to Section 134 of Title 23 of the United States Code and, in areas where none has been designated, to the transportation planning agency established by Section 29532 of the Government Code. The funds shall be apportioned to metropolitan planning organizations and transportation planning agencies responsible for air quality conformity determinations in federally

designated air quality nonattainment and maintenance areas within the state in the manner and in accordance with the formula set forth in subsection (b)(2) of Section 104 of Title 23 of the United States Code. Funds apportioned under this subdivision shall remain available for three federal fiscal years, including the federal fiscal year apportioned. Notwithstanding the foregoing, the formula for distributing apportionments made to metropolitan planning organizations and transportation planning agencies eligible for funding according to subsection (b)(2) of Section 104 of Title 23 of the United States Code shall, for the 2007 and 2008 federal fiscal years, provide apportionments for the Monterey Bay and Santa Barbara regions such that each shall receive 50 percent of its 2005 apportionment in federal fiscal year 2007 and 25 percent of its 2005 apportionment in federal fiscal year 2008.

(c) Notwithstanding subdivision (b), where county transportation commissions have been created by Division 12 (commencing with Section 130000) of the Public Utilities Code, all congestion mitigation and air quality program funds shall be further apportioned by the metropolitan planning organization to the county transportation commission on the basis of relative population within the federally designated air quality nonattainment and maintenance areas after first apportioning to the nonattainment and maintenance areas in the manner and in accordance with the formula set forth in subsection (b)(2) of Section 104 of Title 23 of the United States Code.

In the Monterey Bay region, all congestion mitigation and air quality improvement program funds shall be further apportioned, on the basis of relative population, by the metropolitan planning organization to the regional transportation planning agencies designated under subdivision (b) of Section 29532 of the Government Code.

(d) The department shall notify each metropolitan planning organization, transportation planning agency, and county transportation commission receiving an apportionment under this section, as soon as possible each year, of the amount of obligational authority estimated to be available for expenditure from the federal apportionment. The metropolitan planning organizations, transportation planning agencies, and county transportation commissions, in cooperation with the department, congestion management agencies, cities and counties, and affected transit operators, shall select and program projects in conformance with federal law. Each metropolitan planning organization and transportation planning agency shall, not later than August 1 of each even-numbered year beginning in 1994, submit its transportation improvement program prepared pursuant to Section 134 of Title 23 of the United States Code to the department for incorporation into the state transportation improvement program.

(e) Not later than July 1 of each year, the metropolitan planning organizations and the regional transportation planning agencies receiving obligational authority under this section, shall notify the department of the projected amount of obligational authority that each entity intends to use during the remainder of the current federal fiscal year, including, but not limited to, a list of projects that will use the obligational authority. Any federal obligational authority that will not be used shall be redistributed by the department to other projects in a manner that ensures that the state will continue to compete for and receive increased obligational authority during the federal redistribution of obligational authority. If the department does not have sufficient federal apportionments to fully use excess obligational authority, the metropolitan planning organization or transportation planning agency relinquishing obligational authority shall make sufficient apportionments available to the department to fund alternate projects, when practical, within the geographical areas relinquishing the obligational authority. Notwithstanding this subdivision, the department shall comply with subsection (f) of Section 133 of Title 23 of the United States Code.

(f) The department shall be responsible for closely monitoring the use of federal transportation funds, including congestion management and air quality funds to assure full and timely use. The department shall prepare a quarterly report for submission to the commission regarding the progress in use of all federal transportation funds. The department shall notify the commission and the appropriate implementation agency whenever there is a failure to use federal funds within the three-year apportionment period established under subdivision (b).

(g) The department shall provide written notice to implementing agencies when there is one year remaining within the three-year apportionment period established under subdivision (b).

(h) Within six months of the date of notification required under subdivision (g), the implementing agency shall provide to the department a plan to obligate funds that includes, but need not be limited to, a list of projects and milestones.

(i) If the implementing agency has not met the milestones established in the implementation plan required under subdivision (h), prior to the end of the three-year apportionment period established under subdivision (b), the commission shall redirect those funds for use on other transportation projects in the state.

(j) Congestion mitigation and air quality program funds available under this section exchanged pursuant to Section 182.8 may be loaned to and expended by the department. The department shall repay from the State Highway Account to the Traffic Congestion Relief Fund all funds received as federal reimbursements for funds exchanged under

Section 182.8 as they are received from the Federal Highway Administration, except that those repayments are not required to be made more frequently than on a quarterly basis.

CHAPTER 674

An act relating to pupils.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. By June 30, 2007, the Superintendent of Public Instruction shall report to the Legislature and the Governor on the number and percentage of pupils who failed to receive a diploma of graduation from high school in 2006 due to the failure of those pupils to pass the high school exit examination required by Section 60851 of the Education Code, aggregated by ethnicity, English learner status as defined by subdivision (a) of Section 306 of the Education Code, and other information as may be determined to be necessary to understanding the meaning and consequences of the failure to pass the high school exit examination.

CHAPTER 675

An act to amend Section 790 of the Welfare and Institutions Code, relating to juvenile crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 790 of the Welfare and Institutions Code is amended to read:

790. (a) Notwithstanding Section 654 or 654.2, or any other provision of law, this article shall apply whenever a case is before the juvenile court for a determination of whether a minor is a person described in Section 602 because of the commission of a felony offense, if all of the following circumstances apply:

(1) The minor has not previously been declared to be a ward of the court for the commission of a felony offense.

(2) The offense charged is not one of the offenses enumerated in subdivision (b) of Section 707.

(3) The minor has not previously been committed to the custody of the Youth Authority.

(4) The minor's record does not indicate that probation has ever been revoked without being completed.

(5) The minor is at least 14 years of age at the time of the hearing.

(6) The minor is eligible for probation pursuant to Section 1203.06 of the Penal Code.

(b) The prosecuting attorney shall review his or her file to determine whether or not paragraphs (1) to (6), inclusive, of subdivision (a) apply. If the minor is found eligible for deferred entry of judgment, the prosecuting attorney shall file a declaration in writing with the court or state for the record the grounds upon which the determination is based, and shall make this information available to the minor and his or her attorney. Upon a finding that the minor is also suitable for deferred entry of judgment and would benefit from education, treatment, and rehabilitation efforts, the court may grant deferred entry of judgment. Under this procedure, the court may set the hearing for deferred entry of judgment at the initial appearance under Section 657. The court shall make findings on the record that a minor is appropriate for deferred entry of judgment pursuant to this article in any case where deferred entry of judgment is granted.

CHAPTER 676

An act to add Sections 65850.6 and 65964 to the Government Code, relating to telecommunications.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 65850.6 is added to the Government Code, to read:

65850.6. (a) A collocation facility shall be a permitted use not subject to a city or county discretionary permit if it satisfies the following requirements:

(1) The collocation facility is consistent with requirements for the wireless telecommunications collocation facility pursuant to subdivision (b) on which the collocation facility is proposed.

(2) The wireless telecommunications collocation facility on which the collocation facility is proposed was subject to a discretionary permit by the city or county and an environmental impact report was certified, or a negative declaration or mitigated negative declaration was adopted for the wireless telecommunications collocation facility in compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), the requirements of Section 21166 do not apply, and the collocation facility incorporates required mitigation measures specified in that environmental impact report, negative declaration, or mitigated negative declaration.

(b) A wireless telecommunications collocation facility, where a subsequent collocation facility is a permitted use not subject to a city or county discretionary permit pursuant to subdivision (a), shall be subject to a city or county discretionary permit issued on or after January 1, 2007, and shall comply with all of the following:

(1) City or county requirements for a wireless telecommunications collocation facility that specifies types of wireless telecommunications facilities that are allowed to include a collocation facility, or types of wireless telecommunications facilities that are allowed to include certain types of collocation facilities; height, location, bulk, and size of the wireless telecommunications collocation facility; percentage of the wireless telecommunications collocation facility that may be occupied by collocation facilities; and aesthetic or design requirements for the wireless telecommunications collocation facility.

(2) City or county requirements for a proposed collocation facility, including any types of collocation facilities that may be allowed on a wireless telecommunications collocation facility; height, location, bulk, and size of allowed collocation facilities; and aesthetic or design requirements for a collocation facility.

(3) State and local requirements, including the general plan, any applicable community plan or specific plan, and zoning ordinance.

(4) The California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) through certification of an environmental impact report, or adoption of a negative declaration or mitigated negative declaration.

(c) The city or county shall hold at least one public hearing on the discretionary permit required pursuant to subdivision (b) and notice shall be given pursuant to Section 65091, unless otherwise required by this division.

(d) For purposes of this section, the following definitions apply:

(1) "Collocation facility" means the placement or installation of wireless facilities, including antennas, and related equipment, on, or immediately adjacent to, a wireless telecommunications collocation facility.

(2) "Wireless telecommunications facility" means equipment and network components such as towers, utility poles, transmitters, base stations, and emergency power systems that are integral to providing wireless telecommunications services.

(3) "Wireless telecommunications collocation facility" means a wireless telecommunications facility that includes collocation facilities.

(e) The Legislature finds and declares that a collocation facility, as defined in this section, has a significant economic impact in California and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution, but is a matter of statewide concern.

(f) With respect to the consideration of the environmental effects of radio frequency emissions, the review by the city or county shall be limited to that authorized by Section 332(c)(7) of Title 47 of the United States Code, or as that section may be hereafter amended.

SEC. 2. Section 65964 is added to the Government Code, to read:

65964. As a condition of approval of an application for a permit for construction or reconstruction for a development project for a wireless telecommunications facility, as defined in Section 65850.6, a city or county shall not do any of the following:

(a) Require an escrow deposit for removal of a wireless telecommunications facility or any component thereof. However, a performance bond or other surety or another form of security may be required, so long as the amount of the bond security is rationally related to the cost of removal. In establishing the amount of the security, the city or county shall take into consideration information provided by the permit applicant regarding the cost of removal.

(b) Unreasonably limit the duration of any permit for a wireless telecommunications facility. Limits of less than 10 years are presumed to be unreasonable absent public safety reasons or substantial land use reasons. However, cities and counties may establish a build-out period for a site.

(c) Require that all wireless telecommunications facilities be limited to sites owned by particular parties within the jurisdiction of the city or county.

SEC. 3. It is the intent of the Legislature that a permit to operate a wireless telecommunications facility is not intended to preclude compliance by an applicant or city or county with the Permit Streamlining Act (Chapter 4.5 (commencing with Section 65920) of Division 1 of

Title 7 of the Government Code) or any other applicable state or federal statutes or regulations.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 677

An act to amend Sections 75.21, 276.1, 276.2, 277, and 408 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 75.21 of the Revenue and Taxation Code is amended to read:

75.21. (a) Exemptions shall be applied to the amount of the supplemental assessment, provided that the property is not receiving any other exemption on either the current roll or the roll being prepared except as provided for in subdivision (b), that the assessee is eligible for the exemption, and that, in those instances in which the provisions of this division require the filing of a claim for the exemption, the assessee makes a claim for the exemption.

(b) If the property received an exemption on the current roll or the roll being prepared and the assessee on the supplemental roll is eligible for an exemption and, in those instances in which the provisions of this division require the filing of a claim for the exemption, the assessee makes a claim for an exemption of a greater amount, then the difference in the amount between the two exemptions shall be applied to the supplemental assessment.

(c) In those instances in which the provisions of this division require the filing of a claim for the exemption, except as provided in subdivision (d), (e), or (f), any person claiming to be eligible for an exemption to be applied against the amount of the supplemental assessment shall file a claim or an amendment to a current claim, in that form as prescribed by the board, on or before the 30th day following the date of notice of the supplemental assessment, in order to receive a 100-percent exemption.

(1) With respect to property as to which the college, cemetery, church, religious, exhibition, veterans' organization, free public libraries, free museums, or welfare exemption was available, but for which a timely application for exemption was not filed, the following amounts shall be canceled or refunded:

(A) Ninety percent of any tax or penalty or interest thereon, or any amount of tax or penalty or interest thereon exceeding two hundred fifty dollars ($250) in total amount, whichever is greater, for each supplemental assessment, provided that an appropriate application for exemption is filed on or before the date on which the first installment of taxes on the supplemental tax bill becomes delinquent, as provided by Section 75.52.

(B) Eighty-five percent of any tax or penalty or interest thereon, or any amount of tax or penalty or interest thereon exceeding two hundred fifty dollars ($250) in total amount, whichever is greater, for each supplemental assessment, if an appropriate application for exemption is thereafter filed.

(2) With respect to property as to which the welfare exemption or veterans' organization exemption was available, all provisions of Section 254.5, other than the specified dates for the filing of affidavits and other acts, are applicable to this section.

(3) With respect to property as to which the veterans' or homeowners' exemption was available, but for which a timely application for exemption was not filed, that portion of tax attributable to 80 percent of the amount of exemption available shall be canceled or refunded, provided that an appropriate application for exemption is filed on or before the date on which the first installment of taxes on the supplemental tax bill becomes delinquent, as provided by Section 75.52.

(4) With respect to property as to which the disabled veterans' exemption was available, but for which a timely application for exemption was not filed, that portion of tax attributable to 90 percent of the amount of exemption available shall be canceled or refunded, provided that an appropriate application for exemption is filed on or before the date on which the first installment of taxes on the supplemental tax bill becomes delinquent, as provided by Section 75.52. If an appropriate application for exemption is thereafter filed, 85 percent of the amount of the exemption available shall be canceled or refunded.

(5) With respect to property as to which any other exemption was available, but for which a timely application for exemption was not filed, the following amounts shall be canceled or refunded:

(A) Ninety percent of any tax or penalty or interest thereon, provided that an appropriate application for exemption is filed on or before the

date on which the first installment of taxes on the supplemental tax bill becomes delinquent, as provided by Section 75.52.

(B) Eighty-five percent of any tax or penalty or interest thereon, or any amount of tax or penalty or interest thereon exceeding two hundred fifty dollars ($250) in total amount, whichever is greater, for each supplemental assessment, if an appropriate application for exemption is thereafter filed.

Other provisions of this division pertaining to the late filing of claims for exemption do not apply to assessments made pursuant to this chapter.

(d) For purposes of this section, any claim for the homeowners' exemption, veterans' exemption, or disabled veterans' exemption previously filed by the owner of a dwelling, granted and in effect, constitutes the claim or claims for that exemption required in this section. In the event that a claim for the homeowners' exemption, veterans' exemption, or disabled veterans' exemption is not in effect, a claim for any of those exemptions for a single supplemental assessment for a change in ownership or new construction occurring on or after June 1, up to and including December 31, shall apply to that assessment; a claim for any of those exemptions for the two supplemental assessments for a change in ownership or new construction occurring on or after January 1, up to and including May 31, one for the current fiscal year and one for the following fiscal year, shall apply to those assessments. In either case, if granted, the claim shall remain in effect until title to the property changes, the owner does not occupy the home as his or her principal place of residence on the lien date, or the property is otherwise ineligible pursuant to Section 205, 205.5, or 218.

(e) Notwithstanding subdivision (c), an additional exemption claim may not be required to be filed until the next succeeding lien date in the case in which a supplemental assessment results from the completion of new construction on property that has previously been granted exemption on either the current roll or the roll being prepared.

(f) (1) Notwithstanding subdivision (c), an additional exemption claim is not required to be filed in the instance where a supplemental assessment results from a change in ownership of property where the purchaser of the property owns and uses or uses, as the case may be, other property that has been granted the college, cemetery, church, religious, exhibition, veterans' organization, free public libraries, free museums, or welfare exemption on either the current roll or the roll being prepared and the property purchased is put to the same use.

(2) In all other instances where a supplemental assessment results from a change in ownership of property, an application for exemption shall be filed pursuant to the provisions of subdivision (c).

SEC. 2. Section 276.1 of the Revenue and Taxation Code is amended to read:

276.1. (a) For property for which the disabled veterans' exemption described in Section 205.5 would have been available but for the taxpayer's failure to receive a timely disability rating from the United States Department of Veterans Affairs (USDVA), there shall be canceled or refunded the amount of any taxes, including any interest and penalties thereon, subject to the provisions regarding cancellations in Article 1 (commencing with Section 4985) of Chapter 4 and the limitations periods on refunds as described in Article 1 (commencing with Section 5096) of Chapter 5, levied on that portion of the assessed value of the property that would have been exempt under a timely and appropriate claim, provided that the claimant meets both of the following conditions:

(1) The claimant had an application pending with the USDVA for a disability rating and subsequently received a rating that qualifies the claimant for the disabled veterans' exemption described in Section 205.5.

(2) The claimant subsequently files an appropriate claim for the disabled veterans' exemption described in Section 205.5 the later of 30 days of receipt of the disability rating from the USDVA or on or before the next following lien date.

(b) Subject to the provisions regarding cancellations and the limitations periods on refunds, the disabled veterans' exemption applies beginning on the effective date, as determined by the USDVA, of a disability rating that qualifies the claimant for the exemption.

SEC. 3. Section 276.2 of the Revenue and Taxation Code is amended to read:

276.2. (a) If property becomes eligible for the disabled veterans' exemption as described in Section 205.5 after the lien date, and an appropriate application for that exemption is filed on or before the lien date in the calendar year next following the calendar year in which the property became eligible, there shall be canceled or refunded the amount of any taxes, including any interest and penalties thereon, levied on that portion of the assessed value of the property that would have been exempt under a timely and appropriate application.

(b) The entire amount of the exemption applies to any property tax assessment, including a supplemental and escape assessment, that was made and that served as a lien against the property. The exemption amount shall be appropriately prorated from the date the property became eligible for the exemption.

SEC. 4. Section 277 of the Revenue and Taxation Code is amended to read:

277. Any person claiming the disabled veterans' property tax exemption shall file a claim with the assessor giving any information

required by the board. This information shall include, but shall not be limited to, the name of the person claiming the exemption, the person's social security number or another personal identifying number, the address of the property, and a statement to the effect that the claimant owned and occupied the property as his or her principal place of residence on the lien date, or that he or she intends to own and occupy the property as his or her principal place of residence on the next succeeding lien date, and proof of disability as defined by Section 205.5.

SEC. 5. Section 408 of the Revenue and Taxation Code is amended to read:

408. (a) Except as otherwise provided in subdivisions (b), (c), (d), and (e), any information and records in the assessor's office that are not required by law to be kept or prepared by the assessor, disabled veterans' exemption claims, and homeowners' exemption claims, are not public documents and shall not be open to public inspection. Property receiving the homeowners' exemption shall be clearly identified on the assessment roll. The assessor shall maintain records which shall be open to public inspection to identify those claimants who have been granted the homeowners' exemption.

(b) The assessor may provide any appraisal data in his or her possession to the assessor of any county.

The assessor shall disclose information, furnish abstracts, or permit access to all records in his or her office to law enforcement agencies, the county grand jury, the board of supervisors or their duly authorized agents, employees, or representatives when conducting an investigation of the assessor's office pursuant to Section 25303 of the Government Code, the Controller, employees of the Controller for property tax postponement purposes, probate referees, employees of the Franchise Tax Board for tax administration purposes only, staff appraisers of the Department of Financial Institutions, the Department of Transportation, the Department of General Services, the State Board of Equalization, the State Lands Commission, the State Department of Social Services, the Department of Child Support Services, the Department of Water Resources, and other duly authorized legislative or administrative bodies of the state pursuant to their authorization to examine the records. Whenever the assessor discloses information, furnishes abstracts, or permits access to records in his or her office to staff appraisers of the Department of Financial Institutions, the Department of Transportation, the Department of General Services, the State Lands Commission, or the Department of Water Resources pursuant to this section, the department shall reimburse the assessor for any costs incurred as a result thereof.

(c) Upon the request of the tax collector, the assessor shall disclose and provide to the tax collector information used in the preparation of that portion of the unsecured roll for which the taxes thereon are delinquent. The tax collector shall certify to the assessor that he or she needs the information requested for the enforcement of the tax lien in collecting those delinquent taxes. Information requested by the tax collector may include social security numbers, and the assessor shall recover from the tax collector his or her actual and reasonable costs for providing the information. The tax collector shall add the costs described in the preceding sentence to the assessee's delinquent tax lien and collect those costs subject to subdivision (e) of Section 2922.

(d) The assessor shall, upon the request of an assessee or his or her designated representative, permit the assessee or representative to inspect or copy any market data in the assessor's possession. For purposes of this subdivision, "market data" means any information in the assessor's possession, whether or not required to be prepared or kept by him or her, relating to the sale of any property comparable to the property of the assessee, if the assessor bases his or her assessment of the assessee's property, in whole or in part, on that comparable sale or sales. The assessor shall provide the names of the seller and buyer of each property on which the comparison is based, the location of that property, the date of the sale, and the consideration paid for the property, whether paid in money or otherwise. However, for purposes of providing market data, the assessor may not display any document relating to the business affairs or property of another.

(e) (1) With respect to information, documents, and records, other than market data as defined in subdivision (d), the assessor shall, upon request of an assessee of property, or his or her designated representative, permit the assessee or representative to inspect or copy all information, documents, and records, including auditors' narrations and workpapers, whether or not required to be kept or prepared by the assessor, relating to the appraisal and the assessment of the assessee's property, and any penalties and interest thereon.

(2) After enrolling an assessment, the assessor shall respond to a written request for information supporting the assessment, including, but not limited to, any appraisal and other data requested by the assessee.

(3) Except as provided in Section 408.1, an assessee, or his or her designated representative, may not be permitted to inspect or copy information and records that also relate to the property or business affairs of another, unless that disclosure is ordered by a competent court in a proceeding initiated by a taxpayer seeking to challenge the legality of the assessment of his or her property.

(f) (1) Permission for the inspection or copying requested pursuant to subdivision (d) or (e) shall be granted as soon as reasonably possible to the assessee or his or her designated representative.

(2) If the assessee, or his or her designated representative, requests the assessor to make copies of any of the requested records, the assessee shall reimburse the assessor for the reasonable costs incurred in reproducing and providing the copies.

(3) If the assessor fails to permit the inspection or copying of materials or information as requested pursuant to subdivision (d) or (e) and the assessor introduces any requested materials or information at any assessment appeals board hearing, the assessee or his or her representative may request and shall be granted a continuance for a reasonable period of time. The continuance shall extend the two-year period specified in subdivision (c) of Section 1604 for a period of time equal to the period of continuance.

SEC. 6. The Legislature finds and declares that Section 5 of this act, which amends Section 408 of the Revenue and Taxation Code, imposes limitations on the public's right of access to the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) Claims filed for the disabled veterans' exemption contain taxpayer sensitive personal information, including social security numbers and home addresses. Notwithstanding Section 3 of Article I of the California Constitution, county assessors have a responsibility and an obligation to safeguard from public access a taxpayer's personal information with which it has been entrusted.

(b) The right to privacy is a personal and fundamental right protected by Section 1 of Article I of the California Constitution and by the United States Constitution. All individuals have a right of privacy in information pertaining to them.

(c) This state has previously recognized, in Sections 63.1, 69.5, and 408.2 of the Revenue and Taxation Code, the importance of protecting the confidentiality and privacy of an individual's personal and financial information contained in homeowners' exemption claims, property statements, change in ownership exclusion applications, and change of ownership statements filed with county assessors for property tax purposes.

(d) In addition to the right of privacy, there is a need to protect from public disclosure personal information due to the growing prevalence and debilitating nature of identity theft.

SEC. 7. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 8. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 678

An act to amend Section 129765 of, and to add and repeal Section 130021.5 to, the Health and Safety Code, relating to health facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 129765 of the Health and Safety Code is amended to read:

129765. In each case, the application for approval of the plans shall be accompanied by the plans, by full, complete, and accurate specifications, by structural design computations, which shall comply with the requirements prescribed by the office. The office may permit electronic submission of plans.

SEC. 2. Section 130021.5 is added to the Health and Safety Code, to read:

130021.5. (a) The Office of Statewide Health Planning and Development shall propose to the California Building Standards Commission regulations amending the California Mechanical Code within the California Building Standards Code that facilitate construction of toilet rooms accessible to persons with disabilities, in hospitals and skilled nursing facilities. The regulations shall be deemed to be emergency regulations and shall be adopted as such.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2008, deletes or extends that date.

CHAPTER 679

An act to amend Section 130060 of, and to add Section 130061 to, the Health and Safety Code, relating to health facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 130060 of the Health and Safety Code is amended to read:

130060. (a) (1) After January 1, 2008, any general acute care hospital building that is determined to be a potential risk of collapse or pose significant loss of life shall only be used for nonacute care hospital purposes. A delay in this deadline may be granted by the office upon a demonstration by the owner that compliance will result in a loss of health care capacity that may not be provided by other general acute care hospitals within a reasonable proximity. In its request for an extension of the deadline, a hospital shall state why the hospital is unable to comply with the January 1, 2008, deadline requirement.

(2) Prior to granting an extension of the January 1, 2008, deadline pursuant to this section, the office shall do all of the following:

(A) Provide public notice of a hospital's request for an extension of the deadline. The notice, at a minimum, shall be posted on the office's Internet Web site, and shall include the facility's name and identification number, the status of the request, and the beginning and ending dates of the comment period, and shall advise the public of the opportunity to submit public comments pursuant to subparagraph (C). The office shall also provide notice of all requests for the deadline extension directly to interested parties upon request of the interested parties.

(B) Provide copies of extension requests to interested parties within 10 working days to allow interested parties to review and provide comment within the 45-day comment period. The copies shall include those records that are available to the public pursuant to the Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(C) Allow the public to submit written comments on the extension proposal for a period of not less than 45 days from the date of the public notice.

(b) (1) It is the intent of the Legislature, in enacting this subdivision, to facilitate the process of having more hospital buildings in substantial

compliance with this chapter and to take nonconforming general acute care hospital inpatient buildings out of service more quickly.

(2) The functional contiguous grouping of hospital buildings of a general acute care hospital, each of which provides, as the primary source, one or more of the hospital's eight basic services as specified in subdivision (a) of Section 1250, may receive a five-year extension of the January 1, 2008, deadline specified in subdivision (a) of this section pursuant to this subdivision for both structural and nonstructural requirements. A functional contiguous grouping refers to buildings containing one or more basic hospital services that are either attached or connected in a way that is acceptable to the State Department of Health Services. These buildings may be either on the existing site or a new site.

(3) To receive the five-year extension, a single building containing all of the basic services or at least one building within the contiguous grouping of hospital buildings shall have obtained a building permit prior to 1973 and this building shall be evaluated and classified as a nonconforming, Structural Performance Category-1 (SPC-1) building. The classification shall be submitted to and accepted by the Office of Statewide Health Planning and Development. The identified hospital building shall be exempt from the requirement in subdivision (a) until January 1, 2013, if the hospital agrees that the basic service or services that were provided in that building shall be provided, on or before January 1, 2013, as follows:

(A) Moved into an existing conforming Structural Performance Category-3 (SPC-3), Structural Performance Category-4 (SPC-4), or Structural Performance Category-5 (SPC-5) and Non-Structural Performance Category-4 (NPC-4) or Non-Structural Performance Category-5 (NPC-5) building.

(B) Relocated to a newly built compliant SPC-5 and NPC-4 or NPC-5 building.

(C) Continued in the building if the building is retrofitted to a SPC-5 and NPC-4 or NPC-5 building.

(4) A five-year extension is also provided to a post 1973 building if the hospital owner informs the Office of Statewide Health Planning and Development that the building is classified as a SPC-1, SPC-3, or SPC-4 and will be closed to general acute care inpatient service use by January 1, 2013. The basic services in the building shall be relocated into a SPC-5 and NPC-4 or NPC-5 building by January 1, 2013.

(5) Any SPC-1 buildings, other than the building identified in paragraph (3) or (4), in the contiguous grouping of hospital buildings shall also be exempt from the requirement in subdivision (a) until January 1, 2013. However, on or before January 1, 2013, at a minimum, each of

these buildings shall be retrofitted to a SPC-2 and NPC-3 building, or no longer be used for general acute care hospital inpatient services.

(c) On or before March 1, 2001, the office shall establish a schedule of interim work progress deadlines that hospitals shall be required to meet to be eligible for the extension specified in subdivision (b). To receive this extension, the hospital building or buildings shall meet the year 2002 nonstructural requirements.

(d) A hospital building that is eligible for an extension pursuant to this section shall meet the January 1, 2030, nonstructural and structural deadline requirements if the building is to be used for general acute care inpatient services after January 1, 2030.

(e) Upon compliance with subdivision (b), the hospital shall be issued a written notice of compliance by the office. The office shall send a written notice of violation to hospital owners that fail to comply with this section. The office shall make copies of these notices available on its Web site.

(f) (1) A hospital that has received an extension of the January 1, 2008, deadline pursuant to subdivisions (a) or (b) may request an additional extension of up to two years for a hospital building that it owns or operates.

(2) The office may grant the additional extension if the hospital building subject to the extension meets all of the following criteria:

(A) The hospital building is under construction at the time of the request for extension under this subdivision and the purpose of the construction is to meet the requirements of subdivision (a) to allow the use of the building as a general acute care hospital building after the extension deadline granted by the office pursuant to subdivision (a) or (b).

(B) The hospital building plans were submitted to the office and were deemed ready for review by the office at least four years prior to the applicable deadline for the building. The hospital shall indicate, upon submission of its plans, the SPC-1 building or buildings that will be retrofitted or replaced to meet the requirements of this section as a result of the project.

(C) The hospital received a building permit for the construction described in subparagraph (A) at least two years prior to the applicable deadline for the building.

(D) The hospital submitted a construction timeline at least two years prior to the applicable deadline for the building demonstrating the hospital's intent to meet the applicable deadline. The timeline shall include all of the following:

(i) The projected construction start date.

(ii) The projected construction completion date.

(iii) Identification of the contractor.

(E) The hospital is making reasonable progress toward meeting the timeline set forth in subparagraph (D), but factors beyond the hospital's control make it impossible for the hospital to meet the deadline.

(3) A hospital denied an extension pursuant to this subdivision may appeal the denial to the Hospital Building Safety Board.

(4) The office may revoke an extension granted pursuant to this subdivision for any hospital building where the work of construction is abandoned or suspended for a period of at least one year, unless the hospital demonstrates in a public document that the abandonment or suspension was caused by factors beyond its control.

SEC. 2. Section 130061 is added to the Health and Safety Code, to read:

130061. (a) An owner of a general acute care hospital building that is classified as a nonconforming Structural Performance Category-1 (SPC-1) building, who has not requested an extension of the deadline described in subdivision (a) or (b) of Section 130060, shall submit a report to the office no later than April 15, 2007, describing the status of each building in complying with the requirements of Section 130060. The report shall identify at least all of the following:

(1) Each building that is subject to subdivision (a) of Section 130060.

(2) The project number or numbers for retrofit or replacement of each building.

(3) The projected construction start date or dates and projected construction completion date or dates.

(4) The building or buildings to be removed from acute care service and the projected date or dates of this action.

(b) An owner of a general acute care hospital building that is classified as a nonconforming, Structural Performance Category-1 (SPC-1) building, who has requested an extension of the deadline described in subdivision (a) or (b) of Section 130060, shall submit a report to the office no later than June 30, 2009, describing the status of each building in complying with the requirements of Section 130060. The report shall identify, at a minimum, all of the following:

(1) Each building that is subject to subdivision (a) of Section 130060.

(2) The project number or numbers for retrofit or replacement of each building.

(3) The projected construction start date or dates and projected construction completion date or dates.

(4) The building or buildings to be removed from acute care service and the projected date or dates of that action.

(c) An owner of a general acute care hospital building that is classified as a nonconforming, Structural Performance Category-1 (SPC-1)

building, who has requested an extension of the deadline described in subdivision (a) or (b) of Section 130060, shall submit a report to the office no later than June 30, 2011, describing the status of each building in complying with the requirements of Section 130060. The report shall identify at least all of the following:

(1) Each building that is subject to subdivision (a) of Section 130060.

(2) The project number or numbers for retrofit or replacement of each building.

(3) The projected construction start date or dates and projected construction completion date or dates.

(4) The building or buildings to be removed from acute care service and the projected date or dates of that action.

(d) The office shall make the information required by subdivisions (a), (b), and (c) available on its Web site within 90 days of receipt of this information.

(e) Hospitals that have not reported pursuant to this section are not eligible for the extension provided in subdivision (f) of Section 130060.

CHAPTER 680

An act to add Section 395.5 to the Military and Veterans Code, relating to military service.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature to ensure that Military Department personnel who are employed on state active duty and are deployed, mobilized, or otherwise subject to any federal active service under voluntary or involuntary conditions, are provided the same federal reemployment protections and benefits given to other state employees of Section 4301 of Title 38 of the United States Code, the Uniformed Services Employment and Reemployment Rights Act.

SEC. 2. Section 395.5 is added to the Military and Veterans Code, to read:

395.5. (a) The Military Department shall comply with the provisions of Section 4301 of Title 38 of the United States Code, the Uniformed Services Employment and Reemployment Rights Act (USERRA).

(b) For purposes of USERRA, Military Department personnel who are on state active duty and are deployed, mobilized, or otherwise subject

to any federal active service under voluntary or involuntary conditions, shall be considered employees and provided the same federal reemployment protections and benefits given to other employees under USERRA.

CHAPTER 681

An act to amend Sections 13998.5 and 13998.10 of the Government Code, relating to economic development.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13998.5 of the Government Code is amended to read:

13998.5. The Office of Military and Aerospace Support shall do all of the following:

(a) Develop and recommend to the Governor and the Legislature a strategic plan for state and local defense retention and conversion efforts. The plan shall address the state's role in assisting communities with potential base closures and those impacted by previous closures. The office may coordinate with other state agencies, local groups, and interested organizations on this strategic plan to retain current Department of Defense installations, facilities, bases, and related civilian activities.

(b) Conduct outreach to entities and parties involved in defense retention and conversion across the state and provide a network to facilitate assistance and coordination for all defense retention and conversion activities within the state.

(c) Help develop and coordinate state retention advocacy efforts on the federal level.

(d) (1) Conduct an evaluation of existing state retention and conversion programs and provide the Legislature recommendations on the continuation of existing programs, including, but not limited to, the possible elimination or alteration of those programs. This evaluation shall be transmitted to the Legislature.

(2) The office may provide recommendations to the Legislature on the necessity of new programs for defense retention and adequate funding levels.

(e) Utilize and update the plan prepared by the Defense Conversion Council as it existed on December 31, 1998, to minimize California's

loss of bases and jobs in future rounds of base closures. This plan shall include, but not be limited to, all of the following:

(1) Identification of major installations in California.

(2) Determination of how best to defend existing bases and base employment in this state.

(3) Coordination of retention activities with communities that may face base closures.

(4) Development of data and analyses on bases in this state.

(5) Coordination with the congressional delegation, the Legislature, and the Governor. With the consent of the appropriate authority, the office may temporarily borrow technical, policy, and administrative staff from other state agencies, including the Legislature.

(f) Serve as the primary state liaison with the Department of Defense and its installations in this state. In order to maximize the mission use of the installations, the Office of Military and Aerospace Support shall assist in resolving any disputes or issues between the Department of Defense and state entities.

(g) Review actions or programs by state agencies that may affect or impact Department of Defense installations or the state's military base retention and reuse activities and recommend to the Governor and the Legislature actions that may be taken to resolve or prevent similar problems in the future.

(h) Conduct outreach to entities and parties involved in the aerospace industry and associated basic and applied research, and provide a network to facilitate assistance and coordination for activities designed to promote, foster, and increase aerospace enterprise in California pursuant to subdivision (a) of Section 13999.2.

(i) Where funds and resources are available, the office may undertake all of the following activities:

(1) Provide a central clearinghouse for all base retention or conversion assistance activities, including, but not limited to, employee training programs and regulation review and permit streamlining.

(2) Provide technical assistance to communities with potential or existing base closure activities.

(3) Provide a central clearinghouse for all defense retention and conversion funding, regulations, and application procedures for federal or state grants.

(4) Serve as a central clearinghouse for input and information, including needs, issues, and recommendations from businesses, industry representatives, labor, local government, and communities relative to retention and conversion efforts.

(5) Identify available state and federal resources to assist businesses, workers, communities, and educational institutions that may have a stake in retention and conversion activities.

(6) Provide one-stop coordination, maintain and disseminate information, standardize state endorsement procedures, and develop fast-track review procedures for proposals seeking state funds to match federal defense conversion funding programs.

(7) Maintain and establish databases in such fields as defense-related companies, industry organization proposals for the state and federal defense industry, community assistance, training, and base retention, and provide electronic access to the databases.

SEC. 2. Section 13998.10 of the Government Code is amended to read:

13998.10. This chapter shall remain in effect only until January 1, 2009, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2009, deletes or extends that date.

CHAPTER 682

An act to amend Section 1747.09 of the Civil Code, relating to financial transactions.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1747.09 of the Civil Code is amended to read:

1747.09. (a) Except as provided in this section, no person, firm, partnership, association, corporation, or limited liability company that accepts credit or debit cards for the transaction of business shall print more than the last five digits of the credit or debit card account number or the expiration date upon any of the following:

(1) Any receipt provided to the cardholder.

(2) Any receipt retained by the person, firm, partnership, association, corporation, or limited liability company, which is printed at the time of the purchase, exchange, refund, or return, and is signed by the cardholder.

(3) Any receipt retained by the person, firm, partnership, association, corporation, or limited liability company, which is printed at the time of the purchase, exchange, refund, or return, but is not signed by the

cardholder, because the cardholder used a personal identification number to complete the transaction.

(b) This section shall apply only to receipts that include a credit or debit card account number that are electronically printed and shall not apply to transactions in which the sole means of recording the person's credit or debit card account number is by handwriting or by an imprint or copy of the credit or debit card.

(c) This section shall not apply to documents, other than the receipts described in paragraphs (1) to (3), inclusive, of subdivision (a), used for internal administrative purposes.

(d) Paragraphs (2) and (3) of subdivision (a) shall become operative on January 1, 2009.

CHAPTER 683

An act to amend Section 1373.62 of the Health and Safety Code, to amend Sections 10127.15, 12712.5, and 12725 of the Insurance Code, and to amend and supplement the Budget Act of 2006 (Chapter 47 of the Statutes of 2006) by adding Item 4280-112-0236 to Section 2.00 of that act, relating to health care coverage, making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1373.62 of the Health and Safety Code is amended to read:

1373.62. (a) (1) This section shall apply only to a health care service plan offering hospital, medical, or surgical benefits in the individual market in California and shall not apply to a specialized health care service plan, a health care service plan contract in the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code), a health care service plan conversion contract offered pursuant to Section 1373.6, or a health care service plan contract in the Healthy Families Program (Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code).

(2) A local initiative, as defined in subdivision (v) of Section 53810 of Title 22 of the California Code of Regulations, that is awarded a contract by the State Department of Health Services pursuant to

subdivision (b) of Section 53800 of Title 22 of the California Code of Regulations shall not be subject to the requirements of this section.

(b) For the purposes of this section, "program" means the California Major Risk Medical Insurance Program (Part 6.5 (commencing with Section 12700) of Division 2 of the Insurance Code).

(c) (1) Each health care service plan subject to this section shall offer a standard benefit plan. The calendar year limit on benefits under the plan shall be at least two hundred thousand dollars ($200,000), and the lifetime maximum benefit under the plan shall be at least seven hundred fifty thousand dollars ($750,000). No health care service plan is required to provide calendar year benefits or a lifetime maximum benefit under the plan that exceed these limits. In calculating the calendar year and lifetime maximum benefits for any person receiving coverage through a standard benefit plan, the health care service plan shall not include any health care benefits or services that person received while enrolled in the program.

(2) The standard benefit plan of a health care service plan participating in the program shall be the same benefit design it offers through the program, except for the annual limit required under paragraph (1). If the health care service plan offers more than one benefit design in the program, it shall offer only one of those benefit designs as its standard benefit plan.

(3) (A) The standard benefit plan of a health care service plan that is not a participating health plan within the program shall be any one benefit design that is offered through the program by a health care service plan participating in the program, except for the annual limit required under paragraph (1).

(B) A health care service plan that is not a participating health plan in the program that is under common ownership with, is affiliated with, or files consolidated income tax returns with, a health insurer that is also an insurer in the individual market may satisfy the requirements of this section and Section 10127.15 of the Insurance Code if either the plan or insurer offers a standard benefit plan.

(C) A health care service plan that is not a participating health plan in the program that is under common ownership with, is affiliated with, or files consolidated income tax returns with, a health insurer that is in the individual market and that is a participating health plan in the program is exempt from the provisions of this section if the insurer meets the requirements of Section 10127.15 of the Insurance Code in offering a standard benefit plan.

(d) (1) A health care service plan may not reject an application for coverage under its standard benefit plan for an individual who meets any of the following criteria:

(A) Applies for coverage within 63 days of the termination date of his or her previous coverage under the program if the individual has had continuous coverage under the program for a period of 36 consecutive months.

(B) Has been enrolled in a standard benefit plan, moves to an area within the state that is not in the service area of the health care service plan or health insurer he or she has chosen, and applies for coverage within 63 days of the termination date of his or her previous coverage.

(C) Has been enrolled in a standard benefit plan that is no longer available where he or she resides, and applies for coverage within 63 days of the termination date of his or her previous coverage.

(2) Notwithstanding any other provision of this section, a health care service plan is not required by this section to accept an application for coverage under its standard benefit plan for any individual who is eligible for Part A and Part B of Medicare at the time of application and who is not on Medicare solely because of end-stage renal disease.

(e) The amount paid by an individual for the standard benefit plan shall be 110 percent of the contribution the individual would pay in the program for the benefit design providing the same coverage, using the same methodology in effect on July 1, 2002, for calculating the rates in the program. If a health care service plan offers calendar year and lifetime maximum benefits in its standard benefit plan that exceed those in the benefit design offered through the program, it may not increase the amount paid by the individual for the standard benefit plan. The limitation on the amount paid by an individual pursuant to this section for a standard benefit plan shall not apply to any individual who is eligible for Part A and Part B of Medicare and who is not on Medicare solely because of end-stage renal disease.

(f) (1) Prior to offering a health benefit plan contract pursuant to this section, every health care service plan shall file a notice of material modification pursuant to Section 1352. Prior to renewing the contract, the plan shall file an amendment or a notice of material modification, as appropriate, pursuant to Section 1352.

(2) Prior to making any changes in the premium charged for its standard benefit plan, the health care service plan shall file an amendment in accordance with the provisions of Section 1352 and shall include a statement certifying the plan is in compliance with subdivision (e).

(3) All other changes to a plan contract that was previously filed with the director shall be filed as an amendment in accordance with the provisions of Section 1352, unless the change otherwise would require the filing of a material modification.

(g) (1) Each health care service plan shall report to the Managed Risk Medical Insurance Board the amount it has expended for health care

services for individuals covered under a standard benefit plan under this section and the total amount of individual payments it has charged individuals for the standard benefit plan. The board shall establish by regulation the format for these reports. The report shall be prepared for each of the following reporting periods and shall be submitted within 12 months of the final date of the reporting period:

(A) September 1, 2003, to December 31, 2003, inclusive.

(B) January 1, 2004, to December 31, 2004, inclusive.

(C) January 1, 2005, to December 31, 2005, inclusive.

(D) January 1, 2006, to December 31, 2006, inclusive.

(E) January 1, 2007, to December 31, 2007, inclusive.

(2) "Health care services" means the aggregate health care expenses paid by the health care service plan or insurer during the reporting period plus the aggregate value of the standard monthly administrative fee. Health care expenses do not include costs that have been incurred but not reported by the health care service plan. The calculation of health care expenses shall be consistent with the methodology used on July 1, 2002, to calculate those expenses for participating health plans in the program. The "standard monthly administrative fee" is the average monthly, per person administrative fee paid by the program to participating health plans during the reporting period.

(3) The "total amount of individual payments" is the aggregate of the monthly individual payments charged by the health care service plan during the reporting period. The calculation of the total amount of individual payments charged shall be consistent with the methodology used on July 1, 2002, to calculate subscriber contributions in the program. The Managed Risk Medical Insurance Board shall by regulation establish the format for submitting documentation of the individual payments.

(4) The Managed Risk Medical Insurance Board may verify the health care expenses incurred by a health care service plan and the individual payments received by the plan. The verification shall include assurance that the individual was enrolled in the standard benefit plan during the reporting period in which the health care service plan paid health care expenses on the individual's behalf, and that the expenses reported are consistent with the standard benefit plan.

(h) (1) The program shall pay each health care service plan an amount that is equal to one-half of the difference between the total aggregate amount the health care service plan expended for health care services for individuals covered under a standard benefit plan who have had 36 consecutive months of coverage under the program and the total aggregate amount of individual payments charged to those individuals who have had continuous coverage under the program for a period of 36 consecutive months. For purposes of determining the amount the

program shall pay each health care service plan, the total aggregate amount the health care service plan expended and the total aggregate amount of individual payments shall not include amounts paid by or on behalf of an individual who is eligible for Medicare Part A and Medicare Part B and who is not on Medicare solely because of end-stage renal disease. The program shall make this payment from the Major Risk Medical Insurance Fund or from any funds appropriated in the annual Budget Act or by another statute to the program for the purposes of this section. The state shall not be liable for any amount in excess of the moneys in the Major Risk Medical Insurance Fund or other funds that were appropriated for the purposes of this section. If the state fails to expend, pursuant to this section, sufficient funds for the state's contribution amount to any health care service plan, the health care service plan may increase the monthly payments that individuals are required to pay for any standard benefit plan to the amount that the Managed Risk Medical Insurance Board would charge without a state subsidy for the same plan issued to the same individual within the program.

(2) The Managed Risk Medical Insurance Board shall make a biannual interim payment to each health care service plan providing coverage pursuant to this section. For the first two reporting periods described in this section, biannual interim payments shall be calculated for each individual as the product of the average premium in the program for the period of time the individual was enrolled during that reporting period and one-half of the difference between the program's prior calendar year loss ratio and 110 percent. For subsequent reporting periods, the Managed Risk Medical Insurance Board may, by regulation, adopt for each health care service plan a specific method for calculating biannual interim payments based on the plan's actual experience in providing the benefits described in this section. Each health care service plan shall submit a six-month interim report of monthly individual enrollment in its standard benefit plan. The Managed Risk Medical Insurance Board shall make an interim payment to each health care service plan pursuant to this section no later than 45 days after the receipt of the plan's enrollment reports. Final payment by the board or refund from the health care service plan shall be made upon the completion of verification activities conducted pursuant to this section.

(i) The provisions of this section constitute a pilot program that shall terminate on December 31, 2007.

(j) This section shall become inoperative on December 31, 2007, and as of January 1, 2008, is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends the dates on which this section becomes inoperative and is repealed.

SEC. 2. Section 10127.15 of the Insurance Code, as added by Section 10 of Chapter 794 of the Statutes of 2002, is amended to read:

10127.15. (a) (1) This section shall apply only to a health insurer offering hospital, medical, or surgical benefits in the individual market in California and shall not apply to accident-only, specified disease, long-term care, CHAMPUS supplement, hospital indemnity, Medicare supplement, dental-only, or vision-only insurance policies or a health insurance conversion policy issued pursuant to Part 6.1 (commencing with Section 12670).

(2) A local initiative, as defined in subdivision (v) of Section 53810 of Title 22 of the California Code of Regulations, that is awarded a contract by the State Department of Health Services pursuant to subdivision (b) of Section 53800 of Title 22 of the California Code of Regulations shall not be subject to the requirements of this section.

(b) For the purposes of this section, "program" means the California Major Risk Medical Insurance Program (Part 6.5 (commencing with Section 12700)).

(c) (1) Each health insurer subject to this section shall offer a standard benefit plan. The calendar year limit on benefits under the plan shall be at least two hundred thousand dollars ($200,000), and the lifetime maximum benefit under the plan shall be at least seven hundred fifty thousand dollars ($750,000). No health insurer is required to provide calendar year benefits or a lifetime maximum benefit under the plan that exceed these limits. In calculating the calendar year and lifetime maximum benefits for any person receiving coverage through a standard benefit plan, the health insurer shall not include any health care benefits or services that person received while enrolled in the program.

(2) The standard benefit plan of a health insurer participating in the program shall be the same benefit design it offers through the program, except for the annual limit required under paragraph (1). If the health insurer offers more than one benefit design in the program, it shall offer only one of those benefit designs as its standard benefit plan.

(3) (A) The standard benefit plan of a health insurer that is not a participating health plan within the program shall be any one benefit design that is offered through the program by a health care service plan participating in the program except for the annual limit required under paragraph (1).

(B) A health insurer that is not a participating health plan within the program that is under common ownership with, is affiliated with, or files consolidated income tax returns with, a health care service plan that is in the individual market, may satisfy the requirements of this section and Section 1373.62 of the Health and Safety Code if either the plan or insurer offers a standard benefit plan.

(C) A health insurer that is not a participating health plan in the program that is under common ownership with, is affiliated with, or files consolidated income tax returns with a health care service plan that is in the individual market and that is a participating health plan in the program is exempt from the provisions of this section if the plan meets the requirements of Section 1373.62 of the Health and Safety Code in offering a standard benefit plan.

(d) (1) A health insurer may not reject an application for coverage under its standard benefit plan for an individual who meets any of the following criteria:

(A) Applies for coverage within 63 days of the termination date of his or her previous coverage under the program if the individual has had continuous coverage under the program for a period of 36 consecutive months.

(B) Has been enrolled in a standard benefit plan, moves to an area within the state that is not in the service area of the health care service plan or health insurer he or she has chosen, and applies for coverage within 63 days of the termination date of his or her previous coverage.

(C) Has been enrolled in a standard benefit plan that is no longer available where he or she resides, and applies for coverage within 63 days of the termination date of his or her previous coverage.

(2) Notwithstanding any other provision of this section, a health insurer is not required by this section to accept an application for coverage under its standard benefit plan for any individual who is eligible for Part A and Part B of Medicare at the time of application and who is not on Medicare.

(e) The amount paid by an insured for the standard benefit plan shall be 110 percent of the contribution the insured would pay in the program for the benefit design providing the same coverage, using the same methodology in effect on July 1, 2002, for calculating the rates in the program. If a health insurer offers calendar year and lifetime maximum benefits in its standard benefit plan that exceed those in the benefit design offered through the program, it may not increase the amount paid by the insured for the standard benefit plan. The limitation on the amount paid by an individual pursuant to this section for a standard benefit plan shall not apply to any individual who is eligible for Part A and Part B of Medicare and who is not on Medicare solely because of end-stage renal disease.

(f) (1) Prior to offering a health insurance policy pursuant to this section, every insurer shall file a notice of any changes pursuant to Section 10290 and to Section 2202 of Title 10 of the California Code of Regulations. Prior to renewing a policy, the insurer shall file an amendment or notice of any changes, as appropriate, pursuant to Section

10290 and to Section 2202 of Title 10 of the California Code of Regulations.

(2) Prior to making any changes in the premium charged for its standard benefit policy, the insurer shall file an amendment in accordance with the provisions of Section 10290 and of Section 2202 of Title 10 of the California Code of Regulations.

(3) All other changes to an insurance policy that were previously filed with the commissioner shall be filed as amendments in accordance with the provisions of Section 10290 and of Section 2202 of Title 10 of the California Code of Regulations.

(g) (1) Each health insurer shall report to the Managed Risk Medical Insurance Board the amount it has expended for health care services for individuals covered under a standard benefit plan under this section and the total amount of insured payments it has charged individuals for the standard benefit plan. The board shall establish by regulation the format for these reports. The report shall be prepared for each of the following reporting periods and shall be submitted within 12 months of the final date of the reporting period:

(A) September 1, 2003, to December 31, 2003, inclusive.

(B) January 1, 2004, to December 31, 2004, inclusive.

(C) January 1, 2005, to December 31, 2005, inclusive.

(D) January 1, 2006, to December 31, 2006, inclusive.

(E) January 1, 2007, to December 31, 2007, inclusive.

(2) "Health care services" means the aggregate health care expenses paid by the health insurer during the reporting period plus the aggregate value of the standard monthly administrative fee. Health care expenses do not include costs that have been incurred but not reported by the health insurer. The calculation of health care expenses shall be consistent with the methodology used on July 1, 2002, to calculate those expenses for participating health insurers in the program. The "standard monthly administrative fee" is the average monthly, per person administrative fee paid by the program to participating health insurers during the reporting period.

(3) The "total amount of insured payments" is the aggregate of the monthly insured payments charged by the health insurer during the reporting period. The calculation of the total amount of insured payments charged shall be consistent with the methodology used on July 1, 2002, to calculate subscriber contributions in the program. The Managed Risk Medical Insurance Board shall by regulation establish the format for submitting documentation of insured payments.

(4) The Managed Risk Medical Insurance Board may verify the health care expenses incurred by a health insurer and the insured payments received by the insurer. The verification shall include assurance that the

insured was covered in the standard benefit plan during the reporting period in which the health insurer paid health care expenses on the insured's behalf, and that the expenses reported are consistent with the standard benefit plan.

(h) (1) The program shall pay each health insurer an amount that is equal to one-half of the difference between the total aggregate amount the health insurer expended for health care services for individuals covered under a standard benefit plan who have had 36 months of continuous coverage under the program and the total aggregate amount of insured payments charged to those individuals who have had continuous coverage under the program for a period of 36 consecutive months. For purposes of determining the amount the program shall pay each health insurer, the total aggregate amount the health insurer expended and the total aggregate amount of individual payments shall not include amounts paid by or on behalf of an individual who is eligible for Medicare Part A and Medicare Part B and who is not on Medicare solely because of end-stage renal disease. The program shall make this payment from the Major Risk Medical Insurance Fund or from any funds appropriated in the annual Budget Act or by another statute to the program for the purposes of this section. The state shall not be liable for any amount in excess of the Major Risk Medical Insurance Fund or other funds that were appropriated for the purposes of this section. If the state fails to expend, pursuant to this section, sufficient funds for the state's contribution amount to any health insurer, the health insurer may increase the monthly payments that its insureds are required to pay for any standard benefit plan to the amount that the Managed Risk Medical Insurance Board would charge without a state subsidy for the same plan issued to the same individual within the program.

(2) The Managed Risk Medical Insurance Board shall make a biannual interim payment to each health insurer providing coverage pursuant to this section. For the first two reporting periods described in this section, biannual interim payments shall be calculated for each insured as the product of the average premium in the program for that period of time the individual was covered during the reporting period and one-half of the difference between the program's prior calendar year loss ratio and 110 percent. For subsequent reporting periods, the Managed Risk Medical Insurance Board may, by regulation, adopt for each health insurer a specific method for calculating biannual interim payments based on the insurer's actual experience in providing the benefits described in this section. Each health insurer shall submit a six-month interim report of monthly insured enrollment in its standard benefit plan. The Managed Risk Medical Insurance Board shall make an interim payment to each health insurer pursuant to this section no later than 45 days after receipt

of the insurer's coverage reports. Final payment by the board or refund from the insurer shall be made upon the completion of verification activities conducted pursuant to this section.

(i) The provisions of this section constitute a pilot program that shall terminate on December 31, 2007.

(j) This section shall become inoperative on December 31, 2007, and as of January 1, 2008, is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends the date on which this section becomes inoperative and is repealed.

SEC. 3. Section 12712.5 of the Insurance Code is amended to read:

12712.5. (a) For the period commencing on September 1, 2003, to December 31, 2007, inclusive, the board shall maintain the major risk medical coverage benefits offered by participating health plans in the program at a level that is not less than the actuarial equivalent of the minimum benefits available within the program on September 1, 2002.

(b) This section shall become inoperative on December 31, 2007, and as of January 1, 2008, is repealed, unless a later enacted statute that is enacted before January 1, 2008, deletes or extends the dates on which this section becomes inoperative and is repealed.

SEC. 4. Section 12725 of the Insurance Code is amended to read:

12725. (a) Each resident of the state meeting the eligibility criteria of this section and who is unable to secure adequate private health coverage is eligible to apply for major risk medical coverage through the program. For these purposes, "resident" includes a member of a federally recognized California Indian tribe.

(b) To be eligible for enrollment in the program, an applicant shall have been rejected for health care coverage by at least one private health plan. An applicant shall be deemed to have been rejected if the only private health coverage that the applicant could secure would do one of the following:

(1) Impose substantial waivers that the program determines would leave a subscriber without adequate coverage for medically necessary services.

(2) Afford limited coverage that the program determines would leave the subscriber without adequate coverage for medically necessary services.

(3) Afford coverage only at an excessive price, which the board determines is significantly above standard average individual coverage rates.

(c) Rejection for policies or certificates of specified disease or policies or certificates of hospital confinement indemnity, as described in Section 10198.61, shall not be deemed to be rejection for the purposes of eligibility for enrollment.

(d) The board may permit dependents of eligible subscribers to enroll in major risk medical coverage through the program if the board determines the enrollment can be carried out in an actuarially and administratively sound manner.

(e) Notwithstanding the provisions of this section, the board shall by regulation prescribe a period of time during which a resident is ineligible to apply for major risk medical coverage through the program if the resident either voluntarily disenrolls from, or was terminated for nonpayment of the premium from, a private health plan after enrolling in that private health plan pursuant to either Section 10127.15 or Section 1373.62 of the Health and Safety Code.

(f) For the period commencing September 1, 2003, to December 31, 2007, inclusive, subscribers and their dependents receiving major risk coverage through the program may receive that coverage for no more than 36 consecutive months. Ninety days before a subscriber or dependent's eligibility ceases pursuant to this subdivision, the board shall provide the subscriber and any dependents with written notice of the termination date and written information concerning the right to purchase a standard benefit plan from any health care service plan or health insurer participating in the individual insurance market pursuant to Section 10127.15 or Section 1373.62 of the Health and Safety Code. This subdivision shall become inoperative on December 31, 2007.

SEC. 5. Item 4280-112-0236 is added to Section 2.00 of the Budget Act of 2006, to read:

4280-112-0236—For transfer by the Controller from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program.....	(4,000,000)

SEC. 6. Notwithstanding any other provision of law, the Director of Finance shall make all necessary budgetary adjustments to implement this act. Within 30 days of making the adjustments, the Director of Finance shall notify the appropriate committees of the Legislature of these adjustments.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the

definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 684

An act to amend Sections 127660, 127662, 127664, and 127665 of the Health and Safety Code, relating to public health.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 127660 of the Health and Safety Code is amended to read:

127660. (a) The Legislature hereby requests the University of California to establish the California Health Benefit Review Program to assess legislation proposing to mandate a benefit or service, as defined in subdivision (c), and legislation proposing to repeal a mandated benefit or service, as defined in subdivision (d), and to prepare a written analysis with relevant data on the following:

(1) Public health impacts, including, but not limited to, all of the following:

(A) The impact on the health of the community, including the reduction of communicable disease and the benefits of prevention such as those provided by childhood immunizations and prenatal care.

(B) The impact on the health of the community, including diseases and conditions where gender and racial disparities in outcomes are established in peer-reviewed scientific and medical literature.

(C) The extent to which the benefit or service reduces premature death and the economic loss associated with disease.

(2) Medical impacts, including, but not limited to, all of the following:

(A) The extent to which the benefit or service is generally recognized by the medical community as being effective in the screening, diagnosis, or treatment of a condition or disease, as demonstrated by a review of scientific and peer reviewed medical literature.

(B) The extent to which the benefit or service is generally available and utilized by treating physicians.

(C) The contribution of the benefit or service to the health status of the population, including the results of any research demonstrating the efficacy of the benefit or service compared to alternatives, including not providing the benefit or service.

(D) The extent to which mandating or repealing the benefits or services would not diminish or eliminate access to currently available health care benefits or services.

(3) Financial impacts, including, but not limited to, all of the following:

(A) The extent to which the coverage or repeal of coverage will increase or decrease the benefit or cost of the benefit or service.

(B) The extent to which the coverage or repeal of coverage will increase the utilization of the benefit or service, or will be a substitute for, or affect the cost of, alternative benefits or services.

(C) The extent to which the coverage or repeal of coverage will increase or decrease the administrative expenses of health care service plans and health insurers and the premium and expenses of subscribers, enrollees, and policyholders.

(D) The impact of this coverage or repeal of coverage on the total cost of health care.

(E) The potential cost or savings to the private sector, including the impact on small employers as defined in paragraph (1) of subdivision (*l*) of Section 1357, the Public Employees' Retirement System, other retirement systems funded by the state or by a local government, individuals purchasing individual health insurance, and publicly funded state health insurance programs, including the Medi-Cal program and the Healthy Families Program.

(F) The extent to which costs resulting from lack of coverage or repeal of coverage are or would be shifted to other payers, including both public and private entities.

(G) The extent to which mandating or repealing the proposed benefit or service would not diminish or eliminate access to currently available health care benefits or services.

(H) The extent to which the benefit or service is generally utilized by a significant portion of the population.

(I) The extent to which health care coverage for the benefit or service is already generally available.

(J) The level of public demand for health care coverage for the benefit or service, including the level of interest of collective bargaining agents in negotiating privately for inclusion of this coverage in group contracts, and the extent to which the mandated benefit or service is covered by self-funded employer groups.

(K) In assessing and preparing a written analysis of the financial impact of legislation proposing to mandate a benefit or service and legislation proposing to repeal a mandated benefit or service pursuant to this paragraph, the Legislature requests the University of California

to use a certified actuary or other person with relevant knowledge and expertise to determine the financial impact.

(b) The Legislature requests that the University of California provide every analysis to the appropriate policy and fiscal committees of the Legislature not later than 60 days after receiving a request made pursuant to Section 127661. In addition, the Legislature requests that the university post every analysis on the Internet and make every analysis available to the public upon request.

(c) As used in this section, "legislation proposing to mandate a benefit or service" means a proposed statute that requires a health care service plan or a health insurer, or both, to do any of the following:

(1) Permit a person insured or covered under the policy or contract to obtain health care treatment or services from a particular type of health care provider.

(2) Offer or provide coverage for the screening, diagnosis, or treatment of a particular disease or condition.

(3) Offer or provide coverage of a particular type of health care treatment or service, or of medical equipment, medical supplies, or drugs used in connection with a health care treatment or service.

(d) As used in this section, "legislation proposing to repeal a mandated benefit or service" means a proposed statute that, if enacted, would become operative on or after January 1, 2008, and would repeal an existing requirement that a health care service plan or a health insurer, or both, do any of the following:

(1) Permit a person insured or covered under the policy or contract to obtain health care treatment or services from a particular type of health care provider.

(2) Offer or provide coverage for the screening, diagnosis, or treatment of a particular disease or condition.

(3) Offer or provide coverage of a particular type of health care treatment or service, or of medical equipment, medical supplies, or drugs used in connection with a health care treatment or service.

SEC. 2. Section 127662 of the Health and Safety Code is amended to read:

127662. (a) In order to effectively support the University of California and its work in implementing this chapter, there is hereby established in the State Treasury, the Health Care Benefits Fund. The university's work in providing the bill analyses shall be supported from the fund.

(b) For fiscal years 2006–07 to 2009–10, inclusive, each health care service plan, except a specialized health care service plan, and each health insurer, as defined in Section 106 of the Insurance Code, shall be assessed an annual fee in an amount determined through regulation. The

amount of the fee shall be determined by the Department of Managed Health Care and the Department of Insurance in consultation with the university and shall be limited to the amount necessary to fund the actual and necessary expenses of the university and its work in implementing this chapter. The total annual assessment on health care service plans and health insurers shall not exceed two million dollars ($2,000,000).

(c) The Department of Managed Health Care and the Department of Insurance, in coordination with the university, shall assess the health care service plans and health insurers, respectively, for the costs required to fund the university's activities pursuant to subdivision (b).

(1) Health care service plans shall be notified of the assessment on or before June 15 of each year with the annual assessment notice issued pursuant to Section 1356. The assessment pursuant to this section is separate and independent of the assessments in Section 1356.

(2) Health insurers shall be noticed of the assessment in accordance with the notice for the annual assessment or quarterly premium tax revenues.

(3) The assessed fees required pursuant to subdivision (b) shall be paid on an annual basis no later than August 1 of each year. The Department of Managed Health Care and the Department of Insurance shall forward the assessed fees to the Controller for deposit in the Health Care Benefits Fund immediately following their receipt.

(4) "Health insurance," as used in this subdivision, does not include Medicare supplement, vision-only, dental-only, or CHAMPUS supplement insurance, or hospital indemnity, accident-only, or specified disease insurance that does not pay benefits on a fixed benefit, cash payment only basis.

SEC. 3. Section 127664 of the Health and Safety Code is amended to read:

127664. The Legislature requests the University of California to submit a report to the Governor and the Legislature by January 1, 2010, regarding the implementation of this chapter.

SEC. 4. Section 127665 of the Health and Safety Code is amended to read:

127665. This chapter shall remain in effect until January 1, 2011, and shall be repealed as of that date, unless a later enacted statute that becomes operative on or before January 1, 2011, deletes or extends that date.

CHAPTER 685

An act to add Section 201.9 to the Labor Code, relating to payment of wages.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 201.9 is added to the Labor Code, to read:

201.9. Notwithstanding subdivision (a) of Section 201, if employees are employed at a venue that hosts live theatrical or concert events and are enrolled in and routinely dispatched to employment through a hiring hall or other system of regular short-term employment established in accordance with a bona fide collective bargaining agreement, these employees and their employers may establish by express terms in their collective bargaining agreement the time limits for payment of wages to an employee who is discharged or laid off.

CHAPTER 686

An act to add Section 399 to the Military and Veterans Code, relating to uranium screening.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Veterans Health and Safety Act of 2006.

SEC. 2. The Legislature finds and declares all of the following:

(a) Depleted uranium is a chemically toxic, radioactive heavy metal that is created as waste during nuclear fuel and weapons production.

(b) Depleted uranium, which has a radioactive half-life of four and one-half billion years, emits radioactive particles that may cause kidney and lung damage, may cause cancer when inhaled or ingested, and may cause genetic mutations that are carried to future generations.

(c) Depleted uranium munitions and armor have been used extensively by the United States Armed Forces since the 1991 Gulf War. Veterans living in California who served in combat theaters in the first Gulf War,

and veterans who served after the first Gulf War, may have been exposed to depleted uranium in unknown doses with unknown consequences to their health.

(d) The purpose of this act is to safeguard the health of California's veterans by assisting them in obtaining federal treatment services, including best practice health screening tests capable of detecting low levels of depleted uranium.

SEC. 3. Section 399 is added to the Military and Veterans Code, to read:

399. (a) (1) The Secretary of the California Department of Veterans Affairs, or his or her designees, shall assist any eligible member or veteran who returns or has returned to this state in obtaining a best practice health screening test for exposure to depleted uranium. The screening should consist of a bioassay procedure capable of detecting depleted uranium at low levels and discriminating between different uranium isotopes. State funds shall not be used to pay for the tests or any other federal treatment services.

(2) The eligible member or veteran must return or have returned to this state after service in an area where depleted uranium was used or that was designated as a combat zone by the President of the United States after 1990. The eligible member or veteran shall either be assigned a risk level I, II, or III for depleted uranium exposure by his or her branch of service, be referred by a military physician, or have reason to believe that he or she was exposed to depleted uranium during his or her service.

(b) (1) In order to effectively provide the assistance required by subdivision (a), the Secretary of the California Department of Veterans Affairs, or his or her designees, shall develop and implement a plan for outreach to eligible members and veterans who have returned from combat areas where depleted uranium was used.

(2) The outreach plan shall provide information to eligible members and veterans concerning their potential exposure to depleted uranium, the possible hazards associated with exposure, and the right to federal depleted uranium screening services.

(c) For purposes of this section, all of the following apply:

(1) "Eligible member" means a member who served in the Persian Gulf War, as defined in Section 101 of Title 38 of the United States Code, in an area designated as a combat zone by the President of United States during Operation Enduring Freedom or Operation Iraqi Freedom, or in any other combat theater where depleted uranium was used.

(2) "Member" or "member of the Armed Forces" means a member of the Armed Forces of the United States, including the California National Guard, who is a resident of this state.

(3) "Military physician" means a provider who is under contract with the United States Department of Defense to provide physician services to members of the Armed Forces.

CHAPTER 687

An act to amend Section 3017 of the Elections Code, relating to absentee ballots.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 3017 of the Elections Code is amended to read:

3017. (a) All absentee ballots cast under this division shall be voted on or before the day of the election. After marking the ballot, the absent voter shall do either of the following: (1) return the ballot by mail or in person to the elections official from whom it came or (2) return the ballot in person to any member of a precinct board at any polling place within the jurisdiction. However, an absent voter who, because of illness or other physical disability, is unable to return the ballot, may designate his or her spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household as the absent voter to return the ballot to the elections official from whom it came or to the precinct board at any polling place within the jurisdiction. The ballot must, however, be received by either the elections official from whom it came or the precinct board before the close of the polls on election day.

(b) The elections official shall establish procedures to ensure the secrecy of any ballot returned to a precinct polling place and the security, confidentiality, and integrity of any personal information collected, stored, or otherwise used pursuant to this section.

(c) On or before March 1, 2008, the elections official shall establish procedures to track and confirm the receipt of voted absentee ballots and to make this information available by means of online access using the county's elections division Internet Web site. If the county does not have an elections division Internet Web site, the elections official shall establish a toll-free telephone number that may be used to confirm the date a voted absentee ballot was received.

(d) The provisions of this section are mandatory, not directory, and no ballot shall be counted if it is not delivered in compliance with this section.

(e) Notwithstanding subdivision (a), no absent voter's ballot shall be returned by any paid or volunteer worker of any general purpose committee, controlled committee, independent expenditure committee, political party, candidate's campaign committee, or any other group or organization at whose behest the individual designated to return the ballot is performing a service. However, this subdivision shall not apply to a candidate or a candidate's spouse.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 688

An act to add Section 2800.4 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 2800.4 is added to the Vehicle Code, to read:

2800.4. Whenever a person willfully flees or attempts to elude a pursuing peace officer in violation of Section 2800.1, and the person operating the pursued vehicle willfully drives that vehicle on a highway in a direction opposite to that in which the traffic lawfully moves upon that highway, the person upon conviction is punishable by imprisonment for not less than six months nor more than one year in a county jail or by imprisonment in the state prison, or by a fine of not less than one thousand dollars ($1,000) nor more than ten thousand dollars ($10,000), or by both that fine and imprisonment.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 689

An act to amend Section 1277 of the Code of Civil Procedure, to amend Sections 917, 1035, 1035.2, 1035.8, and 1036 of, to amend the headings of Article 8.5 (commencing with Section 1035), Article 8.7 (commencing with Section 1037), and Article 8.8 (commencing with Section 1038) of Chapter 4 of Division 8 of, the Evidence Code, to amend Section 6276.40 of the Government Code, and to amend Sections 264.2, 679.04, and 11163.3 of the Penal Code, relating to victims of crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1277 of the Code of Civil Procedure is amended to read:

1277. (a) Where an action for a change of name is commenced by the filing of a petition, except as provided in subdivisions (b) and (c), the court shall thereupon make an order reciting the filing of the petition, the name of the person by whom it is filed and the name proposed, and directing all persons interested in the matter to appear before the court at a time and place specified, which shall be not less than four nor more than eight weeks from the time of making the order, to show cause why the application for change of name should not be granted. A copy of the order to show cause shall be published pursuant to Section 6064 of the Government Code in a newspaper of general circulation to be designated in the order published in the county. If no newspaper of general circulation is published in the county, a copy of the order to show cause shall be posted by the clerk of the court in three of the most public places in the county in which the court is located, for a like period. Proof shall be made to the satisfaction of the court of this publication or posting, at the time of the hearing of the application.

Four weekly publications shall be sufficient publication of the order to show cause. If the order is published in a daily newspaper, publication once a week for four successive weeks shall be sufficient.

Where a petition has been filed for a minor by a parent and the other parent, if living, does not join in consenting thereto, the petitioner shall cause, not less than 30 days prior to the hearing, to be served notice of the time and place of the hearing or a copy of the order to show cause on the other parent pursuant to Section 413.10, 414.10, 415.10, or 415.40.

(b) (1) Where the petition for a change of name alleges a reason or circumstance described in paragraph (2), and the petitioner is a participant

in the address confidentiality program created pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code, the action for a change of name is exempt from the requirement for publication of the order to show cause under subdivision (a), and the petition and the order of the court shall, in lieu of reciting the proposed name, indicate that the proposed name is confidential and will be on file with the Secretary of State pursuant to the provisions of the address confidentiality program.

(2) The procedure described in paragraph (1) applies to petitions alleging any of the following reasons or circumstances:

(A) To avoid domestic violence, as defined in Section 6211 of the Family Code.

(B) To avoid stalking, as defined in Section 646.9 of the Penal Code.

(C) The petitioner is, or is filing on behalf of, a victim of sexual assault, as defined in Section 1036.2 of the Evidence Code.

(c) An action for a change of name for a witness participating in the state Witness Protection Program established by Title 7.5 (commencing with Section 14020) of Part 4 of the Penal Code who has been approved for the change of name by the program is exempt from the requirement for publication of the order to show cause under subdivision (a).

(d) Where application for change of name is brought as part of an action under the Uniform Parentage Act (Part 3 (commencing with Section 7600) of Division 12 of the Family Code), whether as part of a petition or cross-complaint or as a separate order to show cause in a pending action thereunder, service of the application shall be made upon all other parties to the action in a like manner as prescribed for the service of a summons, as is set forth in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2. Upon the setting of a hearing on the issue, notice of the hearing shall be given to all parties in the action in a like manner and within the time limits prescribed generally for the type of hearing (whether trial or order to show cause) at which the issue of the change of name is to be decided.

(e) Where a guardian files a petition to change the name of his or her minor ward pursuant to Section 1276:

(1) The guardian shall provide notice of the hearing to any living parent of the minor by personal service at least 30 days prior to the hearing.

(2) If either or both parents are deceased or cannot be located, the guardian shall cause, not less than 30 days prior to the hearing, to be served a notice of the time and place of the hearing or a copy of the order to show cause on the child's grandparents, if living, pursuant to Section 413.10, 414.10, 415.10, or 415.40.

SEC. 1.5. Section 1277 of the Code of Civil Procedure is amended to read:

1277. (a) If a proceeding for a change of name is commenced by the filing of a petition, except as provided in subdivisions (b) and (e), the court shall thereupon make an order reciting the filing of the petition, the name of the person by whom it is filed, and the name proposed. The order shall direct all persons interested in the matter to appear before the court at a time and place specified, which shall be not less than six nor more than 12 weeks from the time of making the order, unless the court orders a different time, to show cause why the application for change of name should not be granted. The order shall direct all persons interested in the matter to make known any objection that they may have to the granting of the petition for change of name by filing a written objection, which includes the reasons for the objection, with the court at least two court days before the matter is scheduled to be heard and by appearing in court at the hearing to show cause why the petition for change of name should not be granted. The order shall state that, if no written objection is timely filed, the court may grant the petition without a hearing.

A copy of the order to show cause shall be published pursuant to Section 6064 of the Government Code in a newspaper of general circulation to be designated in the order published in the county. If no newspaper of general circulation is published in the county, a copy of the order to show cause shall be posted by the clerk of the court in three of the most public places in the county in which the court is located, for a like period. Proof shall be made to the satisfaction of the court of this publication or posting, at the time of the hearing of the application.

Four weekly publications shall be sufficient publication of the order to show cause. If the order is published in a daily newspaper, publication once a week for four successive weeks shall be sufficient.

If a petition has been filed for a minor by a parent and the other parent, if living, does not join in consenting thereto, the petitioner shall cause, not less than 30 days prior to the hearing, to be served notice of the time and place of the hearing or a copy of the order to show cause on the other parent pursuant to Section 413.10, 414.10, 415.10, or 415.40. If notice of the hearing cannot reasonably be accomplished pursuant to Section 415.10 or 415.40, the court may order that notice be given in a manner that the court determines is reasonably calculated to give actual notice to the nonconsenting parent. In that case, if the court determines that notice by publication is reasonably calculated to give actual notice to the nonconsenting parent, the court may determine that publication of the order to show cause pursuant to this subdivision is sufficient notice to the nonconsenting parent.

(b) (1) If the petition for a change of name alleges a reason or circumstance described in paragraph (2), and the petitioner is a participant in the address confidentiality program created pursuant to Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1 of the Government Code, the action for a change of name is exempt from the requirement for publication of the order to show cause under subdivision (a), and the petition and the order of the court, shall, in lieu of reciting the proposed name, indicate that the proposed name is confidential and will be on file with the Secretary of State pursuant to the provisions of the address confidentiality program.

(2) The procedure described in paragraph (1) applies to petitions alleging any of the following reasons or circumstances:

(A) To avoid domestic violence, as defined in Section 6211 of the Family Code.

(B) To avoid stalking, as defined in Section 646.9 of the Penal Code.

(C) The petitioner is, or is filing on behalf of, a victim of sexual assault, as defined in Section 1036.2 of the Evidence Code.

(c) A proceeding for a change of name for a witness participating in the state Witness Protection Program established by Title 7.5 (commencing with Section 14020) of Part 4 of the Penal Code who has been approved for the change of name by the program is exempt from the requirement for publication of the order to show cause under subdivision (a).

(d) If application for change of name is brought as part of an action under the Uniform Parentage Act (Part 3 (commencing with Section 7600) of Division 12 of the Family Code), whether as part of a petition or cross-complaint or as a separate order to show cause in a pending action thereunder, service of the application shall be made upon all other parties to the action in a like manner as prescribed for the service of a summons, as is set forth in Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2. Upon the setting of a hearing on the issue, notice of the hearing shall be given to all parties in the action in a like manner and within the time limits prescribed generally for the type of hearing (whether trial or order to show cause) at which the issue of the change of name is to be decided.

(e) If a guardian files a petition to change the name of his or her minor ward pursuant to Section 1276:

(1) The guardian shall provide notice of the hearing to any living parent of the minor by personal service at least 30 days prior to the hearing.

(2) If either or both parents are deceased or cannot be located, the guardian shall cause, not less than 30 days prior to the hearing, to be served a notice of the time and place of the hearing or a copy of the order

to show cause on the child's grandparents, if living, pursuant to Section 413.10, 414.10, 415.10, or 415.40.

SEC. 2. Section 917 of the Evidence Code is amended to read:

917. (a) If a privilege is claimed on the ground that the matter sought to be disclosed is a communication made in confidence in the course of the lawyer-client, physician-patient, psychotherapist-patient, clergy-penitent, husband-wife, sexual assault counselor-victim, or domestic violence counselor-victim relationship, the communication is presumed to have been made in confidence and the opponent of the claim of privilege has the burden of proof to establish that the communication was not confidential.

(b) A communication between persons in a relationship listed in subdivision (a) does not lose its privileged character for the sole reason that it is communicated by electronic means or because persons involved in the delivery, facilitation, or storage of electronic communication may have access to the content of the communication.

(c) For purposes of this section, "electronic" has the same meaning provided in Section 1633.2 of the Civil Code.

SEC. 3. The heading of Article 8.5 (commencing with Section 1035) of Chapter 4 of Division 8 of the Evidence Code is amended to read:

Article 8.5. Sexual Assault Counselor-Victim Privilege

SEC. 4. Section 1035 of the Evidence Code is amended to read:

1035. As used in this article, "victim" means a person who consults a sexual assault counselor for the purpose of securing advice or assistance concerning a mental, physical, or emotional condition caused by a sexual assault.

SEC. 5. Section 1035.2 of the Evidence Code is amended to read:

1035.2. As used in this article, "sexual assault counselor" means any of the following:

(a) A person who is engaged in any office, hospital, institution, or center commonly known as a rape crisis center, whose primary purpose is the rendering of advice or assistance to victims of sexual assault and who has received a certificate evidencing completion of a training program in the counseling of sexual assault victims issued by a counseling center that meets the criteria for the award of a grant established pursuant to Section 13837 of the Penal Code and who meets one of the following requirements:

(1) Is a psychotherapist as defined in Section 1010; has a master's degree in counseling or a related field; or has one year of counseling experience, at least six months of which is in rape crisis counseling.

(2) Has 40 hours of training as described below and is supervised by an individual who qualifies as a counselor under paragraph (1). The training, supervised by a person qualified under paragraph (1), shall include, but not be limited to, the following areas:

(A) Law.

(B) Medicine.

(C) Societal attitudes.

(D) Crisis intervention and counseling techniques.

(E) Role playing.

(F) Referral services.

(G) Sexuality.

(b) A person who is employed by any organization providing the programs specified in Section 13835.2 of the Penal Code, whether financially compensated or not, for the purpose of counseling and assisting sexual assault victims, and who meets one of the following requirements:

(1) Is a psychotherapist as defined in Section 1010; has a master's degree in counseling or a related field; or has one year of counseling experience, at least six months of which is in rape assault counseling.

(2) Has the minimum training for sexual assault counseling required by guidelines established by the employing agency pursuant to subdivision (c) of Section 13835.10 of the Penal Code, and is supervised by an individual who qualifies as a counselor under paragraph (1). The training, supervised by a person qualified under paragraph (1), shall include, but not be limited to, the following areas:

(A) Law.

(B) Victimology.

(C) Counseling.

(D) Client and system advocacy.

(E) Referral services.

SEC. 6. Section 1035.8 of the Evidence Code is amended to read:

1035.8. A victim of a sexual assault, whether or not a party, has a privilege to refuse to disclose, and to prevent another from disclosing, a confidential communication between the victim and a sexual assault counselor if the privilege is claimed by any of the following :

(a) The holder of the privilege;

(b) A person who is authorized to claim the privilege by the holder of the privilege; or

(c) The person who was the sexual assault counselor at the time of the confidential communication, but that person may not claim the privilege if there is no holder of the privilege in existence or if he or she is otherwise instructed by a person authorized to permit disclosure.

SEC. 7. Section 1036 of the Evidence Code is amended to read:

1036. The sexual assault counselor who received or made a communication subject to the privilege under this article shall claim the privilege if he or she is present when the communication is sought to be disclosed and is authorized to claim the privilege under subdivision (c) of Section 1035.8.

SEC. 8. The heading of Article 8.7 (commencing with Section 1037) of Chapter 4 of Division 8 of the Evidence Code is amended to read:

Article 8.7. Domestic Violence Counselor-Victim Privilege

SEC. 9. The heading of Article 8.8 (commencing with Section 1038) of Chapter 4 of Division 8 of the Evidence Code is amended to read:

Article 8.8. Human Trafficking Caseworker-Victim Privilege

SEC. 10. Section 6276.40 of the Government Code is amended to read:

6276.40. Sales and use tax, disclosure of information, Section 7056, Revenue and Taxation Code.

Savings association employees, disclosure of criminal history information, Sections 6525 and 8012, Financial Code.

Savings associations, inspection of records by shareholders, Section 6050, Financial Code.

School district governing board, disciplinary action, disclosure of pupil information, Section 35146, Education Code.

School employee, merit system examination records, confidentiality of, Section 45274, Education Code.

School employee, notice and reasons for hearing on nonreemployment of employee, confidentiality of, Sections 44948.5 and 44949, Education Code.

School meals for needy pupils, confidentiality of records, Section 49558, Education Code.

Sealed records, arrest for misdemeanor, Section 851.7, Penal Code.

Sealed records, misdemeanor convictions, Section 1203.45, Penal Code.

Sealing and destruction of arrest records, determination of innocence, Section 851.8, Penal Code.

Search warrants, special master, Section 1524, Penal Code.

Sex change, confidentiality of birth certificate, Section 103440, Health and Safety Code.

Sex offenders, registration form, Section 290, Penal Code.

Sex offenders, specimen and other information, unauthorized disclosure, Section 290.2, Penal Code.

Sexual assault forms, confidentiality of, Section 13823.5, Penal Code.

Sexual assault counselor and victim, confidential communication, Sections 1035.2, 1035.4, and 1035.8, Evidence Code.

Shorthand reporter's complaint, Section 8010, Business and Professions Code.

Small business information compiled by state agencies, confidentiality of, Section 15331.2, Government Code.

Small family day care homes, identifying information, Section 1596.86, Health and Safety Code.

Social security number, applicant for driver's license or identification card, disclosure of, Section 1653.5, Vehicle Code.

SEC. 11. Section 264.2 of the Penal Code is amended to read:

264.2. (a) Whenever there is an alleged violation or violations of subdivision (e) of Section 243, or Section 261, 261.5, 262, 273.5, 286, 288a, or 289, the law enforcement officer assigned to the case shall immediately provide the victim of the crime with the "Victims of Domestic Violence" card, as specified in subparagraph (G) of paragraph (9) of subdivision (c) of Section 13701.

(b) (1) The law enforcement officer, or his or her agency, shall immediately notify the local rape victim counseling center, whenever a victim of an alleged violation of Section 261, 261.5, 262, 286, 288a, or 289 is transported to a hospital for any medical evidentiary or physical examination. The victim shall have the right to have a sexual assault counselor, as defined in Section 1035.2 of the Evidence Code, and a support person of the victim's choosing present at any medical evidentiary or physical examination.

(2) Prior to the commencement of any initial medical evidentiary or physical examination arising out of a sexual assault, a victim shall be notified orally or in writing by the medical provider that the victim has the right to have present a sexual assault counselor and at least one other support person of the victim's choosing.

(3) The hospital may verify with the law enforcement officer, or his or her agency, whether the local rape victim counseling center has been notified, upon the approval of the victim.

(4) A support person may be excluded from a medical evidentiary or physical examination if the law enforcement officer or medical provider determines that the presence of that individual would be detrimental to the purpose of the examination.

SEC. 12. Section 679.04 of the Penal Code is amended to read:

679.04. (a) A victim of sexual assault as the result of any offense specified in paragraph (1) of subdivision (b) of Section 264.2 has the right to have victim advocates and a support person of the victim's choosing present at any interview by law enforcement authorities, district

attorneys, or defense attorneys. However, the support person may be excluded from an interview by law enforcement or the district attorney if the law enforcement authority or the district attorney determines that the presence of that individual would be detrimental to the purpose of the interview. As used in this section, "victim advocate" means a sexual assault counselor, as defined in Section 1035.2 of the Evidence Code, or a victim advocate working in a center established under Article 2 (commencing with Section 13835) of Chapter 4 of Title 6 of Part 4.

(b) (1) Prior to the commencement of the initial interview by law enforcement authorities or the district attorney pertaining to any criminal action arising out of a sexual assault, a victim of sexual assault as the result of any offense specified in Section 264.2 shall be notified orally or in writing by the attending law enforcement authority or district attorney that the victim has the right to have victim advocates and a support person of the victim's choosing present at the interview or contact. This subdivision applies to investigators and agents employed or retained by law enforcement or the district attorney.

(2) At the time the victim is advised of his or her rights pursuant to paragraph (1), the attending law enforcement authority or district attorney shall also advise the victim of the right to have victim advocates and a support person present at any interview by the defense attorney or investigators or agents employed by the defense attorney.

(c) An initial investigation by law enforcement to determine whether a crime has been committed and the identity of the suspects shall not constitute a law enforcement interview for purposes of this section.

SEC. 13. Section 11163.3 of the Penal Code is amended to read:

11163.3. (a) A county may establish an interagency domestic violence death review team to assist local agencies in identifying and reviewing domestic violence deaths, including homicides and suicides, and facilitating communication among the various agencies involved in domestic violence cases. Interagency domestic violence death review teams have been used successfully to ensure that incidents of domestic violence and abuse are recognized and that agency involvement is reviewed to develop recommendations for policies and protocols for community prevention and intervention initiatives to reduce and eradicate the incidence of domestic violence.

(b) For purposes of this section, "abuse" has the meaning set forth in Section 6203 of the Family Code and "domestic violence" has the meaning set forth in Section 6211 of the Family Code.

(c) A county may develop a protocol that may be used as a guideline to assist coroners and other persons who perform autopsies on domestic violence victims in the identification of domestic violence, in the determination of whether domestic violence contributed to death or

whether domestic violence had occurred prior to death, but was not the actual cause of death, and in the proper written reporting procedures for domestic violence, including the designation of the cause and mode of death.

(d) County domestic violence death review teams shall be comprised of, but not limited to, the following:

(1) Experts in the field of forensic pathology.

(2) Medical personnel with expertise in domestic violence abuse.

(3) Coroners and medical examiners.

(4) Criminologists.

(5) District attorneys and city attorneys.

(6) Domestic violence shelter service staff and battered women's advocates.

(7) Law enforcement personnel.

(8) Representatives of local agencies that are involved with domestic violence abuse reporting.

(9) County health department staff who deal with domestic violence victims' health issues.

(10) Representatives of local child abuse agencies.

(11) Local professional associations of persons described in paragraphs (1) to (10), inclusive.

(e) An oral or written communication or a document shared within or produced by a domestic violence death review team related to a domestic violence death review is confidential and not subject to disclosure or discoverable by a third party. An oral or written communication or a document provided by a third party to a domestic violence death review team, or between a third party and a domestic violence death review team, is confidential and not subject to disclosure or discoverable by a third party. Notwithstanding the foregoing, recommendations of a domestic violence death review team upon the completion of a review may be disclosed at the discretion of a majority of the members of the domestic violence death review team.

(f) Each organization represented on a domestic violence death review team may share with other members of the team information in its possession concerning the victim who is the subject of the review or any person who was in contact with the victim and any other information deemed by the organization to be pertinent to the review. Any information shared by an organization with other members of a team is confidential. This provision shall permit the disclosure to members of the team of any information deemed confidential, privileged, or prohibited from disclosure by any other statute.

(g) Written and oral information may be disclosed to a domestic violence death review team established pursuant to this section. The

team may make a request in writing for the information sought and any person with information of the kind described in paragraph (2) of this subdivision may rely on the request in determining whether information may be disclosed to the team.

(1) No individual or agency that has information governed by this subdivision shall be required to disclose information. The intent of this subdivision is to allow the voluntary disclosure of information by the individual or agency that has the information.

(2) The following information may be disclosed pursuant to this subdivision:

(A) Notwithstanding Section 56.10 of the Civil Code, medical information.

(B) Notwithstanding Section 5328 of the Welfare and Institutions Code, mental health information.

(C) Notwithstanding Section 15633.5 of the Welfare and Institutions Code, information from elder abuse reports and investigations, except the identity of persons who have made reports, which shall not be disclosed.

(D) Notwithstanding Section 11167.5 of the Penal Code, information from child abuse reports and investigations, except the identity of persons who have made reports, which shall not be disclosed.

(E) State summary criminal history information, criminal offender record information, and local summary criminal history information, as defined in Sections 11075, 11105, and 13300 of the Penal Code.

(F) Notwithstanding Section 11163.2 of the Penal Code, information pertaining to reports by health practitioners of persons suffering from physical injuries inflicted by means of a firearm or of persons suffering physical injury where the injury is a result of assaultive or abusive conduct, and information relating to whether a physician referred the person to local domestic violence services as recommended by Section 11161 of the Penal Code.

(G) Notwithstanding Section 827 of the Welfare and Institutions Code, information in any juvenile court proceeding.

(H) Information maintained by the Family Court, including information relating to the Family Conciliation Court Law pursuant to Section 1818 of the Family Code, and Mediation of Custody and Visitation Issues pursuant to Section 3177 of the Family Code.

(I) Information provided to probation officers in the course of the performance of their duties, including, but not limited to, the duty to prepare reports pursuant to Section 1203.10 of the Penal Code, as well as the information on which these reports are based.

(J) Notwithstanding Section 10825 of the Welfare and Institutions Code, records of in-home supportive services, unless disclosure is prohibited by federal law.

(3) The disclosure of written and oral information authorized under this subdivision shall apply notwithstanding Sections 2263, 2918, 4982, and 6068 of the Business and Professions Code, or the lawyer-client privilege protected by Article 3 (commencing with Section 950) of Chapter 4 of Division 8 of the Evidence Code, the physician-patient privilege protected by Article 6 (commencing with Section 990) of Chapter 4 of Division 8 of the Evidence Code, the psychotherapist-patient privilege protected by Article 7 (commencing with Section 1010) of Chapter 4 of Division 8 of the Evidence Code, the sexual assault counselor-victim privilege protected by Article 8.5 (commencing with Section 1035) of Chapter 4 of Division 8 of the Evidence Code, and the domestic violence counselor-victim privilege protected by Article 8.7 (commencing with Section 1037) of Chapter 4 of Division 8 of the Evidence Code.

SEC. 14. Section 1.5 of this bill incorporates amendments to Section 1277 of the Code of Civil Procedure proposed by both this bill and AB 2303. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 1277 of the Code of Civil Procedure, and (3) this bill is enacted after AB 2303, in which case Section 1 of this bill shall not become operative.

CHAPTER 690

An act to amend Section 15004 of the Elections Code, relating to vote counts.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 15004 of the Elections Code is amended to read:

15004. (a) Each qualified political party may employ, and may have present at the central counting place or places, not more than two representatives to check and review the preparation and operation of the tabulating devices, their programming and testing, and have the representatives in attendance at any or all phases of the election.

(b) Any bona fide association of citizens or a media organization may employ, and may have present at the central counting place or places, not more than two representatives to check and review the preparation and operation of the tabulating devices, their programming and testing, and have the representatives in attendance at any or all phases of the election.

(c) The county elections official may limit the total number of representatives employed pursuant to subdivision (b) in attendance to no more than 10 by a manner in which each interested bona fide association of citizens or media organization has an equal opportunity to participate. Any representatives employed and in attendance pursuant to subdivision (a) shall not be subject to the limit specified in this subdivision.

CHAPTER 691

An act to amend Section 14571 of, to add Sections 14521.1 14522.3, 14526.1, 14528.1, 14550.5, 14571.1, 14571.2, and 14571.5 to, and to repeal and add Section 14525 of, the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14521.1 is added to the Welfare and Institutions Code, to read:

14521.1. (a) Effective January 1, 2007, the department shall report annually to the relevant policy and fiscal committees of the Legislature, as part of the budget submitted by the Governor to the Legislature each January, on the implementation of changes made to the adult day health care program by the act adding this section, including the impact of those changes on the number of centers and participants.

(b) Where a conflict exists between existing regulations and adult day health care laws in effect on and after January 1, 2007, the department shall, until new regulations are adopted, issue guidance to adult day health care providers through provider bulletins to clarify the adult day health care laws and regulations that are in effect.

SEC. 2. Section 14522.3 is added to the Welfare and Institutions Code, to read:

14522.3. The following definitions shall apply for the purposes of this chapter:

(a) "Activities of daily living" (ADL) means activities performed by the participant for essential living purposes, including bathing, dressing, self-feeding, toileting, ambulation, and transferring.

(b) "Instrumental activities of daily living" (IADL) means functions or tasks of independent living, including hygiene, medication management, transportation, money management, shopping, meal preparation, laundry, accessing resources, and housework.

(c) "Personal health care provider" means the participant's personal physician, physician's assistant, or nurse practitioner, operating within his or her scope of practice.

(d) "Care coordination" means the process of obtaining information from, or providing information to, the participant, the participant's family, the participant's primary health care provider, or social services agencies to facilitate the delivery of services designed to meet the needs of the participant, as identified by one or more members of the multidisciplinary team.

(e) "Facilitated participation" means an interaction to support a participant's involvement in a group or individual activity, whether or not the participant takes active part in the activity itself.

(f) "Group work" means a social work service in which a variety of therapeutic methods are applied within a small group setting to promote participants' self-expression and positive adaptation to their environment.

(g) "Professional nursing" means services provided by a registered nurse or licensed vocational nurse functioning within his or her scope of practice.

(h) "Psychosocial" means a participant's psychological status in relation to the participant's social and physical environment.

SEC. 3. Section 14525 of the Welfare and Institutions Code is repealed.

SEC. 4. Section 14525 is added to the Welfare and Institutions Code, to read:

14525. Any adult eligible for benefits under Chapter 7 (commencing with Section 14000) shall be eligible for adult day health care services if that person meets all of the following criteria:

(a) The person is 18 years of age or older and has one or more chronic or postacute medical, cognitive, or mental health conditions, and a physician, nurse practitioner, or other health care provider has, within his or her scope of practice, requested adult day health care services for the person.

(b) The person has functional impairments in two or more activities of daily living, instrumental activities of daily living, or one or more of each, and requires assistance or supervision in performing these activities.

(c) The person requires ongoing or intermittent protective supervision, skilled observation, assessment, or intervention by a skilled health or mental health professional to improve, stabilize, maintain, or minimize deterioration of the medical, cognitive, or mental health condition.

(d) The person requires adult day health care services, as defined in Section 14550, that are individualized and planned, including, when necessary, the coordination of formal and informal services outside of the adult day health care program to support the individual and his or her family or caregiver in the living arrangement of his or her choice and to avoid or delay the use of institutional services, including, but not limited to, hospital emergency department services, inpatient acute care hospital services, inpatient mental health services, or placement in a nursing facility or a nursing or intermediate care facility for the developmentally disabled providing continuous nursing care.

(e) Notwithstanding the criteria established in subdivisions (a) to (d), inclusive, of this section, any person who is a resident of an intermediate care facility for the developmentally disabled-habilitative shall be eligible for adult day health care services if that resident has disabilities and a level of functioning that are of such a nature that, without supplemental intervention through adult day health care, placement to a more costly institutional level of care would be likely to occur.

SEC. 5. Section 14526.1 is added to the Welfare and Institutions Code, to read:

14526.1. (a) Initial and subsequent treatment authorization requests may be granted for up to six calendar months.

(b) Treatment authorization requests shall be initiated by the adult day health care center, and shall include all of the following:

(1) The signature page of the history and physical form that shall serve to document the request for adult day health care services. A complete history and physical form, including a request for adult day health care services signed by the participant's personal health care provider, shall be maintained in the participant's health record. This history and physical form shall be developed by the department and published in the inpatient/outpatient provider manual. The department shall develop this form jointly with the statewide association representing adult day health care providers.

(2) The participant's individual plan of care, pursuant to Section 54211 of Title 22 of the California Code of Regulations.

(c) Every six months, the adult day health care center shall initiate a request for an updated history and physical form from the participant's

personal health care provider using a standard update form that shall be maintained in the participant's health record. This update form shall be developed by the department for that use and shall be published in the inpatient/outpatient provider manual. The department shall develop this form jointly with the statewide association representing adult day health care providers.

(d) Authorization or reauthorization of an adult day health care treatment authorization request shall be granted only if the participant meets all of the following medical necessity criteria:

(1) The participant has one or more chronic or post acute medical, cognitive, or mental health conditions that are identified by the participant's personal health care provider as requiring one or more of the following, without which the participant's condition will likely deteriorate and require emergency department visits, hospitalization, or other institutionalization:

(A) Monitoring.

(B) Treatment.

(C) Intervention.

(2) The participant has a condition or conditions resulting in both of the following:

(A) Limitations in the performance of two or more activities of daily living or instrumental activities of daily living, as those terms are defined in Section 14522.3, or one or more from each category.

(B) A need for assistance or supervision in performing the activities identified in subparagraph (A) as related to the condition or conditions specified in paragraph (1) of subdivision (d). That assistance or supervision shall be in addition to any other nonadult day health care support the participant is currently receiving in his or her place of residence.

(3) The participant's network of non-adult day health care center supports is insufficient to maintain the individual in the community, demonstrated by at least one of the following:

(A) The participant lives alone and has no family or caregivers available to provide sufficient and necessary care or supervision.

(B) The participant resides with one or more related or unrelated individuals, but they are unwilling or unable to provide sufficient and necessary care or supervision to the participant.

(C) The participant has family or caregivers available, but those individuals require respite in order to continue providing sufficient and necessary care or supervision to the participant.

(4) A high potential exists for the deterioration of the participant's medical, cognitive, or mental health condition or conditions in a manner

likely to result in emergency department visits, hospitalization, or other institutionalization if adult day health care services are not provided.

(5) The participant's condition or conditions require adult day health care services specified in subdivisions (a) to (d), inclusive, of Section 14550.5, on each day of attendance, that are individualized and designed to maintain the ability of the participant to remain in the community and avoid emergency department visits, hospitalizations, or other institutionalization.

(e) Reauthorization of an adult day health care treatment authorization request shall be granted when the criteria specified in subdivision (d) have been met and the participant's condition would likely deteriorate if the adult day health care services were denied.

SEC. 6. Section 14528.1 is added to the Welfare and Institutions Code, to read:

14528.1. (a) The personal health care provider, as defined in Section 14552.3, shall have and retain responsibility for the participant's care.

(b) If the participant does not have a personal health care provider during the initial assessment process to determine eligibility for adult day health care, the adult day health care center staff physician may conduct the initial history and physical for the participant.

(c) The adult day health care center shall make all reasonable efforts to assist the participant in establishing a relationship with a personal health care provider.

(d) If the adult day health care center is unable to locate a personal health care provider for the participant, or if the participant refuses to establish a relationship with a personal health care provider, the adult day health care center shall do both of the following:

(1) Document the lack of personal health care provider relationship in the participant's health record.

(2) Continue to document all efforts taken to assist the participant in establishing a relationship with a personal health care provider.

(e) (1) A personal physician for one or more of an adult day health care center's enrolled participants may serve as the adult day health care staff physician.

(2) When a personal physician serves as the staff physician, the physician shall have a personal care services arrangement with the adult day health care center that meets the criteria set forth in Section 1395nn(e)(3)(A) of Title 42 of the United States Code.

(3) A personal care physician, an adult day health care staff physician, or an immediate family member of the personal care physician or adult day health care staff physician, shall comply with ownership interest restrictions as provided under Section 654.2 of the Business and Professions Code.

SEC. 7. Section 14550.5 is added to the Welfare and Institutions Code, to read:

14550.5. Adult day health care centers shall offer, and provide directly on the premises, in accordance with the participant's individual plan of care, and subject to authorization pursuant to Section 14526, the following core services to each participant during each day of the participant's attendance at the center:

(a) One or more of the following professional nursing services:

(1) Observation, assessment, and monitoring of the participant's general health status and changes in his or her condition, risk factors, and the participant's specific medical, cognitive, or mental health condition or conditions upon which admission to the adult day health care center was based.

(2) Monitoring and assessment of the participant's medication regimen, administration and recording of the participant's prescribed medications, and intervention, as needed, based upon the assessment and the participant's reactions to his or her medications.

(3) Oral or written communication with the participant's personal health care provider, other qualified health care or social service provider, or the participant's family or other caregiver, regarding changes in the participant's condition, signs, or symptoms.

(4) Supervision of the provision of personal care services for the participant, and assistance, as needed.

(5) Provision of skilled nursing care and intervention, within scope of practice, to participants, as needed, based upon an assessment of the participant, his or her ability to provide self-care while at the adult day health care center, and any health care provider orders.

(b) One or both of the following core personal care services or social services:

(1) One or both of the following personal care services:

(A) Supervision of, or assistance with, activities of daily living or instrumental activities of daily living.

(B) Protective group supervision and interventions to assure participant safety and to minimize the risk of injury, accident, inappropriate behavior, or wandering.

(2) One or more of the following social services provided by the adult day health care center social worker or social worker assistant:

(A) Observation, assessment, and monitoring of the participant's psychosocial status.

(B) Group work to address psychosocial issues.

(C) Care coordination.

(c) At least one of the following therapeutic activities provided by the adult day health care center activity coordinator or other trained adult day health care center personnel:

(1) Group or individual activities to enhance the social, physical, or cognitive functioning of the participant.

(2) Facilitated participation in group or individual activities for those participants whose frailty or cognitive functioning level precludes them from active participation in scheduled activities.

(d) One meal per day of attendance, in accordance with Section 54331 of Title 22 of the California Code of Regulations.

SEC. 8. Section 14571 of the Welfare and Institutions Code is amended to read:

14571. The department, in consultation with the California Association for Adult Day Services, shall develop a rate methodology. The methodology shall take into consideration all allowable costs associated with providing adult day health care services. Once a methodology has been approved by the department, it shall be the basis of future annual rate reviews.

Payment shall be for services provided in accordance with an approved individual plan of care. Billing shall be submitted directly to the department. Additionally, the department shall establish a separately billable and reasonable rate of reimbursement for the initial assessment that takes into account the intensity of services and the skill level of the health professionals required to conduct the mandated three-day assessment of new participant needs and living environment. Subsequent assessments, as needed or required, shall be billed at a lesser amount. The department shall establish utilization controls for assessment days to ensure the appropriate use of assessment and reassessment activity.

Nothing in this section shall preclude the department from entering into specific prospective budgeting and reimbursement agreements with providers.

SEC. 9. Section 14571.1 is added to the Welfare and Institutions Code, to read:

14571.1. The Legislature finds and declares all of the following:

(a) Adult day health care is a necessary component in achieving an integrated home- and community-based long-term care system consistent with the principles of the decision of the United States Supreme Court in Olmstead v. L.C. by Zimring (1999) 527 U.S. 581.

(b) The federal Centers for Medicare and Medicaid Services has directed the State of California to segregate certain skilled services from the all-inclusive per diem rate currently in use for adult day health care centers and to bill for those services using separate billing codes and reimbursement rates.

(c) The reimbursement methodology for adult day health care services that is established by the department should provide for fair and equitable reimbursement to adult day health care centers for services that are provided to each participant.

SEC. 10. Section 14571.2 is added to the Welfare and Institutions Code, to read:

14571.2. (a) Subject to the provisions of this section, the department shall establish, effective August 1, 2010, a reimbursement methodology and a reimbursement limit for adult day health care services on a prospective cost basis for services that are provided to each participant, pursuant to his or her individual plan of care. The prospective reimbursement methodology shall be determined by the department after consultation with the California Association for Adult Day Services and other interested stakeholders.

(b) The following definitions shall apply for purposes of this section:

(1) "Daily core services" means the services described in Section 14550.5.

(2) "Separately billable services" means services designated by the department, after consultation with the California Association for Adult Day Services, and shall include, but not be limited to, the following:

(A) Physical therapy services.

(B) Occupational therapy services.

(C) Speech and language pathology services.

(D) Mental heath services.

(E) Registered dietician services.

(F) Transportation services.

(c) The prospective reimbursement methodology for the daily core services provided by each adult day health care center shall be determined by the department based on the reasonable cost of providing all of the adult day health care services included within the core services and adjusted to the particular rate year. Services and costs included in the calculation of the daily core services rate shall include, but not be limited to, all of the following:

(1) Fixed or capital-related costs representing depreciation, leases and rentals, interest, leasehold improvements, and other amortization.

(2) Labor costs other than those for the separately billable services, including direct and indirect labor and contracted staff hours required by law or regulation.

(3) All other costs exclusive of fixed or capital-related costs, leases or rentals, interest, leasehold improvements, and other amortization.

(4) Add-ons, adjustments, and audit adjustments determined annually in the calculation of the core rate to allow for changes specified in subdivision (h), until those changes are reflected in the cost report.

(5) Cost components required to comply with licensing and certification laws and regulations.

(d) (1) The daily reimbursement rates for the separately billable services shall be determined based upon the reasonable cost of providing each service, how each of the individual billable services is defined, and which professional is providing the service, subject to the scope of his or her license. These reimbursement rates shall not exceed the Medi-Cal rates for the same service on file at the time the service is rendered.

(2) In establishing the total reimbursement limit, direct patient care labor costs may be paid at a specified discrete percentile to ensure maintenance of quality of care.

(e) The department shall determine a reimbursement limit applicable to each adult day health center peer group established pursuant to subdivision (m), taking into account total overall average costs per day of attendance for providing the entire array of adult day health care services, including the daily core services and the separately billable services. The department shall determine a reimbursement limit applicable to each adult day health care center peer group established pursuant to subdivision (m) based on cost containment principles applied to other acute care and long-term care providers.

(f) By July 1, 2007, the department shall develop, after consultation with the California Association for Adult Day Services, all of the following:

(1) An adult day health care center cost report meeting the requirements of subdivision (j) and a list of individual components to be included in the core rate calculation.

(2) The methodology and documentation necessary to establish the reimbursement rate for the separately billable services.

(3) The reimbursement rates for transportation services. Payments for transportation services shall be subject to the limit on the daily reimbursement and shall be reimbursed whether the center provides transportation directly, by use of contracted transportation, or both. The department shall review methodologies for payment for transportation services. The review of payment methodologies shall include a survey of other states' adult day health care transportation systems, and transportation reports or expert consultation relevant to nonemergency medical transportation services in the community.

(g) (1) By January 1, 2008, the department shall facilitate the training of providers in collaboration with the California Association for Adult Day Services. The adult day health care centers shall be trained in the all of the following elements:

(A) The use of the modified cost report, supplemental reports, and the accounting and reporting manual.

(B) Plan of care documentation required to support the separately billable rate components.

(C) Medical necessity and eligibility requirements and documentation.

(2) By January 1, 2008, the department, after consultation with the California Association for Adult Day Services, shall establish facility peer groupings as specified in subdivision (m).

(h) By July 1, 2008, the department, after consultation with the California Association for Adult Day Services, shall establish a methodology for calculation of the reimbursement limit, rates for the daily core services, and applicable percentiles limiting specific cost categories within the core rate.

(i) (1) By March 30, 2010, a preliminary estimate of the reimbursement limit, the reimbursement rate for individual adult health care services, and separately billable services shall be established and provided to the California Association for Adult Day Services and other interested stakeholders. The department shall allow an appropriate stakeholder comment period following this action.

(2) The information supplied to all interested stakeholders in paragraph (1) shall be compared to what would have been paid under the rate methodology in effect for the 2009–10 fiscal year.

(3) Based on the rate comparisons, a methodology to provide for a multiyear phasein of the new prospective payment may be implemented.

(4) At the time of implementation, no adult day health care center's payment shall be decreased by more than 10 percent below the rate paid in the rate year immediately preceding the first year that the rate methodology prescribed in this section is implemented. In the second and third rate years, no adult day health care center reimbursement rate shall be decreased by more than 10 percent below the adult day health care center's reimbursement rate on file at the time of the application of the next year's reimbursement rate.

(j) (1) The department, with input from the California Association for Adult Day Services and all interested stakeholders, shall develop the cost reporting form and determine the costs that are to be included and excluded from the annual cost reporting methodology.

(2) Cost reporting shall be consistent with Section 1861 of the federal Social Security Act (42 U.S.C. Sec. 1395x) and Part 413 of Title 42 of the Code of Federal Regulations.

(3) Cost reporting shall include itemization of the costs of all adult day health care services such that information necessary to determine costs associated with the core bundle of services and each of the separately billable services can be collected.

(4) The cost report or supplemental report to the cost report, as determined by the frequency the data will be required for calculation of

the core rate, shall collect staffing level and salary data for all direct and indirect patient care staff, arranged through either employment or contract.

(5) All adult day health care centers participating in the Medi-Cal program shall maintain books and records according to generally accepted accounting principles and the uniform accounting systems adopted by the state, and shall submit annual cost reports directly to the department.

(k) (1) The department may exclude any cost report or portion thereof that it deems to be inaccurate, incomplete, or unrepresentative, consistent with the policies established in paragraph (2) of subdivision (j). For facilities that fail to file cost reports with the department pursuant to this section, the department shall reimburse those facilities at 10 percent below the lowest reimbursement limit established in the facility's peer group pursuant to subdivision (d).

(2) Cost report data shall be validated by using comparisons to salary surveys and health industry administrative data maintained by the Office of Statewide Health Planning and Development and other state agencies. If cost report data is not statistically valid for a given peer group, survey statistics shall be used as a proxy to substitute for the cost report data.

(3) Cost report data for any adult day health care center that has closed or is no longer a Medi-Cal participating facility shall be excluded from the rate calculation.

(4) The specific process for maintaining cost data and submitting cost reports shall be developed after consultation with the California Association for Adult Day Services.

(*l*) Field audits shall be performed by the department in accordance with all of the following laws and regulations:

(1) Section 1861 of the Social Security Act (42 U.S.C. Sec. 1395x) and Title XVIII of the Social Security Act (42 U.S.C. Sec. 1395 et seq.).

(2) Sections 413.9, 483.10, and 433.32, and Part 413, of Title 42 of the Code of Federal Regulations.

(3) Centers for Medicare and Medicaid Services Publication 15-1 (federal Department of Health and Human Services Manual).

(4) Chapter 5 (commencing with Section 54001) of Division 3 of Title 22 of, and Chapter 10 (commencing with Section 78001) of Division 5 of, the California Code of Regulations.

(5) Sections 14170 and 14171.

(6) Relevant portions of the California Medicaid State Plan.

(m) (1) In accordance with field audit requirements, adult day health care centers shall be placed in a minimum of three designated peer groupings. Each adult day health care center in each of the designated peer groupings shall be audited on an annual basis.

(2) If for any reason a field audit was not performed, the average audit adjustment of the peer grouping shall be applied.

(3) The peer groupings shall include, at minimum, geographic differences and size of facility. The need for additional groupings shall be periodically reevaluated to ensure that the peer groupings remain relevant on a statewide basis.

(4) The department shall analyze and evaluate the data obtained through peer grouping analysis in order to determine if additional peer groupings or data elements are necessary for refinement of the peer groupings.

(5) After analyzing the data pursuant to paragraph (4), the department may increase the number of peer groupings or change the criteria to reflect pertinent factors affecting peer grouping costs.

(n) (1) An audit adjustment or adjustments, either specific to an adult day health care center or by peer grouping, reflecting the difference between reported and audited costs and participant days for field audited centers, shall be applied to all adult day health care centers for purposes of establishing the core services reimbursement rate and the reimbursement limit for the following rate year. Audit adjustments shall include all of the following:

(A) The results of settled appeals. The department shall consider only the findings of audit appeal reports that are issued more than 180 days prior to the beginning of the new rate year.

(B) In the case of peer grouping audit adjustments, audited costs shall be modified by a factor reflecting share-of-cost overpayments and share-of-cost underpayments.

(C) The results of federal audits, when reported to the state, shall be applied in determining audit adjustments.

(D) (i) An adjustment or adjustments to reported costs of adult day health care centers shall be made to reflect changes in state or federal laws and regulations that would affect those costs, including increases in the minimum wage or increases in minimum staffing requirements.

(ii) The costs described in clause (i) shall be reflected as an add-on to the new rate or rates.

(iii) To the extent not prohibited by federal law or regulations, add-ons to the rate or rates shall continue until those costs are included in cost reports used to set the new rate or rates.

(2) Adjusted costs shall be divided into categories and treated as follows:

(A) Fixed or capital-related costs shall include costs that represent depreciation, leases and rentals, interest, leasehold improvements, and other amortization. No update shall be applied.

(B) Property taxes, where identified, shall be updated at a rate of 2 percent annually.

(C) Labor costs, which shall be defined as a ratio of salary, wage, and benefits costs to the total costs of each adult day health care center, shall be updated based upon the labor study conducted by the department and using industry-specific wage data as reported by the adult day health care centers. The separately billable services shall be updated by applying the median market-based rate specific to the specialty service category.

(D) All other costs shall include all other costs less fixed or capital-related costs, property taxes, and labor costs. This cost category shall be updated using the California Consumer Price Index.

(3) Prior to the implementation of this methodology, the department shall take measures to ensure appropriate training of state audit staff.

(o) The department shall provide updates on the rate methodology to the appropriate fiscal and policy committees of the Legislature. The appropriation for services paid under this rate methodology shall be included in the annual Budget Act.

(p) Adult day health care centers may appeal findings that result in an adjustment to the rate or rates pursuant to Section 14171 and to Article 1.5 (commencing with Section 51016) of Chapter 3 of Division 3 of Title 22 of the California Code of Regulations.

(q) (1) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of a provider bulletin or similar instruction without taking regulatory action. By August 1, 2013, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) The department shall notify and consult with interested stakeholders in implementing, interpreting, or making specific the provisions described in this section.

(r) The department shall implement this section only to the extent that federal financial participation is obtained.

(s) The department may file a state plan amendment to implement the requirements of this section. Immediately upon filing any such state plan amendment, the department shall provide the fiscal committees of the Legislature with a copy of the state plan amendment.

SEC. 11. Section 14571.5 is added to the Welfare and Institutions Code, to read:

14571.5. Federally qualified health centers shall be reimbursed on a prospective payment system rate basis pursuant to Section 14132.100 for the provision of adult day health care services.

CHAPTER 692

An act to amend Section 11836 of the Health and Safety Code, to amend Sections 13352, 13352.4, 23536, and 23538 of, and to add Section 13352.1 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 11836 of the Health and Safety Code is amended to read:

11836. (a) The department shall have the sole authority to issue, deny, suspend, or revoke the license of a driving-under-the-influence program. As used in this chapter, "program" means any firm, partnership, association, corporation, local governmental entity, agency, or place that has been initially recommended by the county board of supervisors, subject to any limitation imposed pursuant to subdivisions (c) and (d), and that is subsequently licensed by the department to provide alcohol or drug recovery services in that county to any of the following:

(1) A person whose license to drive has been administratively suspended or revoked for, or who is convicted of, a violation of Section 23152 or 23153 of the Vehicle Code, and admitted to a program pursuant to Section 13352, 13352.1, 23538, 23542, 23548, 23552, 23556, 23562, or 23568 of the Vehicle Code.

(2) A person who is convicted of a violation of subdivision (b), (c), (d), or (e) of Section 655 of the Harbors and Navigation Code, or of Section 655.4 of that code, and admitted to the program pursuant to Section 668 of that code.

(3) A person who has pled guilty or nolo contendere to a charge of a violation of Section 23103 of the Vehicle Code, under the conditions set forth in subdivision (c) of Section 23103.5 of the Vehicle Code, and who has been admitted to the program under subdivision (e) of Section 23103.5 of the Vehicle Code.

(4) A person whose license has been suspended, revoked, or delayed due to a violation of Section 23140, and who has been admitted to a

program under Article 2 (commencing with Section 23502) of Chapter 1 of Division 11.5 of the Vehicle Code.

(b) If a firm, partnership, corporation, association, local government entity, agency, or place has, or is applying for, more than one license, the department shall treat each licensed program, or each program seeking licensure, as belonging to a separate firm, partnership, corporation, association, local government entity, agency, or place for the purposes of this chapter.

(c) For purposes of providing recommendations to the department pursuant to subdivision (a), a county board of supervisors may limit its recommendations to those programs that provide services for persons convicted of a first driving-under-the-influence offense, or services to those persons convicted of a second or subsequent driving-under-the-influence offense, or both services. If a county board of supervisors fails to provide recommendations, the department shall determine the program or programs to be licensed in that county.

(d) After determining a need, a county board of supervisors may also place one or more limitations on the services to be provided by a driving-under-the-influence program or the area the program may operate within the county, when it initially recommends a program to the department pursuant to subdivision (a).

(1) For purposes of this subdivision, a board of supervisors may restrict a program for those convicted of a first driving-under-the-influence offense to providing only a three-month program, or may restrict a program to those convicted of a second or subsequent driving-under-the-influence offense to providing only an 18-month program, as a condition of its recommendation.

(2) A board of supervisors may not place any restrictions on a program that would violate any statute or regulation.

(3) When recommending a program, if a board of supervisors fails to place any limitation on a program pursuant to this subdivision, the department may license that program to provide any driving-under-the-influence program services that are allowed by law within that county.

(4) This subdivision is intended to apply only to the initial recommendation to the department for licensure of a program by the county. It is not intended to affect any license that has been previously issued by the department or the renewal of any license for a driving-under-the-influence program. In counties where a contract or other written agreement is currently in effect between the county and a licensed driving-under-the-influence program operating in that county, this subdivision is not intended to alter the terms of that relationship or the renewal of that relationship.

SEC. 2. Section 13352 of the Vehicle Code is amended to read:

13352. (a) The department shall immediately suspend or revoke the privilege of a person to operate a motor vehicle upon the receipt of an abstract of the record of a court showing that the person has been convicted of a violation of Section 23152 or 23153 or subdivision (a) of Section 23109, or upon the receipt of a report of a judge of the juvenile court, a juvenile traffic hearing officer, or a referee of a juvenile court showing that the person has been found to have committed a violation of Section 23152 or 23153 or subdivision (a) of Section 23109. If an offense specified in this section occurs in a vehicle defined in Section 15210, the suspension or revocation specified below shall apply to the noncommercial driving privilege. The commercial driving privilege shall be disqualified as specified in Sections 15300 to 15302, inclusive. For the purposes of this section, suspension or revocation shall be as follows:

(1) Except as required under Section 13352.1 or Section 13352.4, upon a conviction or finding of a violation of Section 23152 punishable under Section 23536, the privilege shall be suspended for a period of six months.

The privilege may not be reinstated until the person gives proof of financial responsibility and gives proof satisfactory to the department of successful completion of a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code described in subdivision (b) of Section 23538. If the court, as authorized under paragraph (3) of subdivision (b) of Section 23646, elects to order a person to enroll, participate and complete either program described in paragraph (4) of subdivision (b) of Section 23542, the department shall require that program in lieu of the program described in subdivision (b) of Section 23538. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given to any program activities completed prior to the date of the current violation.

(2) Upon a conviction or finding of a violation of Section 23153 punishable under Section 23554, the privilege shall be suspended for a period of one year. The privilege may not be reinstated until the person gives proof of financial responsibility and gives proof satisfactory to the department of successful completion of a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code as described in subdivision (b) of Section 23556. If the court, as authorized under paragraph (3) of subdivision (b) of Section 23646, elects to order a person to enroll, participate, and complete either program described in paragraph (4) of subdivision (b) of Section 23542, the department shall require that program in lieu of the program described in Section 23556. For the purposes of this paragraph, enrollment,

participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given to any program activities completed prior to the date of the current violation.

(3) Except as provided in Section 13352.5, upon a conviction or finding of a violation of Section 23152 punishable under Section 23540, the privilege shall be suspended for two years. The privilege may not be reinstated until the person gives proof of financial responsibility and gives proof satisfactory to the department of successful completion of a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code as described in subdivision (b) of Section 23542. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit shall not be given to any program activities completed prior to the date of the current violation. The department shall advise the person that after completion of 12 months of the suspension period, which may include credit for a suspension period served under subdivision (c) of Section 13353.3, the person may apply to the department for a restricted driver's license, subject to the following conditions:

(A) The person has satisfactorily provided, subsequent to the violation date of the current underlying conviction, either of the following:

(i) Proof of enrollment in an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code.

(ii) Proof of enrollment in a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if available in the county of the person's residence or employment.

(B) The person agrees, as a condition of the restriction, to continue satisfactory participation in the program described in subparagraph (A).

(C) The person submits the "Verification of Installation" form described in paragraph (2) of subdivision (e) of Section 13386.

(D) The person agrees to maintain the ignition interlock device as required under subdivision (g) of Section 23575.

(E) The person provides proof of financial responsibility, as defined in Section 16430.

(F) The person pays all administrative fees or reissue fees and any restriction fee required by the department.

(G) The restriction shall remain in effect for the period required in subdivision (f) of Section 23575.

(4) Except as provided in this paragraph, upon a conviction or finding of a violation of Section 23153 punishable under Section 23560, the privilege shall be revoked for a period of three years. The privilege may not be reinstated until the person gives proof of financial responsibility,

and the person gives proof satisfactory to the department of successful completion of a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, as described in subdivision (b) of Section 23562. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit shall not be given to any program activities completed prior to the date of the current violation. The department shall advise the person that after the completion of 12 months of the revocation period, which may include credit for a suspension period served under subdivision (c) of Section 13353.3, the person may apply to the department for a restricted driver's license, subject to the following conditions:

(A) The person has satisfactorily completed, subsequent to the violation date of the current underlying conviction, either of the following:

(i) The initial 12 months of an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code.

(ii) The initial 12 months of a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if available in the county of the person's residence or employment, and the person agrees, as a condition of the restriction, to continue satisfactory participation in that 30-month program.

(B) The person submits the "Verification of Installation" form described in paragraph (2) of subdivision (e) of Section 13386.

(C) The person agrees to maintain the ignition interlock device as required under subdivision (g) of Section 23575.

(D) The person provides proof of financial responsibility, as defined in Section 16430.

(E) The person pays all applicable reinstatement or reissue fees and any restriction fee required by the department.

(F) The restriction shall remain in effect for the period required in subdivision (f) of Section 23575.

(5) Except as provided in this paragraph, upon a conviction or finding of a violation of Section 23152 punishable under Section 23546, the privilege shall be revoked for a period of three years. The privilege may not be reinstated until the person files proof of financial responsibility and gives proof satisfactory to the department of successful completion of one of the following programs: an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, as described in subdivision (b) or (c) of Section 23548, or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed

pursuant to Section 11836 of the Health and Safety Code, or a program specified in Section 8001 of the Penal Code. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit shall not be given to any program activities completed prior to the date of the current violation. The department shall advise the person that after completion of 12 months of the revocation period, which may include credit for a suspension period served under subdivision (c) of Section 13353.3, the person may apply to the department for a restricted driver's license, subject to the following conditions:

(A) The person has satisfactorily completed, subsequent to the violation date of the current underlying conviction, either of the following:

(i) The initial 12 months of an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code.

(ii) The initial 12 months of a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if available in the county of the person's residence or employment, and the person agrees, as a condition of the restriction, to continue satisfactory participation in the 30-month driving-under-the-influence program.

(B) The person submits the "Verification of Installation" form described in paragraph (2) of subdivision (e) of Section 13386.

(C) The person agrees to maintain the ignition interlock device as required under subdivision (g) of Section 23575.

(D) The person provides proof of financial responsibility, as defined in Section 16430.

(E) An individual convicted of a violation of Section 23152 punishable under Section 23546 may also, at any time after sentencing, petition the court for referral to an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code. Unless good cause is shown, the court shall order the referral.

(F) The person pays all applicable reinstatement or reissue fees and any restriction fee required by the department.

(G) The restriction shall remain in effect for the period required in subdivision (f) of Section 23575.

(6) Except as provided in this paragraph, upon a conviction or finding of a violation of Section 23153 punishable under Section 23550.5 or 23566, the privilege shall be revoked for a period of five years. The

privilege may not be reinstated until the person gives proof of financial responsibility and proof satisfactory to the department of successful completion of one of the following programs: an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, as described in subdivision (b) of Section 23568 or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, or a program specified in Section 8001 of the Penal Code. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit shall not be given to any program activities completed prior to the date of the current violation. The department shall advise the person that after the completion of 12 months of the revocation period, which may include credit for a suspension period served under subdivision (c) of Section 13353.3, the person may apply to the department for a restricted driver's license, subject to the following conditions:

(A) The person has satisfactorily completed, subsequent to the violation date of the current underlying conviction, either of the following:

(i) The initial 12 months of a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if available in the county of the person's residence or employment, and the person agrees, as a condition of the restriction, to continue satisfactory participation in the 30-month driving-under-the-influence program.

(ii) The initial 12 months of an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if a 30-month program is unavailable in the person's county of residence or employment.

(B) The person submits the "Verification of Installation" form described in paragraph (2) of subdivision (e) of Section 13386.

(C) The person agrees to maintain the ignition interlock device as required under subdivision (g) of Section 23575.

(D) The person provides proof of financial responsibility, as defined in Section 16430.

(E) An individual convicted of a violation of Section 23153 punishable under Section 23566 may also, at any time after sentencing, petition the court for referral to an 18-month driving-under-the-influence program or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code. Unless good cause is shown, the court shall order the referral.

(F) The person pays all applicable reinstatement or reissue fees and any restriction fee required by the department.

(G) The restriction shall remain in effect for the period required in subdivision (f) of Section 23575.

(7) Except as provided in this paragraph, upon a conviction or finding of a violation of Section 23152 punishable under Section 23550 or 23550.5, or Section 23153 punishable under Section 23550.5 the privilege shall be revoked for a period of four years. The privilege may not be reinstated until the person gives proof of financial responsibility and proof satisfactory to the department of successful completion of one of the following programs: an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, or a program specified in Section 8001 of the Penal Code. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit shall not be given to any program activities completed prior to the date of the current violation. The department shall advise the person that after the completion of 12 months of the revocation period, which may include credit for a suspension period served under subdivision (c) of Section 13353.3, the person may apply to the department for a restricted driver's license, subject to the following conditions:

(A) The person has satisfactorily completed, subsequent to the violation date of the current underlying conviction, either of the following:

(i) The initial 12 months of an 18-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code.

(ii) The initial 12 months of a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, if available in the county of the person's residence or employment, and the person agrees, as a condition of the restriction, to continue satisfactory participation in the 30-month driving-under-the-influence program.

(B) The person submits the "Verification of Installation" form described in paragraph (2) of subdivision (e) of Section 13386.

(C) The person agrees to maintain the ignition interlock device as required under subdivision (g) of Section 23575.

(D) The person provides proof of financial responsibility, as defined in Section 16430.

(E) An individual convicted of a violation of Section 23152 punishable under Section 23550 may also, at any time after sentencing, petition the court for referral to an 18-month driving-under-the-influence program or, if available in the county of the person's residence or employment, a 30-month driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code. Unless good cause is shown, the court shall order the referral.

(F) The person pays all applicable reinstatement or reissue fees and any restriction fee required by the department.

(G) The restriction shall remain in effect for the period required in subdivision (f) of Section 23575.

(8) Upon a conviction or finding of a violation of subdivision (a) of Section 23109 that is punishable under subdivision (e) of that section, the privilege shall be suspended for a period of 90 days to six months, if ordered by the court. The privilege may not be reinstated until the person gives proof of financial responsibility, as defined in Section 16430.

(9) Upon a conviction or finding of a violation of subdivision (a) of Section 23109 that is punishable under subdivision (f) of that section, the privilege shall be suspended for a period of six months, if ordered by the court. The privilege may not be reinstated until the person gives proof of financial responsibility, as defined in Section 16430.

(b) For the purpose of paragraphs (2) to (9), inclusive, of subdivision (a), the finding of the juvenile court judge, the juvenile hearing officer, or the referee of a juvenile court of a commission of a violation of Section 23152 or 23153 or subdivision (a) of Section 23109, as specified in subdivision (a) of this section, is a conviction.

(c) A judge of a juvenile court, juvenile hearing officer, or referee of a juvenile court shall immediately report the findings specified in subdivision (a) to the department.

(d) A conviction of an offense in a state, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or Canada that, if committed in this state, would be a violation of Section 23152, is a conviction of Section 23152 for the purposes of this section, and a conviction of an offense that, if committed in this state, would be a violation of Section 23153, is a conviction of Section 23153 for the purposes of this section. The department shall suspend or revoke the privilege to operate a motor vehicle pursuant to this section upon receiving notice of that conviction.

(e) For the purposes of the restriction conditions specified in paragraphs (3) to (7), inclusive, of subdivision (a), the department shall terminate the restriction imposed pursuant to this section and shall suspend or revoke the person's driving privilege upon receipt of

notification from the driving-under-the-influence program that the person has failed to comply with the program requirements. The person's driving privilege shall remain suspended or revoked for the remaining period of the original suspension or revocation imposed under this section and until all reinstatement requirements described in this section are met.

(f) For the purposes of this section, completion of a program is the following:

(1) Satisfactory completion of all program requirements approved pursuant to program licensure, as evidenced by a certificate of completion issued, under penalty of perjury, by the licensed program.

(2) Certification, under penalty of perjury, by the director of a program specified in Section 8001 of the Penal Code, that the person has completed a program specified in Section 8001 of the Penal Code.

(g) The holder of a commercial driver's license who was operating a commercial motor vehicle, as defined in Section 15210, at the time of a violation that resulted in a suspension or revocation of the person's noncommercial driving privilege under this section is not eligible for the restricted driver's license authorized under paragraphs (3) to (7), inclusive, of subdivision (a).

SEC. 3. Section 13352.1 is added to the Vehicle Code, to read:

13352.1. (a) Pursuant to subdivision (a) of Section 13352 and except required under Section 13352.4, upon a conviction or finding of a violation of Section 23152 punishable under Section 23536, if the court refers the person to a program pursuant to paragraph (2) of subdivision (b) of Section 23538, the privilege shall be suspended for ten months.

(b) The privilege may not be reinstated until the person gives proof of financial responsibility and gives proof satisfactory to the department of successful completion of a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code described in subdivision (b) of Section 23538. For the purposes of this paragraph, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given to any program activities completed prior to the date of the current violation.

SEC. 4. Section 13352.4 of the Vehicle Code is amended to read:

13352.4. (a) Except as provided in subdivision (h), the department shall issue a restricted driver's license to a person whose driver's license was suspended under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1, if the person meets all of the following requirements:

(1) Submits proof satisfactory to the department of enrollment in, or completion of, a driving-under-the-influence program licensed pursuant to Section 11836 of the Health and Safety Code, as described in subdivision (b) of Section 23538.

(2) Submits proof of financial responsibility, as defined in Section 16430.

(3) Pays all applicable reinstatement or reissue fees and any restriction fee required by the department.

(b) The restriction of the driving privilege shall become effective when the department receives all of the documents and fees required under subdivision (a) and shall remain in effect until the final day of the original suspension imposed under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1, or until the date all reinstatement requirements described in Section 13352 or Section 13352.1 have been met, whichever date is later, and may include credit for any suspension period served under subdivision (c) of Section 13353.3.

(c) The restriction of the driving privilege shall be limited to the hours necessary for driving to and from the person's place of employment, driving during the course of employment, and driving to and from activities required in the driving-under-the-influence program.

(d) Whenever the driving privilege is restricted under this section, proof of financial responsibility, as defined in Section 16430, shall be maintained for three years. If the person does not maintain that proof of financial responsibility at any time during the restriction, the driving privilege shall be suspended until the proof required under Section 16484 is received by the department.

(e) For the purposes of this section, enrollment, participation, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given to a program activity completed prior to the date of the current violation.

(f) The department shall terminate the restriction issued under this section and shall suspend the privilege to operate a motor vehicle pursuant to paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1 immediately upon receipt of notification from the driving-under-the-influence program that the person has failed to comply with the program requirements. The privilege shall remain suspended until the final day of the original suspension imposed under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1, or until the date all reinstatement requirements described in Section 13352 or Section 13352.1 have been met, whichever date is later.

(g) The holder of a commercial driver's license who was operating a commercial motor vehicle, as defined in Section 15210, at the time of a violation that resulted in a suspension or revocation of the person's noncommercial driving privilege under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1 is not eligible for the restricted driver's license authorized under this section.

(h) If, upon conviction, the court has made the determination, as authorized under subdivision (d) of Section 23536 or paragraph (3) of subdivision (a) of Section 23538, to disallow the issuance of a restricted driver's license, the department may not issue a restricted driver's license under this section.

SEC. 5. Section 23536 of the Vehicle Code is amended to read:

23536. (a) If a person is convicted of a first violation of Section 23152, that person shall be punished by imprisonment in the county jail for not less than 96 hours, at least 48 hours of which shall be continuous, nor more than six months, and by a fine of not less than three hundred ninety dollars ($390), nor more than one thousand dollars ($1,000).

(b) The court shall order that a person punished under subdivision (a), who is to be punished by imprisonment in the county jail, be imprisoned on days other than days of regular employment of the person, as determined by the court. If the court determines that 48 hours of continuous imprisonment would interfere with the person's work schedule, the court shall allow the person to serve the imprisonment whenever the person is normally scheduled for time off from work. The court may make this determination based upon a representation from the defendant's attorney or upon an affidavit or testimony from the defendant.

(c) The person's privilege to operate a motor vehicle shall be suspended by the department under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1. The court shall require the person to surrender the driver's license to the court in accordance with Section 13550.

(d) Whenever, when considering the circumstances taken as a whole, the court determines that the person punished under this section would present a traffic safety or public safety risk if authorized to operate a motor vehicle during the period of suspension imposed under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1, the court may disallow the issuance of a restricted driver's license required under Section 13352.4.

SEC. 6. Section 23538 of the Vehicle Code is amended to read:

23538. (a) (1) If the court grants probation to person punished under Section 23536, in addition to the provisions of Section 23600 and any other terms and conditions imposed by the court, the court shall impose as a condition of probation that the person pay a fine of at least three hundred ninety dollars ($390), but not more than one thousand dollars ($1,000). The court may also impose, as a condition of probation, that the person be confined in a county jail for at least 48 hours, but not more than six months.

(2) The person's privilege to operate a motor vehicle shall be suspended by the department under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1. The court shall require the person to surrender the driver's license to the court in accordance with Section 13550.

(3) Whenever, when considering the circumstances taken as a whole, the court determines that the person punished under this section would present a traffic safety or public safety risk if authorized to operate a motor vehicle during the period of suspension imposed under paragraph (1) of subdivision (a) of Section 13352 or Section 13352.1, the court may disallow the issuance of a restricted driver's license required under Section 13352.4.

(b) In any county where the board of supervisors has approved, and the State Department of Alcohol and Drug Programs has licensed, a program or programs described in Section 11837.3 of the Health and Safety Code, the court shall also impose as a condition of probation that the driver shall enroll and participate in, and successfully complete a driving-under-the-influence program, licensed pursuant to Section 11836 of the Health and Safety Code, in the driver's county of residence or employment, as designated by the court. For the purposes of this subdivision, enrollment in, participation in, and completion of an approved program shall be subsequent to the date of the current violation. Credit may not be given for any program activities completed prior to the date of the current violation.

(1) The court shall refer a first offender whose blood-alcohol concentration was less than 0.20 percent, by weight, to participate for at least three months or longer, as ordered by the court, in a licensed program that consists of at least 30 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(2) The court shall refer a first offender whose blood-alcohol concentration was 0.20 percent or more, by weight, or who refused to take a chemical test, to participate for at least nine months or longer, as ordered by the court, in a licensed program that consists of at least 60 hours of program activities, including those education, group counseling, and individual interview sessions described in Chapter 9 (commencing with Section 11836) of Part 2 of Division 10.5 of the Health and Safety Code.

(3) The court shall advise the person at the time of sentencing that the driving privilege shall not be restored until proof satisfactory to the department of successful completion of a driving-under-the-influence program of the length required under this code that is licensed pursuant

to Section 11836 of the Health and Safety Code has been received in the department's headquarters.

(c) (1) The court shall revoke the person's probation pursuant to Section 23602, except for good cause shown, for the failure to enroll in, participate in, or complete a program specified in subdivision (b).

(2) The court, in establishing reporting requirements, shall consult with the county alcohol program administrator. The county alcohol program administrator shall coordinate the reporting requirements with the department and with the State Department of Alcohol and Drug Programs. That reporting shall ensure that all persons who, after being ordered to attend and complete a program, may be identified for either (A) failure to enroll in, or failure to successfully complete, the program, or (B) successful completion of the program as ordered.

CHAPTER 693

An act to amend Section 129856 of, to add Section 129880 to, and to add and repeal Section 129881 of, the Health and Safety Code, relating to health facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 129856 of the Health and Safety Code is amended to read:

129856. (a) Contingent on an appropriation in the annual Budget Act, the office shall establish a program for training fire and life safety officers. The goal of this program shall be to provide a sufficient number of qualified persons to facilitate the timely performance of the office's duties and responsibilities relating to the review of plans and specifications pertaining to the design and observation of construction of hospital buildings and buildings described in paragraphs (2) and (3) of subdivision (b) of Section 129725, in order to ensure compliance with applicable facility design and construction codes and standards.

(b) The office shall prepare a comprehensive report on the training program setting forth its goals, objectives, and structure. The report shall include the number of fire and life safety officers to be trained annually, a timeline for training completion, a process for gathering information to evaluate the training programs efficiency that includes dropout and retention rates, and a mechanism to annually assess the need for the

training program to continue. The report shall be submitted to the Joint Legislative Budget Committee by April 1, 2007.

(c) The office may establish other training programs as necessary to ensure that a sufficient number of qualified persons are available to facilitate the timely performance of the office's duties and responsibilities relating to the review of plans and specifications pertaining to the design and construction of hospital buildings and buildings described in paragraphs (2) and (3) of subdivision (b) of Section 129725, to ensure compliance with applicable safety codes and standards.

(d) If additional training programs are established pursuant to subdivision (c), the office shall prepare a comprehensive report on the training program setting forth its goals, objectives, and structure. The report shall include the number of individuals trained pursuant to subdivision (c) annually, a timeline for training completion, a process for gathering information to evaluate the training programs efficiency that includes dropout and retention rates, and a mechanism to annually assess the need for the training program to continue. The report shall be submitted to the Joint Legislative Budget Committee three years after the training program has been implemented.

SEC. 2. Section 129880 is added to the Health and Safety Code, to read:

129880. (a) The office may exempt from its plan review process construction or alteration projects for hospital buildings and buildings described in paragraphs (2) and (3) of subdivision (b) of Section 129725 with estimated construction costs of fifty thousand dollars ($50,000) or less. The criteria for exemption shall include, but not be limited to, plans that have been stamped and signed by the design professionals of record.

(b) Projects that have been split into a series of smaller projects in order to avoid the qualifying dollar limits shall not be approved. The office shall maintain its construction observation mandate to ensure public safety and California Building Standards Code compliance for approved projects.

(c) A presubmittal meeting between the office and the design professionals shall be required for construction or alteration projects for hospital buildings and buildings described in paragraphs (2) and (3) of subdivision (b) of Section 129725 with estimated construction costs of twenty million dollars ($20,000,000) or more.

(d) The office may adopt regulations for this section to make specific the exemption criteria and processes authorized pursuant to subdivision (a), and the complete plan review process required pursuant to subdivision (c).

SEC. 3. Section 129881 is added to the Health and Safety Code, to read:

129881. (a) The office shall assess processing time for plan review, and shall provide an annual update on this assessment to the appropriate policy and fiscal committees of the Legislature no later than February 1, 2007, and no later than February 1 of each year thereafter.

(b) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2012, deletes or extends that date.

CHAPTER 694

An act to amend Section 53115.1 of the Government Code, and to amend Sections 1031, 1032, 1032.1, 5353, 5371.4, and 5374 of, and to repeal Section 5375.1 of, the Public Utilities Code, relating to public safety.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 53115.1 of the Government Code is amended to read:

53115.1. (a) There is in state government the State 911 Advisory Board.

(b) The advisory board shall be comprised of the following members appointed by the Governor who shall serve at the pleasure of the Governor.

(1) The Chief of the California 911 Emergency Communications Office shall serve as the nonvoting chair of the board.

(2) One representative from the Department of the California Highway Patrol.

(3) Two representatives on the recommendation of the California Police Chiefs Association.

(4) Two representatives on the recommendation of the California State Sheriffs' Association.

(5) Two representatives on the recommendation of the California Fire Chiefs Association.

(6) Two representatives on the recommendation of the CalNENA Executive Board.

(7) One representative on the joint recommendation of the executive boards of the state chapters of the Association of Public-Safety Communications Officials-International, Inc.

(c) Recommending authorities shall give great weight and consideration to the knowledge, training, and expertise of the appointee with respect to their experience within the California 911 system. Board members should have at least two years of experience as a Public Safety Answering Point (PSAP) manager or county coordinator, except where a specific person is designated as a member.

(d) Members of the advisory board shall serve at the pleasure of the Governor, but may not serve more than two consecutive two-year terms, except as follows:

(1) The presiding Chief of the California 911 Emergency Communications Office shall serve for the duration of his or her tenure.

(2) Four of the members shall serve an initial term of three years.

(e) Advisory board members shall not receive compensation for their service on the board, but may be reimbursed for travel and per diem for time spent in attending meetings of the board.

(f) The advisory board shall meet quarterly in public sessions in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 2 of Part 1 of Division 3 of Title 2). The Telecommunications Division shall provide administrative support to the State 911 Advisory Board. The State 911 Advisory Board, at its first meeting, shall adopt bylaws and operating procedures consistent with this article and establish committees as necessary.

(g) Notwithstanding any other provision of law, any member of the advisory board may designate a person to act as that member in his or her place and stead for all purposes, as though the member were personally present.

SEC. 2. Section 1031 of the Public Utilities Code is amended to read:

1031. (a) No passenger stage corporation shall operate or cause to be operated any passenger stage over any public highway in this state without first having obtained from the commission a certificate declaring that public convenience and necessity require such operation, but no such certificate shall be required of any passenger stage corporation as to the fixed termini between which, or the route over which, it was actually operating in good faith on July 29, 1927, in compliance with the provisions of Chapter 213, Statutes of 1917, nor shall any such certificate be required of any person or corporation who on January 1, 1927, was operating, or during the calendar year 1926 had operated a seasonal service of not less than three consecutive months' duration, sightseeing buses on a continuous sightseeing trip with one terminus only. Any right, privilege, franchise, or permit held, owned, or obtained by any passenger stage corporation may be sold, assigned, leased,

mortgaged, transferred, inherited, or otherwise encumbered as other property, only upon authorization by the commission.

(b) For purposes of this section, "public convenience and necessity," as it affects applications for passenger stage corporation certificates, means that the applicant has met the criteria for issuance of a certificate specified in Section 1032.

SEC. 3. Section 1032 of the Public Utilities Code is amended to read:

1032. (a) Every applicant for a certificate or transfer of a certificate shall file in the office of the commission an application therefor in the form required by the commission. The commission may, with or without a hearing, issue the certificate as requested, or refuse to issue it, or issue it for the partial exercise only of the privilege sought, and may attach to the exercise of the rights granted by the certificate terms and conditions that, in its judgment, are required in the public interest.

(b) (1) Before a certificate is issued or transferred, the commission shall require the applicant to establish reasonable fitness and financial responsibility to initiate and conduct, or continue to conduct, the proposed or existing transportation services. The commission shall not issue or transfer a certificate unless the applicant meets all of the following requirements:

(A) The applicant is financially and organizationally capable of conducting an operation that complies with the rules and regulations of the Department of the California Highway Patrol governing highway safety.

(B) The applicant is committed to observing the hours of service regulations of state and federal law, where applicable, for all persons, whether employees or subcarriers, operating vehicles in transportation for compensation under the certificate.

(C) The applicant has a preventive maintenance program in effect for its vehicles used in transportation for compensation that conforms to regulations of the Department of the California Highway Patrol, as described in Title 13 of the California Code of Regulations.

(D) The applicant participates in a program to regularly check the driving records of all persons, whether employees or subcarriers, operating vehicles used in transportation for compensation requiring a class B driver's license under the certificate.

(E) The applicant has a safety education and training program in effect for all employees or subcarriers operating vehicles used in transportation for compensation.

(F) The applicant agrees to maintain its vehicles used in transportation for compensation in safe operating condition and in compliance with applicable laws and regulations relative to motor vehicle safety.

(G) The applicant has filed with the commission a certificate of workers' compensation insurance coverage or statement required by Section 460.7.

(H) The applicant has provided the commission an address of an office or terminal where documents supporting the factual matters specified in the showings required by this subdivision may be inspected by the commission and the Department of the California Highway Patrol.

(2) With respect to subparagraphs (B) and (F) of paragraph (1), the commission may base its findings on a certification by the commission that an applicant has filed with it a sworn declaration of ability to comply and intent to comply.

(c) In addition to the requirements of subdivision (b), a passenger stage corporation shall meet all other state and federal regulations, where applicable, as prescribed.

(d) The commission may delegate to its executive director or his or her designee, the authority to issue or transfer certificates of public convenience and necessity and to make all necessary findings specified in subdivision (b).

SEC. 4. Section 1032.1 of the Public Utilities Code is amended to read:

1032.1. (a) The commission shall not issue or transfer a certificate of public convenience and necessity pursuant to this article unless the applicant provides for a mandatory controlled substance and alcohol testing certification program as adopted by the commission.

(b) The commission, after considering any suggestions made by the Department of the California Highway Patrol, shall adopt a program that includes, but need not be limited to, all of the following requirements:

(1) Drivers shall test negative for each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, before employment. Drivers shall test negative for these controlled substances and for alcohol at such other times as the commission, after consulting the Department of the California Highway Patrol, shall designate. As used in this section, a negative test for alcohol means an alcohol screening test showing a breath alcohol concentration of less than 0.02 percent.

(2) Procedures shall be substantially as in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations, except that the driver shall show a valid California driver's license at the time and place of testing, and except as provided otherwise in this section. Requirements for rehabilitation and for return-to-duty and followup testing, and other requirements except as provided otherwise in this section, shall be substantially as in Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations.

(3) A test for one applicant shall be accepted as meeting the same requirement for any other applicant. Any negative test result shall be accepted for one year as meeting any requirement for periodic testing for that applicant or any other applicant, if the driver has not tested positive subsequent to a negative result. However, an earlier negative result shall not be accepted as meeting the pre-employment testing requirement for any subsequent employment, or any testing requirements under the program other than periodic testing.

(4) In the case of an applicant who is also a driver, test results shall be reported directly to the commission. In all other cases, results shall be reported directly to the applicant.

(5) All test results are confidential and shall not be released without the consent of the driver, except as authorized or required by law.

(6) Applicants shall be responsible for compliance with, and shall pay all costs of, this program with respect to their employees and potential employees, except that an applicant may require employees who test positive to pay the costs of rehabilitation and of return-to-duty and followup testing.

(7) The requirements of the program do not apply to any driver required to comply with the controlled substance and alcohol use and testing requirements of Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations, or Section 34520 of the Vehicle Code, or to any driver exempted from the provisions of that section.

(c) No evidence derived from a positive test result pursuant to the program shall be admissible in a criminal prosecution concerning unlawful possession, sale, or distribution of controlled substances.

(d) On the request of an applicant, the commission shall give the applicant a list of consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the commission knows offer tests in California.

(e) The commission shall conduct random and for-cause inspections of applicants' documents supporting compliance with the program.

(f) For purposes of this section, "employment" includes self-employment as an independent driver.

SEC. 5. Section 5353 of the Public Utilities Code is amended to read:

5353. This chapter does not apply to any of the following:

(a) Transportation service rendered wholly within the corporate limits of a single city or city and county and licensed or regulated by ordinance.

(b) Transportation of school pupils conducted by or under contract with the governing board of any school district entered into pursuant to the Education Code.

(c) Common carrier transportation services between fixed termini or over a regular route that are subject to authorization pursuant to Article 2 (commencing with Section 1031) of Chapter 5 of Part 1 of Division 1.

(d) Transportation services occasionally afforded for farm employees moving to and from farms on which employed when the transportation is performed by the employer in an owned or leased vehicle, or by a nonprofit agricultural cooperative association organized and acting within the scope of its powers under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code, and without any requirement for the payment of compensation therefor by the employees.

(e) Transportation service rendered by a publicly owned transit system.

(f) Passenger vehicles carrying passengers on a noncommercial enterprise basis.

(g) Taxicab transportation service licensed and regulated by a city or county, by ordinance or resolution, rendered in vehicles designed for carrying not more than eight persons excluding the driver.

(h) Transportation of persons between home and work locations or of persons having a common work-related trip purpose in a vehicle having a seating capacity of 15 passengers or less, including the driver, which are used for the purpose of ridesharing, as defined in Section 522 of the Vehicle Code, when the ridesharing is incidental to another purpose of the driver. This exemption also applies to a vehicle having a seating capacity of more than 15 passengers if the driver files with the commission evidence of liability insurance protection in the same amount and in the same manner as required for a passenger stage corporation, and the vehicle undergoes and passes an annual safety inspection by the Department of the California Highway Patrol. The insurance filing shall be accompanied by a one-time filing fee of seventy-five dollars ($75). This exemption does not apply if the primary purpose for the transportation of those persons is to make a profit. "Profit," as used in this subdivision, does not include the recovery of the actual costs incurred in owning and operating a vanpool vehicle, as defined in Section 668 of the Vehicle Code.

(i) Vehicles used exclusively to provide medical transportation, including vehicles employed to transport developmentally disabled persons for regional centers established pursuant to Chapter 5 (commencing with Section 4620) of Division 4.5 of the Welfare and Institutions Code.

(j) Transportation services rendered solely within the Lake Tahoe Basin, comprising that area included within the Tahoe Regional Planning Compact as set forth in Section 66801 of the Government Code, when

the operator of the services has obtained any permit required from the Tahoe Basin Transportation Authority or the City of South Lake Tahoe, or both.

(k) Subject to Section 34507.6 of the Vehicle Code, transportation service provided by the operator of an automobile rental business in vehicles owned or leased by that operator, without charge other than as may be included in the automobile rental charges, to carry its customers to or from its office or facility where rental vehicles are furnished or returned after the rental period.

(*l*) Subject to Section 34507.6 of the Vehicle Code, transportation service provided by the operator of a hotel, motel, or other place of temporary lodging in vehicles owned or leased by that operator, without charge other than as may be included in the charges for lodging, between the lodging facility and an air, rail, water, or bus passenger terminal or between the lodging facility and any place of entertainment or commercial attraction, including, but not limited to, facilities providing snow skiing. Nothing in this subdivision authorizes the operator of a hotel, motel, or other place of temporary lodging to provide any round trip sightseeing service without a permit, as required by subdivision (c) of Section 5384.

(m) (1) Transportation of hot air balloon ride passengers in a balloon chase vehicle from the balloon landing site back to the original takeoff site, provided that the balloon ride was conducted by a balloonist who meets all of the following conditions:

(A) Does not fly more than a total of 30 passenger rides for compensation annually.

(B) Does not provide any preflight ground transportation services in their vehicles.

(C) In providing return transportation to the launch site from landing does not drive more than 300 miles annually.

(D) Files with the commission an exemption declaration and proof of vehicle insurance, as prescribed by the commission, certifying that the operator qualifies for the exemption and will maintain minimum insurance on each vehicle of one hundred thousand dollars ($100,000) for injury or death of one person, three hundred thousand dollars ($300,000) for injury or death of two or more persons and one hundred thousand dollars ($100,000) for damage to property.

(2) Nothing in this subdivision authorizes the operator of a commercial balloon operation to provide any round trip sightseeing service without a permit, as required by subdivision (c) of Section 5384.

(n) (1) Transportation services incidental to operation of a youth camp that are provided by either a nonprofit organization that qualifies for tax exemption under Section 501(c)(3) of the Internal Revenue Code

or an organization that operates an organized camp, as defined in Section 18897 of the Health and Safety Code, serving youth 18 years of age or younger.

(2) Any transportation service described in paragraph (1) shall comply with all of the following requirements:

(A) Register as a private carrier with the commission pursuant to Section 4005.

(B) Participate in a pull notice system for employers of drivers as prescribed in Section 1808.1 of the Vehicle Code.

(C) Ensure compliance with the annual bus terminal inspection required by subdivision (c) of Section 34501 of the Vehicle Code.

(D) Obtain the following minimum amounts of general liability insurance coverage for vehicles that are used to transport youth:

(i) A minimum of five hundred thousand dollars ($500,000) general liability insurance coverage for passenger vehicles designed to carry up to eight passengers. For organized camps, as defined in Section 18897 of the Health and Safety Code, an additional two hundred fifty thousand dollars ($250,000) general umbrella policy that covers vehicles.

(ii) A minimum of one million dollars ($1,000,000) general liability insurance coverage for vehicles designed to carry up to 15 passengers. For organized camps, as defined in Section 18897 of the Health and Safety Code, an additional five hundred thousand dollars ($500,000) general umbrella policy that covers vehicles.

(iii) A minimum of one million five hundred thousand dollars ($1,500,000) general liability insurance coverage for vehicles designed to carry more than 15 passengers, and an additional three million five hundred thousand dollars ($3,500,000) general umbrella liability insurance policy that covers vehicles.

SEC. 6. Section 5371.4 of the Public Utilities Code is amended to read:

5371.4. (a) The governing body of any city, county, or city and county may not impose a fee on charter-party carriers operating limousines. However, the governing body of any city, county, or city and county may impose a business license fee on, and may adopt and enforce any reasonable rules and regulations pertaining to operations within its boundaries for, any charter-party carrier domiciled or maintaining a business office within that city, county, or city and county.

(b) The governing body of any airport may not impose vehicle safety, vehicle licensing, or insurance requirements on charter-party carriers operating limousines that are more burdensome than those imposed by the commission. However, the governing board of any airport may require a charter-party carrier operating limousines to obtain an airport permit for operating authority at the airport.

(c) Notwithstanding subdivisions (a) and (b), the governing body of any airport may adopt and enforce reasonable and nondiscriminatory local airport rules, regulations, and ordinances pertaining to access, use of streets and roads, parking, traffic control, passenger transfers, trip fees, and occupancy, and the use of buildings and facilities, that are applicable to charter-party carriers operating limousines on airport property.

(d) This section does not apply to any agreement entered into pursuant to Sections 21690.5 to 21690.9, inclusive, between the governing body of an airport and charter-party carriers operating limousines.

(e) The commission shall conduct an audit and review of the annual gross revenues earned by charter-party carriers operating limousines for the purpose of ascertaining whether the imposition of additional fees based on a charter-party carrier's gross annual revenues would place an undue administrative or financial burden on the charter-party carrier industry. The commission shall report its findings to the Legislature on or before June 30, 1992.

(f) The governing body of any airport shall not impose a fee based on gross receipts of charter-party carriers operating limousines.

(g) Notwithstanding subdivisions (a) to (f), inclusive, nothing in this section prohibits a city, county, city and county, or the governing body of any airport, from adopting and enforcing reasonable permit requirements, fees, rules, and regulations applicable to charter-party carriers of passengers other than those operating limousines.

(h) Notwithstanding subdivisions (a) to (f), inclusive, a city, county, or city and county may impose reasonable rules for the inspection of waybills of charter-party carriers of passengers operating within the jurisdiction of the city, county, or city and county, for purposes of verifying valid prearranged travel.

(i) For the purposes of this section, "limousine" includes any sedan or sport utility vehicle, of either standard or extended length, with a seating capacity of not more than 10 passengers including the driver, used in the transportation of passengers for hire on a prearranged basis within this state.

SEC. 7. Section 5374 of the Public Utilities Code is amended to read:

5374. (a) (1) Before a permit or certificate is issued or renewed, the commission shall require the applicant to establish reasonable fitness and financial responsibility to initiate and conduct or continue to conduct the proposed or existing transportation services. The commission shall not issue or renew a permit or certificate pursuant to this chapter unless the applicant meets all of the following requirements:

(A) It is financially and organizationally capable of conducting an operation that complies with the rules and regulations of the Department of the California Highway Patrol governing highway safety.

(B) It is committed to observing the hours of service regulations of state and, where applicable, federal law, for all persons, whether employees or subcarriers, operating vehicles in transportation for compensation under the certificate.

(C) It has a preventive maintenance program in effect for its vehicles used in transportation for compensation that conforms to regulations of the Department of the California Highway Patrol in Title 13 of the California Code of Regulations.

(D) It participates in a program to regularly check the driving records of all persons, whether employees or subcarriers, operating vehicles used in transportation for compensation.

(E) It has a safety education and training program in effect for all employees or subcarriers operating vehicles used in transportation for compensation.

(F) It will maintain its vehicles used in transportation for compensation in a safe operating condition and in compliance with the Vehicle Code and with regulations contained in Title 13 of the California Code of Regulations relative to motor vehicle safety.

(G) It has filed with the commission the certificate of workers' compensation insurance coverage or statement required by Section 5378.1.

(H) It has provided the commission an address of an office or terminal where documents supporting the factual matters specified in the showing required by this subdivision may be inspected by the commission and the Department of the California Highway Patrol.

(I) It provides for a mandatory controlled substance and alcohol testing certification program as adopted by the commission pursuant to Section 1032.1.

(2) With respect to subparagraphs (B) and (F) of paragraph (1), the commission may base a finding on a certification by the commission that an applicant has filed, with the commission, a sworn declaration of ability to comply and intent to comply.

(b) In addition to the requirements in subdivision (a), charter-party carriers shall meet all other state and, where applicable, federal regulations as prescribed.

(c) The commission may delegate to its executive director or that executive director's designee the authority to issue, renew, or authorize the transfer of, charter-party carrier permits or certificates and to make the findings specified in subdivision (a) that are necessary to that delegated authority.

SEC. 8. Section 5375.1 of the Public Utilities Code is repealed.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 695

An act to amend Section 591.5 of the Penal Code, relating to crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 591.5 of the Penal Code is amended to read:

591.5. A person who unlawfully and maliciously removes, injures, destroys, damages, or obstructs the use of any wireless communication device with the intent to prevent the use of the device to summon assistance or notify law enforcement or any public safety agency of a crime is guilty of a misdemeanor.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 696

An act to add Section 32282.5 to the Education Code, relating to pupil safety.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 32282.5 is added to the Education Code, to read:

32282.5. (a) The department shall electronically distribute disaster preparedness educational materials and lesson plans that are currently available to school districts and county offices of education.

(b) The department shall ensure that the disaster preparedness materials are available in at least the three most dominant primary languages spoken by English learners in California, according to the language census.

(c) The department shall coordinate with the Office of Emergency Services to make sure that all materials are reviewed and updated annually.

CHAPTER 697

An act to add and repeal Section 7711.5 of the Public Utilities Code, relating to railroads, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7711.5 is added to the Public Utilities Code, to read:

7711.5. (a) The Special Railroad Safety Task Force is hereby created.

(b) The task force shall be comprised of the following:

(1) A representative of the safety division of the commission, to be designated by the commission.

(2) A representative of the Office of Emergency Services, to be designated by the Director of the Office of Emergency Services.

(3) At least one representative of an administering agency, as defined in Section 25501 of the Health and Safety Code, to be designated by the commission.

(4) At least one representative of emergency rescue personnel, as defined in Section 25501 of the Health and Safety Code, to be designated by the commission.

(5) A representative of the Department of the California Highway Patrol, to be designated by the Commissioner of the California Highway Patrol.

(6) Two representatives of rail labor, one from each of the labor unions representing railroad operating employees, which are the United Transportation Union and the Brotherhood of Locomotive Engineers, to be designated by the individual labor union.

(7) Two representatives of each class I railroad operating in California, with expertise in rail operations, equipment, and track, to be designated by the commission.

(8) A representative of a short-line railroad, as defined in Section 99317.1, with expertise in rail operations, equipment, and track, to be designated by the commission.

(9) A representative of local government with expertise in land use planning, to be designated by the League of California Cities.

(10) A representative of the public commuter rail industry, with expertise in rail operations, equipment, and track, to be designated by the commission.

(11) The commission shall invite a representative of the United States Department of Transportation Federal Railroad Administration to participate in the special task force.

(c) Members of the task force shall be appointed within 60 days after the operative date of this section.

(d) Members shall serve without compensation, but shall be reimbursed for necessary travel expenses incurred in the performance of task force duties.

(e) The task force shall meet monthly from January 2007 to December 2007, inclusive, and shall establish operating procedures at its first meeting.

(f) A majority of the task force shall constitute a quorum for the transaction of business.

(g) The task force shall be headed by a chairperson, selected by the task force from among its members.

(h) The duties of the task force shall include, but not be limited to, all of the following:

(1) Identify threats from vandalism or terrorism that are not adequately addressed by existing rail safety programs and make recommendations to address those threats in the future.

(2) Identify any deficiencies in current land use planning affecting rail safety and make recommendations for changes in land use planning to lessen risks to the public and environment.

(3) Identify any deficiencies for responding to railroad emergencies and make recommendations for changes to improve emergency response.

(i) No later than 90 days after the last meeting of the task force, the task force shall submit a written report to the commission setting forth the findings and recommendations of the task force as described in paragraphs (1), (2), and (3) of subdivision (h).

(j) The commission shall provide staff support to the task force to support the requirements of this section.

(k) The commission shall incorporate the findings and recommendations of the task force into the July 1, 2008, report to the Legislature pursuant to Section 7711.

(*l*) This section shall become inoperative on July 1, 2008, and, as of January 1, 2009, is repealed unless a later enacted statute that becomes operative on or before January 1, 2009, deletes or extends the date on which it becomes inoperative and is repealed.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure that the welfare and safety of the citizens of California are protected from railroad hazards at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 698

An act to amend Section 650 of the Business and Professions Code, relating to healing arts.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 650 of the Business and Professions Code is amended to read:

650. (a) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code, the offer, delivery, receipt, or acceptance by any person licensed under this division or the Chiropractic Initiative Act of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom these patients, clients, or customers are referred is unlawful.

(b) The payment or receipt of consideration for services other than the referral of patients which is based on a percentage of gross revenue or similar type of contractual arrangement shall not be unlawful if the consideration is commensurate with the value of the services furnished or with the fair rental value of any premises or equipment leased or provided by the recipient to the payer.

(c) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful for any person licensed under this division to refer a person to any laboratory, pharmacy, clinic (including entities exempt from licensure pursuant to Section 1206 of the Health and Safety Code), or health care facility solely because the licensee has a proprietary interest or coownership in the laboratory, pharmacy, clinic, or health care facility; provided, however, that the licensee's return on investment for that proprietary interest or coownership shall be based upon the amount of the capital investment or proportional ownership of the licensee which ownership interest is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

(d) (1) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful to provide nonmonetary remuneration, in the form of hardware, software, or information technology and training services, necessary and used solely to receive and transmit electronic prescription information in accordance with the standards set forth in Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) in the following situations:

(A) In the case of a hospital, by the hospital to members of its medical staff.

(B) In the case of a group medical practice, by the practice to prescribing health care professionals that are members of the practice.

(C) In the case of Medicare prescription drug plan sponsors or Medicare Advantage organizations, by the sponsor or organization to pharmacists and pharmacies participating in the network of the sponsor or organization and to prescribing health care professionals.

(2) The exceptions set forth in this subdivision are adopted to conform state law with the provisions of Section 1860D-4(e)(6) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) and are limited to drugs covered under Part D of the federal Medicare Program that are prescribed to Part D eligible individuals (42 U.S.C. Sec. 1395w-101).

(3) The exceptions set forth in this subdivision shall not be operative until the regulations required to be adopted by the Secretary of the United States Department of Health and Human Services, pursuant to Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395W-104) are effective. If the California Health and Human Services Agency determines that regulations are necessary to ensure that implementation of the provisions of paragraph (1) is consistent with the regulations adopted by the Secretary of the United States Department of Health and Human Services, it shall adopt emergency regulations to that effect.

(e) "Health care facility" means a general acute care hospital, acute psychiatric hospital, skilled nursing facility, intermediate care facility, and any other health facility licensed by the State Department of Health Services under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

(f) A violation of this section is a public offense and is punishable upon a first conviction by imprisonment in the county jail for not more than one year, or by imprisonment in the state prison, or by a fine not exceeding fifty thousand dollars ($50,000), or by both that imprisonment and fine. A second or subsequent conviction is punishable by imprisonment in the state prison or by imprisonment in the state prison and a fine of fifty thousand dollars ($50,000).

SEC. 2. Section 650 of the Business and Professions Code is amended to read:

650. (a) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code, the offer, delivery, receipt, or acceptance by any person licensed under this division or the Chiropractic Initiative Act of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom these patients, clients, or customers are referred is unlawful.

(b) The payment or receipt of consideration for services other than the referral of patients which is based on a percentage of gross revenue or similar type of contractual arrangement shall not be unlawful if the consideration is commensurate with the value of the services furnished or with the fair rental value of any premises or equipment leased or provided by the recipient to the payer.

(c) The offer, delivery, receipt, or acceptance of any consideration between a federally-qualified health center, as defined in Section 1396d(*l*)(2)(B) of Title 42 of the United States Code, and any individual or entity providing goods, items, services, donations, loans, or a

combination thereof, to the health center entity pursuant to a contract, lease, grant, loan, or other agreement, if that agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center, shall not be unlawful if the transaction otherwise meets the requirements of the safe harbor from the federal antikickback statute in Section 1320a-7b(b)(3) of Title 42 of the United States Code and regulations adopted thereunder.

(d) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful for any person licensed under this division to refer a person to any laboratory, pharmacy, clinic (including entities exempt from licensure pursuant to Section 1206 of the Health and Safety Code), or health care facility solely because the licensee has a proprietary interest or coownership in the laboratory, pharmacy, clinic, or health care facility; provided, however, that the licensee's return on investment for that proprietary interest or coownership shall be based upon the amount of the capital investment or proportional ownership of the licensee which ownership interest is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

(e) (1) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful to provide nonmonetary remuneration, in the form of hardware, software, or information technology and training services, necessary and used solely to receive and transmit electronic prescription information in accordance with the standards set forth in Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) in the following situations:

(A) In the case of a hospital, by the hospital to members of its medical staff.

(B) In the case of a group medical practice, by the practice to prescribing health care professionals that are members of the practice.

(C) In the case of Medicare prescription drug plan sponsors or Medicare Advantage organizations, by the sponsor or organization to pharmacists and pharmacies participating in the network of the sponsor or organization and to prescribing health care professionals.

(2) The exceptions set forth in this subdivision are adopted to conform state law with the provisions of Section 1860D-4(e)(6) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) and are limited to drugs covered under Part D

of the federal Medicare Program that are prescribed to Part D eligible individuals (42 U.S.C. Sec. 1395w-101).

(3) The exceptions set forth in this subdivision shall not be operative until the regulations required to be adopted by the Secretary of the United States Department of Health and Human Services, pursuant to Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395W-104) are effective. If the California Health and Human Services Agency determines that regulations are necessary to ensure that implementation of the provisions of paragraph (1) is consistent with the regulations adopted by the Secretary of the United States Department of Health and Human Services, it shall adopt emergency regulations to that effect.

(f) "Health care facility" means a general acute care hospital, acute psychiatric hospital, skilled nursing facility, intermediate care facility, and any other health facility licensed by the State Department of Health Services under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

(g) A violation of this section is a public offense and is punishable upon a first conviction by imprisonment in the county jail for not more than one year, or by imprisonment in the state prison, or by a fine not exceeding fifty thousand dollars ($50,000), or by both that imprisonment and fine. A second or subsequent conviction is punishable by imprisonment in the state prison or by imprisonment in the state prison and a fine of fifty thousand dollars ($50,000).

SEC. 3. Section 2 of this bill incorporates amendments to Section 650 of the Business and Professions Code proposed by both this bill and AB 2282. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 650 of the Business and Professions Code, and (3) this bill is enacted after AB 2282, in which case Section 1 of this bill shall not become operative.

CHAPTER 699

An act to add Sections 57018, 57019, and 57020 to the Health and Safety Code, relating to hazardous chemicals.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Every year more than 55,000,000 pounds of all chemicals are released in the state.

(b) Over 85,000 chemicals are commercially available today, and many are known to cause cancer and damage to the brain and the nervous and reproductive systems.

(c) Many of these chemicals do not persist, but instead break down in the environment or are metabolized by humans or biota into different, more stable compounds, which can be used as chemical indicators or biomarkers of exposure to the parent compound.

(d) For a majority of chemicals in use today, the matrix by which the chemical is transported into biota and humans is unknown and it is impossible to determine the chemical's level in humans. Analytical test methods only exist for approximately 30 percent of all chemicals.

(e) It costs the federal and state governments time and money to develop analytical test methods for chemicals or their chemical biomarkers of exposure. It is conservatively estimated that developing analytical test methods for each chemical costs over one hundred thousand dollars ($100,000).

(f) In the interests of human health, it should be the responsibility of those who manufacture or import a chemical to provide relevant information on the fate and transport of that chemical into the environment.

SEC. 2. Section 57018 is added to the Health and Safety Code, to read:

57018. (a) For purposes of Sections 57019 and 57020, the following definitions shall apply:

(1) "Analytical test method" means a procedure used to sample, prepare, and analyze a specific matrix to determine the identity and concentration of a specified chemical and its metabolites and degradation product. An analytical test method shall conform to the standards adopted by the National Environmental Laboratory Accreditation Conference.

(2) "Bioconcentration factor" means the concentration of a chemical in an organism divided by its concentration in a test solution or environment.

(3) "Chemical" has the same meaning as a chemical substance, as defined in Section 2602 of Title 15 of the United States Code.

(4) "Manufacturer" means a person who produces a chemical in this state or who imports a chemical into this state for sale in this state.

(5) "Matrix" includes, but is not limited to, water, air, soil, sediment, sludge, chemical waste, fish, blood, adipose tissue, and urine.

(6) "Octanol-water partition coefficient" means the ratio of the concentration of a chemical in octanol and in water at equilibrium and at a specified temperature.

(7) "State agency" means the State Air Resources Board, the Department of Toxic Substances Control, the Integrated Waste Management Board, the Office of Environmental Health Hazard Assessment, the State Water Resources Control Board, and the California Environmental Protection Agency. "State agency" does not include the Department of Pesticide Regulation.

SEC. 3. Section 57019 is added to the Health and Safety Code, to read:

57019. (a) The California Environmental Protection Agency shall coordinate all requests for information from manufacturers made pursuant to this section on behalf of the state agencies.

(b) In coordinating the requests made pursuant to this section, the California Environmental Protection Agency shall seek to accomplish the following objectives:

(1) Minimize or eliminate duplicate requests for the same or similar information.

(2) Coordinate with manufacturers of the same chemical to develop and submit the requested information in an equitable and resource-efficient manner.

(3) To the extent practicable minimize the cost burden on individual manufacturers.

(4) Maintain a record of requests made pursuant to this section.

(c) A state agency, before requesting any information from a manufacturer pursuant to subdivision (d), shall do all of the following:

(1) Post on its Internet Web site and the Internet Web site of the California Environmental Protection Agency an announcement that it seeks information pursuant to subdivision (d), including the chemical for which it seeks information, the type of information it is seeking, and the reason for seeking the information.

(2) Conduct a search for the information it seeks of all known public sources of information on the chemicals for which an announcement has been posted pursuant to paragraph (1). All known public sources include public and electronically searchable databases maintained by the federal government, state governments, and intergovernmental organizations.

(3) Make reasonable attempts to contact all manufacturers of chemicals listed for which an announcement has been posted pursuant to paragraph (1) to obtain any relevant information that may be held by those manufacturers but is not publicly available.

(4) Make reasonable attempts to consult with all manufacturers of chemicals listed for which an announcement has been posted pursuant

to paragraph (1) to determine what additional information, if any, those manufacturers need to develop to assist the state agency in evaluating the fate and transport of those chemicals in the relevant matrices.

(5) Make reasonable attempts to consult with all manufacturers to evaluate the technical feasibility of developing the information requested by the agency.

(d) (1) A state agency may request a manufacturer to provide additional information on a chemical for which an announcement has been posted pursuant to paragraph (1) of subdivision (c).

(2) Upon request of a state agency, the manufacturer, within one year, shall provide the state agency with the additional information requested for the specified chemical.

(3) The information that the state agency requests may include, but is not limited to, any of the following:

(A) An analytical test method for that chemical, or for metabolites and degradation products for that chemical that are biologically relevant in the matrix specified by the state agency.

(B) The octanol-water partition coefficient and bioconcentration factor for humans for that chemical.

(C) Other relevant information on the fate and transport of that chemical in the environment.

(4) The manufacturer responding to a request pursuant to this subdivision shall collaborate and cooperate with the state agency making the request to the extent practicable for the following purposes:

(A) To ensure that the information being provided meets the needs of the state agency.

(B) To reduce disagreements over the information being provided.

(C) To decrease to the maximum extent possible the effort and resources the state agency must expend to verify and validate the information provided.

(e) The definitions in Section 57018 apply to this section.

(f) This section shall not be construed to limit the authority of a state agency to obtain information pursuant to any other provision of law.

SEC. 4. Section 57020 is added to the Health and Safety Code, to read:

57020. (a) Notwithstanding Section 6254.7 of the Government Code, if a manufacturer believes that information provided to a state agency pursuant to Section 57019 involves the release of a trade secret, the manufacturer shall make the disclosure to the state agency and notify the state agency in writing of that belief. In its written notice, the manufacturer shall identify the portion of the information submitted to the state agency that it believes is a trade secret and provide documentation supporting its conclusion.

(b) Subject to this section, the state agency shall protect from disclosure a trade secret designated as such by the manufacturer, if that trade secret is not a public record.

(c) Upon receipt of a request for the release of information to the public that includes information that the manufacturer has notified the state agency is a trade secret and that is not a public record, the following procedure applies:

(1) The state agency shall notify the manufacturer that disclosed the information to the state agency of the request, in writing by certified mail, return receipt requested.

(2) The state agency shall release the information to the public, but not earlier than 30 days after the date of mailing the notice of the request for information, unless, prior to the expiration of the 30-day period, the manufacturer obtains an action in an appropriate court for a declaratory judgment that the information is subject to protection under this section or for a preliminary injunction prohibiting disclosure of the information to the public and promptly notifies the state agency of that action. In order to prevent the state agency from releasing the information to the public, the manufacturer shall obtain a declaratory judgment or preliminary injunction within 30 days of filing an action for a declaratory judgment or preliminary injunction.

(d) This section does not authorize a manufacturer to refuse to disclose to the state agency information required by Section 57019.

(e) Any information that a court, pursuant to this section, determines is a trade secret and not a public record, or pending final judgment pursuant to subdivision (c), shall not be disclosed by the state agency to anyone, except to an officer or employee of a city or county, the state, or the United States, or to a contractor with a city or county, or the state, and its employees, if, in the opinion of the state agency, disclosure is necessary and required for the satisfactory performance of a contract, for the performance of work, or to protect the health and safety of the employees of the contractor.

(f) The definitions in Section 57018 apply to this section.

CHAPTER 700

An act to amend Section 401 of, to add Article 4 (commencing with Section 440) to Chapter 2.5 of Part 1 of Division 1 of, and to add Division 2.5 (commencing with Section 5800) to, the Public Utilities Code, and to amend Section 107.7 of the Revenue and Taxation Code, relating to cable and video service.

[Approved by Governor September 29, 2006. Filed with
Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 401 of the Public Utilities Code is amended to read:

401. (a) The Legislature finds and declares that the public interest is best served by a commission that is appropriately funded and staffed, that can thoroughly examine the issues before it, and that can take timely and well-considered action on matters before it. The Legislature further finds and declares that funding the commission by means of a reasonable fee imposed upon each common carrier and business related thereto, each public utility that the commission regulates, and each applicant for, or holder of, a state franchise pursuant to Division 2.5 (commencing with Section 5800), helps to achieve those goals and is, therefore, in the public interest.

(b) The Legislature intends, in enacting this chapter, that the fees levied and collected pursuant thereto produce enough, and only enough, revenues to fund the commission with (1) its authorized expenditures for each fiscal year to regulate common carriers and businesses related thereto, public utilities, and applicants and holders of a state franchise to be a video service provider, less the amount to be paid from special accounts except those established by this article, reimbursements, federal funds, and the unencumbered balance from the preceding year; (2) an appropriate reserve; and (3) any adjustment appropriated by the Legislature.

(c) For purposes of this chapter, an "appropriate reserve" means a reserve in addition to the commission's total authorized annual budget to regulate common carriers and related businesses, public utilities, and applicants and holders of a state franchise to be a video service provider, to be determined by the commission based on its past and projected operating experience.

SEC. 2. Article 4 (commencing with Section 440) is added to Chapter 2.5 of Part 1 of Division 1 of the Public Utilities Code, to read:

Article 4. Video Service Franchises

440. (a) For purposes of this article, "state franchise," "video service," and "video service provider" shall have the same meaning as those terms are defined in Section 5830.

(b) The Public Utilities Commission Video Franchising Account is hereby created in the Public Utilities Commission Utilities Reimbursement Account.

441. The commission shall annually determine a fee to be paid by an applicant or holder of a state franchise pursuant to Division 2.5 (commencing with Section 5800). The annual fee shall be established to produce a total amount equal to that amount established in the authorized commission budget for the same year, including adjustments for increases in employee compensation, other increases appropriated by the Legislature, and an appropriate reserve to carry out the provisions of Division 2.5 (commencing with Section 5800), less the amount to be paid from reimbursements, federal funds, and any other revenues, and the amount of unencumbered funds from the preceding year.

442. (a) The commission shall establish the fee pursuant to Section 441 with the approval of the Department of Finance. The commission shall specify the amount of its budget to be financed by the fee in its annual budget request.

(b) The fee shall be determined and imposed by the commission consistent with the requirements of Section 542 of Title 47 of the United States Code.

(c) All fees collected by the commission pursuant to this section shall be transmitted to the Treasurer at least quarterly for deposit in the Public Utilities Commission Video Franchising Account.

(d) The commission shall maintain those records as are necessary to account separately for all fees and charges, including the fees authorized by Section 441.

(e) The commission shall authorize refunds of the fees provided for in this article when the fees were collected in error.

443. (a) The commission may require a video service provider subject to this article to furnish information and reports to the commission, at the time or times it specifies, to enable it to determine the fee pursuant to Section 441.

(b) Any video service provider required to submit information and reports under this article may, in lieu thereof, submit information or reports made to any other governmental agency if all of the following are met:

(1) The alternate information or reports contain all of the information required by the commission.

(2) The requirements to which the alternate reports or information are responsive are clearly identified.

(3) The information or reports are certified by the video service provider to be true and correct.

444. (a) If a video service provider subject to this article is in default of the payment of any fee required by this article for a period of 30 days or more, the commission may suspend or revoke the state franchise of the video service provider or order the video service provider to cease and desist from conducting all operations subject to the franchising authority of the commission. The commission may estimate from all available information the appropriate fee and may add to the amount of that estimated fee, a penalty not to exceed 25 percent of the amount, on account of the failure, refusal, or neglect to prepare and submit the report or to pay the fee, and the video service provider shall be estopped to complain of the amount of the commission's estimate.

(b) Upon payment of the fee so estimated and penalty, if applicable, the state franchise of the video service provider suspended in accordance with this section shall be reinstated or the order to cease and desist revoked. The commission may grant a reasonable extension of the 30-day period to any video service provider upon written application and a showing of the necessity of the extension.

(c) Upon revocation of any state franchise or issuance of an order to cease and desist pursuant to this section, all fees in default shall become due and payable immediately.

(d) The commission may bring an action, in its own name or in the name of the people of the state, in any court of competent jurisdiction, for the collection of delinquent fees estimated under this article, or for an amount due, owing, and unpaid to it, as shown by report filed by the commission, together with a penalty of 25 percent for the delinquency.

SEC. 3. Division 2.5 (commencing with Section 5800) is added to the Public Utilities Code, to read:

DIVISION 2.5. THE DIGITAL INFRASTRUCTURE AND VIDEO COMPETITION ACT OF 2006

5800. This act shall be known and may be cited as the Digital Infrastructure and Video Competition Act of 2006.

5810. (a) The Legislature finds and declares all of the following:

(1) Increasing competition for video and broadband services is a matter of statewide concern for all of the following reasons:

(A) Video and cable services provide numerous benefits to all Californians including access to a variety of news, public information, education, and entertainment programming.

(B) Increased competition in the cable and video service sector provides consumers with more choice, lowers prices, speeds the deployment of new communication and broadband technologies, creates jobs, and benefits the California economy.

(C) To promote competition, the state should establish a state-issued franchise authorization process that allows market participants to use their networks and systems to provide video, voice, and broadband services to all residents of the state.

(D) Competition for video service should increase opportunities for programming that appeals to California's diverse population and many cultural communities.

(2) Legislation to develop this new process should adhere to the following principles:

(A) Create a fair and level playing field for all market competitors that does not disadvantage or advantage one service provider or technology over another.

(B) Promote the widespread access to the most technologically advanced cable and video services to all California communities in a nondiscriminatory manner regardless of socioeconomic status.

(C) Protect local government revenues and control of public rights-of-way.

(D) Require market participants to comply with all applicable consumer protection laws.

(E) Complement efforts to increase investment in broadband infrastructure and close the digital divide.

(F) Continue access to and maintenance of the public, education, and government (PEG) channels.

(G) Maintain all existing authority of the California Public Utilities Commission as established in state and federal statutes.

(3) The public interest is best served when sufficient funds are appropriated to the commission to provide adequate staff and resources to appropriately and timely process applications of video service providers and to ensure full compliance with the requirements of this division. It is the intent of the Legislature that, although video service providers are not public utilities or common carriers, the commission shall collect any fees authorized by this division in the same manner and under the same terms as it collects fees from common carriers, electrical corporations, gas corporations, telephone corporations, telegraph corporations, water corporations, and every other public utility providing service directly to customers or subscribers subject to its jurisdiction such that it does not discriminate against video service providers or their subscribers.

(4) Providing an incumbent cable operator the option to secure a state-issued franchise through the preemption of an existing cable franchise between a cable operator and any political subdivision of the state, including, but not limited to, a charter city, county, or city and county, is an essential element of the new regulatory framework

established by this act as a matter of statewide concern to best ensure equal protection and parity among providers and technologies, as well as to achieve the goals stated by the Legislature in enacting this act.

(b) It is the intent of the Legislature that a video service provider shall pay as rent a franchise fee to the local entity in whose jurisdiction service is being provided for the continued use of streets, public facilities, and other rights-of-way of the local entity in order to provide service. The Legislature recognizes that local entities should be compensated for the use of the public rights-of-way and that the franchise fee is intended to compensate them in the form of rent or a toll, similar to that which the court found to be appropriate in Santa Barbara County Taxpayers Association v. Board of Supervisors for the County of Santa Barbara (1989) 257 Cal. App. 615.

(c) It is the intent of the Legislature that collective bargaining agreements be respected.

(d) It is the intent of the Legislature that the definition of gross revenues in this division shall result in local entities maintaining their existing level of revenue from franchise fees.

5820. (a) Nothing in this division shall be deemed as creating a vested right in a state-issued franchise by the franchise holder or its affiliates that would preclude the state from amending the provisions that establish the terms and conditions of a franchise.

(b) Nothing in this division shall be construed to eliminate or reduce a telephone corporation's or video service provider's obligations under any applicable state or federal environmental protection laws. The local entity shall serve as the lead agency for any environmental review under this division and may impose conditions to mitigate environmental impacts of the applicant's use of the public rights-of-way that may be required pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(c) The holder of a state franchise shall not be deemed a public utility as a result of providing video service under this division. This division shall not be construed as granting authority to the commission to regulate the rates, terms, and conditions of video services, except as explicitly set forth in this division.

5830. For purposes of this division, the following words have the following meanings:

(a) "Broadband" means any service defined as broadband in the most recent Federal Communications Commission inquiry pursuant to Section 706 of the Telecommunications Act of 1996 (P.L. 104-104).

(b) "Cable operator" means any person or group of persons that either provides cable service over a cable system and directly, or through one or more affiliates, owns a significant interest in a cable system; or that

otherwise controls or is responsible for, through any arrangement, the management and operation of a cable system, as set forth in Section 522(5) of Title 47 of the United States Code.

(c) "Cable service" is defined as the one-way transmission to subscribers of either video programming, or other programming service, and subscriber interaction, if any, that is required for the selection or use of video programming or other programming service, as set forth in Section 522(6) of Title 47 of the United States Code.

(d) "Cable system" is defined as set forth in Section 522(7) of Title 47 of the United States Code.

(e) "Commission" means the Public Utilities Commission.

(f) "Franchise" means an initial authorization, or renewal of an authorization, issued by a franchising entity, regardless of whether the authorization is designated as a franchise, permit, license, resolution, contract, certificate, agreement, or otherwise, that authorizes the construction and operation of any network in the right-of-way capable of providing video service to subscribers.

(g) "Franchise fee" means the fee adopted pursuant to Section 5840.

(h) "Local franchising entity" means the city, county, city and county, or joint powers authority entitled to require franchises and impose fees on cable operators, as set forth in Section 53066 of the Government Code.

(i) "Holder" means a person or group of persons that has been issued a state franchise from the commission pursuant to this division.

(j) "Incumbent cable operator" means a cable operator or OVS serving subscribers under a franchise in a particular city, county, or city and county franchise area on January 1, 2007.

(k) "Local entity" means any city, county, city and county, or joint powers authority within the state within whose jurisdiction a holder of a state franchise under this division may provide cable service or video service.

(*l*) "Network" means a component of a facility that is wholly or partly physically located within a public right-of-way and that is used to provide video service, cable service, voice, or data services.

(m) "Open-video system" or "OVS" means those services set forth in Section 573 of Title 47 of the United States Code.

(n) "OVS operator" means any person or group of persons that either provides cable service over an open-video system directly, or through one or more affiliates, owns a significant interest in an open-video system, or that otherwise controls or is responsible for, through any arrangement, the management of an open-video system.

(o) "Public right-of-way" means the area along and upon any public road or highway, or along or across any of the waters or lands within the state.

(p) "State franchise" means a franchise that is issued pursuant to this division.

(q) "Subscriber" means a person who lawfully receives video service from the holder of a state franchise for a fee.

(r) "Video programming" means programming provided by, or generally considered comparable to programming provided by, a television broadcast station, as set forth in Section 522(20) of Title 47 of the United States Code.

(s) "Video service" means video programming services, cable service, or OVS service provided through facilities located at least in part in public rights-of-way without regard to delivery technology, including Internet protocol or other technology. This definition does not include (1) any video programming provided by a commercial mobile service provider defined in Section 322(d) of Title 47 of the United States Code, or (2) video programming provided as part of, and via, a service that enables users to access content, information, electronic mail, or other services offered over the public Internet.

(t) "Video service provider" means an entity providing video service.

5840. (a) The commission is the sole franchising authority for a state franchise to provide video service under this division. Neither the commission nor any local franchising entity or other local entity of the state may require the holder of a state franchise to obtain a separate franchise or otherwise impose any requirement on any holder of a state franchise except as expressly provided in this division. Sections 53066, 53066.01, 53066.2, and 53066.3 of the Government Code shall not apply to holders of a state franchise.

(b) The application process described in this section and the authority granted to the commission under this section shall not exceed the provisions set forth in this section.

(c) Any person or corporation who seeks to provide video service in this state for which a franchise has not already been issued, after January 1, 2008, shall file an application for a state franchise with the commission. The commission may impose a fee on the applicant that shall not exceed the actual and reasonable costs of processing the application and shall not be levied for general revenue purposes.

(d) No person or corporation shall be eligible for a state-issued franchise, including a franchise obtained from renewal or transfer of an existing franchise, if that person or corporation is in violation of any final nonappealable order relating to either the Cable Television and Video Provider Customer Service and Information Act (Article 3.5

(commencing with Section 53054) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code) or the Video Customer Service Act (Article 4.5 (commencing with Section 53088) of Chapter 1 of Part 1 of Division 2 of Title 5 of the Government Code).

(e) The application for a state franchise shall be made on a form prescribed by the commission and shall include all of the following:

(1) A sworn affidavit, signed under penalty of perjury by an officer or another person authorized to bind the applicant, that affirms all of the following:

(A) That the applicant has filed or will timely file with the Federal Communications Commission all forms required by the Federal Communications Commission before offering cable service or video service in this state.

(B) That the applicant or its affiliates agrees to comply with all federal and state statutes, rules, and regulations, including, but not limited to, the following:

(i) A statement that the applicant will not discriminate in the provision of video or cable services as provided in Section 5890.

(ii) A statement that the applicant will abide by all applicable consumer protection laws and rules as provided in Section 5900.

(iii) A statement that the applicant will remit the fee required by subdivision (a) of Section 5860 to the local entity.

(iv) A statement that the applicant will provide PEG channels and the required funding as required by Section 5870.

(C) That the applicant agrees to comply with all lawful city, county, or city and county regulations regarding the time, place, and manner of using the public rights-of-way, including, but not limited to, payment of applicable encroachment, permit, and inspection fees.

(D) That the applicant will concurrently deliver a copy of the application to any local entity where the applicant will provide service.

(2) The applicant's legal name and any name under which the applicant does or will do business in this state.

(3) The address and telephone number of the applicant's principal place of business, along with contact information for the person responsible for ongoing communications with the department.

(4) The names and titles of the applicant's principal officers.

(5) The legal name, address, and telephone number of the applicant's parent company, if any.

(6) A description of the video service area footprint that is proposed to be served, as identified by a collection of United States Census Bureau Block numbers (13 digit) or a geographic information system digital boundary meeting or exceeding national map accuracy standards. This

description shall include the socioeconomic status information of all residents within the service area footprint.

(7) If the applicant is a telephone corporation or an affiliate of a telephone corporation, as defined in Section 234, a description of the territory in which the company provides telephone service. The description shall include socioeconomic status information of all residents within the telephone corporation's service territory.

(8) The expected date for the deployment of video service in each of the areas identified in paragraph (6).

(9) Adequate assurance that the applicant possesses the financial, legal, and technical qualifications necessary to construct and operate the proposed system and promptly repair any damage to the public right-of-way caused by the applicant. To accomplish these requirements, the commission may require a bond.

(f) The commission may require that a corporation with wholly owned subsidiaries or affiliates is eligible only for a single state-issued franchise and prohibit the holding of multiple franchises through separate subsidiaries or affiliates. The commission may establish procedures for a holder of a state-issued franchise to amend its franchise to reflect changes in its service area.

(g) The commission shall commence accepting applications for a state franchise no later than April 1, 2007.

(h) (1) The commission shall notify an applicant for a state franchise and any affected local entities whether the applicant's application is complete or incomplete before the 30th calendar day after the applicant submits the application.

(2) If the commission finds the application is complete, it shall issue a state franchise before the 14th calendar day after that finding.

(3) If the commission finds that the application is incomplete, it shall specify with particularity the items in the application that are incomplete and permit the applicant to amend the application to cure any deficiency. The commission shall have 30 calendar days from the date the application is amended to determine its completeness.

(4) The failure of the commission to notify the applicant of the completeness or incompleteness of the application before the 44th calendar day after receipt of an application shall be deemed to constitute issuance of the certificate applied for without further action on behalf of the applicant.

(i) The state franchise issued by the commission shall contain all of the following:

(1) A grant of authority to provide video service in the service area footprint as requested in the application.

(2) A grant of authority to use the public rights-of-way, in exchange for the franchise fee adopted under subdivision (q), in the delivery of video service, subject to the laws of this state.

(3) A statement that the grant of authority is subject to lawful operation of the cable service or video service by the applicant or its successor in interest.

(j) The state franchise issued by the commission may be terminated by the video service provider by submitting at least 90 days prior written notice to customers, local entities, and the commission.

(k) It is unlawful to provide video service without a state or locally issued franchise.

(*l*) Subject to the notice requirements of this division, a state franchise may be transferred to any successor in interest of the holder to which the certificate is originally granted, provided that the transferee first submits all of the information required of the applicant by this section to the commission.

(m) In connection with, or as a condition of, receiving a state franchise, the commission shall require a holder to notify the commission and any applicable local entity within 14 business days of any of the following changes involving the holder or the state franchise:

(1) Any transaction involving a change in the ownership, operation, control, or corporate organization of the holder, including a merger, an acquisition, or a reorganization.

(2) A change in the holder's legal name or the adoption of, or change to, an assumed business name. The holder shall submit to the commission a certified copy of either of the following:

(A) The proposed amendment to the state franchise.

(B) The certificate of assumed business name.

(3) A change in the holder's principal business address or in the name of the person authorized to receive notice on behalf of the holder.

(4) Any transfer of the state franchise to a successor in interest of the holder. The holder shall identify the successor in interest to which the transfer is made.

(5) The termination of any state franchise issued under this division. The holder shall identify both of the following:

(A) The number of customers in the service area covered by the state franchise being terminated.

(B) The method by which the holder's customers were notified of the termination.

(6) A change in one or more of the service areas of this division that would increase or decrease the territory within the service area. The holder shall describe the new boundaries of the affected service areas after the proposed change is made.

(n) Prior to offering video service in a local entity's jurisdiction, the holder of a state franchise shall notify the local entity that the video service provider will provide video service in the local entity's jurisdiction. The notice shall be given at least 10 days, but no more than 60 days, before the video service provider begins to offer service.

(o) Any video service provider that currently holds a franchise with a local franchising entity is entitled to seek a state franchise in the area designated in that franchise upon meeting any of the following conditions:

(1) The expiration, prior to any renewal or extension, of its local franchise.

(2) A mutually agreed upon date set by both the local franchising entity and video service provider to terminate the franchise provided in writing by both parties to the commission.

(3) When a video service provider that holds a state franchise provides the notice required pursuant to subdivision (m) to a local jurisdiction that it intends to initiate providing video service in all or part of that jurisdiction, a video service provider operating under a franchise issued by a local franchising authority may elect to obtain a state franchise to replace its locally issued franchise. The franchise issued by the local franchising entity shall terminate and be replaced by a state franchise when the state franchising authority issues a state franchise for the video service provider that includes the entire service area served by the video service provider and the video service provider notifies the local entity that it will begin providing video service in that area under a state franchise.

(p) Notwithstanding any rights to the contrary, an incumbent cable operator opting into a state franchise under this subdivision shall continue to serve all areas as required by its local franchise agreement existing on January 1, 2007, until that local franchise otherwise would have expired. However, an incumbent cable operator that is also a telephone corporation with less than 1,000,000 telephone customers in California and is providing video service in competition with another incumbent cable operator shall not be required to provide service beyond the area in which it is providing video service as of January 1, 2007.

(q) (1) There is hereby adopted a state franchise fee payable as rent or a toll for the use of the public right-of-way by holders of the state franchise issued pursuant to this division. The amount of the state franchise fee shall be 5 percent of gross revenues, as defined in subdivision (d) of Section 5860, or the percentage applied by the local entity to the gross revenue of the incumbent cable operator, whichever is less. If there is no incumbent cable operator or upon the expiration of the incumbent cable operator's franchise, the amount of the state franchise fee shall be 5 percent of gross revenues, as defined in

subdivision (d) of Section 5860, unless the local entity adopts an ordinance setting the amount of the franchise fee at less than 5 percent.

(2) (A) The state franchise fee shall apply equally to all video service providers in the local entity's jurisdiction.

(B) Notwithstanding subparagraph (A), if the video service provider is leasing access to a network owned by a local entity, the local entity may set a franchise fee for access to the network different from the franchise fee charged to a video service provider for access to the rights-of-way to install its own network.

5850. (a) A state-issued franchise shall only be valid for 10 years after the date of issuance, and the video service provider shall apply for a renewal of the state franchise for an additional 10-year period if it wishes to continue to provide video services in the area covered by the franchise after the expiration of the franchise.

(b) Except as provided in this section, the criteria and process described in Section 5840 shall apply to a renewal registration, and the commission shall not impose any additional or different criteria.

(c) Renewal of a state franchise shall be consistent with federal law and regulations.

(d) The commission shall not renew the franchise if the video service provider is in violation of any final nonappealable court order issued pursuant to this division.

5860. (a) The holder of a state franchise that offers video service within the jurisdiction of the local entity shall calculate and remit to the local entity a state franchise fee, adopted pursuant to subdivision (q) of Section 5840, as provided in this section. The obligation to remit the franchise fee to a local entity begins immediately upon provision of video service within that local entity's jurisdiction. However, the remittance shall not be due until the time of the first quarterly payment required under subdivision (g) that is at least 180 days after the provision of service began. The fee remitted to a city or city and county shall be based on gross revenues, as defined in subdivision (d), derived from the provision of video service within that jurisdiction. The fee remitted to a county shall be based on gross revenues earned within the unincorporated area of the county. No fee under this section shall become due unless the local entity provides documentation to the holder of the state franchise supporting the percentage paid by the incumbent cable operator serving the area within the local entity's jurisdiction, as provided below. The fee shall be calculated as a percentage of the holder's gross revenues, as defined in subdivision (d). The fee remitted to the local entity pursuant to this section may be used by the local entity for any lawful purpose.

(b) The state franchise fee shall be a percentage of the holder's gross revenues, as defined in subdivision (d).

(c) No local entity or any other political subdivision of this state may demand any additional fees or charges or other remuneration of any kind from the holder of a state franchise based solely on its status as a provider of video or cable services other than as set forth in this division and may not demand the use of any other calculation method or definition of gross revenues. However, nothing in this section shall be construed to limit a local entity's ability to impose utility user taxes and other generally applicable taxes, fees, and charges under other applicable provisions of state law that are applied in a nondiscriminatory and competitively neutral manner.

(d) For purposes of this section, the term "gross revenues" means all revenue actually received by the holder of a state franchise, as determined in accordance with generally accepted accounting principles, that is derived from the operation of the holder's network to provide cable or video service within the jurisdiction of the local entity, including all of the following:

(1) All charges billed to subscribers for any and all cable service or video service provided by the holder of a state franchise, including all revenue related to programming provided to the subscriber, equipment rentals, late fees, and insufficient fund fees.

(2) Franchise fees imposed on the holder of a state franchise by this section that are passed through to, and paid by, the subscribers.

(3) Compensation received by the holder of a state franchise that is derived from the operation of the holder's network to provide cable service or video service with respect to commissions that are paid to the holder of a state franchise as compensation for promotion or exhibition of any products or services on the holder's network, such as a "home shopping" or similar channel, subject to paragraph (4) of subdivision (e).

(4) A pro rata portion of all revenue derived by the holder of a state franchise or its affiliates pursuant to compensation arrangements for advertising derived from the operation of the holder's network to provide video service within the jurisdiction of the local entity, subject to paragraph (1) of subdivision (e). The allocation shall be based on the number of subscribers in the local entity divided by the total number of subscribers in relation to the relevant regional or national compensation arrangement.

(e) For purposes of this section, the term "gross revenue" set forth in subdivision (d) does not include any of the following:

(1) Amounts not actually received, even if billed, such as bad debt; refunds, rebates, or discounts to subscribers or other third parties; or

revenue imputed from the provision of cable services or video services for free or at reduced rates to any person as required or allowed by law, including, but not limited to, the provision of these services to public institutions, public schools, governmental agencies, or employees except that forgone revenue chosen not to be received in exchange for trades, barters, services, or other items of value shall be included in gross revenue.

(2) Revenues received by any affiliate or any other person in exchange for supplying goods or services used by the holder of a state franchise to provide cable services or video services. However, revenue received by an affiliate of the holder from the affiliate's provision of cable or video service shall be included in gross revenue as follows:

(A) To the extent that treating the revenue as revenue of the affiliate, instead of revenue of the holder, would have the effect of evading the payment of fees that would otherwise be paid to the local entity.

(B) The revenue is not otherwise subject to fees to be paid to the local entity.

(3) Revenue derived from services classified as noncable services or nonvideo services under federal law, including, but not limited to, revenue derived from telecommunications services and information services, other than cable services or video services, and any other revenues attributed by the holder of a state franchise to noncable services or nonvideo services in accordance with Federal Communications Commission rules, regulations, standards, or orders.

(4) Revenue paid by subscribers to "home shopping" or similar networks directly from the sale of merchandise through any home shopping channel offered as part of the cable services or video services. However, commissions or other compensation paid to the holder of a state franchise by "home shopping" or similar networks for the promotion or exhibition products or services shall be included in gross revenue.

(5) Revenue from the sale of cable services or video services for resale in which the reseller is required to collect a fee similar to the franchise fee from the reseller's customers.

(6) Amounts billed to, and collected from, subscribers to recover any tax, fee, or surcharge imposed by any governmental entity on the holder of a state franchise, including, but not limited to, sales and use taxes, gross receipts taxes, excise taxes, utility users taxes, public service taxes, communication taxes, and any other fee not imposed by this section.

(7) Revenue from the sale of capital assets or surplus equipment not used by the purchaser to receive cable services or video services from the seller of those assets or surplus equipment.

(8) Revenue from directory or Internet advertising revenue, including, but not limited to, yellow pages, white pages, banner advertisement, and electronic publishing.

(9) Revenue received as reimbursement by programmers of specific, identifiable marketing costs incurred by the holder of a state franchise for the introduction of new programming.

(10) Security deposits received from subscribers, excluding security deposits applied to the outstanding balance of a subscriber's account and thereby taken into revenue.

(f) For the purposes of this section, in the case of a video service that may be bundled or integrated functionally with other services, capabilities, or applications, the state franchise fee shall be applied only to the gross revenue, as defined in subdivision (d), attributable to video service. Where the holder of a state franchise or any affiliate bundles, integrates, ties, or combines video services with nonvideo services creating a bundled package, so that subscribers pay a single fee for more than one class of service or receive a discount on video services, gross revenues shall be determined based on an equal allocation of the package discount, that is, the total price of the individual classes of service at advertised rates compared to the package price, among all classes of service comprising the package. The fact that the holder of a state franchise offers a bundled package shall not be deemed a promotional activity. If the holder of a state franchise does not offer any component of the bundled package separately, the holder of a state franchise shall declare a stated retail value for each component based on reasonable comparable prices for the product or service for the purpose of determining franchise fees based on the package discount described above.

(g) For the purposes of determining gross revenue under this division, a video service provider shall use the same method of determining revenues under generally accepted accounting principals as that which the video service provider uses in determining revenues for the purpose of reporting to national and state regulatory agencies.

(h) The state franchise fee shall be remitted to the applicable local entity quarterly, within 45 days after the end of the quarter for that calendar quarter. Each payment shall be accompanied by a summary explaining the basis for the calculation of the state franchise fee. If the holder does not pay the franchise fee when due, the holder shall pay a late payment charge at a rate per year equal to the highest prime lending rate during the period of delinquency, plus 1 percent. If the holder has overpaid the franchise fee, it may deduct the overpayment from its next quarterly payment.

(i) Not more than once annually, a local entity may examine the business records of a holder of a state franchise to the extent reasonably necessary to ensure compensation in accordance with subdivision (a). The holder shall keep all business records reflecting any gross revenues, even if there is a change in ownership, for at least four years after those revenues are recognized by the holder on its books and records. If the examination discloses that the holder has underpaid franchise fees by more than 5 percent during the examination period, the holder shall pay all of the reasonable and actual costs of the examination. If the examination discloses that the holder has not underpaid franchise fees, the local entity shall pay all of the reasonable and actual costs of the examination. In every other instance, each party shall bear its own costs of the examination. Any claims by a local entity that compensation is not in accordance with subdivision (a), and any claims for refunds or other corrections to the remittance of the holder of a state franchise, shall be made within three years and 45 days of the end of the quarter for which compensation is remitted, or three years from the date of the remittance, whichever is later. Either a local entity or the holder may, in the event of a dispute concerning compensation under this section, bring an action in a court of competent jurisdiction.

(j) The holder of a state franchise may identify and collect the amount of the state franchise fee as a separate line item on the regular bill of each subscriber.

5870. (a) The holder of a state franchise shall designate a sufficient amount of capacity on its network to allow the provision of the same number of public, educational, and governmental access (PEG) channels, as are activated and provided by the incumbent cable operator that has simultaneously activated and provided the greatest number of PEG channels within the local entity under the terms of any franchise in effect in the local entity as of January 1, 2007. For the purposes of this section, a PEG channel is deemed activated if it is being utilized for PEG programming within the municipality for at least eight hours per day. The holder shall have three months from the date the local entity requests the PEG channels to designate the capacity. However, the three-month period shall be tolled by any period during which the designation or provision of PEG channel capacity is technically infeasible, including any failure or delay of the incumbent cable operator to make adequate interconnection available, as required by this section.

(b) The PEG channels shall be for the exclusive use of the local entity or its designee to provide public, educational, and governmental channels. The PEG channels shall be used only for noncommercial purposes. However, advertising, underwriting, or sponsorship recognition may be carried on the channels for the purpose of funding PEG-related activities.

The PEG channels shall all be carried on the basic service tier. To the extent feasible, the PEG channels shall not be separated numerically from other channels carried on the basic service tier and the channel numbers for the PEG channels shall be the same channel numbers used by the incumbent cable operator unless prohibited by federal law. After the initial designation of PEG channel numbers, the channel numbers shall not be changed without the agreement of the local entity unless the change is required by federal law. Each channel shall be capable of carrying a National Television System Committee (NTSC) television signal.

(c) (1) If less than three PEG channels are activated and provided within the local entity as of January 1, 2007, a local entity whose jurisdiction lies within the authorized service area of the holder of a state franchise may initially request the holder to designate not more than a total of three PEG channels.

(2) The holder shall have three months from the date of the request to designate the capacity. However, the three-month period shall be tolled by any period during which the designation or provision of PEG channel capacity is technically infeasible, including any failure or delay of the incumbent cable operator to make adequate interconnection available, as required by this section.

(d) (1) The holder shall provide an additional PEG channel when the nonduplicated locally produced video programming televised on a given channel exceeds 56 hours per week as measured on a quarterly basis. The additional channel shall not be used for any purpose other than to continue programming additional government, education, or public access television.

(2) For the purposes of this section, "locally produced video programming" means programming produced or provided by any local resident, the local entity, or any local public or private agency that provides services to residents of the franchise area; or any transmission of a meeting or proceeding of any local, state, or federal governmental entity.

(e) Any PEG channel provided pursuant to this section that is not utilized by the local entity for at least eight hours per day as measured on a quarterly basis may no longer be made available to the local entity, and may be programmed at the holder's discretion. At the time that the local entity can certify to the holder a schedule for at least eight hours of daily programming, the holder of the state franchise shall restore the channel or channels for the use of the local entity.

(f) The content to be provided over the PEG channel capacity provided pursuant to this section shall be the responsibility of the local entity or its designee receiving the benefit of that capacity, and the holder of a

state franchise bears only the responsibility for the transmission of that content, subject to technological restraints.

(g) (1) The local entity shall ensure that all transmissions, content, or programming to be transmitted by a holder of a state franchise are provided or submitted in a manner or form that is compatible with the holder's network, if the local entity produces or maintains the PEG programming in that manner or form. If the local entity does not produce or maintain PEG programming in that manner or form, then the local entity may submit or provide PEG programming in a manner or form that is standard in the industry. The holder shall be responsible for any changes in the form of the transmission necessary to make it compatible with the technology or protocol utilized by the holder to deliver services. If the holder is required to change the form of the transmission, the local entity shall permit the holder to do so in a manner that is most economical to the holder.

(2) The provision of those transmissions, content, or programming to the holder of a state franchise shall constitute authorization for the holder to carry those transmissions, content, or programming. The holder may carry the transmission, content, or programming outside of the local entity's jurisdiction if the holder agrees to pay the local entity or its designee any incremental licensing costs incurred by the local entity or its designee associated with that transmission. Local entities shall be prohibited from entering into licensing agreements that impose higher proportional costs for transmission to subscribers outside the local entity's jurisdiction.

(3) The PEG signal shall be receivable by all subscribers, whether they receive digital or analog service, or a combination thereof, without the need for any equipment other than the equipment necessary to receive the lowest cost tier of service. The PEG access capacity provided shall be of similar quality and functionality to that offered by commercial channels on the lowest cost tier of service unless the signal is provided to the holder at a lower quality or with less functionality.

(h) Where technically feasible, the holder of a state franchise and an incumbent cable operator shall negotiate in good faith to interconnect their networks for the purpose of providing PEG programming. Interconnection may be accomplished by direct cable, microwave link, satellite, or other reasonable method of connection. Holders of a state franchise and incumbent cable operators shall provide interconnection of the PEG channels on reasonable terms and conditions and may not withhold the interconnection. If a holder of a state franchise and an incumbent cable operator cannot reach a mutually acceptable interconnection agreement, the local entity may require the incumbent cable operator to allow the holder to interconnect its network with the

incumbent's network at a technically feasible point on the holder's network as identified by the holder. If no technically feasible point for interconnection is available, the holder of a state franchise shall make an interconnection available to the channel originator and shall provide the facilities necessary for the interconnection. The cost of any interconnection shall be borne by the holder requesting the interconnection unless otherwise agreed to by the parties.

(i) A holder of a state franchise shall not be required to interconnect for, or otherwise to transmit, PEG content that is branded with the logo, name, or other identifying marks of another cable operator or video service provider. For purposes of this section, PEG content is not branded if it includes only production credits or other similar information displayed at the conclusion of a program. The local entity may require a cable operator or video service provider to remove its logo, name, or other identifying marks from PEG content that is to be made available through interconnection to another provider of PEG capacity.

(j) In addition to any provision for the PEG channels required under subdivisions (a) to (i), inclusive, the holder shall reserve, designate, and, upon request, activate a channel for carriage of state public affairs programming administered by the state.

(k) All obligations to provide and support PEG channel facilities and institutional networks and to provide cable services to community buildings contained in a locally issued franchise existing on December 31, 2006, shall continue until the local franchise expires, until the term of the franchise would have expired if it had not been terminated pursuant to subdivision (o) of Section 5840, or until January 1, 2009, whichever is later.

(*l*) After January 1, 2007, and until the expiration of the incumbent cable operator's franchise, if the incumbent cable operator has existing unsatisfied obligations under the franchise to remit to the local entity any cash payments for the ongoing costs of public, educational, and government access channel facilities or institutional networks, the local entity shall divide those cash payments among all cable or video providers as provided in this section. The fee shall be the holder's pro rata per subscriber share of the cash payment required to be paid by the incumbent cable operator to the local entity for the costs of PEG channel facilities. All video service providers and the incumbent cable operator shall be subject to the same requirements for recurring payments for the support of PEG channel facilities and institutional networks, whether expressed as a percentage of gross revenue or as an amount per subscriber, per month, or otherwise.

(m) In determining the fee on a pro rata per subscriber basis, all cable and video service providers shall report, for the period in question, to

the local entity the total number of subscribers served within the local entity's jurisdiction, which shall be treated as confidential by the local entity and shall be used only to derive the per subscriber fee required by this section. The local entity shall then determine the payment due from each provider based on a per subscriber basis for the period by multiplying the unsatisfied cash payments for the ongoing capital costs of PEG channel facilities by a ratio of the reported subscribers of each provider to the total subscribers within the local entity as of the end of the period. The local entity shall notify the respective providers, in writing, of the resulting pro rata amount. After the notice, any fees required by this section shall be remitted to the applicable local entity quarterly, within 45 days after the end of the quarter for the preceding calendar quarter, and may only be used by the local entity as authorized under federal law.

(n) A local entity may, by ordinance, establish a fee to support PEG channel facilities consistent with federal law that would become effective subsequent to the expiration of any fee imposed pursuant to paragraph (2) of subdivision (*l*). If no such fee exists, the local entity may establish the fee at any time. The fee shall not exceed 1 percent of the holder's gross revenues, as defined in Section 5860. Notwithstanding this limitation, if, on December 31, 2006, a local entity is imposing a separate fee to support PEG channel facilities that is in excess of 1 percent, that entity may, by ordinance, establish a fee no greater than that separate fee, and in no event greater than 3 percent, to support PEG activities. The ordinance shall expire, and may be reauthorized, upon the expiration of the state franchise.

(o) The holder of a state franchise may recover the amount of any fee remitted to a local entity under this section by billing a recovery fee as a separate line item on the regular bill of each subscriber.

(p) A court of competent jurisdiction shall have exclusive jurisdiction to enforce any requirement under this section or resolve any dispute regarding the requirements set forth in this section, and no provider may by barred from the provision of service or be required to terminate service as a result of that dispute or enforcement action.

5880. Holders of state franchises shall comply with the Emergency Alert System requirements of the Federal Communications Commission in order that emergency messages may be distributed over the holder's network. Any provision in a locally issued franchise authorizing local entities to provide local emergency notifications shall remain in effect, and shall apply to all holders of a state-issued franchise in the same local area, for the duration of the locally issued franchise, until the term of the franchise would have expired were the franchise not terminated

pursuant to subdivision (m) of Section 5840, or until January 1, 2009, whichever is later.

5885. (a) The local entity shall allow the holder of a state franchise under this division to install, construct, and maintain a network within public rights-of-way under the same time, place, and manner as the provisions governing telephone corporations under applicable state and federal law, including, but not limited to, the provisions of Section 7901.1.

(b) Nothing in this division shall be construed to change existing law regarding the permitting process or compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for projects by a holder of a state franchise.

(c) (1) For purposes of this section, an "encroachment permit" means any permit issued by a local entity relating to construction or operation of facilities pursuant to this division.

(2) A local entity shall either approve or deny an application from a holder of a state franchise for an encroachment permit within 60 days of receiving a completed application. An application for an encroachment permit is complete when the applicant has complied with all statutory requirements, including the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(3) If the local entity denies an application for an encroachment permit, it shall, at the time of notifying the applicant of the denial, furnish to the applicant a detailed explanation of the reason for the denial.

(4) The local entity shall adopt regulations prescribing procedures for an applicant to appeal the denial of an encroachment permit application issued by a department of the local entity to the governing body of the local entity.

(5) Nothing in this section precludes an applicant and a local entity from mutually agreeing to an extension of any time limit provided by this section.

(d) A local entity may not enforce against the holder of a state franchise any rule, regulation, or ordinance that purports to allow the local entity to purchase or force the sale of a network.

5890. (a) A cable operator or video service provider that has been granted a state franchise under this division may not discriminate against or deny access to service to any group of potential residential subscribers because of the income of the residents in the local area in which the group resides.

(b) Holders or their affiliates with more than 1,000,000 telephone customers in California satisfy subdivision (a) if all of the following conditions are met:

(1) Within three years after it begins providing video service under this division, at least 25 percent of households with access to the holder's video service are low-income households.

(2) Within five years after it begins providing video service under this division and continuing thereafter, at least 30 percent of the households with access to the holder's video service are low-income households.

(3) Holders provide service to community centers in underserved areas, as determined by the holder, without charge, at a ratio of one community center for every 10,000 video customers. The holder shall not be required to take its facilities beyond the appropriate demarcation point outside the community center building or perform any inside wiring. The community center may not receive service from more than one state franchise holder at a time under this section. For purposes of this section, "community center" means any facility ran by an organization that has qualified for the California Teleconnect Fund, as established in Section 280 and that will make the holder's service available to the community.

(c) Holders or their affiliates with fewer than 1,000,000 telephone customers in California satisfy this section if they offer video service to all customers within their telephone service area within a reasonable time, as determined by the commission. However, the commission shall not require the holder to offer video service when the cost to provide video service is substantially above the average cost of providing video service in that telephone service area.

(d) When a holder provides video service outside of its telephone service area, is not a telephone corporation, or offers video service in an area where no other video service is being offered, other than direct-to-home satellite service, there is a rebuttable presumption that discrimination in providing service has not occurred within those areas. The commission may review the holder's proposed video service area to ensure that the area is not drawn in a discriminatory manner.

(e) For holders or their affiliates with more than 1,000,000 telephone customers in California, either of the following shall apply:

(1) If the holder is predominantly deploying fiber optic facilities to the customer's premise, the holder shall provide access to its video service to a number of households at least equal to 25 percent of the customer households in the holder's telephone service area within two years after it begins providing video service under this division, and to a number at least equal to 40 percent of those households within five years.

(2) If the holder is not predominantly deploying fiber optic facilities to the customer's premises, the holder shall provide access to its video service to a number of households at least equal to 35 percent of the households in the holder's telephone service area within three years after it begins providing video service under this division, and to a number at least equal to 50 percent of these households within five years.

(3) A holder shall not be required to meet the 40-percent requirement in paragraph (1) or the 50-percent requirement in paragraph (2) until two years after at least 30 percent of the households with access to the holder's video service subscribe to it for six consecutive months.

(4) If 30 percent of the households with access to the holder's video service have not subscribed to the holder's video service for six consecutive months within three years after it begins providing video service, the holder may submit validating documentation to the commission. If the commission finds that the documentation validates the holder's claim, then the commission shall permit a delay in meeting the 40-percent requirement in paragraph (1) or the 50-percent requirement in paragraph (2) until the time that the holder does provide service to 30 percent of the households for six consecutive months.

(f) (1) After two years of providing service under this division, the holder may apply to the state franchising authority for an extension to meet the requirements of subdivision (b), (c), or (e). Notice of this application shall also be provided to the telephone customers of the holder, the Secretary of the Senate, and the Chief Clerk of the Assembly.

(2) Upon application, the franchising authority shall hold public hearings in the telephone service area of the applicant.

(3) In reviewing the failure to satisfy the obligations contained in subdivision (b), (c), or (e), the franchising authority shall consider factors that are beyond the control of the holder, including, but not limited to, the following:

(i) The ability of the holder to obtain access to rights-of-way under reasonable terms and conditions.

(ii) The degree to which developments or buildings are not subject to competition because of existing exclusive arrangements.

(iii) The degree to which developments or buildings are inaccessible using reasonable technical solutions under commercially reasonable terms and conditions.

(iv) Natural disasters.

(4) The franchising authority may grant the extension only if the holder has made substantial and continuous effort to meet the requirements of subdivision (b), (c), or (e). If an extension is granted the franchising authority shall establish a new compliance deadline.

(g) Local governments may bring complaints to the state franchising authority that a holder is not offering video service as required by this section, or the state franchising authority may open an investigation on its own motion. The state franchising authority shall hold public hearings before issuing a decision. The commission may suspend or revoke the franchise if the holder fails to comply with the provisions of this division.

(h) If the state franchising authority finds that the holder is in violation of this section, it may, in addition to any other remedies provided by law, impose a fine not to exceed 1 percent of the holder's total monthly gross revenue received from provision of video service in the state each month from the date of the decision until the date that compliance is achieved.

(i) If a court finds that the holder of the state franchise is in violation of this section, the court may immediately terminate the holder's state franchise, and the court shall, in addition to any other remedies provided by law, impose a fine not to exceed 1 percent of the holder's total gross revenue of its entire cable and service footprint in the state in the full calendar month immediately prior to the decision.

(j) As used in this section, the following definitions shall apply:

(1) "Household" means consistent with the United States Census Bureau, as a house, an apartment, a mobile home, a group of rooms, or a single room that is intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

(2) "Low income household" means those residential households located within the holder's existing telephone service area where the average annual household income is less than $35,000 based on the United States Census Bureau estimates adjusted annually to reflect rates of change and distribution through January 1, 2007.

(3) "Customer's household" means those residential households located within the holder's existing telephone service area that are customers of the service by which that telephone service area is defined.

(4) "Access" means that the holder is capable of providing video service at the household address using any technology, other than direct-to-home satellite service, providing two-way broadband Internet capability and video programming, content, and functionality, regardless of whether any customer has ordered service or whether the owner or landlord or other responsible person has granted access to the household. If more than one technology is utilized, the technologies shall provide similar two-way broadband Internet accessibility and similar video programming.

(k) Nothing in this section shall be construed to require a holder to provide video service outside its wireline footprint or to match the existing cable franchise territory of any cable provider.

5900. (a) The holder of a state franchise shall comply with the provisions of Sections 53055, 53055.1, 53055.2, and 53088.2 of the Government Code, and any other customer service standards pertaining to the provision of video service established by federal law or regulation or adopted by subsequent enactment of the Legislature. All customer service and consumer protection standards under this section shall be interpreted and applied to accommodate newer or different technologies while meeting or exceeding the goals of the standards.

(b) The holder of a state franchise shall comply with provisions of Section 637.5 of the Penal Code and the privacy standards contained in Section 631 of the federal Cable Act (47 U.S.C. Sec. 551 et. seq.).

(c) The local entity shall enforce all of the customer service and protection standards of this section with respect to complaints received from residents within the local entity's jurisdiction, but it may not adopt or seek to enforce any additional or different customer service or other performance standards under Section 53055.3 or subdivision (q), (r), or (s) of Section 53088.2 of the Government Code, or any other authority or provision of law.

(d) The local entity shall, by ordinance or resolution, provide a schedule of penalties for any material breach by a holder of a state franchise of this section. No monetary penalties shall be assessed for a material breach if it is out of the reasonable control of the holder. Further, no monetary penalties may be imposed prior to January 1, 2007. Any schedule of monetary penalties adopted pursuant to this section shall in no event exceed five hundred dollars ($500) for each day of each material breach, not to exceed one thousand five hundred dollars ($1,500) for each occurrence of a material breach. However, if a material breach of this section has occurred, and the local entity has provided notice and a fine or penalty has been assessed, and if a subsequent material breach of the same nature occurs within 12 months, the penalties may be increased by the local entity to a maximum of one thousand dollars ($1,000) for each day of each material breach, not to exceed three thousand dollars ($3,000) for each occurrence of the material breach. If a third or further material breach of the same nature occurs within those same 12 months, and the local entity has provided notice and a fine or penalty has been assessed, the penalties may be increased to a maximum of two thousand five hundred dollars ($2,500) for each day of each material breach, not to exceed seven thousand five hundred dollars ($7,500) for each occurrence of the material breach. With respect to video providers subject to a franchise or license, any monetary penalties

assessed under this section shall be reduced dollar-for-dollar to the extent any liquidated damage or penalty provision of a current cable television ordinance, franchise contract, or license agreement imposes a monetary obligation upon a video provider for the same customer service failures, and no other monetary damages may be assessed.

(e) The local entity shall give the video provider written notice of any alleged material breaches of the consumer service standards of this division and allow the video provider at least 30 days from receipt of the notice to remedy the specified material breach.

(f) A material breach for the purposes of assessing penalties shall be deemed to have occurred for each day within the jurisdiction of each local entity, following the expiration of the period specified in subdivision (e), that any material breach has not been remedied by the video provider, irrespective of the number of customers affected.

(g) Any penalty shall be provided to the local entity who shall submit one-half of the penalty to the Digital Divide Account established in Section 280.5.

(h) Any interested person may seek judicial review of a decision of the local entity in a court of appropriate jurisdiction. For this purpose, a court of law shall conduct a de novo review of any issues presented.

(i) This section shall not preclude a party affected by this section from utilizing any judicial remedy available to that party without regard to this section. Actions taken by a local legislative body, including a local franchising authority, pursuant to this section shall not be binding upon a court of law. For this purpose, a court of law shall conduct de novo review of any issues presented.

(j) For purposes of this section, "material breach" means any substantial and repeated failure of a video service provider to comply with service quality and other standards specified in subdivision (a).

(k) The Division of Ratepayer Advocates shall have authority to advocate on behalf of video customers regarding renewal of a state-issued franchise and enforcement of Sections 5890, 5900, and 5950. For this purpose, the division shall have access to any information in the possession of the commission subject to all restrictions on disclosure of that information that are applicable to the commission.

5910. (a) The holder of a state franchise shall perform background checks of applicants for employment, according to current business practices.

(b) A background check equivalent to that performed by the holder shall also be conducted on all of the following:

(1) Persons hired by a holder under a personal service contract.

(2) Independent contractors and their employees.

(3) Vendors and their employees.

(c) Independent contractors and vendors shall certify that they have obtained the background checks required pursuant to subdivision (f), and shall make the background checks available to the holder upon request.

(d) Except as otherwise provided by contract, the holder of a state franchise shall not be responsible for administering the background checks and shall not assume the costs of the background checks of individuals who are not applicants for employment of the holder.

(e) (1) Subdivision (a) only applies to applicants for employment for positions that would allow the applicant to have direct contact with or access to the holder's network, central office, or customer premises, and perform activities that involve the installation, service, or repair of the holder's network or equipment.

(2) Subdivision (b) only applies to persons that have direct contact with or access to the holder's network, central office, or customer premises, and perform activities that involve the installation, service, or repair of the holder's network or equipment.

(f) This section does not apply to temporary workers performing emergency functions to restore the network of a holder to its normal state in the event of a natural disaster or an emergency that threatens or results in the loss of service.

5920. (a) A holder of a state franchise employing more than 750 total employees in California shall annually report to the commission all of the following:

(1) The number of California residents employed by the holder, calculated on a full-time or full-time equivalent basis.

(2) The percentage of the holder's total domestic workforce, calculated on a full-time or full-time equivalent basis.

(3) The types and numbers of jobs by occupational classification held by residents of California employed by holders of state franchises and the average pay and benefits of those jobs and, separately, the number of out-of-state residents employed by independent contractors, companies, and consultants hired by the holder, calculated on a full-time or full-time equivalent basis, when the holder is not contractually prohibited from disclosing the information to the public. This paragraph applies only to those employees of an independent contractor, company, or consultant that are personally providing services to the holder, and does not apply to employees of an independent contractor, company, or consultant not personally performing services for the holder.

(4) The number of net new positions proposed to be created directly by the holder of a state franchise during the upcoming year by occupational classifications and by category of full-time, part-time, temporary, and contract employees.

(b) The commission shall annually report the information required to be reported by holders of state franchises pursuant to subdivision (a), to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications, or their successor committees, and within a reasonable time thereafter, shall make the information available to the public on its Internet Web site.

5930. (a) Notwithstanding any other provision of this division, any video service provider that currently holds a franchise with a local franchising entity in a county that is a party, either alone or in conjunction with any other local franchising entity located in that county, to a stipulation and consent judgment executed by the parties thereto and approved by a federal district court shall neither be entitled to seek a state franchise in any area of that county, including any unincorporated area and any incorporated city of that county, nor abrogate any existing franchise before July 1, 2014. Prior to July 1, 2014, the video service provider shall continue to be exclusively governed by any existing franchise with a local franchising entity for the term of that franchise and any and all issues relating to renewal, transfer, or otherwise in relation to that franchise shall be resolved pursuant to that existing franchise and otherwise applicable federal and local law. This subdivision shall not be deemed to extend any existing franchise beyond its term.

(b) When an incumbent cable operator is providing service under an expired franchise or a franchise that expires before January 2, 2008, the local entity may extend that franchise on the same terms and conditions through January 2, 2008. A state franchise issued to any incumbent cable operator shall not become operative prior to January 2, 2008.

(c) When a video service provider that holds a state franchise provides the notice required pursuant to subdivision (m) of Section 5840 to a local entity, the local franchising entity may require all incumbent cable operators to seek a state franchise and shall terminate the franchise issued by the local franchising entity when the commission issues a state franchise for the video service provider that includes the entire service area served by the video service provider and the video service provider notifies the local entity that it will begin providing video service in that area under a state franchise.

5940. The holder of a state franchise under this division who also provides stand-alone, residential, primary line, basic telephone service shall not increase this rate to finance the cost of deploying a network to provide video service.

5950. The commission shall not permit a telephone corporation that is providing video service directly or through its affiliates pursuant to a state-issued franchise as an incumbent local exchange carrier to increase rates for residential, primary line, basic telephone service above the rate

as of July 1, 2006, until January 1, 2009, unless that telephone corporation is regulated under rate of return regulation. However, the commission may allow rate increases to reflect increases in inflation as shown in the Consumer Price Index published by the Bureau of Labor Statistics. This section does not affect the authority of the commission to authorize an increase in rates for basic telephone service that is bundled with other services and priced as a bundle. Nothing in this section is intended to prohibit implementation of commission decision D. 06-04-071 to the extent it has not been implemented prior to July 1, 2006.

5960. (a) For purposes of this section, "census tract" has the same meaning as used by the United States Census Bureau, and "household" has the same meaning as specified in Section 5890.

(b) Every holder, no later than April 1, 2008, and annually no later than April 1 thereafter, shall report to the commission on a census tract basis the following information:

(1) Broadband Information:

(A) The number of households to which the holder makes broadband available in this state. If the holder does not maintain this information on a census tract basis in its normal course of business, the holder may reasonably approximate the number of households based on information it keeps in the normal course of business.

(B) The number of households that subscribe to broadband that the holder makes available in this state.

(C) Whether the broadband provided by the holder utilizes wireline-based facilities or another technology.

(2) Video Information:

(A) If the holder is a telephone corporation:

(i) The number of households in the holder's telephone service area.

(ii) The number of households in the holder's telephone service area that are offered video service by the holder.

(B) If the holder is not a telephone corporation:

(i) The number of households in the holder's video service area.

(ii) The number of households in the holder's video service area that are offered video service by the holder.

(3) Low-Income Household Information:

(i) The number of low-income households in the holder's video service area.

(ii) The number of low-income households in the holder's video service area that are offered video service by the holder.

(c) The commission, no later than July 1, 2008, and annually no later than July 1 thereafter, shall submit to the Governor and the Legislature a report that includes based on year-end data, on an aggregated basis, the information submitted by holders pursuant to subdivision (b).

(d) All information submitted to the commission and reported by the commission pursuant to this section shall be disclosed to the public only as provided for pursuant to Section 583. No individually identifiable customer information shall be subject to public disclosure.

5970. Subject to the requirements of this division, a state franchise may be transferred to any successor in interest of the holder to which the certificate originally is granted, whether this transfer is by merger, sale, assignment, bankruptcy, restructuring, or any other type of transaction, provided that the following conditions are met:

(a) The transferee submits to the commission all of the information required by this division of an applicant.

(b) The transferee agrees that any collective bargaining agreement entered into by a video service provider shall continue to be honored, paid, or performed to the same extent as would be required if the video service provider continued to operate under its franchise for the duration of that franchise unless the duration of that agreement is limited by its terms or by federal or state law.

SEC. 4. Section 107.7 of the Revenue and Taxation Code is amended to read:

107.7. (a) When valuing possessory interests in real property created by the right to place wires, conduits, and appurtenances along or across public streets, rights-of-way, or public easements contained in either a cable franchise or license granted pursuant to Section 53066 of the Government Code (a "cable possessory interest") or a state franchise to provide video service pursuant to Section 5840 of the Public Utilities Code (a "video possessory interest"), the assessor shall value these possessory interests consistent with the requirements of Section 401. The methods of valuation shall include, but not be limited to, the comparable sales method, the income method (including, but not limited to, capitalizing rent), or the cost method.

(b) (1) The preferred method of valuation of a cable television possessory interest or video service possessory interest by the assessor is capitalizing the annual rent, using an appropriate capitalization rate.

(2) For purposes of this section, the annual rent shall be that portion of that franchise fee received that is determined to be payment for the cable television possessory interest or video service possessory interest for the actual remaining term or the reasonably anticipated term of the franchise or license or the appropriate economic rent. If the assessor does not use a portion of the franchise fee as the economic rent, the resulting assessments shall not benefit from any presumption of correctness.

(c) If the comparable sales method, which is not the preferred method, is used by the assessor to value a cable possessory interest or video

service possessory interest when sold in combination with other property including, but not limited to, intangible assets or rights, the resulting assessments shall not benefit from any presumption of correctness.

(d) Intangible assets or rights of a cable system or the provider of video services are not subject to ad valorem property taxation. These intangible assets or rights, include, but are not limited to: franchises or licenses to construct, operate, and maintain a cable system or video service system for a specified franchise term (excepting therefrom that portion of the franchise or license which grants the possessory interest), subscribers, marketing, and programming contracts, nonreal property lease agreements, management and operating systems, a work force in place, going concern value, deferred, startup, or prematurity costs, covenants not to compete, and goodwill. However, a cable possessory interest or video service possessory interest may be assessed and valued by assuming the presence of intangible assets or rights necessary to put the cable possessory interest or video service possessory interest to beneficial or productive use in an operating cable system or video service system.

(e) Whenever any change in ownership of a cable possessory interest or video service possessory interest occurs, the person or legal entity required to file a statement pursuant to Section 480, 480.1, or 480.2, shall, at the request of the assessor, provide as a part of that statement the following, if applicable: confirmation of the sales price; allocation of the sales price among the counties; and gross revenue and franchise fee expenses of the cable system or video service system by county. Failure to provide this information shall result in a penalty as provided in Section 482, except that the maximum penalty shall be five thousand dollars ($5,000).

SEC. 5. (a) It is the intent of the Legislature that video service providers shall pay as rent a franchise fee to the local entity in which service is being provided for the continued use of streets, public facilities, and other rights-of-way of the local entity in order to provide service.

(b) It is the intent of the Legislature that securing a state franchise by a cable television operator or video service provider pursuant to this act shall not affect the existing requirements governing the valuation of possessory interests as set forth in Section 107.7 of the Revenue and Taxation Code. Furthermore, nothing in this act shall be construed to change the existing jurisdiction of the State Board of Equalization and county assessors with respect to the assessment of these properties for property tax purposes.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that

regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 701

An act to amend Sections 11162.5, 11165.9, 11166, 11167, 11167.5, and 11170 of the Penal Code, relating to child abuse reporting.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 11162.5 of the Penal Code is amended to read:

11162.5. As used in this article, the following definitions shall apply:

(a) "Health practitioner" has the same meaning as provided in paragraphs (21) to (28), inclusive, of subdivision (a) of Section 11165.7.

(b) "Clinic" is limited to include any clinic specified in Sections 1204 and 1204.3 of the Health and Safety Code.

(c) "Health facility" has the same meaning as provided in Section 1250 of the Health and Safety Code.

(d) "Reasonably suspects" means that it is objectively reasonable for a person to entertain a suspicion, based upon facts that could cause a reasonable person in a like position, drawing, when appropriate, on his or her training and experience, to suspect.

SEC. 2. Section 11165.9 of the Penal Code is amended to read:

11165.9. Reports of suspected child abuse or neglect shall be made by mandated reporters, or in the case of reports pursuant to Section 11166.05, may be made, to any police department or sheriff's department, not including a school district police or security department, county probation department, if designated by the county to receive mandated reports, or the county welfare department. Any of those agencies shall accept a report of suspected child abuse or neglect whether offered by a mandated reporter or another person, or referred by another agency,

even if the agency to whom the report is being made lacks subject matter or geographical jurisdiction to investigate the reported case, unless the agency can immediately electronically transfer the call to an agency with proper jurisdiction. When an agency takes a report about a case of suspected child abuse or neglect in which that agency lacks jurisdiction, the agency shall immediately refer the case by telephone, fax, or electronic transmission to an agency with proper jurisdiction. Agencies that are required to receive reports of suspected child abuse or neglect may not refuse to accept a report of suspected child abuse or neglect from a mandated reporter or another person unless otherwise authorized pursuant to this section, and shall maintain a record of all reports received.

SEC. 3. Section 11166 of the Penal Code is amended to read:

11166. (a) Except as provided in subdivision (d), and in Section 11166.05, a mandated reporter shall make a report to an agency specified in Section 11165.9 whenever the mandated reporter, in his or her professional capacity or within the scope of his or her employment, has knowledge of or observes a child whom the mandated reporter knows or reasonably suspects has been the victim of child abuse or neglect. The mandated reporter shall make an initial report to the agency immediately or as soon as is practicably possible by telephone and the mandated reporter shall prepare and send, fax, or electronically transmit a written followup report thereof within 36 hours of receiving the information concerning the incident. The mandated reporter may include with the report any nonprivileged documentary evidence the mandated reporter possesses relating to the incident.

(1) For the purposes of this article, "reasonable suspicion" means that it is objectively reasonable for a person to entertain a suspicion, based upon facts that could cause a reasonable person in a like position, drawing, when appropriate, on his or her training and experience, to suspect child abuse or neglect. For the purpose of this article, the pregnancy of a minor does not, in and of itself, constitute a basis for a reasonable suspicion of sexual abuse.

(2) The agency shall be notified and a report shall be prepared and sent, faxed, or electronically transmitted even if the child has expired, regardless of whether or not the possible abuse was a factor contributing to the death, and even if suspected child abuse was discovered during an autopsy.

(3) Any report made by a mandated reporter pursuant to this section shall be known as a mandated report.

(b) If after reasonable efforts a mandated reporter is unable to submit an initial report by telephone, he or she shall immediately or as soon as is practicably possible, by fax or electronic transmission, make a one-time

automated written report on the form prescribed by the Department of Justice, and shall also be available to respond to a telephone followup call by the agency with which he or she filed the report. A mandated reporter who files a one-time automated written report because he or she was unable to submit an initial report by telephone is not required to submit a written followup report.

(1) The one-time automated written report form prescribed by the Department of Justice shall be clearly identifiable so that it is not mistaken for a standard written followup report. In addition, the automated one-time report shall contain a section that allows the mandated reporter to state the reason the initial telephone call was not able to be completed. The reason for the submission of the one-time automated written report in lieu of the procedure prescribed in subdivision (a) shall be captured in the Child Welfare Services/Case Management System (CWS/CMS). The department shall work with stakeholders to modify reporting forms and the CWS/CMS as is necessary to accommodate the changes enacted by these provisions.

(2) This subdivision shall not become operative until the CWS/CMS is updated to capture the information prescribed in this subdivision.

(3) This subdivision shall become inoperative three years after this subdivision becomes operative or on January 1, 2009, which ever occurs first.

(4) On the inoperative date of these provisions, a report shall be submitted to the counties and the Legislature by the Department of Social Services that reflects the data collected from automated one-time reports indicating the reasons stated as to why the automated one-time report was filed in lieu of the initial telephone report.

(5) Nothing in this section shall supersede the requirement that a mandated reporter first attempt to make a report via telephone, or that agencies specified in Section 11165.9 accept reports from mandated reporters and other persons as required.

(c) Any mandated reporter who fails to report an incident of known or reasonably suspected child abuse or neglect as required by this section is guilty of a misdemeanor punishable by up to six months confinement in a county jail or by a fine of one thousand dollars ($1,000) or by both that imprisonment and fine. If a mandated reporter intentionally conceals his or her failure to report an incident known by the mandated reporter to be abuse or severe neglect under this section, the failure to report is a continuing offense until an agency specified in Section 11165.9 discovers the offense.

(d) (1) A clergy member who acquires knowledge or a reasonable suspicion of child abuse or neglect during a penitential communication is not subject to subdivision (a). For the purposes of this subdivision,

"penitential communication" means a communication, intended to be in confidence, including, but not limited to, a sacramental confession, made to a clergy member who, in the course of the discipline or practice of his or her church, denomination, or organization, is authorized or accustomed to hear those communications, and under the discipline, tenets, customs, or practices of his or her church, denomination, or organization, has a duty to keep those communications secret.

(2) Nothing in this subdivision shall be construed to modify or limit a clergy member's duty to report known or suspected child abuse or neglect when the clergy member is acting in some other capacity that would otherwise make the clergy member a mandated reporter.

(3) (A) On or before January 1, 2004, a clergy member or any custodian of records for the clergy member may report to an agency specified in Section 11165.9 that the clergy member or any custodian of records for the clergy member, prior to January 1, 1997, in his or her professional capacity or within the scope of his or her employment, other than during a penitential communication, acquired knowledge or had a reasonable suspicion that a child had been the victim of sexual abuse that the clergy member or any custodian of records for the clergy member did not previously report the abuse to an agency specified in Section 11165.9. The provisions of Section 11172 shall apply to all reports made pursuant to this paragraph.

(B) This paragraph shall apply even if the victim of the known or suspected abuse has reached the age of majority by the time the required report is made.

(C) The local law enforcement agency shall have jurisdiction to investigate any report of child abuse made pursuant to this paragraph even if the report is made after the victim has reached the age of majority.

(e) Any commercial film and photographic print processor who has knowledge of or observes, within the scope of his or her professional capacity or employment, any film, photograph, videotape, negative, or slide depicting a child under the age of 16 years engaged in an act of sexual conduct, shall report the instance of suspected child abuse to the law enforcement agency having jurisdiction over the case immediately, or as soon as practicably possible, by telephone and shall prepare and send, fax, or electronically transmit a written report of it with a copy of the film, photograph, videotape, negative, or slide attached within 36 hours of receiving the information concerning the incident. As used in this subdivision, "sexual conduct" means any of the following:

(1) Sexual intercourse, including genital-genital, oral-genital, anal-genital, or oral-anal, whether between persons of the same or opposite sex or between humans and animals.

(2) Penetration of the vagina or rectum by any object.

(3) Masturbation for the purpose of sexual stimulation of the viewer.

(4) Sadomasochistic abuse for the purpose of sexual stimulation of the viewer.

(5) Exhibition of the genitals, pubic, or rectal areas of any person for the purpose of sexual stimulation of the viewer.

(f) Any mandated reporter who knows or reasonably suspects that the home or institution in which a child resides is unsuitable for the child because of abuse or neglect of the child shall bring the condition to the attention of the agency to which, and at the same time as, he or she makes a report of the abuse or neglect pursuant to subdivision (a).

(g) Any other person who has knowledge of or observes a child whom he or she knows or reasonably suspects has been a victim of child abuse or neglect may report the known or suspected instance of child abuse or neglect to an agency specified in Section 11165.9.

(h) When two or more persons, who are required to report, jointly have knowledge of a known or suspected instance of child abuse or neglect, and when there is agreement among them, the telephone report may be made by a member of the team selected by mutual agreement and a single report may be made and signed by the selected member of the reporting team. Any member who has knowledge that the member designated to report has failed to do so shall thereafter make the report.

(i) (1) The reporting duties under this section are individual, and no supervisor or administrator may impede or inhibit the reporting duties, and no person making a report shall be subject to any sanction for making the report. However, internal procedures to facilitate reporting and apprise supervisors and administrators of reports may be established provided that they are not inconsistent with this article.

(2) The internal procedures shall not require any employee required to make reports pursuant to this article to disclose his or her identity to the employer.

(3) Reporting the information regarding a case of possible child abuse or neglect to an employer, supervisor, school principal, school counselor, coworker, or other person shall not be a substitute for making a mandated report to an agency specified in Section 11165.9.

(j) A county probation or welfare department shall immediately, or as soon as practicably possible, report by telephone, fax, or electronic transmission to the law enforcement agency having jurisdiction over the case, to the agency given the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse or neglect, as defined in Section 11165.6, except acts or omissions coming within subdivision (b) of Section 11165.2, or reports made pursuant to Section 11165.13 based on risk to a child which relates solely to the

inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare or probation department. A county probation or welfare department also shall send, fax, or electronically transmit a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it makes a telephone report under this subdivision.

(k) A law enforcement agency shall immediately, or as soon as practicably possible, report by telephone, fax, or electronic transmission to the agency given responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code and to the district attorney's office every known or suspected instance of child abuse or neglect reported to it, except acts or omissions coming within subdivision (b) of Section 11165.2, which shall be reported only to the county welfare or probation department. A law enforcement agency shall report to the county welfare or probation department every known or suspected instance of child abuse or neglect reported to it which is alleged to have occurred as a result of the action of a person responsible for the child's welfare, or as the result of the failure of a person responsible for the child's welfare to adequately protect the minor from abuse when the person responsible for the child's welfare knew or reasonably should have known that the minor was in danger of abuse. A law enforcement agency also shall send, fax, or electronically transmit a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it makes a telephone report under this subdivision.

SEC. 4. Section 11167 of the Penal Code is amended to read:

11167. (a) Reports of suspected child abuse or neglect pursuant to Section 11166 or Section 11166.05 shall include the name, business address, and telephone number of the mandated reporter; the capacity that makes the person a mandated reporter; and the information that gave rise to the reasonable suspicion of child abuse or neglect and the source or sources of that information. If a report is made, the following information, if known, shall also be included in the report: the child's name, the child's address, present location, and, if applicable, school, grade, and class; the names, addresses, and telephone numbers of the child's parents or guardians; and the name, address, telephone number, and other relevant personal information about the person or persons who might have abused or neglected the child. The mandated reporter shall make a report even if some of this information is not known or is uncertain to him or her.

(b) Information relevant to the incident of child abuse or neglect may be given to an investigator from an agency that is investigating the known or suspected case of child abuse or neglect.

(c) Information relevant to the incident of child abuse or neglect, including the investigation report and other pertinent materials, may be given to the licensing agency when it is investigating a known or suspected case of child abuse or neglect.

(d) (1) The identity of all persons who report under this article shall be confidential and disclosed only among agencies receiving or investigating mandated reports, to the prosecutor in a criminal prosecution or in an action initiated under Section 602 of the Welfare and Institutions Code arising from alleged child abuse, or to counsel appointed pursuant to subdivision (c) of Section 317 of the Welfare and Institutions Code, or to the county counsel or prosecutor in a proceeding under Part 4 (commencing with Section 7800) of Division 12 of the Family Code or Section 300 of the Welfare and Institutions Code, or to a licensing agency when abuse or neglect in out-of-home care is reasonably suspected, or when those persons waive confidentiality, or by court order.

(2) No agency or person listed in this subdivision shall disclose the identity of any person who reports under this article to that person's employer, except with the employee's consent or by court order.

(e) Notwithstanding the confidentiality requirements of this section, a representative of a child protective services agency performing an investigation that results from a report of suspected child abuse or neglect made pursuant to Section 11166 or Section 11166.05, at the time of the initial contact with the individual who is subject to the investigation, shall advise the individual of the complaints or allegations against him or her, in a manner that is consistent with laws protecting the identity of the reporter under this article.

(f) Persons who may report pursuant to subdivision (g) of Section 11166 are not required to include their names.

SEC. 5. Section 11167.5 of the Penal Code is amended to read:

11167.5. (a) The reports required by Sections 11166 and 11166.2, or authorized by Section 11166.05, and child abuse or neglect investigative reports that result in a summary report being filed with the Department of Justice pursuant to subdivision (a) of Section 11169 shall be confidential and may be disclosed only as provided in subdivision (b). Any violation of the confidentiality provided by this article is a misdemeanor punishable by imprisonment in a county jail not to exceed six months, by a fine of five hundred dollars ($500), or by both that imprisonment and fine.

(b) Reports of suspected child abuse or neglect and information contained therein may be disclosed only to the following:

(1) Persons or agencies to whom disclosure of the identity of the reporting party is permitted under Section 11167.

(2) Persons or agencies to whom disclosure of information is permitted under subdivision (b) of Section 11170 or subdivision (a) of Section 11170.5.

(3) Persons or agencies with whom investigations of child abuse or neglect are coordinated under the regulations promulgated under Section 11174.

(4) Multidisciplinary personnel teams as defined in subdivision (d) of Section 18951 of the Welfare and Institutions Code.

(5) Persons or agencies responsible for the licensing of facilities which care for children, as specified in Section 11165.7.

(6) The State Department of Social Services or any county licensing agency which has contracted with the state, as specified in paragraph (4) of subdivision (b) of Section 11170, when an individual has applied for a community care license or child day care license, or for employment in an out-of-home care facility, or when a complaint alleges child abuse or neglect by an operator or employee of an out-of-home care facility.

(7) Hospital scan teams. As used in this paragraph, "hospital scan team" means a team of three or more persons established by a hospital, or two or more hospitals in the same county, consisting of health care professionals and representatives of law enforcement and child protective services, the members of which are engaged in the identification of child abuse or neglect. The disclosure authorized by this section includes disclosure among all hospital scan teams.

(8) Coroners and medical examiners when conducting a post mortem examination of a child.

(9) The Board of Prison Terms, who may subpoena an employee of a county welfare department who can provide relevant evidence and reports that both (A) are not unfounded, pursuant to Section 11165.12, and (B) concern only the current incidents upon which parole revocation proceedings are pending against a parolee charged with child abuse or neglect. The reports and information shall be confidential pursuant to subdivision (d) of Section 11167.

(10) Personnel from an agency responsible for making a placement of a child pursuant to Section 361.3 of, and Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of, the Welfare and Institutions Code.

(11) Persons who have been identified by the Department of Justice as listed in the Child Abuse Central Index pursuant to paragraph (6) of subdivision (b) of Section 11170 or subdivision (c) of Section 11170, or persons who have verified with the Department of Justice that they are listed in the Child Abuse Central Index as provided in subdivision

(e) of Section 11170. Disclosure under this paragraph is required notwithstanding the California Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code. Nothing in this paragraph shall preclude a submitting agency prior to disclosure from redacting any information necessary to maintain confidentiality as required by law.

(12) Out-of-state law enforcement agencies conducting an investigation of child abuse or neglect only when an agency makes the request for reports of suspected child abuse or neglect in writing and on official letterhead, identifying the suspected abuser or victim by name. The request shall be signed by the department supervisor of the requesting law enforcement agency. The written request shall cite the out-of-state statute or interstate compact provision that requires that the information contained within these reports is to be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and shall cite the criminal penalties for unlawful disclosure provided by the requesting state or the applicable interstate compact provision. In the absence of both (A) a specific out-of-state statute or interstate compact provision that requires that the information contained within these reports be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and (B) criminal penalties equivalent to the penalties in California for unlawful disclosure, access shall be denied.

(13) Each chairperson of a county child death review team, or his or her designee, to whom disclosure of information is permitted under this article, relating to the death of one or more children and any prior child abuse or neglect investigation reports maintained involving the same victim, siblings, or suspects. Local child death review teams may share any relevant information regarding case reviews involving child death with other child death review teams.

(c) Authorized persons within county health departments shall be permitted to receive copies of any reports made by health practitioners, as defined in paragraphs (21) to (28), inclusive, of subdivision (a) of Section 11165.7, and pursuant to Section 11165.13, and copies of assessments completed pursuant to Sections 123600 and 123605 of the Health and Safety Code, to the extent permitted by federal law. Any information received pursuant to this subdivision is protected by subdivision (e).

(d) Nothing in this section requires the Department of Justice to disclose information contained in records maintained under Section 11170 or under the regulations promulgated pursuant to Section 11174, except as otherwise provided in this article.

(e) This section shall not be interpreted to allow disclosure of any reports or records relevant to the reports of child abuse or neglect if the disclosure would be prohibited by any other provisions of state or federal law applicable to the reports or records relevant to the reports of child abuse or neglect.

SEC. 6. Section 11170 of the Penal Code is amended to read:

11170. (a) (1) The Department of Justice shall maintain an index of all reports of child abuse and severe neglect submitted pursuant to Section 11169. The index shall be continually updated by the department and shall not contain any reports that are determined to be unfounded. The department may adopt rules governing recordkeeping and reporting pursuant to this article.

(2) The department shall act only as a repository of reports of suspected child abuse and severe neglect to be maintained in the Child Abuse Central Index pursuant to paragraph (1). The submitting agencies are responsible for the accuracy, completeness, and retention of the reports described in this section. The department shall be responsible for ensuring that the Child Abuse Central Index accurately reflects the report it receives from the submitting agency.

(3) Information from an inconclusive or unsubstantiated report filed pursuant to subdivision (a) of Section 11169 shall be deleted from the Child Abuse Central Index after 10 years if no subsequent report concerning the same suspected child abuser is received within that time period. If a subsequent report is received within that 10-year period, information from any prior report, as well as any subsequently filed report, shall be maintained on the Child Abuse Central Index for a period of 10 years from the time the most recent report is received by the department.

(b) (1) The Department of Justice shall immediately notify an agency that submits a report pursuant to Section 11169, or a prosecutor who requests notification, of any information maintained pursuant to subdivision (a) that is relevant to the known or suspected instance of child abuse or severe neglect reported by the agency. The agency shall make that information available to the reporting medical practitioner, child custodian, guardian ad litem appointed under Section 326, or counsel appointed under Section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect.

(2) When a report is made pursuant to subdivision (a) of Section 11166, or Section 11166.05, the investigating agency, upon completion of the investigation or after there has been a final disposition in the matter, shall inform the person required or authorized to report of the

results of the investigation and of any action the agency is taking with regard to the child or family.

(3) The Department of Justice shall make available to a law enforcement agency, county welfare department, or county probation department that is conducting a child abuse investigation relevant information contained in the index.

(4) The department shall make available to the State Department of Social Services or to any county licensing agency that has contracted with the state for the performance of licensing duties information regarding a known or suspected child abuser maintained pursuant to this section and subdivision (a) of Section 11169 concerning any person who is an applicant for licensure or any adult who resides or is employed in the home of an applicant for licensure or who is an applicant for employment in a position having supervisorial or disciplinary power over a child or children, or who will provide 24-hour care for a child or children in a residential home or facility, pursuant to Section 1522.1 or 1596.877 of the Health and Safety Code, or Section 8714, 8802, 8912, or 9000 of the Family Code.

(5) For purposes of child death review, the Department of Justice shall make available to the chairperson, or the chairperson's designee, for each county child death review team, or the State Child Death Review Council, information maintained in the Child Abuse Central Index pursuant to subdivision (a) of Section 11170 relating to the death of one or more children and any prior child abuse or neglect investigation reports maintained involving the same victims, siblings, or suspects. Local child death review teams may share any relevant information regarding case reviews involving child death with other child death review teams.

(6) The department shall make available to investigative agencies or probation officers, or court investigators acting pursuant to Section 1513 of the Probate Code, responsible for placing children or assessing the possible placement of children pursuant to Article 6 (commencing with Section 300), Article 7 (commencing with Section 305), Article 10 (commencing with Section 360), or Article 14 (commencing with Section 601) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, Article 2 (commencing with Section 1510) or Article 3 (commencing with Section 1540) of Chapter 1 of Part 2 of Division 4 of the Probate Code, information regarding a known or suspected child abuser contained in the index concerning any adult residing in the home where the child may be placed, when this information is requested for purposes of ensuring that the placement is in the best interests of the child. Upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice pursuant to this subdivision, the agency or court investigator

shall notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index. The notification shall include the name of the reporting agency and the date of the report.

(7) The Department of Justice shall make available to a government agency conducting a background investigation pursuant to Section 1031 of the Government Code of an applicant seeking employment as a peace officer, as defined in Section 830, information regarding a known or suspected child abuser maintained pursuant to this section concerning the applicant.

(8) (A) Persons or agencies, as specified in subdivision (b), if investigating a case of known or suspected child abuse or neglect, or the State Department of Social Services or any county licensing agency pursuant to paragraph (4), or an investigative agency, probation officer, or court investigator responsible for placing children or assessing the possible placement of children pursuant to paragraph (6), or a government agency conducting a background investigation of an applicant seeking employment as a peace officer pursuant to paragraph (7), to whom disclosure of any information maintained pursuant to subdivision (a) is authorized, are responsible for obtaining the original investigative report from the reporting agency, and for drawing independent conclusions regarding the quality of the evidence disclosed, and its sufficiency for making decisions regarding investigation, prosecution, licensing, placement of a child, or employment as a peace officer.

(B) If Child Abuse Central Index information is requested by an agency for the temporary placement of a child in an emergency situation pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, the department is exempt from the requirements of Section 1798.18 of the Civil Code if compliance would cause a delay in providing an expedited response to the agency's inquiry and if further delay in placement may be detrimental to the child.

(9) (A) Whenever information contained in the Department of Justice files is furnished as the result of an application for employment or licensing pursuant to paragraph (4) or (7), the Department of Justice may charge the person or entity making the request a fee. The fee shall not exceed the reasonable costs to the department of providing the information. The only increase shall be at a rate not to exceed the legislatively approved cost-of-living adjustment for the department. In no case shall the fee exceed fifteen dollars ($15).

(B) All moneys received by the department pursuant to this section to process trustline applications for purposes of Chapter 3.35 (commencing with Section 1596.60) of Division 2 of the Health and Safety Code shall be deposited in a special account in the General Fund

that is hereby established and named the Department of Justice Child Abuse Fund. Moneys in the fund shall be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred to process trustline automated child abuse or neglect system checks pursuant to this section.

(C) All moneys, other than that described in subparagraph (B), received by the department pursuant to this paragraph shall be deposited in a special account in the General Fund which is hereby created and named the Department of Justice Sexual Habitual Offender Fund. The funds shall be available, upon appropriation by the Legislature, for expenditure by the department to offset the costs incurred pursuant to Chapter 9.5 (commencing with Section 13885) and Chapter 10 (commencing with Section 13890) of Title 6 of Part 4, and the DNA and Forensic Identification Data Base and Data Bank Act of 1998 (Chapter 6 (commencing with Section 295) of Title 9 of Part 1), and for maintenance and improvements to the statewide Sexual Habitual Offender Program and the DNA offender identification file (CAL-DNA) authorized by Chapter 9.5 (commencing with Section 13885) of Title 6 of Part 4 and the DNA and Forensic Identification Data Base and Data Bank Act of 1998 (Chapter 6 (commencing with Section 295) of Title 9 of Part 1).

(c) The Department of Justice shall make available to any agency responsible for placing children pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, upon request, relevant information concerning child abuse or neglect reports contained in the index, when making a placement with a responsible relative pursuant to Sections 281.5, 305, and 361.3 of the Welfare and Institutions Code. Upon receipt of relevant information concerning child abuse or neglect reports contained in the index from the Department of Justice pursuant to this subdivision, the agency shall also notify in writing the person listed in the Child Abuse Central Index that he or she is in the index. The notification shall include the location of the original investigative report and the submitting agency. The notification shall be submitted to the person listed at the same time that all other parties are notified of the information, and no later than the actual judicial proceeding that determines placement.

If Child Abuse Central Index information is requested by an agency for the placement of a child with a responsible relative in an emergency situation pursuant to Article 7 (commencing with Section 305) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, the department is exempt from the requirements of Section 1798.18 of the Civil Code if compliance would cause a delay in providing an expedited

response to the child protective agency's inquiry and if further delay in placement may be detrimental to the child.

(d) The department shall make available any information maintained pursuant to subdivision (a) to out-of-state law enforcement agencies conducting investigations of known or suspected child abuse or neglect only when an agency makes the request for information in writing and on official letterhead, identifying the suspected abuser or victim by name. The request shall be signed by the department supervisor of the requesting law enforcement agency. The written requests shall cite the out-of-state statute or interstate compact provision that requires that the information contained within these reports shall be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and shall cite the criminal penalties for unlawful disclosure of any confidential information provided by the requesting state or the applicable interstate compact provision. In the absence of a specified out-of-state statute or interstate compact provision that requires that the information contained within these reports shall be disclosed only to law enforcement, prosecutorial entities, or multidisciplinary investigative teams, and criminal penalties equivalent to the penalties in California for unlawful disclosure, access shall be denied.

(e) (1) Any person may determine if he or she is listed in the Child Abuse Central Index by making a request in writing to the Department of Justice. The request shall be notarized and include the person's name, address, date of birth, and either a social security number or a California identification number. Upon receipt of a notarized request, the Department of Justice shall make available to the requesting person information identifying the date of the report and the submitting agency. The requesting person is responsible for obtaining the investigative report from the submitting agency pursuant to paragraph (11) of subdivision (b) of Section 11167.5.

(2) No person or agency shall require or request another person to furnish a copy of a record concerning himself or herself, or notification that a record concerning himself or herself exists or does not exist, pursuant to paragraph (1) of this subdivision.

(f) If a person is listed in the Child Abuse Central Index only as a victim of child abuse or neglect, and that person is 18 years of age or older, that person may have his or her name removed from the index by making a written request to the Department of Justice. The request shall be notarized and include the person's name, address, social security number, and date of birth.

SEC. 7. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7

(commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 702

An act to add Section 49550.2 to the Education Code, relating to school meals, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) More than 8,000 schools in California participate in the federal School Breakfast Program, collectively serving more than 182 million breakfasts each year. The schools that serve school breakfast include large and small schools, schools in rural, suburban, and urban areas, and schools with different demographics.

(b) National research shows that children who eat school breakfast consume more fruits, vegetables, and calcium and less sugar than nonparticipants.

(c) National studies show that eating school breakfast improves test scores and classroom behavior, reduces visits to the nurse's office, and contributes to healthy weight management.

(d) The federal government offers schools at which a high concentration of low-income pupils eat school lunch the highest rate of reimbursement for school breakfast in recognition of the special responsibility these schools have to offer both meals to needy pupils.

(e) Well-tested models for serving school breakfast, including Breakfast in the Classroom, Grab-N-Go, and Second Chance Breakfast, have dramatically increased participation in the federal School Breakfast Program in schools statewide.

(f) Despite the benefits of school breakfast, the extra reimbursement that is available, and the availability of successful implementation models, there remain schools in California that do not offer breakfast.

(g) The pupils in these schools that do not offer breakfast are being denied a critical tool for learning and health.

SEC. 2. Section 49550.2 is added to the Education Code, to read:

49550.2. (a) The department shall conduct a study on or before March 31, 2007, on all of the following:

(1) The number of schools that meet the qualifications for the federal severe need reimbursement, pursuant to subsection (d) of Section 1773 of Title 42 of the United States Code, that do not offer school breakfast.

(2) The costs associated with requiring schools described in paragraph (1) to offer breakfast.

(3) The feasibility of requiring the schools described in paragraph (1) to offer breakfast.

(4) The changes that would need to be made to existing law, if any, to implement a program to require schools described in paragraph (1) to offer breakfast.

(b) The department shall report the results of the study required pursuant to subdivision (a) to the Legislature on or before April 30, 2007.

(c) The department, at the discretion of the Superintendent, may contract for services required to complete the study required pursuant to subdivision (a).

(d) Notwithstanding any other provision of law, for purposes of any contracts authorized pursuant to this section, the department is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

SEC. 3. The sum of one hundred seventy thousand dollars ($170,000) is hereby appropriated from the General Fund to the State Department of Education for purposes of performing the study required pursuant to Section 49550.2 of the Education Code.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the health of pupils and to ensure that the study required by this act is commenced at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 703

An act to add Section 1797.153 to the Health and Safety Code, relating to emergency medical services.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1797.153 is added to the Health and Safety Code, immediately following Section 1797.152, to read:

1797.153. (a) In each operational area the county health officer and the local EMS agency administrator may act jointly as the medical health operational area coordinator (MHOAC). If the county health officer and the local EMS agency administrator are unable to fulfill the duties of the MHOAC they may jointly appoint another individual to fulfill these responsibilities. If an operational area has a MHOAC, the MHOAC in cooperation with the county office of emergency services, local public health department, the local office of environmental health, the local department of mental health, the local EMS agency, the local fire department, the regional disaster and medical health coordinator (RDMHC), and the regional office of the Office of Emergency Services (OES), shall be responsible for ensuring the development of a medical and health disaster plan for the operational area. The medical and disaster plans shall follow the Standard Emergency Management System and National Incident Management System. The MHOAC shall recommend to the operational area coordinator of the Office of Emergency Services a medical and health disaster plan for the provision of medical and health mutual aid within the operational area.

(b) For purposes of this section, "operational area" has the same meaning as that term is defined in subdivision (b) of Section 8559 of the Government Code.

(c) The medical and health disaster plan shall include preparedness, response, recovery, and mitigation functions consistent with the State Emergency Plan, as established under Sections 8559 and 8560 of the Government Code, and, at a minimum, the medical and health disaster plan, policy, and procedures shall include all of the following:

(1) Assessment of immediate medical needs.

(2) Coordination of disaster medical and health resources.

(3) Coordination of patient distribution and medical evaluations.

(4) Coordination with inpatient and emergency care providers.

(5) Coordination of out-of-hospital medical care providers.

(6) Coordination and integration with fire agencies personnel, resources, and emergency fire prehospital medical services.

(7) Coordination of providers of nonfire based prehospital emergency medical services.

(8) Coordination of the establishment of temporary field treatment sites.

(9) Health surveillance and epidemiological analyses of community health status.

(10) Assurance of food safety.
(11) Management of exposure to hazardous agents.
(12) Provision or coordination of mental health services.
(13) Provision of medical and health public information protective action recommendations.
(14) Provision or coordination of vector control services.
(15) Assurance of drinking water safety.
(16) Assurance of the safe management of liquid, solid, and hazardous wastes.
(17) Investigation and control of communicable disease.

(d) In the event of a local, state, or federal declaration of emergency, the MHOAC shall assist the OES operational area coordinator in the coordination of medical and health disaster resources within the operational area, and be the point of contact in that operational area, for coordination with the RDMHC, the OES, the regional office of the OES, the State Department of Health Services, and the authority.

(e) Nothing in this section shall be construed to revoke or alter the current authority for disaster management provided under either of the following:

(1) The State Emergency Plan established pursuant to Section 8560 of the Government Code.

(2) The California standardized emergency management system established pursuant to Section 8607 of the Government Code.

CHAPTER 704

An act to amend Sections 1240, 17002, 17076.10, 17592.72, 35186, and 60119 of, and to add Sections 1242 and 1242.5 to, the Education Code, relating to school facilities, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1240 of the Education Code is amended to read:

1240. The county superintendent of schools shall do all of the following:

(a) Superintend the schools of his or her county.

(b) Maintain responsibility for the fiscal oversight of each school district in his or her county pursuant to the authority granted by this code.

(c) (1) Visit and examine each school in his or her county at reasonable intervals to observe its operation and to learn of its problems. He or she may annually present a report of the state of the schools in his or her county, and of his or her office, including, but not limited to, his or her observations while visiting the schools, to the board of education and the board of supervisors of his or her county.

(2) (A) For fiscal years 2004–05 to 2006–07, inclusive, to the extent that funds are appropriated for purposes of this paragraph, the county superintendent, or his or her designee, shall annually submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index (API), as defined in subdivision (b) of Section 17592.70, and shall include, among other things, his or her observations while visiting the schools and his or her determinations for each school regarding the status of all of the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies. As a condition for receipt of funds, the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details for each school.

(B) Commencing with the 2007–08 fiscal year, to the extent that funds are appropriated for purposes of this paragraph, the county superintendent, or his or her designee, shall annually submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county describing the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the 2006 base API, pursuant to Section 52056. As a condition for the receipt of funds, the annual report shall include the determinations for each school made by the county superintendent, or his or her designee, regarding the status of all of the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies, and the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph (I) and teacher misassignments

and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details with the same level of specificity that is otherwise required by this subdivision. For purposes of this section, schools ranked in deciles 1 to 3, inclusive, on the 2006 base API shall include any schools determined by the department to meet either of the following:

(i) The school meets all of the following criteria:

(I) Does not have a valid base API score for 2006.

(II) Is operating in fiscal year 2007–08 and was operating in fiscal year 2006–07 during the Standardized Testing and Reporting (STAR) Program testing period.

(III) Has a valid base API score for 2005 that was ranked in deciles 1 to 3, inclusive, in that year.

(ii) The school has an estimated base API score for 2006 that would be in deciles 1 to 3, inclusive.

(C) The department shall estimate an API score for any school meeting the criteria of subclauses (I) and (II) of clause (i) of subparagraph (B) of paragraph (2) and not meeting the criteria of subclause (III) of clause (i) of subparagraph (B) of paragraph (2), using available testing scores and any weighting or corrective factors it deems appropriate. The department shall post the API scores on its Internet Web site on or before May 1.

(D) For purposes of this section, references to schools ranked in deciles 1 to 3, inclusive, on the 2006 base API shall exclude any schools operated by county offices of education pursuant to Section 56140, as determined by the department.

(E) (i) Commencing with the 2010–11 fiscal year and every third year thereafter, the Superintendent shall identify a list of schools ranked in deciles 1 to 3, inclusive, of the API for which the county superintendent, or his or her designee, shall annually submit a report, at a regularly scheduled November board meeting, to the governing board of each school district under his or her jurisdiction, the county board of education of his or her county, and the board of supervisors of his or her county that describes the state of the schools in the county or of his or her office that are ranked in deciles 1 to 3, inclusive, of the base API as defined in clause (ii).

(ii) For the 2010–11 fiscal year, the list of schools ranked in deciles 1 to 3, inclusive, of the base API shall be updated using the criteria set forth in clauses (i) and (ii) of subparagraph (B), subparagraph (C), and subparagraph (D), as applied to the 2009 base API and thereafter shall be updated every third year using the criteria set forth in clauses (i) and (ii) of subparagraph (B), subparagraph (C), and subparagraph (D), as

applied to the base API of the year preceding the third year consistent with clause (i).

(iii) As a condition for the receipt of funds, the annual report shall include the determinations for each school made by the county superintendent, or his or her designee, regarding the status of all of the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies, and the county superintendent, or his or her designee, shall use a standardized template to report the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies, unless the current annual report being used by the county superintendent, or his or her designee, already includes those details with the same level of specificity that is otherwise required by this subdivision.

(F) The county superintendent of the Counties of Alpine, Amador, Del Norte, Mariposa, Plumas, Sierra, and the City and County of San Francisco shall contract with another county office of education or an independent auditor to conduct the required visits and make all reports required by this paragraph.

(G) On a quarterly basis, the county superintendent, or his or her designee, shall report the results of the visits and reviews conducted that quarter to the governing board of the school district at a regularly scheduled meeting held in accordance with public notification requirements. The results of the visits and reviews shall include the determinations of the county superintendent, or his or her designee, for each school regarding the status of all of the circumstances listed in subparagraph (I) and teacher misassignments and teacher vacancies. If the county superintendent, or his or her designee, conducts no visits or reviews in a quarter, the quarterly report shall report that fact.

(H) The visits made pursuant to this paragraph shall be conducted at least annually and shall meet the following criteria:

(i) Minimize disruption to the operation of the school.

(ii) Be performed by individuals who meet the requirements of Section 45125.1.

(iii) Consist of not less than 25 percent unannounced visits in each county. During unannounced visits in each county, the county superintendent shall not demand access to documents or specific school personnel. Unannounced visits shall only be used to observe the condition of school repair and maintenance, and the sufficiency of instructional materials, as defined by Section 60119.

(I) The priority objective of the visits made pursuant to this paragraph shall be to determine the status of all of the following circumstances:

(i) Sufficient textbooks as defined in Section 60119 and as specified in subdivision (i).

(ii) The condition of a facility that poses an emergency or urgent threat to the health or safety of pupils or staff as defined in district policy or paragraph (1) of subdivision (c) of Section 17592.72.

(iii) The accuracy of data reported on the school accountability report card with respect to the availability of sufficient textbooks and instructional materials, as defined by Section 60119, and the safety, cleanliness, and adequacy of school facilities, including good repair as required by Sections 17014, 17032.5, 17070.75, and 17089.

(J) The county superintendent may make the status determinations described in subparagraph (I) during a single visit or multiple visits. In determining whether to make a single visit or multiple visits for this purpose, the county superintendent shall take into consideration factors such as cost-effectiveness, disruption to the schoolsite, deadlines, and the availability of qualified reviewers.

(K) If the county superintendent determines that the condition of a facility poses an emergency or urgent threat to the health or safety of pupils or staff as defined in district policy or paragraph (1) of subdivision (c) of Section 17592.72, or is not in good repair, as specified in subdivision (d) of Section 17002 and required by Sections 17014, 17032.5, 17070.75, and 17089, the county superintendent may, among other things, do any of the following:

(i) Return to the school to verify repairs.

(ii) Prepare a report that specifically identifies and documents the areas or instances of noncompliance if the district has not provided evidence of successful repairs within 30 days of the county superintendent's visit or, for major projects, has not provided evidence that the repairs will be conducted in a timely manner. The report may be provided to the governing board of the school district. If the report is provided to the school district, it shall be presented at a regularly scheduled meeting held in accordance with public notification requirements. The county superintendent shall post the report on its Internet Web site. The report shall be removed from the Internet Web site when the county superintendent verifies the repairs have been completed.

(d) Distribute all laws, reports, circulars, instructions, and blanks that he or she may receive for the use of the school officers.

(e) Annually, on or before August 15, present a report to the governing board of the school district and the Superintendent regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that is determined at any time to be in a position of fiscal uncertainty pursuant to Section 42127.6.

(f) Keep in his or her office the reports of the Superintendent.

(g) Keep a record of his or her official acts, and of all the proceedings of the county board of education, including a record of the standing, in each study, of all applicants for certificates who have been examined, which shall be open to the inspection of any applicant or his or her authorized agent.

(h) Enforce the course of study.

(i) (1) Enforce the use of state textbooks and instructional materials and of high school textbooks and instructional materials regularly adopted by the proper authority in accordance with Section 51050.

(2) For purposes of this subdivision, sufficient textbooks or instructional materials has the same meaning as in subdivision (c) of Section 60119.

(3) (A) Commencing with the 2005–06 school year, if a school is ranked in any of deciles 1 to 3, inclusive, of the 2003 base API, as defined in subdivision (b) of Section 17592.70, and not currently under review pursuant to a state or federal intervention program, the county superintendent shall specifically review that school at least annually as a priority school. A review conducted for purposes of this paragraph shall be completed by the fourth week of the school year. For the 2004–05 fiscal year only, the county superintendent shall make a diligent effort to conduct a visit to each school pursuant to this paragraph within 120 days of receipt of funds for this purpose.

(B) In order to facilitate the review of instructional materials before the fourth week of the school year, the county superintendent of schools in a county with 200 or more schools that are ranked in any of deciles 1 to 3, inclusive, of the 2003 base API, as defined in subdivision (b) of Section 17592.70, may utilize a combination of visits and written surveys of teachers for the purpose of determining sufficiency of textbooks and instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined in subdivision (c) of Section 60119. If a county superintendent of schools elects to conduct written surveys of teachers, the county superintendent of schools shall visit the schools surveyed within the same academic year to verify the accuracy of the information reported on the surveys. If a county superintendent surveys teachers at a school in which the county superintendent has found sufficient textbooks and instructional materials for the previous two consecutive years and determines that the school does not have sufficient textbooks or instructional materials, the county superintendent shall within 10 business days provide a copy of the insufficiency report to the school district as set forth in paragraph (4).

(C) For purposes of this paragraph, “written surveys” may include paper and electronic or online surveys.

(4) If the county superintendent determines that a school does not have sufficient textbooks or instructional materials in accordance with subparagraph (A) of paragraph (1) of subdivision (a) of Section 60119 and as defined by subdivision (c) of Section 60119, the county superintendent shall do all of the following:

(A) Prepare a report that specifically identifies and documents the areas or instances of noncompliance.

(B) Provide within five business days of the review, a copy of the report to the school district, as provided in subdivision (c), or, if applicable, provide a copy of the report to the school district within 10 business days pursuant to subparagraph (B) of paragraph (3).

(C) Provide the school district with the opportunity to remedy the deficiency. The county superintendent shall ensure remediation of the deficiency no later than the second month of the school term.

(D) If the deficiency is not remedied as required pursuant to subparagraph (C), the county superintendent shall request the department to purchase the textbooks or instructional materials necessary to comply with the sufficiency requirement of this subdivision. If the department purchases textbooks or instructional materials for the school district, the department shall issue a public statement at the first regularly scheduled meeting of the state board occurring immediately after the department receives the county superintendent's request and that meets the applicable public notice requirements, indicating that the district superintendent and the governing board of the school district failed to provide pupils with sufficient textbooks or instructional materials as required by this subdivision. Before purchasing the textbooks or instructional materials, the department shall consult with the district to determine which textbooks or instructional materials to purchase. All purchases of textbooks or instructional materials shall comply with Chapter 3.25 (commencing with Section 60420) of Part 33. The amount of funds necessary for the purchase the textbooks and materials is a loan to the school district receiving the textbooks or instructional materials. Unless the school district repays the amount owed based upon an agreed-upon repayment schedule with the Superintendent, the Superintendent shall notify the Controller and the Controller shall deduct an amount equal to the total amount used to purchase the textbooks and materials from the next principal apportionment of the district or from another apportionment of state funds.

(j) Preserve carefully all reports of school officers and teachers.

(k) Deliver to his or her successor, at the close of his or her official term, all records, books, documents, and papers belonging to the office, taking a receipt for them, which shall be filed with the department.

(*l*) (1) Submit two reports during the fiscal year to the county board of education in accordance with the following:

(A) The first report shall cover the financial and budgetary status of the county office of education for the period ending October 31. The second report shall cover the period ending January 31. Both reports shall be reviewed by the county board of education and approved by the county superintendent of schools no later than 45 days after the close of the period being reported.

(B) As part of each report, the county superintendent shall certify in writing whether or not the county office of education is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for two subsequent fiscal years. The certifications shall be classified as positive, qualified, or negative, pursuant to standards prescribed by the Superintendent, for the purposes of determining subsequent state agency actions pursuant to Section 1240.1. For purposes of this subdivision, a negative certification shall be assigned to any county office of education that, based upon current projections, will not meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year. A qualified certification shall be assigned to any county office of education that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A positive certification shall be assigned to any county office of education that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. In accordance with those standards, the Superintendent may reclassify any certification. If a county office of education receives a negative certification, the Superintendent, or his or her designee, may exercise the authority set forth in subdivision (c) of Section 1630. Copies of each certification, and of the report containing that certification, shall be sent to the Superintendent at the time the certification is submitted to the county board of education. Copies of each qualified or negative certification and the report containing that certification shall be sent to the Controller at the time the certification is submitted to the county board of education.

(2) All reports and certifications required under this subdivision shall be in a format or on forms prescribed by the Superintendent, and shall be based on standards and criteria for fiscal stability adopted by the State Board of Education pursuant to Section 33127. The reports and supporting data shall be made available by the county superintendent of schools to any interested party upon request.

(3) This subdivision does not preclude the submission of additional budgetary or financial reports by the county superintendent to the county board of education or to the Superintendent.

(4) The county superintendent of schools is not responsible for the fiscal oversight of the community colleges in the county, however, he or she may perform financial services on behalf of those community colleges.

(m) If requested, act as agent for the purchase of supplies for the city and high school districts of his or her county.

(n) For purposes of Section 44421.5, report to the Commission on Teacher Credentialing the identity of any certificated person who knowingly and willingly reports false fiscal expenditure data relative to the conduct of any educational program. This requirement applies only if, in the course of his or her normal duties, the county superintendent of schools discovers information that gives him or her reasonable cause to believe that false fiscal expenditure data relative to the conduct of any educational program has been reported.

SEC. 2. Section 1242 is added to the Education Code, to read:

1242. (a) Commencing with the 2006–07 fiscal year, funds appropriated pursuant to Item 6110-266-0001 of Section 2.0 of Chapter 47 of the Statutes of 2006 to county offices of education for site visits conducted pursuant to Section 1240, shall be allocated as follows:

(1) Two thousand five hundred dollars ($2,500) for each elementary school.

(2) Three thousand five hundred dollars ($3,500) for each middle or junior high school.

(3) Five thousand dollars ($5,000) for each high school.

(b) In addition to the funds described in subdivision (a), county offices of education shall receive additional funding for sites whose enrollment in the prior year is 20 percent greater than the average enrollment of all sites for the prior year as follows:

(1) Two dollars and fifty cents ($2.50) for each pupil that exceeds a total elementary school enrollment of 856 pupils.

(2) Three dollars and fifty cents ($3.50) for each pupil that exceeds a total middle school or junior high school enrollment of 1,427 pupils.

(3) Five dollars ($5.00) for each pupil that exceeds a total high school enrollment of 2,296 pupils.

(c) County offices of education that are responsible for visiting more than 150 schoolsites shall receive an additional allocation of one dollar ($1.00) per pupil for the total prior year enrollment of all sites visited.

(d) The minimum amount for allocation pursuant to this section to county offices of education shall be ten thousand dollars ($10,000).

SEC. 3. Section 1242.5 is added to the Education Code, to read:

1242.5. On or before March 31, 2007, the department shall review the actual costs of 2005–06 fiscal year site visits conducted pursuant to Section 1240. If the department determines that a county office of

education did not expend the funds allocated for this purpose during the 2006–07 fiscal year, the amount that exceeds the amount spent shall revert to the extraordinary cost pool created by Chapter 710 of the Statutes of 2005 and shall be available to cover the extraordinary costs incurred by county offices of education as a result of the reviews conducted pursuant to Section 1240. Based on a determination by the department and the Department of Finance that is was necessary for a county office of education to incur extraordinary costs to conduct the site visits, funds in the amount necessary to cover these costs shall be allocated to the county office of education by June 30, 2007.

SEC. 4. Section 17002 of the Education Code is amended to read:

17002. The following terms wherever used or referred to in this chapter, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) "Apportionment" means a reservation of funds necessary to finance the cost of any project approved by the board for lease to an applicant school district.

(b) "Board" means the State Allocation Board.

(c) "Cost of project" includes, but is not limited to, the cost of all real estate property rights, and easements acquired, and the cost of developing the site and streets and utilities immediately adjacent thereto, the cost of construction, reconstruction, or modernization of buildings and the furnishing and equipping, including the purchase of educational technology hardware, of those buildings, the supporting wiring and cabling, and the technological modernization of existing buildings to support that hardware, the cost of plans, specifications, surveys, and estimates of costs, and other expenses that are necessary or incidental to the financing of the project. For purposes of this section, "educational technology hardware" includes, but is not limited to, computers, telephones, televisions, and video cassette recorders.

(d) (1) "Good repair" means the facility is maintained in a manner that assures that it is clean, safe, and functional as determined pursuant to a school facility inspection and evaluation instrument developed by the Office of Public School Construction and approved by the board or a local evaluation instrument that meets the same criteria. Until the school facility inspection and evaluation instrument is approved by the board, "good repair" means the facility is maintained in a manner that assures that it is clean, safe, and functional as determined by the interim evaluation instrument developed by the Office of Public School Construction or a local evaluation instrument that meets the same criteria as the interim evaluation instrument. The school facility inspection and evaluation instrument and local evaluation instruments that meet the minimum criteria of this subdivision shall not require capital

enhancements beyond the standards to which the facility was designed and constructed. In order to provide that school facilities are reviewed to be clean, safe, and functional, the school facility inspection and evaluation instrument and local evaluation instruments shall include at least the following criteria:

(A) Gas systems and pipes appear and smell safe, functional, and free of leaks.

(B) (i) Mechanical systems, including heating, ventilation, and air-conditioning systems, are functional and unobstructed.

(ii) Appear to supply adequate amount of air to all classrooms, work spaces, and facilities.

(iii) Maintain interior temperatures within normally acceptable ranges.

(C) Doors and windows are intact, functional and open, close, and lock as designed, unless there is a valid reason they should not function as designed.

(D) Fences and gates are intact, functional, and free of holes and other conditions that could present a safety hazard to pupils, staff, or others. Locks and other security hardware function as designed.

(E) Interior surfaces, including walls, floors, and ceilings, are free of safety hazards from tears, holes, missing floor and ceiling tiles, torn carpet, water damage, or other cause. Ceiling tiles are intact. Surfaces display no evidence of mold or mildew.

(F) Hazardous and flammable materials are stored properly. No evidence of peeling, chipping, or cracking paint is apparent. No indicators of mold, mildew, or asbestos exposure are evident. There is no apparent evidence of hazardous materials that may pose a threat to the health and safety of pupils or staff.

(G) Structures, including posts, beams, supports for portable classrooms and ramps, and other structural building members appear intact, secure, and functional as designed. Ceilings and floors are not sloping or sagging beyond their intended design. There is no visible evidence of severe cracks, dry rot, mold, or damage that undermines structural components.

(H) Fire sprinklers, fire extinguishers, emergency alarm systems, and all emergency equipment and systems appear to be functioning properly. Fire alarm pull stations are clearly visible. Fire extinguishers are current and placed in all required areas, including every classroom and assembly area. Emergency exits are clearly marked and unobstructed.

(I) Electrical systems, components, and equipment, including switches, junction boxes, panels, wiring, outlets, and light fixtures, are securely enclosed, properly covered and guarded from pupil access, and appear to be working properly.

(J) Lighting appears to be adequate and working properly. Lights do not flicker, dim, or malfunction, and there is no unusual hum or noise from light fixtures. Exterior lights onsite appear to be working properly.

(K) No visible or odorous indicators of pest or vermin infestation are evident.

(L) Interior and exterior drinking fountains are functional, accessible, and free of leaks. Drinking fountain water pressure is adequate. Fountain water is clear and without unusual taste or odor, and moss, mold, or excessive staining is not evident.

(M) (i) Restrooms and restroom fixtures are functional.

(ii) Appear to be maintained and stocked with supplies regularly.

(iii) Appear to be accessible to pupils during the schoolday.

(iv) Appear to be in compliance with Section 35292.5.

(N) The sanitary sewer system controls odor as designed, displays no signs of stoppage, backup, or flooding, in the facilities or on school grounds, and appears to be functioning properly.

(O) Roofs, gutters, roof drains, and downspouts appear to be functioning properly and are free of visible damage and evidence of disrepair when observed from the ground inside and outside of the building.

(P) The school grounds do not exhibit signs of drainage problems, such as visible evidence of flooded areas, eroded soil, water damage to asphalt playgrounds or parking areas, or clogged storm drain inlets.

(Q) Playground equipment and exterior fixtures, seating, tables, and equipment are functional and free of significant cracks, trip hazards, holes, deterioration that affects functionality or safety, and other health and safety hazards.

(R) School grounds, fields, walkways, and parking lot surfaces are free of significant cracks, trip hazards, holes, deterioration that affects functionality or safety, and other health and safety hazards.

(S) Overall cleanliness of the school grounds, buildings, common areas, and individual rooms demonstrates that all areas appear to have been cleaned regularly, and are free of accumulated refuse and unabated graffiti. Restrooms, drinking fountains, and food preparation or serving areas appear to have been cleaned each day that the school is in session.

(2) (A) On or before January 1, 2007, the Office of Public School Construction shall develop the school facility inspection and evaluation instrument and instructions for users. The school facility inspection and evaluation instrument and local evaluation instruments that meet the minimum criteria of this subdivision shall include a system that will evaluate each facility, based on the criteria listed in paragraph (1), on a scale of “good,” “fair,” or “poor,” as developed by the Office of Public

School Construction, and provide an overall summary of the conditions at each school on a scale of "exemplary," "good," "fair," or "poor."

(B) On or before July 1, 2007, the Office of Public School Construction, in consultation with county offices of education, shall define objective criteria for determining the overall summary of the conditions of schools.

(C) For purposes of this paragraph, "users" means local educational agencies that participate in either of the programs established pursuant to this chapter, Chapter 12.5 (commencing with Section 17070.10), or Section 17582.

(e) "Lease" includes a lease with an option to purchase.

(f) "Project" means the facility being constructed or acquired by the state for rental to the applicant school district and may include the reconstruction or modernization of existing buildings, construction of new buildings, the grading and development of sites, acquisition of sites therefor and any easements or rights-of-way pertinent thereto or necessary for its full use including the development of streets and utilities.

(g) "Property" includes all property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of this chapter.

SEC. 5. Section 17076.10 of the Education Code is amended to read:

17076.10. (a) A school district that has received any funds pursuant to this chapter shall submit a summary report of expenditure of state funds and of district matching funds annually until all state funds and district matching funds are expended, and shall then submit a final report to the board. The board may require an audit of these reports or other district records to ensure that all funds received pursuant to this chapter are expended in accordance with program requirements.

(b) If the board finds that a participating school district has made no substantial progress towards increasing its pupil capacity or modernizing its facilities within 18 months of the receipt of any funding pursuant to this chapter, the board shall rescind the apportionment in an amount equal to the unexpended funds.

(c) (1) If the board, after the review of expenditures or audit has been conducted pursuant to subdivision (a), determines that a school district failed to expend funds in accordance with this chapter, the department shall notify the school district of the amount that must be repaid to the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as the case may be, within 60 days. If the school district fails to make the required payment within 60 days, the department shall notify the Controller and the school district in writing, and the Controller shall deduct an amount equal to the amount received by the school district under this subdivision, from the school

district's next principal apportionment or apportionments of state funds to the school district, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution. Any amounts obtained by the Controller shall be deposited into the 1998 State School Facilities Fund, the 2002 State School Facilities Fund, or the 2004 State School Facilities Fund, as appropriate.

(2) Notwithstanding paragraph (1), if the board determines that repayment of the full liability within 60 days after the board action would constitute a severe financial hardship, as defined by the board, for the school district, the board shall approve a plan of equal annual payments over a period of up to five years. The plan shall include interest on each year's outstanding balance at the rate earned on the state's Pooled Money Investment Account during that year. The Controller shall withhold amounts, other than basic aid apportionments required by Section 6 of Article IX of the California Constitution, pursuant to the plan.

(d) If a school district has received an apportionment, but has not met the criteria to have funds released pursuant to Section 17072.32 or 17074.15 within a period established by the board, but not to exceed 18 months, the board shall rescind the apportionment and deny the district's application.

SEC. 6. Section 17592.72 of the Education Code is amended to read:

17592.72. (a) (1) For the 2005–06 fiscal year, all moneys in the School Facilities Emergency Repair Account are available for reimbursement to schools ranked in deciles 1 to 3, inclusive, on the Academic Performance Index, pursuant to Section 52056, based on the 2003 base Academic Performance Index score for each school, as defined in subdivision (b) of Section 17592.70, to meet the repair costs of the school district projects that meet the criteria specified in subdivisions (c) and (d) and as approved by the State Allocation Board.

(2) Commencing with the 2006–07 fiscal year, all moneys in the School Facilities Emergency Repair Account are available for the purpose of providing emergency repair grants to schools ranked in deciles 1 to 3, inclusive, on the Academic Performance Index, pursuant to Section 52056, based on the 2003 base Academic Performance Index score for each school, as defined in subdivision (b) of Section 17592.70, to cover the costs of school district repair projects that meet the criteria specified in subdivisions (c) and (d). The State Allocation Board shall establish a grant application process, grant parameters, substantial progress requirements, and a process for providing certification of the completion of projects. The State Allocation Board shall post the grant application form on its Internet Web site.

(3) For subsequent fiscal years, schools shall be eligible for funding based on the Academic Performance Index scores as specified in paragraph (2) of subdivision (c) of Section 1240.

(b) (1) It is the intent of the Legislature that each school district exercise due diligence in the administration of deferred maintenance and regular maintenance in order to avoid the occurrence of emergency repairs.

(2) Funds made available pursuant to this article shall supplement, not supplant, existing funds available for maintenance of school facilities.

(3) The board is authorized to deny future funding pursuant to this article to a school district if the board determines that there is a pattern of failure to exercise due diligence pursuant to paragraph (1) or supplantation. If the board finds a pattern of failure to exercise due diligence, the board shall notify the county superintendent of schools in which the school district is located.

(c) (1) For purposes of this article, "emergency facilities needs" means structures or systems that are in a condition that poses a threat to the health and safety of pupils or staff while at school. These projects may include, but are not limited to, the following types of facility repairs or replacements:

(A) Gas leaks.

(B) Nonfunctioning heating, ventilation, fire sprinklers, or air-conditioning systems.

(C) Electrical power failure.

(D) Major sewer line stoppage.

(E) Major pest or vermin infestation.

(F) Broken windows or exterior doors or gates that will not lock and that pose a security risk.

(G) Abatement of hazardous materials previously undiscovered that pose an immediate threat to pupil or staff.

(H) Structural damage creating a hazardous or uninhabitable condition.

(2) For purposes of this section, "emergency facilities needs" does not include any cosmetic or nonessential repairs.

(d) For the purpose of this section, structures or components shall only be replaced if it is more cost-effective than repair.

SEC. 7. Section 35186 of the Education Code is amended to read:

35186. (a) A school district shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) of Title 5 of the California Code of Regulations, with modifications, as necessary, to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, and teacher vacancy or misassignment.

(1) A complaint may be filed anonymously. A complainant who identifies himself or herself is entitled to a response if he or she indicates that a response is requested. A complaint form shall include a space to mark to indicate whether a response is requested. If Section 48985 is otherwise applicable, the response, if requested, and report shall be written in English and the primary language in which the complaint was filed. All complaints and responses are public records.

(2) The complaint form shall specify the location for filing a complaint. A complainant may add as much text to explain the complaint as he or she wishes.

(3) A complaint shall be filed with the principal of the school or his or her designee. A complaint about problems beyond the authority of the school principal shall be forwarded in a timely manner but not to exceed 10 working days to the appropriate school district official for resolution.

(b) The principal or the designee of the district superintendent, as applicable, shall make all reasonable efforts to investigate any problem within his or her authority. The principal or designee of the district superintendent shall remedy a valid complaint within a reasonable time period but not to exceed 30 working days from the date the complaint was received. The principal or designee of the district superintendent shall report to the complainant the resolution of the complaint within 45 working days of the initial filing. If the principal makes this report, the principal shall also report the same information in the same timeframe to the designee of the district superintendent.

(c) A complainant not satisfied with the resolution of the principal or the designee of the district superintendent has the right to describe the complaint to the governing board of the school district at a regularly scheduled hearing of the governing board. As to complaints involving a condition of a facility that poses an emergency or urgent threat, as defined in paragraph (1) of subdivision (c) of Section 17592.72, a complainant who is not satisfied with the resolution proffered by the principal or the designee of the district superintendent has the right to file an appeal to the Superintendent, who shall provide a written report to the State Board of Education describing the basis for the complaint and, as appropriate, a proposed remedy for the issue described in the complaint.

(d) A school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. The summaries shall be publicly reported on a quarterly basis at a regularly scheduled meeting of the governing board of the school district. The report shall include the number of complaints by general subject

area with the number of resolved and unresolved complaints. The complaints and written responses shall be available as public records.

(e) The procedure required pursuant to this section is intended to address all of the following:

(1) A complaint related to instructional materials as follows:

(A) A pupil, including an English learner, does not have standards-aligned textbooks or instructional materials or state-adopted or district-adopted textbooks or other required instructional material to use in class.

(B) A pupil does not have access to instructional materials to use at home or after school.

(C) Textbooks or instructional materials are in poor or unusable condition, have missing pages, or are unreadable due to damage.

(2) A complaint related to teacher vacancy or misassignment as follows:

(A) A semester begins and a teacher vacancy exists.

(B) A teacher who lacks credentials or training to teach English learners is assigned to teach a class with more than 20-percent English learner pupils in the class. This subparagraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.

(C) A teacher is assigned to teach a class for which the teacher lacks subject matter competency.

(3) A complaint related to the condition of facilities that pose an emergency or urgent threat to the health or safety of pupils or staff as defined in paragraph (1) of subdivision (c) of Section 17592.72 and any other emergency conditions the school district determines appropriate and the requirements established pursuant to subdivision (a) of Section 35292.5.

(f) In order to identify appropriate subjects of complaint, a notice shall be posted in each classroom in each school in the school district notifying parents, guardians, pupils, and teachers of the following:

(1) There should be sufficient textbooks and instructional materials. For there to be sufficient textbooks and instructional materials each pupil, including English learners, must have a textbook or instructional materials, or both, to use in class and to take home.

(2) School facilities must be clean, safe, and maintained in good repair.

(3) There should be no teacher vacancies or misassignments as defined in paragraphs (2) and (3) of subdivision (h).

(4) The location at which to obtain a form to file a complaint in case of a shortage. Posting a notice downloadable from the Internet Web site of the department shall satisfy this requirement.

(g) A local educational agency shall establish local policies and procedures, post notices, and implement this section on or before January 1, 2005.

(h) For purposes of this section, the following definitions apply:

(1) "Good repair" has the same meaning as specified in subdivision (d) of Section 17002.

(2) "Misassignment" means the placement of a certificated employee in a teaching or services position for which the employee does not hold a legally recognized certificate or credential or the placement of a certificated employee in a teaching or services position that the employee is not otherwise authorized by statute to hold.

(3) "Teacher vacancy" means a position to which a single designated certificated employee has not been assigned at the beginning of the year for an entire year or, if the position is for a one-semester course, a position to which a single designated certificated employee has not been assigned at the beginning of a semester for an entire semester.

SEC. 8. Section 60119 of the Education Code is amended to read:

60119. (a) In order to be eligible to receive funds available for the purposes of this article, the governing board of a school district shall take the following actions:

(1) (A) The governing board shall hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each school in the district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

(i) Mathematics.

(ii) Science.

(iii) History-social science.

(iv) English/language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September. For purposes of the 2004–05 fiscal year only, the governing board of a school district shall make a diligent effort

to hold a public hearing pursuant to this section on or before December 1, 2004.

(C) As part of the hearing required pursuant to this section, the governing board shall also make a written determination as to whether each pupil enrolled in a foreign language or health course has sufficient textbooks or instructional materials that are consistent with the content and cycles of the curriculum frameworks adopted by the state board for those subjects. The governing board shall also determine the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive. The provision of the textbooks, instructional materials, or science equipment specified in this subparagraph is not a condition of receipt of funds provided by this subdivision.

(2) (A) If the governing board determines that there are insufficient textbooks or instructional materials, or both, the governing board shall provide information to classroom teachers and to the public setting forth, in the resolution, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.

(B) In carrying out subparagraph (A), the governing board may use money in any of the following funds:

(i) Any funds available for textbooks or instructional materials, or both, from categorical programs, including any funds allocated to school districts that have been appropriated in the annual Budget Act.

(ii) Any funds of the school district that are in excess of the amount available for each pupil during the prior fiscal year to purchase textbooks or instructional materials, or both.

(iii) Any other funds available to the school district for textbooks or instructional materials, or both.

(b) The governing board shall provide 10 days' notice of the public hearing or hearings set forth in subdivision (a). The notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places in the school district. The hearing shall be held at a time that will encourage the attendance of teachers and parents and guardians of pupils who attend the schools in the district and shall not take place during or immediately following school hours.

(c) (1) For purposes of this section, "sufficient textbooks or instructional materials" means that each pupil, including English learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home. This paragraph does not require two sets of textbooks or instructional materials for each pupil.

(2) Sufficient textbooks or instructional materials as defined in paragraph (1), does not include photocopied sheets from only a portion of a textbook or instructional materials copied to address a shortage.

(d) Except for purposes of Section 60252, governing boards of school districts that receive funds for instructional materials from any state source, are subject to the requirements of this section only in a fiscal year in which the Superintendent determines that the base revenue limit for each school district will increase by at least 1 percent per unit of average daily attendance from the prior fiscal year.

SEC. 9. Notwithstanding any other provision of law, the remaining unencumbered balance of funds appropriated in paragraph (2) of subdivision (a) of Section 23 of Chapter 900 of the Statutes of 2004 shall remain available for expenditure through June 30, 2008, for the purposes set forth in paragraph (2) of subdivision (c) of Section 1240 of the Education Code and pursuant to Section 4 of Chapter 710 of the Statutes of 2005.

SEC. 10. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 705

An act to amend Section 7480 of the Government Code, relating to crime.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7480 of the Government Code is amended to read:

7480. Nothing in this chapter shall prohibit any of the following:

(a) The dissemination of any financial information that is not identified with, or identifiable as being derived from, the financial records of a particular customer.

(b) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent use of drafts, checks, access cards, or other orders drawn upon any bank, credit union, or savings association in this state, the police or sheriff's department or district attorney may request a bank, credit union, or savings association to furnish, and a bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) Surveillance photographs and video recordings of persons accessing the crime victim's financial account via an automated teller machine (ATM) or from within the financial institution for dates on which illegal acts involving the account were alleged to have occurred. Nothing in this paragraph does any of the following:

(A) Requires a financial institution to produce a photograph or video recording if it does not possess the photograph or video recording.

(B) Affects any existing civil immunities as provided in Section 47 of the Civil Code or any other provision of law.

(8) A bank, credit union, or savings association that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(c) When any police or sheriff's department or district attorney in this state certifies to a bank, credit union, or savings association in writing that a crime report has been filed that involves the alleged fraudulent

use of drafts, checks, access cards, or other orders drawn upon any bank, credit union, or savings association doing business in this state, the police or sheriff's department or district attorney may request, with the consent of the accountholder, the bank, credit union, or savings association to furnish, and the bank, credit union, or savings association shall furnish, a statement setting forth the following information with respect to a customer account specified by the police or sheriff's department or district attorney for a period 30 days prior to, and up to 30 days following, the date of occurrence of the alleged illegal act involving the account:

(1) The number of items dishonored.

(2) The number of items paid that created overdrafts.

(3) The dollar volume of the dishonored items and items paid which created overdrafts and a statement explaining any credit arrangement between the bank, credit union, or savings association and customer to pay overdrafts.

(4) The dates and amounts of deposits and debits and the account balance on these dates.

(5) A copy of the signature card, including the signature and any addresses appearing on a customer's signature card.

(6) The date the account opened and, if applicable, the date the account closed.

(7) Surveillance photographs and video recordings of persons accessing the crime victim's financial account via an automated teller machine (ATM) or from within the financial institution for dates on which illegal acts involving this account were alleged to have occurred. Nothing in this paragraph does any of the following:

(A) Requires a financial institution to produce a photograph or video recording if it does not possess the photograph or video recording.

(B) Affects any existing civil immunities as provided in Section 47 of the Civil Code or any other provision of law.

(8) A bank, credit union, or savings association doing business in this state that provides the requesting party with copies of one or more complete account statements prepared in the regular course of business shall be deemed to be in compliance with paragraphs (1), (2), (3), and (4).

(d) For purposes of subdivision (c), consent of the accountholder shall be satisfied if an accountholder provides to the financial institution and the person or entity seeking disclosure, a signed and dated statement containing all of the following:

(1) Authorization of the disclosure for the period specified in subdivision (c).

(2) The name of the agency or department to which disclosure is authorized and, if applicable, the statutory purpose for which the information is to be obtained.

(3) A description of the financial records that are authorized to be disclosed.

(e) (1) The Attorney General, a supervisory agency, the Franchise Tax Board, the State Board of Equalization, the Employment Development Department, the Controller or an inheritance tax referee when administering the Prohibition of Gift and Death Taxes (Part 8 (commencing with Section 13301) of Division 2 of the Revenue and Taxation Code), a police or sheriff's department or district attorney, a county welfare department when investigating welfare fraud, a county auditor-controller or director of finance when investigating fraud against the county, or the Department of Corporations when conducting investigations in connection with the enforcement of laws administered by the Commissioner of Corporations, from requesting of an office or branch of a financial institution, and the office or branch from responding to a request, as to whether a person has an account or accounts at that office or branch and, if so, any identifying numbers of the account or accounts.

(2) No additional information beyond that specified in this section shall be released to a county welfare department without either the accountholder's written consent or a judicial writ, search warrant, subpoena, or other judicial order.

(3) A county auditor-controller or director of finance who unlawfully discloses information he or she is authorized to request under this subdivision is guilty of the unlawful disclosure of confidential data, a misdemeanor, which shall be punishable as set forth in Section 7485.

(f) The examination by, or disclosure to, any supervisory agency of financial records that relate solely to the exercise of its supervisory function. The scope of an agency's supervisory function shall be determined by reference to statutes that grant authority to examine, audit, or require reports of financial records or financial institutions as follows:

(1) With respect to the Commissioner of Financial Institutions by reference to Division 1 (commencing with Section 99), Division 1.5 (commencing with Section 4800), Division 2 (commencing with Section 5000), Division 5 (commencing with Section 14000), Division 7 (commencing with Section 18000), Division 15 (commencing with Section 31000), and Division 16 (commencing with Section 33000), of the Financial Code.

(2) With respect to the Controller by reference to Title 10 (commencing with Section 1300) of Part 3 of the Code of Civil Procedure.

(3) With respect to the Administrator of Local Agency Security by reference to Article 2 (commencing with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

(g) The disclosure to the Franchise Tax Board of (1) the amount of any security interest that a financial institution has in a specified asset of a customer or (2) financial records in connection with the filing or audit of a tax return or tax information return that are required to be filed by the financial institution pursuant to Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or Part 18 (commencing with Section 38001), of the Revenue and Taxation Code.

(h) The disclosure to the State Board of Equalization of any of the following:

(1) The information required by Sections 6702, 6703, 8954, 8957, 30313, 30315, 32383, 32387, 38502, 38503, 40153, 40155, 41122, 41123.5, 43443, 43444.2, 44144, 45603, 45605, 46404, 46406, 50134, 50136, 55203, 55205, 60404, and 60407 of the Revenue and Taxation Code.

(2) The financial records in connection with the filing or audit of a tax return required to be filed by the financial institution pursuant to Part 1 (commencing with Section 6001), Part 2 (commencing with Section 7301), Part 3 (commencing with Section 8601), Part 13 (commencing with Section 30001), Part 14 (commencing with Section 32001), and Part 17 (commencing with Section 37001), of Division 2 of the Revenue and Taxation Code.

(3) The amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(i) The disclosure to the Controller of the information required by Section 7853 of the Revenue and Taxation Code.

(j) The disclosure to the Employment Development Department of the amount of any security interest a financial institution has in a specified asset of a customer, if the inquiry is directed to the branch or office where the interest is held.

(k) The disclosure by a construction lender, as defined in Section 3087 of the Civil Code, to the Registrar of Contractors, of information concerning the making of progress payments to a prime contractor requested by the registrar in connection with an investigation under Section 7108.5 of the Business and Professions Code.

(*l*) Upon receipt of a written request from a local child support agency referring to a support order pursuant to Section 17400 of the Family Code, a financial institution shall disclose the following information concerning the account or the person named in the request, whom the

local child support agency shall identify, whenever possible, by social security number:

(1) If the request states the identifying number of an account at a financial institution, the name of each owner of the account.

(2) Each account maintained by the person at the branch to which the request is delivered, and, if the branch is able to make a computerized search, each account maintained by the person at any other branch of the financial institution located in this state.

(3) For each account disclosed pursuant to paragraphs (1) and (2), the account number, current balance, street address of the branch where the account is maintained, and, to the extent available through the branch's computerized search, the name and address of any other person listed as an owner.

(4) Whenever the request prohibits the disclosure, a financial institution shall not disclose either the request or its response, to an owner of the account or to any other person, except the officers and employees of the financial institution who are involved in responding to the request and to attorneys, employees of the local child support agencies, auditors, and regulatory authorities who have a need to know in order to perform their duties, and except as disclosure may be required by legal process.

(5) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information in response to a request pursuant to this subdivision, (B) failing to notify the owner of an account, or complying with a request under this paragraph not to disclose to the owner, the request or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the request pursuant to a computerized search of the records of the financial institution.

(6) The local child support agency may request information pursuant to this subdivision only when the local child support agency has received at least one of the following types of physical evidence:

(A) Any of the following, dated within the last three years:

(i) Form 599.

(ii) Form 1099.

(iii) A bank statement.

(iv) A check.

(v) A bank passbook.

(vi) A deposit slip.

(vii) A copy of a federal or state income tax return.

(viii) A debit or credit advice.

(ix) Correspondence that identifies the child support obligor by name, the bank, and the account number.

(x) Correspondence that identifies the child support obligor by name, the bank, and the banking services related to the account of the obligor.

(xi) An asset identification report from a federal agency.

(B) A sworn declaration of the custodial parent during the 12 months immediately preceding the request that the person named in the request has had or may have had an account at an office or branch of the financial institution to which the request is made.

(7) Information obtained by a local child support agency pursuant to this subdivision shall be used only for purposes that are directly connected with the administration of the duties of the local child support agency pursuant to Section 17400 of the Family Code.

(m) (1) As provided in paragraph (1) of subdivision (c) of Section 666 of Title 42 of the United States Code, upon receipt of an administrative subpoena on the current federally approved interstate child support enforcement form, as approved by the federal Office of Management and Budget, a financial institution shall provide the information or documents requested by the administrative subpoena.

(2) The administrative subpoena shall refer to the current federal Office of Management and Budget control number and be signed by a person who states that he or she is an authorized agent of a state or county agency responsible for implementing the child support enforcement program set forth in Part D (commencing with Section 651) of Subchapter IV of Chapter 7 of Title 42 of the United States Code. A financial institution may rely on the statements made in the subpoena and has no duty to inquire into the truth of any statement in the subpoena.

(3) If the person who signs the administrative subpoena directs a financial institution in writing not to disclose either the subpoena or its response to any owner of an account covered by the subpoena, the financial institution shall not disclose the subpoena or its response to the owner.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for (A) disclosing information or providing documents in response to a subpoena pursuant to this subdivision, (B) failing to notify any owner of an account covered by the subpoena or complying with a request not to disclose to the owner, the subpoena or disclosure under this subdivision, or (C) failing to discover any account owned by the person named in the subpoena pursuant to a computerized search of the records of the financial institution.

(n) The dissemination of financial information and records pursuant to any of the following:

(1) Compliance by a financial institution with the requirements of Section 2892 of the Probate Code.

(2) Compliance by a financial institution with the requirements of Section 2893 of the Probate Code.

(3) An order by a judge upon a written ex parte application by a peace officer showing specific and articulable facts that there are reasonable grounds to believe that the records or information sought are relevant and material to an ongoing investigation of a felony violation of Section 186.10 or of any felony subject to the enhancement set forth in Section 186.11.

(A) The ex parte application shall specify with particularity the records to be produced, which shall be only those of the individual or individuals who are the subject of the criminal investigation.

(B) The ex parte application and any subsequent judicial order shall be open to the public as a judicial record unless ordered sealed by the court, for a period of 60 days. The sealing of these records may be extended for 60-day periods upon a showing to the court that it is necessary for the continuance of the investigation. Sixty-day extensions may continue for up to one year or until termination of the investigation of the individual or individuals, whichever is sooner.

(C) The records ordered to be produced shall be returned to the peace officer applicant or his or her designee within a reasonable time period after service of the order upon the financial institution.

(D) Nothing in this subdivision shall preclude the financial institution from notifying a customer of the receipt of the order for production of records unless a court orders the financial institution to withhold notification to the customer upon a finding that the notice would impede the investigation.

(E) Where a court has made an order pursuant to this paragraph to withhold notification to the customer under this paragraph, the peace officer or law enforcement agency who obtained the financial information shall notify the customer by delivering a copy of the ex parte order to the customer within 10 days of the termination of the investigation.

(4) No financial institution, or any officer, employee, or agent thereof, shall be liable to any person for any of the following:

(A) Disclosing information to a probate court pursuant to Sections 2892 and 2893.

(B) Disclosing information in response to a court order pursuant to paragraph (3).

(C) Complying with a court order under this subdivision not to disclose to the customer, the order, or the dissemination of information pursuant to the court order.

(o) Disclosure by a financial institution to a peace officer, as defined in Section 830.1 of the Penal Code, pursuant to the following:

(1) Paragraph (1) of subdivision (a) of Section 1748.95 of the Civil Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 1748.95 of the Civil Code.

(2) Paragraph (1) of subdivision (a) of Section 4002 of the Financial Code, provided that the financial institution has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 4002 of the Financial Code.

(3) Paragraph (1) of subdivision (a) of Section 22470 of the Financial Code, provided that any financial institution that is a finance lender has first complied with the requirements of paragraph (2) of subdivision (a) and subdivision (b) of Section 22470 of the Financial Code.

(p) When the governing board of the Public Employees' Retirement System or the State Teachers' Retirement System certifies in writing to a financial institution that a benefit recipient has died and that transfers to the benefit recipient's account at the financial institution from the retirement system occurred after the benefit recipient's date of death, the financial institution shall furnish the retirement system with the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of the benefit recipient's death, or if the account has been closed, the name and address of the person who closed the account.

(q) When the retirement board of a retirement system established under the County Employees Retirement Law of 1937 certifies in writing to a financial institution that a retired member or the beneficiary of a retired member has died and that transfers to the account of the retired member or beneficiary of a retired member at the financial institution from the retirement system occurred after the date of death of the retired member or beneficiary of a retired member, the financial institution shall furnish the retirement system with the name and address of any coowner, cosigner, or any other person who had access to the funds in the account following the date of death of the retired member or beneficiary of a retired member, or if the account has been closed, the name and address of the person who closed the account.

CHAPTER 706

An act to amend Section 48985 of the Education Code, relating to pupils.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 48985 of the Education Code is amended to read:

48985. (a) If 15 percent or more of the pupils enrolled in a public school that provides instruction in kindergarten or any of grades 1 to 12, inclusive, speak a single primary language other than English, as determined from the census data submitted to the department pursuant to Section 52164 in the preceding year, all notices, reports, statements, or records sent to the parent or guardian of any such pupil by the school or school district shall, in addition to being written in English, be written in the primary language, and may be responded to either in English or the primary language.

(b) Pursuant to subdivision (b) of Section 64001, the department shall monitor adherence to the requirements of subdivision (a) as part of its regular monitoring and review of public schools and school districts, commonly known as the Categorical Program Monitoring process, and shall determine the types of documents and languages a school district translates to a primary language other than English, the availability of these documents to parents or guardians who speak a primary language other than English, and the gaps in translations of these documents.

(c) Based on census data submitted to the department pursuant to Section 52164 in the preceding fiscal year, the department shall notify a school district, by August 1 of each year, of the schools within the school district, and the primary language other than English, for which the translation of documents is required pursuant to subdivision (a). The department shall make that notification using electronic methods.

(d) The department shall use existing resources to comply with subdivisions (b) and (c).

SEC. 2. In enacting this act, it is the Legislature's intent not to create a state-mandated local program.

CHAPTER 707

An act to add Article 17 (commencing with Section 19985) to Chapter 5 of Division 8 of the Business and Professions Code, relating to gambling.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 17 (commencing with Section 19985) is added to Chapter 5 of Division 8 of the Business and Professions Code, to read:

Article 17. Nonprofit Organization Fundraisers

19985. The Legislature finds and declares the following:

(a) Nonprofit organizations provide important and necessary services to the people of the State of California with respect to educational and social services and there is a need to provide methods of fundraising to nonprofit organizations so as to enable them to meet their stated purposes.

(b) The playing of controlled games for the purpose of raising funds by nonprofit organizations is in the public interest.

(c) Uniform regulation for the conduct of controlled games is in the best interests of nonprofit organizations and the people of this state.

19986. (a) Notwithstanding any other provision of state law a nonprofit organization may conduct a fundraiser using controlled games as a funding mechanism to further the purposes and mission of the nonprofit organization.

(b) A nonprofit organization holding a fundraiser pursuant to subdivision (a) shall not conduct more than one fundraiser per calendar year, and each fundraiser shall not exceed five consecutive hours. Each fundraiser shall be preapproved by the Division of Gambling Control. Eligible nonprofit organizations that have multiple chapters may hold one fundraiser per chapter per calendar year.

(c) No cash prizes or wagers may be awarded to participants, however, the winner of each controlled game may be entitled to a prize from those donated to the fundraiser. An individual prize awarded to each winner shall not exceed a cash value of five hundred dollars ($500). For each event, the total cash value of prizes awarded shall not exceed five thousand dollars ($5,000).

(d) At least 90 percent of the gross revenue from the fundraiser shall go directly to a nonprofit organization. Compensation shall not be paid from revenues required to go directly to the nonprofit organization for the benefit of which the fundraiser is conducted, and no more than 10 percent of the gross receipts of a fundraiser may be paid as compensation to the entity or persons conducting the fundraiser for the nonprofit organization. If an eligible nonprofit organization does not own a facility in which to conduct a fundraiser and is required to pay the entity or person conducting the fundraiser a rental fee for the facility, the fair market rental value of the facility shall not be included when determining the compensation payable to the entity or person for purposes of this

section. This section does not preclude an eligible organization from using funds from sources other than the gross revenue of the fundraiser to pay for the administration or other costs of conducting the fundraiser.

(e) An eligible nonprofit organization shall not conduct a fundraiser authorized by this section, unless it has been in existence and operation for at least three years and registers annually with the Division of Gambling Control. The division shall furnish a registration form on its Internet Web site or, upon request, to eligible nonprofit organizations. The division shall, by regulation, collect only the information necessary pursuant to this section on this form. This information shall include, but is not limited to, the following:

(1) The name and address of the eligible organization.

(2) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.

(3) The name and title of a responsible fiduciary of the organization.

(f) The division shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(g) The nonprofit organization shall maintain records for each fundraiser using controlled games, which shall include:

(1) An itemized list of gross receipts for the fundraiser.

(2) An itemized list of recipients of the net profit of the fundraiser, including the name, address, and purpose for which fundraiser proceeds are to be used.

(3) The number of persons who participated in the fundraiser.

(4) An itemized list of the direct cost incurred for each fundraiser.

(5) A list of all prizes awarded during each fundraiser.

(6) The date, hours, and location for each fundraiser held.

(h) As used in this article, "nonprofit organization" means an organization that has been qualified to conduct business in California for at least three years prior to conducting controlled games and is exempt from taxation pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.

(i) The division may take legal action against a registrant if it determines that the registrant has violated this section or any regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interest of the public's health, safety, or general welfare. Any action taken pursuant to this subdivision does

not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, or county counsel.

(j) The division may require an eligible organization to pay an annual registration fee of up to one hundred dollars ($100) per year to cover the actual costs of the division to administer and enforce this section. The annual registration fees shall be deposited by the division into the Gambling Control Fund.

(k) No fundraiser permitted under this section may be conducted by means of, or otherwise utilize, any gaming machine, apparatus, or device that meets the definition of a slot machine contained in Section 330b or 330.1 of the Penal Code.

(*l*) No more than four fundraisers at the same location, even if sponsored by different nonprofit organizations, shall be permitted in any calendar year, except in rural areas where preapproved by the Division of Gambling Control. For purposes of this section, "rural" shall mean any county with an urban influence code, as established by the latest publication of the Economic Research Service of the United States Department of Agriculture, of "3" or more.

(m) The authority to conduct a fundraiser, as well as the type of controlled games, may be governed by local ordinance.

(n) No person shall be permitted to participate in the fundraiser unless that person is at least 21 years of age.

(o) No fundraiser permitted under this section may be operated or conducted over the Internet.

19987. (a) The division, by regulation or order, may require any person or entity set forth in subdivision (b), to register with the division.

(b) "Person or entity" means one who, directly or indirectly, manufactures, distributes, supplies, vends, leases, or otherwise provides, supplies, devices, or other equipment designed for use in the playing of controlled games by any nonprofit organization registered to conduct controlled games.

CHAPTER 708

An act to add Chapter 5 (commencing with Section 3860) to Part 2 of Division 4 of the Fish and Game Code, relating to wildlife, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Chapter 5 (commencing with Section 3860) is added to Part 2 of Division 4 of the Fish and Game Code, to read:

CHAPTER 5. AVIAN INFLUENZA WILDLIFE SURVEILLANCE ACT

3860. This chapter shall be known, and may be cited, as the Avian Influenza Wildlife Surveillance Act.

3861. The Legislature finds and declares all of the following:

(a) Avian influenza and other emerging diseases of wildlife are a serious threat to the people of California.

(b) California is home to large populations of migratory birds and other wildlife species.

(c) California is a central part of the Pacific Flyway, and a seasonal home to species of birds that migrate to and from Asia, Central America, South America, and other regions.

(d) Surveillance of wild birds and animals across the state is a key element among efforts to prevent avian influenza and other emerging wildlife diseases from harming the people and the natural resources of the state.

(e) In the interest of public health, the state shall support a surveillance program for avian influenza in wild bird and animal populations.

3862. The Resources Agency, in consultation with the department, the Department of Food and Agriculture, the State Department of Health Services, the Office of Emergency Services, and the University of California, shall develop and implement a plan for the surveillance, monitoring, sampling, diagnostic testing, and reporting of avian influenza in wild birds and animals in the state. The Resources Agency shall consult with the United States Fish and Wildlife Service and the United States Department of Food and Agriculture in developing the plan.

3863. (a) The Secretary of the Resources Agency shall formally establish the Avian Influenza Working Group to assist in the development of the plan described in Section 3862. The Avian Influenza Working Group shall utilize, as guidance for early detection, the national protocol that has been developed to guide states in developing state-specific plans, known as the Early Detection System for Asian H5N1 Highly Pathogenic Avian Influenza in Wild Migratory Birds. The Avian Influenza Working Group shall also continue, enhance, and facilitate the work already begun by the department, other state departments, and the University of California, to coordinate communication of information and response plans for highly pathogenic avian influenza in wild birds.

(b) The Avian Influenza Working Group shall be composed of all of the following members:

(1) The Secretary of the Resources Agency, or a designee.

(2) The director, or a designee.

(3) The Secretary of Food and Agriculture, or a designee.

(4) The Director of Health Services, or a designee.

(5) The Director of the Office of Emergency Services, or a designee.

(6) One representative appointed by the Regents of the University of California.

(7) Two representatives from a qualified research organization or other qualified nongovernmental organization appointed by the Secretary of the Resources Agency.

(c) The director shall chair the Avian Influenza Working Group.

(d) A majority of the Avian Influenza Working Group shall constitute a quorum for the transaction of business.

(e) The duties of the Avian Influenza Working Group shall include all of the following:

(1) Developing strategies for the detection of, and response to, the avian influenza virus in wild birds in California.

(2) Fostering communication among state and federal agencies regarding the avian influenza surveillance program.

(3) Developing strategies for public outreach and education.

(f) The Avian Influenza Working Group may consult with other public and nonprofit groups potentially affected by avian influenza in wild birds.

3864. On or before October 1, 2006, the director shall submit a status report, and on or before July 1, 2007, the director shall compile and submit an updated report, on the development and implementation of an avian influenza detection and response plan for wild birds in the state. These reports shall be submitted to the Legislature, the Chair of the Assembly Committee on Water, Parks and Wildlife, and the Chair of the Senate Committee on Natural Resources and Water.

SEC. 2. Of the funds appropriated from the General Fund to the Department of Fish and Game in Item number 3600-001-0001 of the Budget Act of 2006, up to one million eighty-eight thousand dollars ($1,088,000) shall be available to implement Chapter 5 (commencing with Section 3860) of Part 2 of Division 4 of the Fish and Game Code and to carry out other authorized activities relating to the implementation of plans to detect and respond to avian influenza in the state's wild birds.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to rapidly implement avian influenza early detection surveillance activities and enhance California's preparedness for and response to the threat of highly pathogenic H5N1 avian influenza, it is necessary that this act take effect immediately.

CHAPTER 709

An act to amend Section 6126.6 of the Penal Code, relating to corrections.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 6126.6 of the Penal Code is amended to read:

6126.6. (a) Prior to filling a vacancy for warden by appointment pursuant to Section 6050, or superintendent pursuant to Section 1049 of the Welfare and Institutions Code, the Governor shall first submit to the Inspector General the names of candidates for the position of warden or superintendent for review of their qualifications.

(b) Upon receipt of the names of those candidates and their completed personal data questionnaires, the Inspector General shall employ appropriate confidential procedures to evaluate and determine the qualifications of each candidate with regard to his or her ability to discharge the duties of the office to which the appointment or nomination is made.

Within 90 days of submission by the Governor of those names, the Inspector General shall advise in confidence to the Governor his or her recommendation whether the candidate is exceptionally well-qualified, well-qualified, qualified, or not qualified and the reasons therefore, and may report, in confidence, any other information that the Inspector General deems pertinent to the qualifications of the candidate.

(c) In reviewing the qualifications of a candidate for the position of warden or superintendent, the Inspector General shall consider, among other appropriate factors, his or her experience in effectively managing correctional facilities and inmate or ward populations; ability to deal effectively with employees, detained persons and other interested persons in addressing management, confinement, and safety issues in an effective, fair, and professional manner; and knowledge of correctional best practices.

(d) The Inspector General shall establish and adopt rules and procedures regarding the review of the qualifications of candidates for the position of warden or superintendent. Those rules and procedures shall establish appropriate, confidential methods for disclosing to the candidate the subject matter of substantial and credible adverse allegations received regarding the candidate's reputation and integrity which, unless rebutted, would be determinative of the candidate's unsuitability for appointment. No rule or procedure shall be adopted that permits the disclosure to the candidate of information from which the candidate may infer the source, and no information shall either be disclosed to the candidate nor be obtainable by any process which would jeopardize the confidentiality of communications from persons whose opinion has been sought on the candidate's qualifications.

(e) All communications, written, verbal or otherwise, of and to the Governor, the Governor's authorized agents or employees, including, but not limited to, the Governor's Legal Affairs Secretary and Appointments Secretary, or of and to the Inspector General in furtherance of the purposes of this section are absolutely privileged from disclosure and confidential, and any communication made in the discretion of the Governor or the Inspector General with a candidate or person providing information in furtherance of the purposes of this section shall not constitute a waiver of the privilege or a breach of confidentiality.

(f) When the Governor has appointed a person to the position of warden or superintendent who has been found not qualified by the Inspector General, the Inspector General shall make public that finding, after due notice to the appointee of his or her intention to do so. That notice and disclosure shall not constitute a waiver of privilege or breach of confidentiality with respect to communications of or to the Inspector General concerning the qualifications of the appointee.

(g) No person or entity shall be liable for any injury caused by any act or failure to act, be it negligent, intentional, discretionary, or otherwise, in the furtherance of the purposes of this section, including, but not limited to, providing or receiving any information, making any recommendations, and giving any reasons therefore.

(h) As used in this section, the term "Inspector General" includes employees and agents of the Office of the Inspector General.

(i) At any time prior to the receipt of the review from the Inspector General specified in subdivision (b), the Governor may withdraw the name of any person submitted to the Inspector General for evaluation pursuant to this section.

(j) No candidate for the position of warden or superintendent may be appointed until the Inspector General has advised the Governor pursuant to this section, or until 90 days have elapsed after submission of the

candidate's name to the Inspector General, whichever occurs earlier. The requirement of this subdivision shall not apply to any vacancy in the position of warden or superintendent occurring within the 90 days preceding the expiration of the Governor's term of office, provided, however, that with respect to those vacancies, the Governor shall be required to submit any candidate's name to the Inspector General in order to provide him or her an opportunity, if time permits, to review and make a report.

(k) Nothing in this section shall be construed as imposing an additional requirement for an appointment or nomination to the position of warden or superintendent, nor shall anything in this section be construed as adding any additional qualifications for the position of warden or superintendent.

(*l*) Wardens who have been appointed but not yet confirmed as of July 1, 2005, need not be reappointed to the position after that date, but are subject to the review process provided in this section.

CHAPTER 710

An act to add Part 11 (commencing with Section 12999) to Division 6 of the Water Code, relating to water.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Tamarisk is a small tree or large shrub that was imported from Eastern Europe in the 1800s for use as windbreaks and erosion control.

(b) Tamarisk is spreading across the west, including covering hundreds of thousands of acres in the Colorado River Basin, almost entirely along waterways.

(c) Tamarisk easily out-competes native habitat, such as willows and cottonwoods, and has very little habitat value compared to native vegetation.

(d) Because of its delicate and expansive leaf structure, tamarisk on a per-acre basis takes up and evaporates substantially more water than native vegetation.

(e) Colorado River flows have been very low for the last six years because of increasing human uses and very low rainfall, and because

tamarisk is taking up significantly more water than the native vegetation that it replaces.

(f) If low riverflows continue, dwindling reservoir storage will be insufficient to continue historical levels of diversions and diversions will have to be curtailed, with substantial impacts to the economies of the seven states in the Colorado River watershed.

(g) Environmental mitigation and restoration programs, such as the lower Colorado River Multi-Species Conservation Program and environmental mitigation measures for the Quantification Settlement Agreement on the lower Colorado River, may include projects that will replace invasive exotic vegetation with native vegetation. The state supports the eradication of invasive species by the Colorado River Multi-Species Conservation Program and other programs and encourages cooperation with these programs to increase the available native wetland and riparian vegetation in the Colorado River watershed.

(h) The state seeks to encourage the federal government, basin states, and water agencies to develop a program to control or eradicate tamarisk within each state's jurisdiction.

(i) Controlling tamarisk in the Colorado River watershed entails a large and costly task, but if it is not undertaken, there will be significant economic and environmental consequences for California and the other basin states.

SEC. 2. Part 11 (commencing with Section 12999) is added to Division 6 of the Water Code, to read:

PART 11. TAMARISK PLANT CONTROL

12999. (a) The department, in collaboration with the Department of Food and Agriculture, the Department of Fish and Game, and the Colorado River Board of California may cooperate with the federal government, the other Colorado River Basin states, and other entities for the purpose of preparing a plan to control or eradicate tamarisk in the Colorado River watershed. The department, the Department of Food and Agriculture, the Department of Fish and Game, and the Colorado River Board of California shall seek to collaborate with affected California water agencies and other appropriate entities in that preparation. The plan shall include the reestablishment of native vegetation and the identification of potential federal and nonfederal funding sources for implementation pursuant to subdivision (b).

(b) The department, in collaboration with the Department of Food and Agriculture, the Department of Fish and Game, the Colorado River Board of California, and appropriate federal agencies, shall implement the plan within California upon the appropriation of funds for that

purpose. The department, the Department of Food and Agriculture, the Department of Fish and Game, and the Colorado River Board of California shall seek to collaborate with affected California water agencies and other appropriate entities in the implementation of the plan.

(c) This section does not preclude the department or any other entity from expending bond funds or nonstate funds for the control or eradication of tamarisk in the Colorado River watershed.

CHAPTER 711

An act to amend Section 2932 of the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Motorcycle dealers, manufacturers, and others have spent a considerable amount of time and resources in developing rider training courses that meet or exceed the novice rider training course approved by the Commissioner of the California Highway Patrol and provide added value to novice motorcycle riders.

(b) Upon the satisfactory completion of a commissioner approved novice rider training course, students are given a DL 389 waiver form that allows the students to obtain a class M1 or M2 driver's license from the Department of Motor Vehicles upon satisfactory completion of a written examination.

(c) The purpose of issuing the DL 389 waiver form is to eliminate the need to have duplicative testing by the department of the competency of a person, who satisfactorily completed an approved novice rider training course, to operate a motorcycle.

(d) Persons over the age of 21 years, who purchase motorcycles, are not required to take a motorcycle rider training course but should be encouraged to enroll in a rider training course meeting the standards established by the commissioner that best suits their needs before obtaining a license to operate a motorcycle on the state's streets and highways.

(e) The commissioner has developed a premier program that exceeds the standards for a novice rider training course in the recognition that novice motorcycle riders, especially adult riders, should have the ability to choose a rider training program that best meets their needs.

(f) The commissioner has entered into a contract with a private entity pursuant to Section 2932 of the Vehicle Code to provide rider training courses, including a premier program that sets a maximum fee that may be charged for these courses.

(g) Upon the expiration of the contract for the provision of the premier program, a private entity whether it is the master contractor or a subcontractor to the master contract should be free to establish the maximum amount of fee it may charge for a premier program.

SEC. 2. Section 2932 of the Vehicle Code is amended to read:

2932. The commissioner may, through contracts with other public agencies or with private entities, do all of the following:

(a) Provide financial or other support to projects aimed at enhancing motorcycle operation and safety, including, but not limited to, motorcyclist safety training programs. The motorcyclist safety training programs shall comply with criteria which the commissioner, in consultation with other state agencies and national motorcycle safety organizations, may adopt to provide validated motorcyclist safety training programs in the state.

(b) Sponsor and coordinate efforts aimed at increasing motorists' awareness of motorcyclists.

(c) Sponsor research into effective communication techniques to reach all highway users on matters of motorcyclist safety.

(d) Establish an advisory committee of persons from other state and local agencies with an interest in motorcycle safety; persons from the motorcycle industry; motorcycle safety organizations; motorcycle enthusiast organizations; and others with an interest in motorcycle safety, to assist in the establishment of a comprehensive program of motorcycle safety.

(e) Adopt standards for course content, contact hours, curriculum, instructor training and testing, and instructional quality control, and setting forth a maximum amount for course fees for the novice rider training course specified in subdivisions (g) and (i) of Section 12804.9.

(f) (1) Adopt standards for course content, contact hours, curriculum, instructor training and testing, and instructional quality control, for a premier motorcyclist safety training program. Motorcycle safety training courses offered under a premier motorcyclist safety training program shall meet all of the following requirements:

(A) Provide a core curriculum approved for the novice rider training course specified in subdivision (e).

(B) Additional course requirements established by the commissioner.

(2) On and after January 1, 2008, the commissioner shall not impose a maximum amount for course fees for courses provided under the premier motorcyclist safety training program.

(3) All administrative costs of a premier motorcyclist safety training program shall be paid for by the provider, and none of the costs shall be paid for by the state.

CHAPTER 712

An act to amend Sections 17052.17, 17052.18, 23617, and 23617.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 17052.17 of the Revenue and Taxation Code is amended to read:

17052.17. (a) For each taxable year beginning on or after January 1, 1988, and before January 1, 2012, there shall be allowed as a credit against the "net tax" (as defined by Section 17039) an amount equal to the amount determined in subdivision (b).

(b) (1) The amount of the credit allowed by this section shall be 30 percent of any of the following:

(A) The cost paid or incurred by the taxpayer on or after September 23, 1988, for the startup expenses of establishing a child care program or constructing a child care facility in California, to be used primarily by the children of the taxpayer's employees.

(B) For each taxable year beginning on or after January 1, 1993, the cost paid or incurred by the taxpayer for the startup expenses of establishing a child care program or constructing a child care facility in California, to be used primarily by the children of employees of tenants leasing commercial or office space in a building owned by the taxpayer.

(C) The cost paid or incurred by the taxpayer on or after September 23, 1988, for contributions to California child care information and referral services, including, but not limited to, those that identify local child care services, offer information describing these resources to the taxpayer's employees, and make referrals of the taxpayer's employees to child care services where there are vacancies.

In the case of a child care facility established by two or more taxpayers, the credit shall be allowed to each taxpayer if the facility is to be used primarily by the children of the employees of each of the taxpayers or the children of the employees of the tenants of each of the taxpayers.

(2) The amount of the credit allowed by this section shall not exceed fifty thousand dollars ($50,000) for any taxable year.

(c) For purposes of this section, "startup expenses" include, but are not limited to, feasibility studies, site preparation, and construction, renovation or acquisition of facilities for purposes of establishing or expanding onsite or nearsite centers by one or more employers or one or more building owners leasing space to employers.

(d) If two or more taxpayers share in the costs eligible for the credit provided by this section, each taxpayer shall be eligible to receive a tax credit with respect to his, her, or its respective share of the costs paid or incurred.

(e) (1) In the case where the credit allowed and limited under subdivision (b) exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following year, and succeeding years if necessary, until the credit has been exhausted. However, the excess from any one year shall not exceed fifty thousand dollars ($50,000).

(2) If the credit carryovers from preceding taxable years allowed under paragraph (1) plus the credit allowed for the taxable year under subdivision (b) would exceed an aggregate total of fifty thousand dollars ($50,000), then the credit allowed to reduce the "net tax" under this section for the taxable year shall be limited to fifty thousand dollars ($50,000) and the amount in excess of the fifty thousand dollar ($50,000) limit may be carried over and applied against the "net tax" in the following year, and succeeding years if necessary, in an amount which, when added to the credit allowed under subdivision (b) for that succeeding taxable year, does not exceed fifty thousand dollars ($50,000).

(f) No deduction shall be allowed as otherwise provided in this part for that portion of expenses paid or incurred for the taxable year which is equal to the amount of the credit allowed under this section attributable to those expenses.

(g) In lieu of claiming the tax credit provided by this section, the taxpayer may elect to take depreciation pursuant to Section 17250. In addition, the taxpayer may take depreciation pursuant to that section for the cost of a facility in excess of the amount of the tax credit claimed under this section.

(h) The basis for any child care facility for which a credit is allowed shall be reduced by the amount of the credit attributable to the facility. The basis adjustment shall be made for the taxable year for which the credit is allowed.

(i) No credit shall be allowed under subparagraph (B) of paragraph (1) of subdivision (b) in the case of any taxpayer that is required by any local ordinance or regulation to provide a child care facility.

(j) (1) In order to be eligible for the credit allowed under subparagraph (A) or (B) of paragraph (1) of subdivision (b), the taxpayer shall submit to the Franchise Tax Board upon request a statement certifying that the costs for which the credit is claimed are incurred with respect to the startup expenses of establishing a child care program or constructing a child care facility in California to be used primarily by the children of the taxpayer's employees or the children of the employees of tenants leasing commercial or office space in a building owned by the taxpayer and which will be in operation for at least 60 consecutive months after completion.

(2) If the child care center for which a credit is claimed pursuant to this section is disposed of or ceases to operate within 60 months after completion, that portion of the credit claimed which represents the remaining portion of the 60-month period shall be added to the taxpayer's tax liability in the taxable year of that disposition or nonuse.

(k) In order to be allowed the credit under subparagraph (A) or (B) of paragraph (1) of subdivision (b), the taxpayer shall indicate, in the form and manner prescribed by the Franchise Tax Board, the number of children that the child care program or facility will be able to legally accommodate.

(*l*) On or before January 1, 2011, the Franchise Tax Board shall submit to the Legislature a report on the following:

(1) The dollar amount of credits claimed annually.

(2) The number of child care facilities established or constructed by taxpayers claiming the credit.

(3) The number of children served by these facilities.

(m) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 2. Section 17052.18 of the Revenue and Taxation Code is amended to read:

17052.18. (a) For each taxable year beginning on or after January 1, 1995, and before January 1, 2012, there shall be allowed as a credit against the "net tax" (as defined by Section 17039) an amount equal to the amount determined in subdivision (b).

(b) (1) The amount of the credit allowed by this section shall be 30 percent of the cost paid or incurred by the taxpayer for contributions to a qualified care plan made on behalf of any qualified dependent of the taxpayer's qualified employee.

(2) The amount of the credit allowed by this section in any taxable year shall not exceed three hundred sixty dollars ($360) for each qualified dependent.

(c) For purposes of this section:

(1) "Qualified care plan" means a plan providing qualified care.

(2) "Qualified care" includes, but is not limited to, onsite service, center-based service, in-home care or home-provider care, and a dependent care center as defined by Section 21(b)(2)(D) of the Internal Revenue Code that is a specialized center with respect to short-term illnesses of an employee's dependents. "Qualified care" must be provided in this state under the authority of a license when required by California law.

(3) "Specialized center" means a facility that provides care to mildly ill children and that may do all of the following:

(A) Be staffed by pediatric nurses and day care workers.

(B) Admit children suffering from common childhood ailments (including colds, flu, and chickenpox).

(C) Make special arrangements for well children with minor problems associated with diabetes, asthma, breaks or sprains, and recuperation from surgery.

(D) Separate children according to their illness and symptoms in order to protect them from cross-infection.

(4) "Contributions" include direct payments to child care programs or providers. "Contributions" do not include amounts contributed to a qualified care plan pursuant to a salary reduction agreement to provide benefits under a dependent care assistance program within the meaning of Section 129 of the Internal Revenue Code, as applicable, for purposes of Part 11 (commencing with Section 23001) and this part.

(5) "Qualified employee" means any employee of the taxpayer who is performing services for the taxpayer in this state, within the meaning of Section 25133, during the period in which the qualified care is performed.

(6) "Employee" includes an individual who is an employee within the meaning of Section 401(c)(1) of the Internal Revenue Code (relating to self-employed individuals).

(7) "Qualified dependent" means any dependent of a qualified employee who is under the age of 12 years.

(d) If an employer makes contributions to a qualified care plan and also collects fees from parents to support a child care facility owned and operated by the employer, no credit shall be allowed under this section for contributions in the amount, if any, by which the sum of the contributions and fees exceed the total cost of providing care. The Franchise Tax Board may require information about fees collected from parents of children.

(e) If the duration of the child care received is less than 42 weeks, the employer shall claim a prorated portion of the allowable credit. The employer shall prorate the credit using the ratio of the number of weeks of care received divided by 42 weeks.

(f) If the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following year, and succeeding years if necessary until the credit has been exhausted.

(g) The credit shall not be available to an employer if the care provided on behalf of an employee is provided by an individual who:

(1) Qualifies as a dependent of that employee or that employee's spouse under subdivision (d) of Section 17054.

(2) Is (within the meaning of Section 17056) a son, stepson, daughter, or stepdaughter of that employee and is under the age of 19 at the close of that taxable year.

(h) The contributions to a qualified care plan shall not discriminate in favor of employees who are officers, owners, or highly compensated, or their dependents.

(i) No deduction shall be allowed as otherwise provided in this part for that portion of expenses paid or incurred for the taxable year that is equal to the amount of the credit allowed under this section.

(j) If the credit is taken by an employer for contributions to a qualified care plan that is used at a facility owned by the employer, the basis of that facility shall be reduced by the amount of the credit. The basis adjustment shall be made for the taxable year for which the credit is allowed.

(k) In order to be allowed the credit authorized under this section the taxpayer shall indicate, in the form and manner prescribed by the Franchise Tax Board, the number of children of employers served by the qualified child care plan.

(*l*) On or before January 1, 2011, the Franchise Tax Board shall submit to the Legislature a report on the following:

(1) The dollar amount of credits claimed annually.

(2) The number of children of employees served by the qualified child care plan for which the taxpayer claimed a credit.

(m) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 3. Section 23617 of the Revenue and Taxation Code is amended to read:

23617. (a) For each taxable year beginning on or after January 1, 1988, and before January 1, 2012, there shall be allowed as a credit against the "tax" (as defined by Section 23036) an amount equal to the amount determined in subdivision (b).

(b) (1) The amount of the credit allowed by this section shall be 30 percent of any of the following:

(A) The cost paid or incurred by the taxpayer on or after September 23, 1988, for the startup expenses of establishing a child care program

or constructing a child care facility in California, to be used primarily by the children of the taxpayer's employees.

(B) For each taxable year beginning on or after January 1, 1993, the cost paid or incurred by the taxpayer for startup expenses of establishing a child care program or constructing a child care facility in California to be used primarily by the children of employees of tenants leasing commercial or office space in a building owned by the taxpayer.

(C) The cost paid or incurred by the taxpayer on or after September 23, 1988, for contributions to California child care information and referral services, including, but not limited to, those that identify local child care services, offer information describing these resources to the taxpayer's employees, and make referrals of the taxpayer's employees to child care services where there are vacancies.

In the case of a child care facility established by two or more taxpayers, the credit shall be allowed if the facility is to be used primarily by the children of the employees of each of the taxpayers or the children of the employees of tenants of each of the taxpayers.

(2) The amount of the credit allowed by this section shall not exceed fifty thousand dollars ($50,000) for any taxable year.

(c) For purposes of this section, "startup expenses" include, but are not limited to, feasibility studies, site preparation, and construction, renovation, or acquisition of facilities for purposes of establishing or expanding onsite or nearsite centers by one or more employers or one or more building owners leasing space to employers.

(d) If two or more taxpayers share in the costs eligible for the credit provided by this section, each taxpayer shall be eligible to receive a tax credit with respect to its respective share of the costs paid or incurred.

(e) (1) In the case where the credit allowed and limited under subdivision (b) for the taxable year exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year, and succeeding years if necessary, until the credit has been exhausted. However, the excess from any one year shall not exceed fifty thousand dollars ($50,000).

(2) If the credit carryovers from preceding taxable years allowed under paragraph (1) plus the credit allowed for the taxable year under subdivision (b) would exceed an aggregate total of fifty thousand dollars ($50,000), then the credit allowed to reduce the "tax" under this section for the taxable year shall be limited to fifty thousand dollars ($50,000) and the amount in excess of the fifty thousand dollar ($50,000) limit may be carried over and applied against the "tax" in the following year, and succeeding years if necessary, in an amount which, when added to the credit allowed under subdivision (b) for that succeeding taxable year, does not exceed fifty thousand dollars ($50,000).

(f) No deduction shall be allowed as otherwise provided in this part for that portion of expenses paid or incurred for the taxable year which is equal to the amount of the credit allowed under this section attributable to those expenses.

(g) In lieu of claiming the tax credit provided by this section, the taxpayer may elect to take depreciation pursuant to Section 24371.5. In addition, the taxpayer may take depreciation pursuant to that section for the cost of a facility in excess of the amount of the tax credit claimed under this section.

(h) The basis for any child care facility for which a credit is allowed shall be reduced by the amount of the credit attributable to the facility. The basis adjustment shall be made for the taxable year for which the credit is allowed.

(i) No credit shall be allowed under subparagraph (B) of paragraph (1) of subdivision (b) in the case of any taxpayer that is required by any local ordinance or regulation to provide a child care facility.

(j) (1) In order to be eligible for the credit allowed under subparagraph (A) or (B) of paragraph (1) of subdivision (b), the taxpayer shall submit to the Franchise Tax Board upon request a statement certifying that the costs for which the credit is claimed are incurred with respect to the startup expenses of establishing a child care program or constructing a child care facility in California to be used primarily by the children of the taxpayer's employees or the children of the employees of tenants leasing commercial or office space in a building owned by the taxpayer and which will be in operation for at least 60 consecutive months after completion.

(2) If the child care center for which a credit is claimed pursuant to this section is disposed of or ceases to operate within 60 months after completion, that portion of the credit claimed which represents the remaining portion of the 60-month period shall be added to the taxpayer's tax liability in the taxable year of that disposition or nonuse.

(k) In order to be allowed the credit under subparagraph (A) or (B) of paragraph (1) of subdivision (b), the taxpayer shall indicate, in the form and manner prescribed by the Franchise Tax Board, the number of children that the child care program or facility will be able to legally accommodate.

(*l*) On or before January 1, 2011, the Franchise Tax Board shall submit to the Legislature a report on the following:

(1) The dollar amount of credits claimed annually.

(2) The number of child care facilities established or constructed by taxpayers claiming the credit.

(3) The number of children served by these facilities.

(m) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 4. Section 23617.5 of the Revenue and Taxation Code is amended to read:

23617.5. (a) For each taxable year beginning on or after January 1, 1995, and before January 1, 2012, there shall be allowed as a credit against the "tax" (as defined by Section 23036) an amount equal to the amount determined in subdivision (b).

(b) (1) The amount of the credit allowed by this section shall be 30 percent of the cost paid or incurred by the taxpayer for contributions to a qualified care plan made on behalf of any qualified dependent of the taxpayer's qualified employee.

(2) The amount of the credit allowed by this section in any taxable year shall not exceed three hundred sixty dollars ($360) for each qualified dependent.

(c) For purposes of this section:

(1) "Qualified care plan" means a plan providing qualified care.

(2) "Qualified care" includes, but is not limited to, onsite service, center-based service, in-home care or home-provider care, and a dependent care center as defined by Section 21(b)(2)(D) of the Internal Revenue Code that is a specialized center with respect to short-term illnesses of an employee's dependents. "Qualified care" must be provided in this state under the authority of a license when required by California law.

(3) "Specialized center" means a facility that provides care to mildly ill children and that may do all of the following:

(A) Be staffed by pediatric nurses and day care workers.

(B) Admit children suffering from common childhood ailments (including colds, flu, and chickenpox).

(C) Make special arrangements for well children with minor problems associated with diabetes, asthma, breaks or sprains, and recuperation from surgery.

(D) Separate children according to their illness and symptoms in order to protect them from cross-infection.

(4) "Contributions" include direct payments to child care programs or providers. "Contributions" do not include amounts contributed to a qualified care plan pursuant to a salary reduction agreement to provide benefits under a dependent care assistance program within the meaning of Section 129 of the Internal Revenue Code, as applicable, for purposes of Part 10 (commencing with Section 17001) and this part.

(5) "Qualified employee" means any employee of the taxpayer who is performing services for the taxpayer in this state, within the meaning

of Section 25133, during the period in which the qualified care is performed.

(6) "Employee" includes an individual who is an employee within the meaning of Section 401(c)(1) of the Internal Revenue Code (relating to self-employed individuals).

(7) "Qualified dependent" means any dependent of a qualified employee who is under the age of 12 years.

(d) If an employer makes contributions to a qualified care plan and also collects fees from parents to support a child care facility owned and operated by the employer, no credit shall be allowed under this section for contributions in the amount, if any, by which the sum of the contributions and fees exceed the total cost of providing care. The Franchise Tax Board may require information about fees collected from parents of children served in the facility from taxpayers claiming credits under this section.

(e) If the duration of the child care received is less than 42 weeks, the employer shall claim a prorated portion of the allowable credit. The employer shall prorate the credit using the ratio of the number of weeks of care received divided by 42 weeks.

(f) If the credit allowed under this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year, and succeeding years if necessary, until the credit has been exhausted.

(g) The credit shall not be available to an employer if the care provided on behalf of an employee is provided by an individual who:

(1) Qualifies as a dependent of that employee or that employee's spouse under subdivision (d) of Section 17054.

(2) Is (within the meaning of Section 17056) a son, stepson, daughter, or stepdaughter of that employee and is under the age of 19 at the close of that taxable year.

(h) The contributions to a qualified care plan shall not discriminate in favor of employees who are officers, owners, or highly compensated, or their dependents.

(i) No deduction shall be allowed as otherwise provided in this part for that portion of expenses paid or incurred for the taxable year that is equal to the amount of the credit allowed under this section.

(j) If the credit is taken by an employer for contributions to a qualified care plan that is used at a facility owned by the employer, the basis of that facility shall be reduced by the amount of the credit. The basis adjustment shall be made for the taxable year for which the credit is allowed.

(k) In order to be allowed the credit authorized under this section, the taxpayer shall indicate, in the form and manner prescribed by the

Franchise Tax Board, the number of children of employers served by the qualified child care plan.

(*l*) On or before January 1, 2011, the Franchise Tax Board shall submit to the Legislature a report on the following:

(1) The dollar amount of credits claimed annually.

(2) The number of children of employees served by the qualified child care plan for which the taxpayer claimed a credit.

(m) This section shall remain in effect only until December 1, 2012, and as of that date is repealed.

SEC. 5. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

CHAPTER 713

An act to amend Sections 11340.85, 11346.1, 11349.6, and 11350 of, and to add Section 11342.545 to, the Government Code, and to amend Section 5058.3 of the Penal Code, relating to state agencies.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 11340.85 of the Government Code is amended to read:

11340.85. (a) As used in this section, "electronic communication" includes electronic transmission of written or graphical material by electronic mail, facsimile, or other means, but does not include voice communication.

(b) Notwithstanding any other provision of this chapter that refers to mailing or sending, or to oral or written communication:

(1) An agency may permit and encourage use of electronic communication, but may not require use of electronic communication.

(2) An agency may publish or distribute a document required by this chapter or by a regulation implementing this chapter by means of electronic communication, but shall not make that the exclusive means by which the document is published or distributed.

(3) A notice required or authorized by this chapter or by a regulation implementing this chapter may be delivered to a person by means of electronic communication if the person has expressly indicated a willingness to receive the notice by means of electronic communication.

(4) A comment regarding a regulation may be delivered to an agency by means of electronic communication.

(5) A petition regarding a regulation may be delivered to an agency by means of electronic communication if the agency has expressly indicated a willingness to receive a petition by means of electronic communication.

(c) An agency that maintains an Internet Web site or other similar forum for the electronic publication or distribution of written material shall publish on that Web site or other forum information regarding a proposed regulation or regulatory repeal or amendment, that includes, but is not limited to, the following:

(1) Any public notice required by this chapter or by a regulation implementing this chapter.

(2) The initial statement of reasons prepared pursuant to subdivision (b) of Section 11346.2.

(3) The final statement of reasons prepared pursuant to subdivision (a) of Section 11346.9.

(4) Notice of a decision not to proceed prepared pursuant to Section 11347.

(5) The text of a proposed action or instructions on how to obtain a copy of the text.

(6) A statement of any decision made by the office regarding a proposed action.

(7) The date a rulemaking action is filed with the Secretary of State.

(8) The effective date of a rulemaking action.

(9) A statement to the effect that a business or person submitting a comment regarding a proposed action has the right to request a copy of the final statement of reasons.

(10) The text of a proposed emergency adoption, amendment, or repeal of a regulation pursuant to Section 11346.1 and the date it was submitted to the office for review and filing.

(d) A document that is required to be posted pursuant to subdivision (c) shall be posted within a reasonable time after issuance of the document, and shall remain posted until at least 15 days after (1) the rulemaking action is filed with the Secretary of State, or (2) notice of a decision not to proceed is published pursuant to Section 11347. Publication under subdivision (c) supplements any other required form of publication or distribution. Failure to comply with this section is not grounds for disapproval of a proposed regulation. Subdivision (c) does not require an agency to establish or maintain a Web site or other forum for the electronic publication or distribution of written material.

(e) Nothing in this section precludes the office from requiring that the material submitted to the office for publication in the California Code

of Regulations or the California Regulatory Notice Register be submitted in electronic form.

(f) This section is intended to make the regulatory process more user-friendly and to improve communication between interested parties and the regulatory agencies.

SEC. 2. Section 11342.545 is added to the Government Code, to read:

11342.545. "Emergency" means a situation that calls for immediate action to avoid serious harm to the public peace, health, safety, or general welfare.

SEC. 3. Section 11346.1 of the Government Code is amended to read:

11346.1. (a) (1) The adoption, amendment, or repeal of an emergency regulation is not subject to any provision of this article or Article 6 (commencing with Section 11349), except this section and Sections 11349.5 and 11349.6.

(2) At least five working days before submitting an emergency regulation to the office, the adopting agency shall, except as provided in paragraph (3), send a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. The notice shall include both of the following:

(A) The specific language proposed to be adopted.

(B) The finding of emergency required by subdivision (b).

(3) An agency is not required to provide notice pursuant to paragraph (2) if the emergency situation clearly poses such an immediate, serious harm that delaying action to allow public comment would be inconsistent with the public interest.

(b) (1) Except as provided in subdivision (c), if a state agency makes a finding that the adoption of a regulation or order of repeal is necessary to address an emergency, the regulation or order of repeal may be adopted as an emergency regulation or order of repeal.

(2) Any finding of an emergency shall include a written statement that contains the information required by paragraphs (2) to (6), inclusive, of subdivision (a) of Section 11346.5 and a description of the specific facts demonstrating the existence of an emergency and the need for immediate action, and demonstrating, by substantial evidence, the need for the proposed regulation to effectuate the statute being implemented, interpreted, or made specific and to address only the demonstrated emergency. The finding of emergency shall also identify each technical, theoretical, and empirical study, report, or similar document, if any, upon which the agency relies. The enactment of an urgency statute shall not, in and of itself, constitute a need for immediate action.

A finding of emergency based only upon expediency, convenience, best interest, general public need, or speculation, shall not be adequate to demonstrate the existence of an emergency. If the situation identified in the finding of emergency existed and was known by the agency adopting the emergency regulation in sufficient time to have been addressed through nonemergency regulations adopted in accordance with the provisions of Article 5 (commencing with Section 11346), the finding of emergency shall include facts explaining the failure to address the situation through nonemergency regulations.

(3) The statement and the regulation or order of repeal shall be filed immediately with the office.

(c) Notwithstanding any other provision of law, no emergency regulation that is a building standard shall be filed, nor shall the building standard be effective, unless the building standard is submitted to the California Building Standards Commission, and is approved and filed pursuant to Sections 18937 and 18938 of the Health and Safety Code.

(d) The emergency regulation or order of repeal shall become effective upon filing or upon any later date specified by the state agency in a written instrument filed with, or as a part of, the regulation or order of repeal.

(e) No regulation, amendment, or order of repeal initially adopted as an emergency regulatory action shall remain in effect more than 180 days unless the adopting agency has complied with Sections 11346.2 to 11347.3, inclusive, either before adopting an emergency regulation or within the 180-day period. The adopting agency, prior to the expiration of the 180-day period, shall transmit to the office for filing with the Secretary of State the adopted regulation, amendment, or order of repeal, the rulemaking file, and a certification that Sections 11346.2 to 11347.3, inclusive, were complied with either before the emergency regulation was adopted or within the 180-day period.

(f) If an emergency amendment or order of repeal is filed and the adopting agency fails to comply with subdivision (e), the regulation as it existed prior to the emergency amendment or order of repeal shall thereupon become effective and after notice to the adopting agency by the office shall be reprinted in the California Code of Regulations.

(g) If a regulation is originally adopted and filed as an emergency and the adopting agency fails to comply with subdivision (e), this failure shall constitute a repeal of the regulation and after notice to the adopting agency by the office, shall be deleted.

(h) The office may approve not more than two readoptions, each for a period not to exceed 90 days, of an emergency regulation that is the same as or substantially equivalent to an emergency regulation previously adopted by that agency. Readoption shall be permitted only if the agency

has made substantial progress and proceeded with diligence to comply with subdivision (e).

SEC. 4. Section 11349.6 of the Government Code is amended to read:

11349.6. (a) If the adopting agency has complied with Sections 11346.2 to 11347.3, inclusive, prior to the adoption of the regulation as an emergency, the office shall approve or disapprove the regulation in accordance with this article.

(b) Emergency regulations adopted pursuant to subdivision (b) of Section 11346.1 shall be reviewed by the office within 10 calendar days after their submittal to the office. After posting a notice of the filing of a proposed emergency regulation on its Internet Web site, the office shall allow interested persons five calendar days to submit comments on the proposed emergency regulations unless the emergency situation clearly poses such an immediate serious harm that delaying action to allow public comment would be inconsistent with the public interest. The office shall disapprove the emergency regulations if it determines that the situation addressed by the regulations is not an emergency, or if it determines that the regulation fails to meet the standards set forth in Section 11349.1, or if it determines the agency failed to comply with Section 11346.1.

(c) If the office considers any information not submitted to it by the rulemaking agency when determining whether to file emergency regulations, the office shall provide the rulemaking agency with an opportunity to rebut or comment upon that information.

(d) Within 30 working days of the filing of a certificate of compliance, the office shall review the regulation and hearing record and approve or order the repeal of an emergency regulation if it determines that the regulation fails to meet the standards set forth in Section 11349.1, or if it determines that the agency failed to comply with this chapter.

SEC. 5. Section 11350 of the Government Code is amended to read:

11350. (a) Any interested person may obtain a judicial declaration as to the validity of any regulation or order of repeal by bringing an action for declaratory relief in the superior court in accordance with the Code of Civil Procedure. The right to judicial determination shall not be affected by the failure either to petition or to seek reconsideration of a petition filed pursuant to Section 11340.7 before the agency promulgating the regulation or order of repeal. The regulation or order of repeal may be declared to be invalid for a substantial failure to comply with this chapter, or, in the case of an emergency regulation or order of repeal, upon the ground that the facts recited in the finding of emergency prepared pursuant to subdivision (b) of Section 11346.1 do not constitute an emergency within the provisions of Section 11346.1.

(b) In addition to any other ground that may exist, a regulation or order of repeal may be declared invalid if either of the following exists:

(1) The agency's determination that the regulation is reasonably necessary to effectuate the purpose of the statute, court decision, or other provision of law that is being implemented, interpreted, or made specific by the regulation is not supported by substantial evidence.

(2) The agency declaration pursuant to paragraph (8) of subdivision (a) of Section 11346.5 is in conflict with substantial evidence in the record.

(c) The approval of a regulation or order of repeal by the office or the Governor's overruling of a decision of the office disapproving a regulation or order of repeal shall not be considered by a court in any action for declaratory relief brought with respect to a regulation or order of repeal.

(d) In a proceeding under this section, a court may only consider the following evidence:

(1) The rulemaking file prepared under Section 11347.3.

(2) The finding of emergency prepared pursuant to subdivision (b) of Section 11346.1.

(3) An item that is required to be included in the rulemaking file but is not included in the rulemaking file, for the sole purpose of proving its omission.

(4) Any evidence relevant to whether a regulation used by an agency is required to be adopted under this chapter.

SEC. 6. The changes made by this act applicable to emergency regulations shall apply only to regulations first submitted to the Office of Administrative Law on or after January 1, 2007.

SEC. 7. Section 5058.3 of the Penal Code is amended to read:

5058.3. (a) Emergency adoption, amendment, or repeal of a regulation by the director shall be conducted pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, except with respect to the following:

(1) Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the initial effective period for an emergency adoption, amendment, or repeal of a regulation shall be 160 days.

(2) Notwithstanding subdivision (b) of Section 11346.1 of the Government Code, no showing of emergency is necessary in order to adopt, amend, or repeal an emergency regulation if the director instead certifies, in a written statement filed with the Office of Administrative Law, that operational needs of the department require adoption, amendment, or repeal of the regulation on an emergency basis. The written statement shall include a description of the underlying facts and an explanation of the operational need to use the emergency rulemaking

procedure. This paragraph provides an alternative to filing a statement of emergency pursuant to subdivision (b) of Section 11346.1 of the Government Code. It does not preclude filing a statement of emergency. This paragraph only applies to the initial adoption and one readoption of an emergency regulation.

(3) Notwithstanding subdivision (b) of Section 11349.6 of the Government Code, the adoption, amendment, or repeal of a regulation pursuant to paragraph (2) shall be reviewed by the Office of Administrative Law within 20 calendar days after its submission. In conducting its review, the Office of Administrative Law shall accept and consider public comments for the first 10 calendar days of the review period. Copies of any comments received by the Office of Administrative Law shall be provided to the department.

(4) Regulations adopted pursuant to paragraph (2) of subdivision (a) are not subject to the requirements of paragraph (2) of subdivision (a) of Section 11346.1 of the Government Code.

(b) It is the intent of the Legislature, in authorizing the deviations in this section from the requirements and procedures of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, to authorize the department to expedite the exercise of its power to implement regulations as its unique operational circumstances require.

CHAPTER 714

An act to amend Section 94212 of the Education Code, to amend Section 15455 of the Government Code, and to amend Sections 44526 and 44561 of, and to repeal and amend Section 44525.6 of, the Health and Safety Code, relating to community development, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 94212 of the Education Code is amended to read:

94212. (a) This chapter shall be deemed to provide a complete, additional, and alternative method for doing the things authorized by this chapter, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding

bonds under this chapter need not comply with any other law applicable to the issuance of bonds including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) Except as otherwise provided in subdivision (a), a project that is financed in accordance with this chapter shall not be exempt from any provision of law that is otherwise applicable to the project, and the applicant shall provide documentation, before the authority approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

SEC. 2. Section 15455 of the Government Code is amended to read:

15455. (a) This part shall be deemed to provide a complete, additional, and alternative method for doing the things authorized by this part, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds under this chapter need not comply with any other law applicable to the issuance of bonds, including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) Except as provided in subdivision (a), the financing of a project pursuant to this part shall not exempt a project from any requirement of law that is otherwise applicable to the project, and the applicant shall provide documentation, before the authority approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

SEC. 3. Section 44525.6 of the Health and Safety Code, as added by Section 5 of Chapter 914 of the Statutes of 2000, is repealed.

SEC. 4. Section 44525.6 of the Health and Safety Code, as added by Section 5.5 of Chapter 914 of the Statutes of 2000, is amended to read:

44525.6. (a) Commencing in 2002, and annually thereafter, the authority shall submit a report to the Legislature regarding the loan program described in subdivision (g) of Section 44526 describing the total amount of loans issued pursuant to subdivision (g) of Section 44526 in the previous calendar year, the amount of each loan issued, and a description of the programs awarded funding.

(b) This section shall become operative only if Senate Bill 1986 of the 1999–2000 Regular Session is enacted after Assembly Bill 779 of the 1999–2000 Regular Session and adds subdivision (g) to Section 44526.

(c) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2012, deletes or extends that date.

SEC. 5. Section 44526 of the Health and Safety Code is amended to read:

44526. The authority is authorized to do any of the following:

(a) To determine the location and character of any project to be financed under the provisions of this division, to lend financial assistance to any participating party, to construct, reconstruct, renovate, replace, lease, as lessor or lessee, and regulate the same, and to enter into contracts for the sale of any pollution control facilities, including installment sales or sales under conditional sales contracts, and to make loans to participating parties to lend financial assistance in the acquisition, construction, or installation of a project.

(b) To issue bonds, notes, bond anticipation notes, and other obligations of the authority for any of its corporate purposes, and to fund or refund the same, all as provided in this division.

(c) To fix fees and charges for pollution control facilities, and to revise from time to time those fees and charges, and to collect rates, rents, fees, and charges for the use of and for any facilities or services furnished, or to be furnished, by a project or any part thereof and to contract with any person, partnership, association, corporation, or public agency with respect thereto, and to fix the terms and conditions upon which any pollution control facilities may be sold or disposed of, whether upon installment sales contracts or otherwise.

(d) To employ and fix the compensation of bond counsel, financial consultants, and advisers as may be necessary in its judgment in connection with the issuance and sale of any bonds, notes, bond anticipation notes, or other obligations of the authority; to contract for engineering, architectural, accounting, or other services of appropriate agencies as may be necessary in the judgment of the authority for the successful development of any project; and to pay the reasonable costs of consulting engineers, architects, accountants, and construction experts employed by any participating party if, in the judgment of the authority, those services are necessary to the successful development of any project, and those services are not obtainable from any public agency.

(e) To receive and accept loans, contributions, or grants, of money, property, labor, or other things of value, for, or in aid of, the authority in carrying out the purposes of this division, from any source, including, but not limited to, the federal government, the state, or any agency of the state, any local government or agency thereof, or any nonprofit or for-profit private entity or individual.

(f) To apply for, and accept, subventions, grants, loans, advances, and contributions from any source, of money, property, labor, or other things of value. The sources may include, but are not limited to, bond proceeds, dedicated taxes, state appropriations, federal appropriations,

federal grant and loan funds, public and private sector retirement system funds, and proceeds of loans from the Pooled Money Investment Account.

(g) To provide grants and loans to any city or county deemed eligible by the authority. The grants and loans shall be used to assist California neighborhoods suffering from high poverty or unemployment levels, or from low-income levels, to assist cities and counties in developing and implementing growth policies and programs that reduce pollution hazards and the degradation of the environment, or to promote infill development to revitalize these communities. The grants and loans may be used to employ the technical expertise necessary to identify, assess, and complete applications for state, federal, and private economic assistance programs that develop and implement sustainable development and sound environmental policies and programs. Priority shall be given to applicants lacking the resources to identify, assess, and complete applications to economic assistance, and for those lacking the resources to develop and implement sustainable growth and other sound environmental policies and programs. The authority shall fund these grants and loans from any funds available to the authority or set aside for the authority's administrative expenses. The authority may not award more than seven million five hundred thousand dollars ($7,500,000) in grants and loans pursuant to this subdivision. This subdivision shall remain operative only until January 1, 2012.

(h) (1) To provide a loan directly, or indirectly through one or more public or private sector intermediaries, to any city, county, school district, redevelopment agency, financial institution, as defined in subdivision (d) of Section 44559.1, for-profit or not-for-profit organization, or participating party, as defined in Section 44506, to assist in financing, among other things, the costs of performing or obtaining brownfield site assessments, remedial action plans and reports, technical assistance, the cleanup, remediation, or development of brownfield sites, or any other similar or related costs, subject to all applicable federal, state, and local laws, procedures, and regulations.

(2) The authority shall establish standards and criteria to ensure that a recipient of direct or indirect financing for cleanup or remediation pursuant to this subdivision has the necessary financial resources and expertise to successfully and appropriately complete the cleanup or remediation of the property.

(3) The authority may pay all, or a portion, of the associated program development and implementation costs of any public or private sector intermediaries through which a loan is made. A loan authorized by this subdivision is subject to both of the following:

(A) A loan may be used in connection with a brownfield site prior to a determination of whether the site has a reasonable potential for economically beneficial reuse.

(B) A loan may be made upon the terms determined by the authority and may provide for any rate of interest or no interest.

(4) The authority shall fund a loan made pursuant to this subdivision from any funds available to it, from any funds set aside for the authority's administrative expenses, or from any small business assistance fund established for these purposes pursuant to Section 44548.

(5) The authority may waive repayment of all, or a portion, of any loan made pursuant to this subdivision upon conditions to be determined by the authority, and the amount so waived shall be deemed a grant to the recipient.

(i) To do all things generally necessary or convenient to carry out the purposes of this division.

SEC. 6. Section 44561 of the Health and Safety Code is amended to read:

44561. (a) This division provides a complete, additional, and alternative method for the doing of the things authorized by this division, and is supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds under this division need not comply with any other law applicable to the issuance of bonds including, but not limited to, Division 13 (commencing with Section 21000) of the Public Resources Code. In the construction and acquisition of a project pursuant to this division, the authority need not comply with any other law applicable to the construction or acquisition of public works, except as specifically provided in this division. Pollution control facilities and projects may be acquired, constructed, completed, repaired, altered, improved, or extended, and bonds may be issued for any of those purposes under this division, notwithstanding that any other law may provide for the acquisition, construction, completion, repair, alteration, improvement, or extension of like pollution control facilities or for the issuance of bonds for like purposes, and without regard to the requirements, restrictions, limitations, or other provisions contained in any other law.

(b) Except as provided in subdivision (a), the financing of a project pursuant to this division shall not exempt a project from any requirement of law that is otherwise applicable to the project, and the applicant shall provide documentation, before the authority approves the issuance of bonds for the project, that the project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to resolve crises in development planning for urban communities and ameliorate further pollution or other environmental degradation associated with urban growth, it is necessary that this act take effect immediately.

CHAPTER 715

An act to add Section 21081.2 to the Public Resources Code, relating to environmental quality.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 21081.2 is added to the Public Resources Code, to read:

21081.2. (a) Except as provided in subdivision (c), if a residential project, not exceeding 100 units, with a minimum residential density of 20 units per acre and within one-half mile of a transit stop, on an infill site in an urbanized area is in compliance with the traffic, circulation, and transportation policies of the general plan, applicable community plan, applicable specific plan, and applicable ordinances of the city or county with jurisdiction over the area where the project is located, and the city or county requires that the mitigation measures approved in a previously certified project area environmental impact report applicable to the project be incorporated into the project, the city or county is not required to comply with subdivision (a) of Section 21081 with respect to the making of any findings regarding the impacts of the project on traffic at intersections, or on streets, highways, or freeways.

(b) Nothing in subdivision (a) restricts the authority of a city or county to adopt feasible mitigation measures with respect to the impacts of a project on pedestrian and bicycle safety.

(c) Subdivision (a) does not apply in any of the following circumstances:

(1) The application for a proposed project is made more than five years after certification of the project area environmental impact report applicable to the project.

(2) A major change has occurred within the project area after certification of the project area environmental impact report applicable to the project.

(3) The project area environmental impact report applicable to the project was certified with overriding considerations pursuant to subdivision (b) of Section 21081 to the significant impacts on the environment with respect to traffic or transportation.

(4) The proposed project covers more than four acres.

(d) A project shall not be divided into smaller projects in order to qualify pursuant to this section.

(e) Nothing in this section relieves a city or county from the requirement to analyze the project's effects on traffic at intersections, or on streets, highways, or freeways, or from making a determination that the project may have a significant effect on traffic.

(f) For the purposes of this section, "project area environmental impact report" means an environmental impact report certified on any of the following:

(1) A general plan.

(2) A revision or update to the general plan that includes at least the land use and circulation elements.

(3) An applicable community plan.

(4) An applicable specific plan.

(5) A housing element of the general plan, if the environmental impact report analyzed the environmental effects of the density of the proposed project.

(6) A zoning ordinance.

CHAPTER 716

An act to add Article 1.5 (commencing with Section 7063) to Chapter 8 of Part 1 of Division 2 of, and to add Article 9 (commencing with Section 19195) to Chapter 4 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 1.5 (commencing with Section 7063) is added to Chapter 8 of Part 1 of Division 2 of the Revenue and Taxation Code, to read:

Article 1.5. Public Disclosure of Tax Delinquencies

7063. (a) Notwithstanding any other provision of law, the board shall make available as a matter of public record each quarter a list of the 250 largest tax delinquencies in excess of one hundred thousand dollars ($100,000) under this part. For purposes of compiling the list, a tax delinquency means an amount owed to the board which is all of the following:

(1) Based on a determination made under Article 2 (commencing with Section 6481) or Article 3 (commencing with Section 6511) of Chapter 5 deemed final pursuant to Article 5 (commencing with Section 6561) of Chapter 5, or that is "due and payable" under Article 4 (commencing with Section 6536) of Chapter 5, or self-assessed by the taxpayer.

(2) Recorded as a notice of state tax lien pursuant to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code, in any county recorder's office in this state.

(3) For an amount of tax delinquent for more than 90 days.

(b) For purposes of the list, a tax delinquency does not include any of the following and may not be included on the list:

(1) A delinquency that is under litigation in a court of law.

(2) A delinquency for which payment arrangements have been agreed to by both the taxpayer and the board and the taxpayer is in compliance with the arrangement.

(3) A delinquency for which the taxpayer has filed for bankruptcy protection pursuant to Title 11 of the United States Code.

(c) Each quarterly list shall, with respect to each delinquency, include all the following:

(1) The name of the person or persons liable for payment of the tax and that person's or persons' last known address.

(2) The amount of tax delinquency as shown on the notice or notices of state tax lien and any applicable interest or penalties, less any amounts paid.

(3) The earliest date that a notice of state tax lien was filed.

(4) The type of tax that is delinquent.

(d) Prior to making a tax delinquency a matter of public record as required by this section, the board shall provide a preliminary written notice to the person or persons liable for the tax by certified mail, return receipt requested. If within 30 days after issuance of the notice, the person or persons do not remit the amount due or make arrangements with the board for payment of the amount due, the tax delinquency shall be included on the list.

(e) The quarterly list described in subdivision (a) shall include the following:

(1) The telephone number and address of the board office to contact if a person believes placement of his or her name on the list is in error.

(2) The aggregate number of persons that have appeared on the list who have satisfied their delinquencies in their entirety and the dollar amounts, in the aggregate, that have been paid attributable to those delinquencies.

(f) As promptly as feasible, but no later than 5 business days from the occurrence of any of the following, the board shall remove that taxpayer's name from the list of tax delinquencies:

(1) Tax delinquencies for which the person liable for the tax has contacted the board and resolution of the delinquency has been arranged.

(2) Tax delinquencies for which the board has verified that an active bankruptcy proceeding has been initiated.

(3) Tax delinquencies for which the board has verified that a bankruptcy proceeding has been completed and there are no assets available with which to pay the delinquent amount or amounts.

(4) Tax delinquencies that the board has determined to be uncollectible.

(g) A person whose delinquency appears on the quarterly list, and who satisfies that delinquency in whole or in part, may request the board to include in its quarterly list any payments that person made to satisfy the delinquency. Upon receipt of that request, the board shall include those payments on the list as promptly as feasible.

(h) Notwithstanding subdivision (a), a person whose delinquency appeared on the quarterly list and whose name has been removed pursuant to paragraph (1) of subdivision (f) shall comply with the terms of the arranged resolution. If a person fails to do so, the board shall add that person's name to the list of delinquencies without providing the prior written notice required by subdivision (d).

SEC. 2. Article 9 (commencing with Section 19195) is added to Chapter 4 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 9. Public Disclosure of Tax Delinquencies

19195. (a) Notwithstanding any other provision of law, including Section 6254.21 of the Government Code, the Franchise Tax Board shall make available as a matter of public record each calendar year a list of the 250 largest tax delinquencies in excess of one hundred thousand dollars ($100,000) under Part 10 and Part 11 of this division, as of December 31 of the preceding year. For purposes of compiling the list,

a tax delinquency means the total amount owed by a taxpayer to the State of California for which a notice of state tax lien has been recorded in any county recorder's office in this state, pursuant to Chapter 14 (commencing with Section 7150) of Division 7 of Title 1 of the Government Code.

(b) For purposes of the list, a tax delinquency does not include any of the following and may not be included on the list:

(1) A delinquency for which payment arrangements have been agreed to by both the taxpayer and the Franchise Tax Board and the taxpayer is in compliance with the arrangement.

(2) A delinquency for which the taxpayer has filed for bankruptcy protection pursuant to Title 11 of the United States Code.

(3) A delinquency for which the person or persons liable for the tax have contacted the Franchise Tax Board and for which resolution of the tax delinquency has not been rejected by the Franchise Tax Board.

(c) Each annual list shall, with respect to each delinquency, include all the following:

(1) The name of the person or persons liable for payment of the tax and that person's or persons' address.

(2) The amount of tax delinquency as shown on the notice or notices of state tax lien and any applicable interest or penalties, less any amounts paid.

(3) The earliest date that a notice of state tax lien was filed.

(4) The type of tax that is delinquent.

(d) Prior to making a tax delinquency a matter of public record as required by this section, the Franchise Tax Board shall provide a preliminary written notice to the person or persons liable for the tax by certified mail, return receipt requested. If within 30 days after issuance of the notice, the person or persons do not remit the amount due or make arrangements with the Franchise Tax Board for payment of the amount due, the tax delinquency shall be included on the list.

(e) The annual list described in subdivision (a) shall include the following:

(1) The telephone number and address of the Franchise Tax Board office to contact if a person believes placement of his or her name on the list is in error.

(2) The aggregate number of persons that have appeared on the list who have satisfied their delinquencies in their entirety and the dollar amounts, in the aggregate, that have been paid attributable to those delinquencies.

(f) As promptly as feasible, but no later than five business days from the occurrence of any of the following, the Franchise Tax Board shall remove that taxpayer's name from the list of tax delinquencies:

(1) Tax delinquencies for which the person liable for the tax has contacted the Franchise Tax Board and resolution of the delinquency has been arranged.

(2) Tax delinquencies for which the Franchise Tax Board has verified that an active bankruptcy proceeding has been initiated.

(3) Tax delinquencies for which the Franchise Tax Board has verified that a bankruptcy proceeding has been completed and there are no assets available with which to pay the delinquent amount or amounts.

(4) Tax delinquencies that the Franchise Tax Board has determined to be uncollectible.

(g) A person whose delinquency appears on the annual list, and who satisfies that delinquency in whole or in part, may request the Franchise Tax Board to include in its annual list any payments that person made to satisfy the delinquency. Upon receipt of that request, the Franchise Tax Board shall include those payments on the list as promptly as feasible.

CHAPTER 717

An act to add and repeal Section 60051 of the Education Code, relating to instructional materials, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 60051 is added to the Education Code, to read:

60051. (a) The department shall, as a pilot program, authorize 12 schools to request publishers to make instructional materials available for purchase in an electronic multimedia format pursuant to subdivision (e). A school district shall apply on behalf of a school to participate in the pilot program. Before authorizing a school to participate in the pilot program, the department shall certify that the school district that is applying on behalf of the school has no unmet needs for instructional materials. A school district shall seek funding from the federal Enhancing Education Through Technology Program or through the No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) or other discretionary funds for purposes of the pilot program. Participating schools may also use moneys from the State Instructional Materials Fund, pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33, for purchase of instructional materials for the pilot program.

(b) The 12 schools shall be selected as follows:

(1) Four schools located in the northern region of the state, two of which are located in urban or suburban areas, and two of which are located in rural areas. No less than one of the four schools shall be a school ranked in deciles 1 to 3, inclusive, of the 2003 Academic Performance Index, as defined in subdivision (b) of Section 17592.70.

(2) Four schools located in the central region of the state, two of which are located in urban or suburban areas, and two of which are located in rural areas. No less than one of the four schools shall be a school ranked in deciles 1 to 3, inclusive, of the 2003 Academic Performance Index, as defined in subdivision (b) of Section 17592.70.

(3) Four schools located in the southern region of the state, two of which are located in urban or suburban areas, and two of which are located in rural areas. No less than one of the four schools shall be a school ranked in deciles 1 to 3, inclusive, of the 2003 Academic Performance Index, as defined in subdivision (b) of Section 17592.70.

(c) The department shall notify the school districts about the pilot program through the use of their Internet Web site and electronic mail by March 1, 2007.

(d) The deadline to apply for the pilot program is September 1, 2007. The department shall select the schools for the pilot program by December 31, 2007.

(e) (1) Upon adoption by the state board of basic instructional materials for use in kindergarten and grades 1 to 8, inclusive, a publisher that makes the instructional materials available to a school district in a hard copy format may, on a voluntary basis, and at the request of a school district selected for the pilot program, make the instructional materials available for purchase by that school district in an electronic multimedia format.

(2) Upon adoption of basic instructional materials for use in grades 9 to 12, inclusive, by the governing board of a school district that maintains a high school, a publisher that makes the instructional materials available to a school district in a hard copy format may, on a voluntary basis, and at the request of a school district selected for the pilot program, make the instructional materials available for purchase by that school district in an electronic multimedia format.

(3) This subdivision applies to a publisher only if the owner of the copyright for the instructional materials grants to the publisher the electronic reproduction rights for those materials.

(4) A school district that purchases instructional materials in an electronic multimedia format pursuant to this subdivision shall comply with the instructional materials requirements of this part pertaining to those particular instructional materials.

(5) (A) A school district that purchases instructional materials in an electronic multimedia format pursuant to this subdivision shall do both of the following:

(i) Provide a pupil that receives instructional materials in an electronic multimedia format access to a working computer that can operate the programs necessary to view the instructional materials.

(ii) Purchase sufficient instructional materials in a hard copy format to use as a replacement of instructional materials in an electronic multimedia format for a pupil who does not have access to a working computer that can operate the programs necessary to view the instructional materials, and who has requested, or whose parent or guardian has requested, instructional materials in a hard copy format.

(B) If a pupil does not have access to a working computer that can operate the programs necessary to view the instructional materials, the school district shall provide the pupil with instructional materials in a hard copy format.

(6) If a publisher is unable to provide adopted instructional materials in an electronic multimedia format pursuant to this subdivision, the state board may authorize a school that participates in the pilot program to select and use alternate instructional materials in an electronic multimedia format that are aligned with state content standards and have been reviewed by the California Learning Resources Network.

(7) This subdivision applies only to basic instructional materials for kindergarten and grades 1 to 8, inclusive, that are adopted by the state board on or after January 1, 2000, and to basic instructional materials for grades 9 to 12, inclusive, that are adopted by the governing board of a school district on or after January 1, 2000.

(f) A school that participates in the pilot program shall ensure that each pupil is provided with the electronic equipment necessary to utilize instructional materials in an electronic format. If the electronic equipment requires repair or maintenance, the school shall ensure that a pupil is not denied access to a computer for more than two consecutive schooldays.

(g) By December 31, 2011, the department shall evaluate the effectiveness of the pilot program, and shall report on the results of the evaluation to the Governor and the appropriate committees of the Legislature.

(h) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2016, deletes or extends that date.

CHAPTER 718

An act to amend Sections 7072, 7073, 7073.8, 7074, 7076.1, 7097, 7099, and 7116 of, and to add Sections 7073.1, 7074.2, 7082.2, and 7085.1 to, the Government Code, relating to economic development, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7072 of the Government Code is amended to read:

7072. For purposes of this chapter, the following definitions shall apply:

(a) "Department" means the Department of Housing and Community Development.

(b) "Date of original designation" means the earlier of the following:

(1) The date the eligible area receives designation as an enterprise zone by the department pursuant to this chapter.

(2) In the case of an enterprise zone deemed designated pursuant to subdivision (e) of Section 7073, the date the enterprise zone or program area received original designation by the former Trade and Commerce Agency pursuant to Chapter 12.8 (commencing with Section 7070) or Chapter 12.9 (commencing with Section 7080), as those chapters read prior to January 1, 1997.

(c) "Eligible area" means any of the following:

(1) An area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070), as it read prior to January 1, 1997, or as a targeted economic development area, neighborhood development area, or program area pursuant to Chapter 12.9 (commencing with Section 7080), as it read prior to January 1, 1997.

(2) A geographic area that, based upon the determination of the department, fulfills at least one of the following criteria:

(A) The proposed geographic area meets the Urban Development Action Grant criteria of the United States Department of Housing and Urban Development.

(B) The area within the proposed eligible area has experienced plant closures within the past two years affecting more than 100 workers.

(C) The city or county has submitted material to the department for a finding that the proposed geographic area meets criteria of economic

distress related to those used in determining eligibility under the Urban Development Action Grant Program and is therefore an eligible area.

(D) The area within the proposed zone has a history of gang-related activity, whether or not crimes of violence have been committed.

(3) A geographic area that meets at least two of the following criteria:

(A) The census tracts within the proposed eligible area have an unemployment rate not less than 3 percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.

(B) The county of the proposed eligible area has more than 70 percent of the children enrolled in public school participating in the federal free lunch program.

(C) The median household income for a family of four within the census tracts of the proposed eligible area does not exceed 80 percent of the statewide median income for the most recently available calendar year.

(d) "Enterprise zone" means any area within a city, county, or city and county that is designated as such by the department in accordance with Section 7073.

(e) "Governing body" means a county board of supervisors or a city council, as appropriate.

(f) G-TEDA means a geographically targeted economic development area, which is an area designated as an enterprise zone, a Manufacturing Enhancement Area, a targeted tax area, or a local agency military base recovery area.

(g) "High-technology industries" includes, but is not limited to, the computer, biological engineering, electronics, and telecommunications industries.

(h) "Resident," unless otherwise defined, means a person whose principal place of residence is within a targeted employment area.

(i) (1) "Targeted employment area" means an area within a city, county, or city and county that is composed solely of those census tracts designated by the United States Department of Housing and Urban Development as having at least 51 percent of its residents of low- or moderate-income levels, using either the most recent United States Department of Census data available at the time of the original enterprise zone application or the most recent census data available at the time the targeted employment area is designated to determine that eligibility. The purpose of a "targeted employment area" is to encourage businesses in an enterprise zone to hire eligible residents of certain geographic areas within a city, county, or city and county. A targeted employment area may be, but is not required to be, the same as all or part of an enterprise zone. A targeted employment area's boundaries need not be contiguous.

A targeted employment area does not need to encompass each eligible census tract within a city, county, or city and county. The governing body of each city, county, or city and county that has jurisdiction of the enterprise zone shall identify those census tracts whose residents are in the most need of this employment targeting. Only those census tracts within the jurisdiction of the city, county, or city and county that has jurisdiction of the enterprise zone may be included in a targeted employment area.

(2) At least a part of each eligible census tract within a targeted employment area shall be within the territorial jurisdiction of the city, county, or city and county that has jurisdiction for an enterprise zone. If an eligible census tract encompasses the territorial jurisdiction of two or more local governmental entities, all of those entities shall be a party to the designation of a targeted employment area. However, any one or more of those entities, by resolution or ordinance, may specify that it shall not participate in the application as an applicant, but shall agree to complete all actions stated within the application that apply to its jurisdiction, if the area is designated.

(3) Each local governmental entity of each city, county, or city and county that has jurisdiction of an enterprise zone shall approve, by resolution or ordinance, the boundaries of its targeted employment area, regardless of whether a census tract within the proposed targeted employment area is outside the jurisdiction of the local governmental entity.

(4) (A) Within 180 days of updated United States census data becoming available, each local governmental entity of each city, county, or city and county that has jurisdiction of an enterprise zone shall approve, by resolution or ordinance, boundaries of its targeted employment area reflecting the new census data. If no changes are necessary to the boundaries based on the most current census data, the enterprise zone may send a letter to the department stating that a review has been undertaken by the respective local governmental entities and no boundary changes are required.

(B) A targeted employment area boundary approved prior to the 2000 United States census data becoming available that has not been reviewed and its boundaries revised to reflect the most recent census data, shall be reviewed and updated, and a new resolution or ordinance submitted by the appropriate local governmental entity to the department, by July 1, 2007. However, enterprise zones that expire on or prior to December 31, 2008, shall be exempt from the update requirement.

SEC. 2. Section 7073 of the Government Code is amended to read:

7073. (a) Except as provided in subdivision (e), any city, county, or city and county with an eligible area within its jurisdiction may complete

a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area.

(b) (1) In designating enterprise zones, the department shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications submitted, indicate that they propose the most appropriate, innovative, and comprehensive regulatory, tax, program, and other incentives in attracting private sector investment in the zone proposed.

(2) For purposes of this subdivision, regulatory incentives include, but are not limited to, all of the following:

(A) The suspension or relaxation of locally originated or modified building codes, zoning laws, general development plans, or rent controls.

(B) The elimination or reduction of fees for applications, permits, and local government services.

(C) The establishment of a streamlined permit process.

(3) For purposes of this subdivision, tax incentives include, but are not limited to, the elimination or reduction of construction taxes or business license taxes.

(4) For the purposes of this subdivision, program and other incentives may include, but are not limited to, all of the following:

(A) The provision or expansion of infrastructure.

(B) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.

(C) The targeting of economic development grants and loan moneys, including grant and loan moneys provided by the federal Urban Development Action Grant program and the federal Economic Development Administration.

(D) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided by the federal Job Training Partnership Act of 1982 (Public Law 97-300).

(E) The targeting of federal or state transportation grant moneys.

(F) The targeting of federal or state low-income housing and rental assistance moneys.

(G) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, school bonds, and all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.

(5) In the process of designating new enterprise zones, the department shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.

(6) In designating new enterprise zones, the department shall include in its criteria the fact that jurisdictions have been declared disaster areas by the President of the United States within the last seven years.

(7) When reviewing and ranking new enterprise zone applications, the department shall give special consideration or bonus points, or both, to applications from jurisdictions that meet at least two of the following criteria:

(A) The percentage of households within the census tracts of the proposed enterprise zone area, the income of which is below the poverty level, is at least 17.5 percent.

(B) The average unemployment rate for the census tracts of the proposed enterprise zone area was not less than five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.

(C) The applicant jurisdiction has, and can document that it has, a unique distress factor affecting long-term economic development, including, but not limited to, resource depletion, plant closure, industry recession, natural disaster, or military base closure.

(c) In evaluating applications for designation, the department shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be disqualified if the deficiencies are not corrected within two weeks.

(d) (1) Except as provided in paragraph (2), or upon dedesignation pursuant to subdivision (c) of Section 7076.1 or Section 7076.2, a designation made by the department shall be binding for a period of 15 years from the date of the original designation.

(2) The designation period for any zone designated pursuant to either Section 7073 or 7085 prior to 1990 may total 20 years, subject to possible dedesignation pursuant to subdivision (c) of Section 7076.1 or Section 7076.2, if the following requirements are met:

(A) The zone receives a superior or passing audit pursuant to subdivision (c) of Section 7076.1.

(B) The local jurisdictions comprising the zone submit an updated economic development plan to the department justifying the need for an additional five years by defining goals and objectives that still need to be achieved and indicating what actions are to be taken to achieve these goals and objectives.

(e) (1) Notwithstanding any other provision of law, any area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or as a targeted economic development area, neighborhood economic development area, or program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, or any program area or part of a program area deemed designated as an enterprise zone pursuant to Section 7085.5 as it read prior to January 1, 1997, shall be deemed to be designated as an enterprise zone pursuant to this chapter. The effective date of designation of the enterprise zone shall be that of the original designation of the enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or of the program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, and in no event may the total designation period exceed 15 years, except as provided in paragraph (2) of subdivision (d).

(2) Notwithstanding any other provision of law, any enterprise zone authorized, but not designated, pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, shall be allowed to complete the application process started pursuant to that chapter, and to receive final designation as an enterprise zone pursuant to this chapter.

(3) Notwithstanding any other provision of law, any expansion of a designated enterprise zone or program area authorized pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, shall be deemed to be authorized as an expansion for a designated enterprise zone pursuant to this chapter.

(4) No part of this chapter may be construed to require a new application for designation by an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or a targeted economic development area, neighborhood economic development area, or program area designated pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997.

(f) Notwithstanding any other provision of law, a city, county, or city and county may designate a joint powers authority to administer the enterprise zone.

(g) This section shall only apply to enterprise zone applications for which the department has issued a solicitation for new enterprise zone designations prior to January 1, 2007.

SEC. 3. Section 7073.1 is added to the Government Code, to read:

7073.1. (a) Except as provided in subdivision (e), any city, county, or city and county with an eligible area within its jurisdiction may

complete a preliminary application for designation as an enterprise zone. The applying entity shall establish definitive boundaries for the proposed enterprise zone and the targeted employment area. An entity may propose zones in areas with noncontiguous boundaries, and the department may designate those areas as zones if the director determines both of the following:

(1) The noncontiguous area is needed to implement the applicant's economic development strategy.

(2) The excluded area between the proposed zone boundaries would not, based on the proposed economic strategy, also benefit from the zone designation.

(b) (1) In designating enterprise zones, the department shall select from the applications submitted those proposed enterprise zones that, upon a comparison of all of the applications submitted, indicate that they propose the most appropriate economic development strategy and implementation plan utilizing state and local programs and incentives to create jobs, attract private sector investment, and improve the economic conditions within the zone proposed. The department shall prescribe a format that promotes succinct and focused strategies and plans, and set minimum standards for the strategies and plans. For the purposes of this subdivision, important elements of a strategy or plan may include, but are not limited to, all of the following:

(A) An assessment of current financial and community development strengths, needs, and opportunities.

(B) A framework for investment of time, action, and money.

(C) Clear articulation of goals.

(D) Measurable objectives, including targets.

(E) Proposed implementation activities and tasks, including timeframes, and a framework for evaluating performance, including qualitative and quantitative benchmarks.

(2) For purposes of this subdivision, local incentives may include, but are not limited to, all of the following:

(A) The suspension or relaxation of locally originated or modified building codes, zoning laws, general development plans, or rent controls.

(B) The elimination or reduction of fees for applications, permits, and local government services.

(C) The establishment of a streamlined permit process.

(D) Elimination or reduction of construction taxes or business license taxes.

(E) The provision or expansion of infrastructure.

(F) The targeting of federal block grant moneys, including small cities, education, and health and welfare block grants.

(G) The targeting of economic development grants and loan moneys, including grant and loan moneys provided by the United States Department of Housing and Urban Development.

(H) The targeting of state and federal job disadvantaged and vocational education grant moneys, including moneys provided by the federal Workforce Investment Act of 1998 (Public Law 105-220), or its successor.

(I) The targeting of federal or state transportation grant moneys.

(J) The targeting of federal or state low-income housing and rental assistance moneys.

(K) The use of tax allocation bonds, special assessment bonds, bonds under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), industrial development bonds, revenue bonds, private activity bonds, housing bonds, bonds issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5), certificates of participation, hospital bonds, redevelopment bonds, school bonds, and all special provisions provided for under federal tax law for enterprise community or empowerment zone bonds.

(3) When designating new enterprise zones, the department shall take into consideration the location of existing zones and make every effort to locate new zones in a manner that will not adversely affect any existing zones.

(4) When reviewing and ranking new enterprise zone applications, the department shall give bonus points to applications from jurisdictions that meet minimum threshold points and at least two of the following criteria:

(A) The percentage of households within the census tracts of the proposed enterprise zone area, the income of which is below the poverty level, is at least 17.5 percent.

(B) The average unemployment rate for the census tracts of the proposed enterprise zone area was not less than five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.

(C) The applicant jurisdiction has, and can document that it has, a unique distress factor affecting long-term economic development, including, but not limited to, resource depletion, plant closure, industry recession, natural disaster, or military base closure.

(5) Except as modified pursuant to paragraph (4), applications shall be ranked by the appropriateness of the economic development strategy and implementation plan, including all of the following:

(A) The extent the strategy clearly identifies the local resources, incentives, and programs that will be made available to the zone for meeting its goals and objectives.

(B) The extent the strategy provides for attracting private sector investment.

(C) The extent the strategy includes related regional and community-based partnerships for achieving the goals and objectives in the strategy.

(D) The extent the strategy fits within the jurisdiction's overall economic development strategy, including the extent the strategy and implementation plan is appropriate for the local community.

(E) The extent the strategy addresses the hiring and retention of unemployed or underemployed residents or low-income individuals in the proposed zone and surrounding areas.

(F) The extent the strategy sets reasonable and measurable benchmarks, goals, and objectives.

(G) The extent the strategy sets forth an appropriate funding schedule for management, oversight, and program delivery within the zone relative to the benchmarks, goals, and objectives in the strategy.

(H) The extent that the economic development strategy has a comprehensive incentive package for attracting private investment to the enterprise zone.

(c) In evaluating applications for designation, the department shall ensure that applications are not disqualified solely because of technical deficiencies, and shall provide applicants with an opportunity to correct the deficiencies. Applications shall be disqualified if the deficiencies are not corrected within two weeks.

(d) Except upon dedesignation pursuant to subdivision (c) of Section 7076.1, Section 7076.2, or Section 7085.1, a designation made by the department shall be binding for a period of 15 years from the date of the original designation.

(e) This section shall only apply to enterprise zone applications for which the department has issued a solicitation for new enterprise zone designations on or after January 1, 2007.

SEC. 4. Section 7073.8 of the Government Code is amended to read:

7073.8. (a) The department shall designate up to two Manufacturing Enhancement Areas requested by the governing boards of cities each of which shall meet at least the following criteria:

(1) The unemployment rate in the county in which the applicant is located has been at least three times the state average from 1990 to 1995, inclusive.

(2) The applicant city is, or portions of the city are, designated a federal enterprise community or empowerment zone pursuant to

Subchapter U (commencing with Section 1391) of Chapter 1 of Subtitle A of Title 26 of the United States Code.

(3) The applicant city is located in a Border Environment Cooperation Commission region as specified in Section 3473 of Title 19 of the United States Code.

(4) At least one of the following:

(A) The designated area has grown by less than 5 percent in population per year for each of the two years preceding the application date.

(B) The median household income for the designated area is under twenty-five thousand dollars ($25,000) per year.

(C) The designated area has a population of under 20,000 persons according to the 1990 federal census.

(D) The designated area is located in a rural community.

(5) An audit of the program shall be made pursuant to Section 7076.1 by the department with the cooperation of the local governing board. The audit shall be used to determine how effective the designation has been in attracting manufacturing facilities and creating new employment opportunities. Continuation of the designation is contingent on evidence of success of the program.

(b) For purposes of applying any provision of the Revenue and Taxation Code, any Manufacturing Enhancement Area designated pursuant to this section shall not be considered an enterprise zone designated pursuant to this chapter.

(c) The designation as a Manufacturing Enhancement Area pursuant to this section shall be binding for a period of 15 years, commencing January 1, 1998.

SEC. 5. Section 7074 of the Government Code is amended to read:

7074. (a) In the case of any enterprise zone, including an enterprise zone formerly designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) as it read prior to January 1, 1997, or as a program area pursuant to Chapter 12.9 (commencing with Section 7080) as it read prior to January 1, 1997, a city, county, or city and county may propose that the enterprise zone be expanded by 15 percent to include definitive boundaries that are contiguous to the enterprise zone.

(b) The department may approve an enterprise zone expansion proposed pursuant to this section based on the following criteria:

(1) Each of the adjacent jurisdictions' governing bodies approves the expansion by adoption of an ordinance or resolution.

(2) Land included within the proposed expansion is zoned for industrial or commercial use.

(3) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems, is available to the area that would be included in the expansion.

(c) A city, county, or city and county may propose to use an eligible expansion allotment to expand into an adjacent jurisdiction pursuant to this section if the department finds that all of the following conditions exist:

(1) The governing body of the local agency with jurisdiction over the existing enterprise zone and the governing body of the local agency with jurisdiction over the proposed expansion area each approve the expansion by adoption of an ordinance or resolution. The ordinance or resolution by the jurisdiction containing the proposed expansion area shall indicate that the jurisdiction will provide the same or equivalent local incentives as provided by the jurisdiction of the existing enterprise zone.

(2) (A) Land included within the proposed expansion is zoned for industrial or commercial use.

(B) An expansion area may contain noncommercial or nonindustrial land only if that land is a right-of-way and is needed to meet the requirement for a contiguous expansion between an existing enterprise zone and a proposed expansion area.

(3) Basic infrastructure, including, but not limited to, gas, water, electrical service, and sewer systems, is available to the area that would be included in the expansion.

(4) The expansion area is contiguous to the existing enterprise zone.

(d) (1) Except as otherwise provided in paragraph (2), in no event shall an enterprise zone be permitted to expand more than 15 percent in size from its size on the date of original designation, including any expansion authorized pursuant to Chapter 12.8 (commencing with Section 7070), or Chapter 12.9 (commencing with Section 7080), as those chapters read prior to January 1, 1997.

(2) If an enterprise zone, on the date of original designation, is no greater than 13 square miles, it may be permitted to expand up to 20 percent in size from its size on the date of original designation.

(e) A city, county, or city and county may propose expansion into a noncontiguous area if the department finds both of the following:

(1) The noncontiguous area is needed to implement the enterprise zone's economic development strategy.

(2) The excluded areas between the proposed new boundaries would not, based on the enterprise zone's economic development strategy, also benefit from enterprise zone expansion.

SEC. 6. Section 7074.2 is added to the Government Code, to read:

7074.2. (a) Notwithstanding any other provision of law, a city, county, or a city and county may designate a joint powers authority to administer an enterprise zone.

(b) No more than 42 enterprise zones may be designated at any one time pursuant to this chapter, including those deemed designated pursuant

to subdivision (e) of Section 7073. Upon the expiration or termination of a designation, the department may designate another enterprise zone to maintain a total of 42 enterprise zones.

(c) Notwithstanding any other provision of law, an expiring enterprise zone that applies for a new enterprise zone designation pursuant to Section 7073 or 7073.1, and receives a conditional designation letter from the department, may offer, and a taxpayer doing business within the geographic boundaries of the new zone referenced in the conditional designation letter shall be eligible to receive, all enterprise zone benefits until the department makes a final designation or declines to redesignate the zone. The department shall make the effective date of the new zone the date of expiration of the previous designation and the term of the new zone shall begin on that date.

SEC. 7. Section 7076.1 of the Government Code is amended to read:

7076.1. (a) The department may audit the program of any jurisdiction in any designated G-TEDA at any time during the duration of the designation, as appropriate. However, the department shall audit each G-TEDA at least once every five years from the date of designation or the operative date of this section, whichever is the latest. The matters to be examined in the course of an audit shall include an examination of the progress made by the G-TEDA toward meeting the goals, objectives, and commitments set forth in its original application and the department's memorandum of understanding with the G-TEDA.

(b) The department shall, for each audit, determine a result of superior, pass, or fail in accordance with subdivision (c). The results of each audit shall be based upon the success of the G-TEDA in making substantial and sustained efforts since the later of its designation or last audit to meet the standards, criteria, and conditions contained in the application and the memorandum of understanding (MOU) between the department and the G-TEDA, as may be amended pursuant to the agreement of the G-TEDA and the department. In each audit, the department shall focus upon the G-TEDA's use of the marketing plan, local incentives, financing programs, job development, and program management as described in the application and the MOU. The department shall also evaluate the vouchering plan, staffing levels, budget, and elements unique to each application.

(c) For purposes of subdivision (b), an audit determination of superior, pass, or fail shall be made in accordance with the following:

(1) A G-TEDA will be determined to be superior if each jurisdiction comprising the G-TEDA does all of the following:

(A) Meets 100 percent of its goals, objectives, and commitments as defined in its application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined

by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.

(B) Demonstrates that it has reviewed and updated its goals, objectives, and commitments as defined in its original application, most recent audit, biennial report, and memorandum of understanding with the department.

(C) Identifies to the department's satisfaction that it has incorporated economic development commitments in addition to those commitments previously made in its application.

(2) (A) A G-TEDA will be determined to be passing if each jurisdiction comprising the area meets or exceeds 75 percent of its goals, objectives, or commitments as defined in its original application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.

(B) Any G-TEDA that is determined to be passing may appeal in writing to the department for a determination of superior. Only one appeal may be filed pursuant to this subparagraph with respect to a determination by the department, and may be filed no later than 30 days after the G-TEDA's receipt of the determination to which the appeal pertains. The department shall respond in writing to any appeal that is properly filed pursuant to this subparagraph within 60 days of the date of that filing.

(3) (A) A G-TEDA will be determined to be failing if any jurisdiction comprising the G-TEDA fails to meet or exceed 75 percent of its goals, objectives, or commitments as defined in its original application, most recent audit, biennial report, and memorandum of understanding with the department, and as determined by the department in consultation with the G-TEDA. An equivalent or similar commitment may be substituted for an existing commitment of a G-TEDA if it is determined by the department that an original commitment was not realistically practical or is no longer relevant.

(B) Any G-TEDA that is determined to be failing shall enter into a written agreement with the department that specifies those items that the G-TEDA is required to remedy or improve. Failure of the G-TEDA and the department to negotiate and enter into a written agreement as so described within 60 days of the last day upon which the department is required to deliver a response letter pursuant to subparagraph (C) shall

result in the dedesignation of the G-TEDA on January 1 immediately following the department's written notice of dedesignation to the G-TEDA. A written agreement entered into pursuant to this subparagraph shall be for a six-month period. If, upon the expiration of the agreement, the department determines that the G-TEDA has not met or implemented at least 75 percent of the conditions set forth in the agreement, the department shall, after immediately providing written notification to each jurisdiction comprising the G-TEDA that the G-TEDA is to be dedesignated, dedesignate the G-TEDA effective on the first day of the month next following the date upon which the agreement expired. If, upon expiration of the agreement, the department determines that the G-TEDA has met or implemented at least 75 percent of the conditions set forth in the agreement, the department shall do either of the following:

(i) Allow the G-TEDA an additional year, or a longer period in the department's discretion, to meet or implement those conditions in their entirety.

(ii) Pursuant to written notice provided immediately to each jurisdiction that comprises the G-TEDA that the G-TEDA is to be dedesignated, dedesignate the G-TEDA effective on January 1 immediately following the date of the department's written notification of dedesignation to those jurisdictions.

Any business, located within any jurisdiction that comprises a G-TEDA that has been dedesignated, that has elected to avail itself of any state tax incentive specifically applicable to a G-TEDA for any taxable or income year beginning prior to the dedesignation of the G-TEDA may, to the extent the business is otherwise still eligible for those incentives, continue to avail itself of those incentives for a period equal to the remaining life of the G-TEDA. However, any business, located within any jurisdiction that comprises a G-TEDA that has been dedesignated, that has not availed itself of any state tax incentive in the manner described in the preceding sentence may not, after dedesignation of the G-TEDA, avail itself of any state incentive specifically applicable to a G-TEDA.

(4) (A) Notwithstanding paragraphs (1) to (3), inclusive, a G-TEDA shall be determined to be failing if any jurisdiction comprising the G-TEDA, in the determination of the director, provides funding support in at least three of the previous five years at a level that is less than 75 percent of the amount committed to in the G-TEDA's memorandum of understanding with the department.

(B) In the event that a G-TEDA is determined to be failing pursuant to this paragraph, subparagraph (B) of paragraph (3) shall apply.

(C) Any G-TEDA that is determined to be failing pursuant to this paragraph may appeal in writing to the department. The appeal shall be

filed within 30 days of the G-TEDA's receipt of the determination to which the appeal pertains. The department shall respond in writing to any appeal that is properly filed within 60 days of the date of filing.

(d) (1) For purposes of this section, "dedesignation" means that a G-TEDA is no longer a G-TEDA for purposes of either Section 7073 or 7085.

(2) Upon notification by the department of the dedesignation of a G-TEDA and the end of the appeal period with respect to that dedesignation, the department shall initiate an application process for a new designation as provided in Section 7073, 7073.8, 7085, 7097, or 7114.

SEC. 8. Section 7082.2 is added to the Government Code, to read:

7082.2. In the case of a G-TEDA being dedesignated pursuant to Section 7085.1, any business located within any jurisdiction that comprises a G-TEDA that has been dedesignated or within a jurisdiction that has excluded itself from a G-TEDA, that has elected to avail itself of any state tax incentive specifically applicable to a G-TEDA for any taxable or income year beginning prior to the dedesignation of the G-TEDA or the exclusion of a jurisdiction comprising the G-TEDA may, to the extent the business is still otherwise eligible for those incentives, continue to avail itself of those incentives for a period equal to the remaining life of the G-TEDA. However, any business located within any jurisdiction that comprises a G-TEDA that has been dedesignated or within a jurisdiction that has excluded itself from a G-TEDA, that has not availed itself of any state tax incentive in the manner described in the preceding sentence may not, after dedesignation of the G-TEDA, avail itself of any state incentive specifically applicable to a G-TEDA.

SEC. 9. Section 7085.1 is added to the Government Code, to read:

7085.1. (a) The governing board of the G-TEDA shall report to the department by October 1, 2008, and by that date every other year thereafter, on the activities of the G-TEDA in the previous two fiscal years and its plans for the current and following fiscal year. The biennial report shall include at least both of the following:

(1) The progress the G-TEDA has made during the period covered by the report relative to its goals, objectives, and commitments set forth in its original application and the department's memorandum of understanding with the G-TEDA.

(2) Identification of the previous two year's funding, including in-kind funding. The previous two year's funding levels shall be compared to the funding levels identified in its original application and the department's memorandum of understanding with the G-TEDA, and the

amount identified in the previous year's biennial report. An explanation of any meaningful discrepancies in these amounts shall be provided.

(b) A copy of the biennial report developed pursuant to subdivision (a) shall also be submitted to the legislative bodies of the local jurisdictions comprising the G-TEDA. The progress of the G-TEDA in meeting the goals, objectives, and commitments set forth in the original application and the memorandum of understanding with the department shall be reviewed at least biennially by these legislative bodies, either as part of the approval of the G-TEDA's annual work plan or separately, at the discretion of the legislative body.

(c) (1) G-TEDAs designated prior to January 1, 2007, shall have until April 15, 2008, to update their benchmarks, goals, objectives, and funding levels for administering the G-TEDA program, in order to make them measurable and conducive to the successful completion of the economic development strategy. The local legislative body and the department shall approve the updated goals and objectives. The updated goals and objectives shall be included as an update to the existing memorandum of understanding between the G-TEDA and the department.

(2) G-TEDAs that fail to obtain approved updated goals and objectives by April 15, 2008, shall be dedesignated effective July 1, 2008. The Director of Housing and Community Development shall provide notice of prospective dedesignation to the local government no later than May 1, 2008. The director may authorize up to two 60-calendar day extensions, if the local government and G-TEDA are acting in good faith and the additional time would allow them to meet the requirements of this subdivision. Businesses located within a G-TEDA that have been dedesignated shall continue to have access to tax incentives previously authorized within the G-TEDA pursuant to Section 7082.2.

(3) G-TEDAs designated prior to January 1, 2007, are not required to implement the biennial reporting requirements of subdivisions (a) and (b) until October 1, 2009.

(4) G-TEDAs that expire prior to January 1, 2010, are not required to meet the conditions of this subdivision.

(d) The department shall biennially make available to the Legislature information related to the progress that each G-TEDA is making toward implementing its goals, objectives, and commitments set forth in the original application, the department's memorandum of understating with the G-TEDA, and the biennial report.

SEC. 10. Section 7097 of the Government Code is amended to read:

7097. (a) The Department of Housing and Community Development shall rank applicant communities and shall designate the first ranking community whose governing body is applying as a community to be

designated as a targeted tax area which meets at least four of the five following criteria:

(1) The average unemployment rate in the applicant community exceeded 7.5 percent in 1995.

(2) The average unemployment rate in the applicant community exceeded 7.5 percent in 1996.

(3) The median family income in the applicant community does not exceed thirty-two thousand seven hundred dollars ($32,700).

(4) The percentage of persons in the applicant community below the poverty level is at least 17.5 percent.

(5) The applicant community ranks in the top quartile, among California counties, in the percentage of population receiving Aid for Families with Dependent Children benefits, based on the Cash Grant Caseload Movement and Expenditures Report, July 1995 to June 1996.

(b) For purposes of applying any provision of the Revenue and Taxation Code, any targeted tax area designated pursuant to this section shall not be considered an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070).

(c) Except as provided in subdivision (e), the designation as a targeted tax area pursuant to this section shall be binding for a period of 15 years, commencing January 1, 1998.

(d) Only one targeted tax area shall be designated by the department, and a renewed or replacement designation shall not be made after the initial designation expires or is revoked.

(e) An audit of the program's operation shall be made by the department pursuant to Section 7076.1, on a periodic basis with the cooperation of the local governing board. If the department determines that the local jurisdiction is not complying with the terms of the memorandum of understanding, the department shall provide written notice of the program deficiencies and the governing body shall be given six months to correct the deficiencies. If the deficiencies are not corrected, the designation shall be revoked.

(f) A county and any cities within the county may apply jointly as a community if the combination of the jurisdictions meets the criteria.

SEC. 11. Section 7099 of the Government Code is amended to read:

7099. (a) The Department of Housing and Community Development may approve a proposed expansion of a targeted tax area subject to the following conditions:

(1) The governing body of each city and county in which the targeted tax area is located approves an ordinance or resolution approving the proposed expansion of the area.

(2) The department determines that the proposed additional territory meets the criteria specified in subdivision (a) of Section 7097 to the same extent as the existing territory of the targeted tax area.

(3) The proposed expansion, in combination with any previous expansions of the targeted tax area, does not exceed 15 percent of the size of the area on the date of its original designation.

(4) The expansion area is contiguous to the targeted tax area, except that it may be noncontiguous to the extent that it meets the criteria established in subdivision (e) of Section 7074.

(5) The expansion meets the criteria established in paragraphs (1), (2), and (3) of subdivision (b) of Section 7074.

(b) The department shall respond in writing to any application for a proposed expansion of the targeted tax area within 90 days of the date on which the application is deemed complete.

SEC. 12. Section 7116 of the Government Code is amended to read:

7116. (a) A local agency military base recovery area governing body shall provide information at the request of the department as necessary for the department to prepare the report required pursuant to Section 7115.

(b) A local agency military base recovery area governing body shall provide information at the request of the department as necessary for the department to determine whether the governing body is complying with the terms of the approved application.

(c) If the department determines that a local agency military base recovery area governing body is not complying with the terms of the approved application for designation, the department shall provide written notice of the program deficiencies and the governing body shall be given six months to correct the deficiencies.

(d) The department shall revoke the designation of a local agency military base recovery area if the department determines that the governing body granted the designation has not complied with the terms of the approved application for designation within six months after written notice pursuant to subdivision (c), and shall not be considered a local agency military base recovery area until the deficiencies are corrected.

(e) Any companies located in the local agency military base recovery area shall not be penalized during any period of revocation and may continue to operate with incentives provided pursuant to this chapter.

(f) An audit of the program shall be made by the department pursuant to Section 7076.1 with the cooperation of the governing body to determine the effectiveness of the program under this chapter.

SEC. 13. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of

Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement at the earliest possible time the improvements to the economic development programs set forth in act, which were developed pursuant to extensive legislative oversight hearings, it is necessary for this act to take effect immediately.

CHAPTER 719

An act to amend Section 14132.41 of the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 14132.41 of the Welfare and Institutions Code is amended to read:

14132.41. (a) Services provided by a certified nurse practitioner shall be covered under this chapter to the extent authorized by federal law, and subject to utilization controls. The department shall permit a certified nurse practitioner to bill Medi-Cal independently for his or her services. If a certified nurse practitioner chooses to bill Medi-Cal independently for his or her services, the department shall make payment directly to the certified nurse practitioner.

(b) For purposes of this section, "certified" means nationally board certified in a recognized specialty.

CHAPTER 720

An act to amend Section 14982 of, and to repeal Section 14981 of, the Government Code, and to add Article 5 (commencing with Section 110242) to Chapter 2 of Part 5 of Division 104 of the Health and Safety Code, relating to prescription drugs.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Prescription drugs have become essential for ensuring the health of millions of Californians.

(b) The United States is the largest trade market for pharmaceuticals in the world, yet American consumers pay the highest prices for brand-name pharmaceuticals in the world.

(c) Increased spending on prescription drugs is a significant driver of increases in overall health care costs, with spending nationwide on prescription drugs rising over 15 percent each year from 2000 to 2002.

(d) Rising out-of-pocket costs for prescription drugs are placing a growing burden on California consumers, as evidenced by federal government statistics that show that in 2002 the increase in consumers' out-of-pocket costs for prescription drugs was greater than the increase in out-of-pocket costs for all other health care expenditures.

(e) The price of brand-name drugs is rising faster than the rate of inflation, with a recent study showing that the price of 30 drugs most frequently used by the elderly rose by over four times the rate of inflation in 2003 and that some drugs increased in price by 10 times the rate of inflation in that year.

(f) The rising cost of prescription drugs jeopardizes the health of seniors, the disabled, and other consumers who cannot afford the medication they need to stay healthy, as shown by a study by the RAND Corporation that found that when out-of-pocket payments for prescription drugs doubled, patients with diabetes and asthma cut back on their use of drugs by over 20 percent and subsequently experienced higher rates of emergency room visits and hospital stays.

(g) The rising cost of prescription drugs places a disproportionate burden on communities of color, as shown in a report from the Center for Studying Health System Change that found that African-Americans are about 75 percent and Latinos about 50 percent more likely than nonminorities to not have purchased a prescription drug in 2001 because of cost issues.

(h) A prescription drug is neither safe nor effective to an individual who cannot afford it.

(i) California residents face a growing need for assistance in finding information about sources for prescription drugs at affordable prices.

SEC. 2. Section 14981 of the Government Code is repealed.

SEC. 3. Section 14982 of the Government Code is amended to read:

14982. (a) It is the intent of the Legislature that the Department of General Services, University of California, and the Public Employees' Retirement System regularly meet and share information regarding each

agency's procurement of prescription drugs in an effort to identify and implement opportunities for cost savings in connection with this procurement. It is the intent of the Legislature that the University of California and the Public Employees' Retirement System cooperate with the department in order to reduce each agency's costs for prescription drugs.

(b) The department shall do all of the following:

(1) Share information on a regular basis with the University of California and the Public Employees' Retirement System regarding each agency's procurement of prescription drugs, including, but not limited to, prices paid for the same or similar drugs and information regarding drug effectiveness.

(2) Identify opportunities for the department, the University of California, and the Public Employees' Retirement System to consolidate drug procurement or engage in other joint activities that will result in cost savings in the procurement of prescription drugs.

(3) Participate in at least one independent association that develops information on the relative effectiveness of prescription drugs.

(4) Develop strategies, in consultation with the affected agencies, for the state to achieve savings through greater use of generic drugs.

(5) No later than January 1, 2006, and annually thereafter, develop a workplan that includes, but is not limited to, a description of the department's annual activities to reduce the state's costs for prescription drugs and an estimate of cost savings.

(6) No later than January 10, 2006, and annually thereafter, report to the Chairperson of the Joint Legislative Budget Committee and the chairs of the fiscal committees of the Legislature and the appropriate policy committees of the Legislature on activities that have been, or will be, undertaken pursuant to this chapter. The report shall include, but not be limited to, all of the following:

(A) The number and a description of contracts entered into with manufacturers and suppliers of drugs pursuant to Section 14977.1, including any discounts, rebates, or refunds obtained.

(B) The number and a description of entities that elect to participate in the coordinated purchasing program pursuant to Section 14977.5.

(C) A description of any joint activities of the department, the University of California, and the Public Employees' Retirement System in the last 12 months in connection with procurement of prescription drugs.

(D) Other options and strategies that have been, or will be, implemented pursuant to this chapter.

(E) Estimated costs and savings attributable to activities that have been, or will be, undertaken pursuant to this chapter.

(F) The workplan that the department is required to develop pursuant to paragraph (5).

(c) Nothing in this section shall be construed to require sharing of information that is prohibited by any other provision of law or contractual agreement, or the disclosure of information that may adversely affect potential drug procurement by any state agency.

SEC. 4. Article 5 (commencing with Section 110242) is added to Chapter 2 of Part 5 of Division 104 of the Health and Safety Code, to read:

Article 5. California Rx Prescription Drug Web Site Program

110242. (a) The California Rx Prescription Drug Web Site Program is hereby established.

(b) The State Department of Health Services shall administer the program. The purpose of the program shall be to provide information to California residents and health care providers about options for obtaining prescription drugs at affordable prices.

(c) The department shall establish a Web site on or before July 1, 2008, which shall, at a minimum, provide information about, and electronic links to, all of the following:

(1) Prescription drug benefits available to Medicare beneficiaries, including the Voluntary Prescription Drug Benefit Program.

(2) State programs that provide drugs at discounted prices for California residents.

(3) Pharmaceutical manufacturer patient assistance programs that provide free or low-cost prescription drugs to qualifying individuals.

(4) Other Web sites as deemed appropriate by the department that help California residents to safely obtain prescription drugs at affordable prices, including links to Web sites of health plans and health insurers regarding their prescription drug formularies.

(d) The department's Web site shall include price comparisons of at least 150 commonly prescribed prescription drugs, including typical prices charged by licensed pharmacies in the state.

(e) The department shall ensure that the Web site established pursuant to this section is coordinated with, and does not duplicate, other Web sites that provide information about prescription drug options and costs.

(h) Implementation of this section shall be contingent upon an appropriation, if the department determines that the requirements of this section cannot be implemented without additional funding, in which case the department shall request an appropriation from the Legislature for that purpose.

110243. (a) Contracts and change orders entered into pursuant to this article and any project or systems development notice shall be exempt from all of the following:

(1) The competitive bidding requirements of State Administrative Manual Management Memo 03-10.

(2) The project authority requirements of Sections 4800 and following of the State Administrative Manual.

(3) Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

(4) Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of the Government Code.

(5) Section 11.05 of, and Provision 6 of Item 4260-001-0001 of, Section 2.00 of the Budget Act of 2005 (Ch. 38, Stats. 2005).

(b) Change orders entered into pursuant to this article shall not require a contract amendment.

CHAPTER 721

An act to amend Section 19951 of the Business and Professions Code, relating to gambling.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 19951 of the Business and Professions Code is amended to read:

19951. (a) Every application for a license or approval shall be accompanied by a nonrefundable fee of five hundred dollars ($500).

(b) (1) Any fee paid pursuant to this section, including all licenses issued to key employees and other persons whose names are endorsed upon the license, shall be assessed against the gambling license issued to the owner of the gambling establishment.

(2) (A) The fee for initial issuance of a state gambling license shall be an amount determined by the commission in accordance with regulations adopted pursuant to this chapter.

(B) The fee for the renewal of a state gambling license shall be determined pursuant to the schedule in subdivision (c) or the schedule in subdivision (d), whichever amount is greater.

(C) The holder of a provisional license shall pay an annual fee pursuant to the schedule in subdivision (c).

(c) The schedule based on the number of tables is as follows:

(1) For a license authorizing one to five tables, inclusive, at which games are played, three hundred dollars ($300) for each table.

(2) For a license authorizing six to eight tables, inclusive, at which games are played, five hundred fifty dollars ($550) for each table.

(3) For a license authorizing 9 to 14 tables, inclusive, at which games are played, one thousand three hundred dollars ($1,300) for each table.

(4) For a license authorizing 15 to 25 tables, inclusive, at which games are played, two thousand seven hundred dollars ($2,700) for each table.

(5) For a license authorizing 26 to 70 tables, inclusive, at which games are played, four thousand dollars ($4,000) for each table.

(6) For a license authorizing 71 or more tables at which games are played, four thousand seven hundred dollars ($4,700) for each table.

(d) Without regard to the number of tables at which games may be played pursuant to a gambling license, if, at any time of any license renewal, or when a licensee is required to pay the fee described in subparagraph (C) of paragraph (2) of subdivision (b) it is determined that the gross revenues of an owner licensee during the licensee's previous fiscal year fell within the following ranges, the annual fee shall be as follows:

(1) For a gross revenue of two hundred thousand dollars ($200,000) to four hundred ninety-nine thousand nine hundred ninety-nine dollars ($499,999), inclusive, the amount specified by the division pursuant to paragraph (2) of subdivision (c).

(2) For a gross revenue of five hundred thousand dollars ($500,000) to one million nine hundred ninety-nine thousand nine hundred ninety-nine dollars ($1,999,999), inclusive, the amount specified by the division pursuant to paragraph (3) of subdivision (c).

(3) For a gross revenue of two million dollars ($2,000,000) to nine million nine hundred ninety-nine thousand nine hundred ninety-nine dollars ($9,999,999), inclusive, the amount specified by the division pursuant to paragraph (4) of subdivision (c).

(4) For a gross revenue of ten million dollars ($10,000,000) to twenty-nine million nine hundred ninety-nine thousand nine hundred ninety-nine dollars ($29,999,999), the amount specified by the division pursuant to paragraph (5) of subdivision (c).

(5) For a gross revenue of thirty million dollars ($30,000,000) or more, the amount specified by the division pursuant to paragraph (6) of subdivision (c).

(e) The commission may provide for payment of the annual gambling license fee on an annual or installment basis.

(f) For the purposes of this section, each table at which a game is played constitutes a single game table.

(g) It is the intent of the Legislature that the fees paid pursuant to this section are sufficient to enable the division and the commission to fully carry out their duties and responsibilities under this chapter.

CHAPTER 722

An act to amend Section 25303 of the Public Resources Code, relating to energy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 25303 of the Public Resources Code is amended to read:

25303. (a) The commission shall conduct electricity and natural gas forecasting and assessment activities to meet the requirements of paragraph (1) of subdivision (a) of Section 25302, including, but not limited to, all of the following:

(1) Assessment of trends in electricity and natural gas supply and demand, and the outlook for wholesale and retail prices for commodity electricity and natural gas under current market structures and expected market conditions.

(2) Forecasts of statewide and regional electricity and natural gas demand including annual, seasonal, and peak demand, and the factors leading to projected demand growth including, but not limited to, projected population growth, urban development, industrial expansion and energy intensity of industries, energy demand for different building types, energy efficiency, and other factors influencing demand for electricity. With respect to long-range forecasts of the demand for natural gas, the report shall include an evaluation of average conditions, as well as best and worst case scenarios, and an evaluation of the impact of the increasing use of renewable resources on natural gas demand.

(3) Evaluation of the adequacy of electricity and natural gas supplies to meet forecasted demand growth. Assessment of the availability, reliability, and efficiency of the electricity and natural gas infrastructure and systems including, but not limited to, natural gas production capability both in and out of state, natural gas interstate and intrastate pipeline capacity, storage and use, and western regional and California electricity and transmission system capacity and use.

(4) Evaluation of potential impacts of electricity and natural gas supply, demand, and infrastructure and resource additions on the electricity and natural gas systems, public health and safety, the economy, resources, and the environment.

(5) Evaluation of the potential impacts of electricity and natural gas load management efforts, including end-user response to market price signals, as a means to ensure reliable operation of electricity and natural gas systems.

(6) Evaluation of whether electricity and natural gas markets are adequately meeting public interest objectives including the provision of all of the following: economic benefits; competitive, low-cost reliable services; customer information and protection; and environmentally sensitive electricity and natural gas supplies. This evaluation may consider the extent to which California is an element within western energy markets, the existence of appropriate incentives for market participants to provide supplies and for consumers to respond to energy prices, appropriate identification of responsibilities of various market participants, and an assessment of long-term versus short-term market performance. To the extent this evaluation identifies market shortcomings, the commission shall propose market structure changes to improve performance.

(7) Identification of impending or potential problems or uncertainties in the electricity and natural gas markets, potential options and solutions, and recommendations.

(8) (A) Compilation and assessment of existing scientific studies that have been performed by persons or entities with expertise and qualifications in the subject of the studies, to determine the potential vulnerability, to a major disruption due to aging or a major seismic event, of large baseload generation facilities, of 1,700 megawatts or greater.

(B) The assessment specified in subparagraph (A) shall include an analysis of the impact of a major disruption on system reliability, public safety, and the economy.

(C) The commission may work with other public entities and public agencies, including, but not limited to, the California Independent System Operator, the Public Utilities Commission, the Department of Conservation, and the Seismic Safety Commission as necessary, to gather and analyze the information required by this paragraph.

(D) Upon completion and publication of the initial review of the information required pursuant to this paragraph, the commission shall perform subsequent updates as new data or new understanding of potential seismic hazards emerge.

(b) Commencing November 1, 2003, and every two years thereafter, to be included in the integrated energy policy report prepared pursuant

to Section 25302, the commission shall assess the current status of the following:

(1) The environmental performance of the electric generation facilities of the state, to include all of the following:

(A) Generation facility efficiency.

(B) Air emission control technologies in use in operating plants.

(C) The extent to which recent resource additions have, and expected resource additions are likely to, displace or reduce the operation of existing facilities, including the environmental consequences of these changes.

(2) The geographic distribution of statewide environmental, efficiency, and socioeconomic benefits and drawbacks of existing generation facilities, including, but not limited to, the impacts on natural resources including wildlife habitat, air quality, and water resources, and the relationship to demographic factors. The assessment shall describe the socioeconomic and demographic factors that existed when the facilities were constructed and the current status of these factors. In addition, the report shall include how expected or recent resource additions could change the assessment through displaced or reduced operation of existing facilities.

(c) In the absence of a long-term nuclear waste storage facility, the commission shall assess the potential state and local costs and impacts associated with accumulating waste at California's nuclear powerplants. The commission shall further assess other key policy and planning issues that will affect the future role of nuclear powerplants in the state. The commission's assessment shall be adopted on or before November 1, 2008, and included in the 2008 energy policy review adopted pursuant to subdivision (d) of Section 25302.

CHAPTER 723

An act relating to election expenses, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The sum of thirty-eight million eight hundred eighteen thousand three hundred ten dollars ($38,818,310) is hereby appropriated from the General Fund to the Controller to reimburse counties for the

state's share of special election costs, according to the following schedule:

(1)	Alameda County	1,957,547
(2)	Alpine County	6,902
(3)	Amador County	61,074
(4)	Butte County	422,575
(5)	Calaveras County	84,000
(6)	Colusa County	60,045
(7)	Contra Costa County	1,259,165
(8)	Del Norte County	60,000
(9)	El Dorado County	216,404
(10)	Fresno County	1,230,059
(11)	Glenn County	45,208
(12)	Humboldt County	27,341
(13)	Imperial County	37,577
(14)	Inyo County	34,635
(15)	Kern County	785,158
(16)	Kings County	185,629
(17)	Lake County	81,762
(18)	Lassen County	116,683
(19)	Los Angeles County	9,068,400
(20)	Madera County	113,219
(21)	Marin County	463,623
(22)	Mariposa County	82,192
(23)	Mendocino County	165,000
(24)	Merced County	340,712
(25)	Modoc County	30,000
(26)	Mono County	30,000
(27)	Monterey County	292,753
(28)	Napa County	181,771
(29)	Nevada County	142,042
(30)	Orange County	2,057,676
(31)	Placer County	387,769
(32)	Plumas County	58,758
(33)	Riverside County	326,822
(34)	Sacramento County	2,675,677
(35)	San Benito County	162,946
(36)	San Bernardino County	62,282
(37)	San Diego County	4,260,554
(38)	San Francisco County	1,782,564
(39)	San Joaquin County	790,819
(40)	San Luis Obispo County	458,862

(41) San Mateo County	416,301
(42) Santa Barbara County	1,075,595
(43) Santa Clara County	3,316,409
(44) Santa Cruz County	332,451
(45) Shasta County	285,490
(46) Sierra County	9,548
(47) Siskiyou County	141,957
(48) Solano County	294,265
(49) Sonoma County	453,216
(50) Stanislaus County	597,066
(51) Sutter County	116,659
(52) Tehama County	95,331
(53) Trinity County	6,378
(54) Tulare County	184,132
(55) Tuolumne County	53,563
(56) Ventura County	621,728
(57) Yolo County	153,489
(58) Yuba County	58,528

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

County budgets statewide contain funding authority to support one statewide election per fiscal year. However, there was a special statewide election held in November 2005. In order for counties to carry out the regularly scheduled statewide primary election in June 2006, an appropriation must be provided as soon as possible to cover the costs expended for the November 2005 special statewide election. It is therefore necessary that this act take effect immediately to reimburse counties and the Secretary of State for election expenses of the November 2005 election.

CHAPTER 724

An act relating to public employee benefits.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The California Institute on Human Services at Sonoma State University shall contract with an organization experienced in disability policy and demographic research to conduct a study to determine the feasibility of expanding the long-term care insurance program offered through the Public Employees' Retirement System pursuant to Section 21661 of the Government Code, to provide coverage to additional public employees and recent retirees with disabilities.

(b) The Board of Administration of the Public Employees' Retirement System shall assist the California Institute on Human Services in conducting the study by doing all of the following:

(1) Modifying the application form for the long-term care insurance program, or including an insert to be mailed out with the application, to ask individuals applying for coverage after January 1, 2007, if they are willing to consent to allow the board to share data provided on their application with state agencies or universities conducting research on ways to improve long-term care insurance coverage, policies, and procedures.

(2) Provide to the California Institute on Human Services or its contractor information supplied by applicants who are public employees or retirees and who grant consent pursuant to paragraph (1).

(3) Work with the California Institute on Human Services to agree upon a method by which the contractor selected by the institute shall survey public employees and retirees denied coverage by the long-term care insurance program prior to the effective date of this act; provided that the Committee for the Protection of Human Subjects within the California Health and Human Services Agency finds that the procedure complies with the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191) and other applicable laws protecting confidentiality of health-related data. The method selected shall be designed to minimize the workload for the staff of the board while providing the contractor with the ability to survey an adequate number of individuals at a reasonable cost.

(c) In conducting the study, the institute and the selected contractor shall do all of the following:

(1) Survey public employees and retirees denied long-term care coverage due to eligibility or underwriting criteria, who agree to participate, to determine whether they would be interested in participating in the long-term care insurance program, given various possible premium levels and possible restrictions on benefits. The institute shall determine the number of individuals to be surveyed to permit the study to yield valid and reliable results.

(2) Ask potential participants questions designed to gather information necessary for the study, including, but not limited to, whether they currently use personal care, whether they would do so immediately if provided coverage, or whether they reasonably expect to do so at various future intervals.

(3) Establish a task force to meet at least quarterly and advise the institute and the contractor on conduct of the study, questions to be included in the questionnaire, and preparation of a report to the Legislature. The task force shall include representatives of the Board of Administration of the Public Employees' Retirement System, the California Health and Human Services Agency, organizations of public employees with disabilities, organizations focusing on improving employment opportunities for persons with disabilities, experts on disability demographics and the long-term care needs of persons with disabilities, retirees, unions, and other interested parties.

(4) Submit a report to the Legislature by December 31, 2008, and include all of the following elements:

(A) The results of the survey of potential participants.

(B) The expected costs of providing coverage without underwriting criteria.

(C) The feasibility and desirability of various options, including, but not limited to, charging increased premiums for enrollees not subject to underwriting and imposing increased waiting periods for those not subject to underwriting.

(D) A proposal for a program that would maintain the financial stability of the plan while balancing the need to cover the maximum number of individuals with the fewest restrictions on coverage with the need to minimize increased premiums for those receiving the expanded coverage and for other enrollees.

(E) The extent to which the proposal might result in savings to public benefit programs by encouraging persons with disabilities to go to work, and eliminating the need for those persons to deplete assets to qualify for public benefits in order to obtain long-term care coverage after retirement.

(F) Other options for ensuring that persons now excluded from the long-term care insurance plan are able to obtain long-term services when needed and are not discouraged from seeking employment in order to continue receiving public benefits.

(d) The California Institute on Human Services and CalPERS shall only be required to undertake, or otherwise assist in, the completion of this study through the use of funds available from federal Medicaid Infrastructure Grant Number 91949, and not through a General Fund appropriation, or through the use of any funds managed or controlled

by CalPERS. The use of these funds for this purpose is appropriate for the federal Medicaid Infrastructure Grant objective, and consistent with California's comprehensive strategy for the employment of people with disabilities, as set forth in Chapter 1088 of the Statutes of 2002.

CHAPTER 725

An act to add Sections 13385.2 and 13385.3 to the Water Code, relating to water, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13385.2 is added to the Water Code, to read:

13385.2. (a) Prior to the state board or regional board making its findings pursuant to subdivision (k) of Section 13385, the publicly owned treatment works shall demonstrate to the satisfaction of the state board or regional board that the financing plan prepared pursuant to subparagraph (C) of paragraph (1) of subdivision (k) of that section is designed to generate sufficient funding to complete the compliance project within the time period specified pursuant to subparagraph (A) of paragraph (1) of subdivision (k) of that section.

(b) This section shall only become operative if Senate Bill 1733 of the 2005–06 Regular Session is enacted and becomes operative.

SEC. 2. Section 13385.3 is added to the Water Code, to read:

13385.3. (a) The amendments made to subdivision (k) of Section 13385 of the Water Code by Senate Bill 1733 of the 2005–06 Regular Session shall become operative on July 1, 2007.

(b) This section shall only become operative if Senate Bill 1733 of the 2005–06 Regular Session is enacted and becomes operative.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the timely completion of a compliance project proposed by a publicly owned treatment works serving a small community, it is necessary that this act take effect immediately.

CHAPTER 726

An act to amend Sections 309, 361.4, 366.21, 366.22, and 16504.5 of the Welfare and Institutions Code, relating to criminal record checks, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 309 of the Welfare and Institutions Code is amended to read:

309. (a) Upon delivery to the social worker of a child who has been taken into temporary custody under this article, the social worker shall immediately investigate the circumstances of the child and the facts surrounding the child's being taken into custody and attempt to maintain the child with the child's family through the provision of services. The social worker shall immediately release the child to the custody of the child's parent, guardian, or responsible relative unless one or more of the following conditions exist:

(1) The child has no parent, guardian, or responsible relative; or the child's parent, guardian, or responsible relative is not willing to provide care for the child.

(2) Continued detention of the child is a matter of immediate and urgent necessity for the protection of the child and there are no reasonable means by which the child can be protected in his or her home or the home of a responsible relative.

(3) There is substantial evidence that a parent, guardian, or custodian of the child is likely to flee the jurisdiction of the court.

(4) The child has left a placement in which he or she was placed by the juvenile court.

(5) The parent or other person having lawful custody of the child voluntarily surrendered physical custody of the child pursuant to Section 1255.7 of the Health and Safety Code and did not reclaim the child within the 14-day period specified in subdivision (e) of that section.

(b) In any case in which there is reasonable cause for believing that a child who is under the care of a physician or surgeon or a hospital, clinic, or other medical facility and cannot be immediately moved and is a person described in Section 300, the child shall be deemed to have been taken into temporary custody and delivered to the social worker for the purposes of this chapter while the child is at the office of the physician or surgeon or the medical facility.

(c) If the child is not released to his or her parent or guardian, the child shall be deemed detained for purposes of this chapter.

(d) (1) If an able and willing relative, as defined in Section 319, or an able and willing nonrelative extended family member, as defined in Section 362.7, is available and requests temporary placement of the child pending the detention hearing, the county welfare department shall initiate an assessment of the relative's or nonrelative extended family member's suitability, which shall include an in-home inspection to assess the safety of the home and the ability of the relative or nonrelative extended family member to care for the child's needs, and a consideration of the results of a criminal records check conducted pursuant to subdivision (a) of Section 16504.5 and a check of allegations of prior child abuse or neglect concerning the relative or nonrelative extended family member and other adults in the home. Upon completion of this assessment, the child may be placed in the assessed home. For purposes of this paragraph, and except for the criminal records check conducted pursuant to subdivision (a) of Section 16504.5, the standards used to determine suitability shall be the same standards set forth in the regulations for the licensing of foster family homes.

(2) Immediately following the placement of a child in the home of a relative or a nonrelative extended family member, the county welfare department shall evaluate and approve or deny the home for purposes of AFDC-FC eligibility pursuant to Section 11402. The standards used to evaluate and grant or deny approval of the home of the relative and of the home of a nonrelative extended family member, as described in Section 362.7, shall be the same standards set forth in regulations for the licensing of foster family homes which prescribe standards of safety and sanitation for the physical plant and standards for basic personal care, supervision, and services provided by the caregiver.

(3) If a relative or nonrelative extended family member meets all other conditions for approval, except for the receipt of the Federal Bureau of Investigation's criminal history information for the relative or nonrelative extended family member, and other adults in the home, as indicated, the county welfare department may approve the home and document that approval, if the relative or nonrelative extended family member, and each adult in the home, has signed and submitted a statement that he or she has never been convicted of a crime in the United States, other than a traffic infraction as defined in paragraph (1) of subdivision (a) of Section 42001 of the Vehicle Code. If, after the approval has been granted, the department determines that the relative or nonrelative extended family member or other adult in the home has a criminal record, the approval may be terminated.

SEC. 2. Section 361.4 of the Welfare and Institutions Code is amended to read:

361.4. (a) Prior to placing a child in the home of a relative, or the home of any prospective guardian or other person who is not a licensed or certified foster parent, the county social worker shall visit the home to ascertain the appropriateness of the placement.

(b) Whenever a child may be placed in the home of a relative, or the home of any prospective guardian or other person who is not a licensed or certified foster parent, the court or county social worker placing the child shall cause a state level criminal records check to be conducted by an appropriate governmental agency through the California Law Enforcement Telecommunications System (CLETS) pursuant to Section 16504.5. The criminal records check shall be conducted with regard to all persons over the age of 18 years living in the home, and on any other person over the age of 18 years, other than professionals providing professional services to the child, known to the placing entity who may have significant contact with the child, including any person who has a familial or intimate relationship with any person living in the home. A criminal records check may be conducted pursuant to this section on any person over the age of 14 years living in the home who the county social worker believes may have a criminal record. Within 10 calendar days following the criminal records check conducted through the California Law Enforcement Telecommunications System, the social worker shall ensure that a fingerprint clearance check of the relative and any other person whose criminal record was obtained pursuant to this subdivision is initiated through the Department of Justice to ensure the accuracy of the criminal records check conducted through the California Law Enforcement Telecommunications System and shall review the results of any criminal records check to assess the safety of the home. The Department of Justice shall forward fingerprint requests for federal level criminal history information to the Federal Bureau of Investigation pursuant to this section.

(c) Whenever a child may be placed in the home of a relative, or a prospective guardian or other person who is not a licensed or certified foster parent, the county social worker shall cause a check of the Child Abuse Index pursuant to subdivision (a) of Section 11170 of the Penal Code to be requested from the Department of Justice. The Child Abuse Index check shall be conducted on all persons over the age of 18 years living in the home.

(d) (1) If the criminal records check indicates that the person has no criminal record, the county social worker and court may consider the home of the relative, prospective guardian, or other person who is not a licensed or certified foster parent for placement of a child.

(2) If the criminal records check indicates that the person has been convicted of a crime that would preclude licensure under Section 1522 of the Health and Safety Code, the child may not be placed in the home, unless a criminal records exemption has been granted by the county, based on substantial and convincing evidence to support a reasonable belief that the person with the criminal conviction is of such good character as to justify the placement and not present a risk of harm to the child pursuant to paragraph (3).

(3) (A) A county may issue a criminal records exemption only if that county has been granted permission by the Director of Social Services to issue criminal records exemptions. The county may file a request with the Director of Social Services seeking permission for the county to establish a procedure to evaluate and grant appropriate individual criminal records exemptions for persons described in subdivision (b). The director shall grant or deny the county's request within 14 days of receipt. The county shall evaluate individual criminal records in accordance with the standards and limitations set forth in paragraph (1) of subdivision (g) of Section 1522 of the Health and Safety Code, and in no event shall the county place a child in the home of a person who is ineligible for an exemption under that provision.

(B) The department shall monitor county implementation of the authority to grant an exemption under this paragraph to ensure that the county evaluates individual criminal records and allows or disallows placements according to the standards set forth in paragraph (1) of subdivision (g) of Section 1522 of the Health and Safety Code.

(4) The department shall conduct an evaluation of the implementation of paragraph (3) through random sampling of county exemption decisions.

(5) The State Department of Social Services shall not evaluate or grant criminal record exemption requests for persons described in subdivision (b), unless the exemption request is made by an Indian tribe pursuant to subdivision (f).

(6) If a county has not requested, or has not been granted, permission by the State Department of Social Services to establish a procedure to evaluate and grant criminal records exemptions, the county may not place a child into the home of a person described in subdivision (b) if any person residing in the home has been convicted of a crime other than a minor traffic violation, except as provided in subdivision (f).

(e) Nothing in this section shall preclude a county from conducting a criminal background check that the county is otherwise authorized to conduct using fingerprints.

(f) Upon request from an Indian tribe, the State Department of Social Services shall evaluate an exemption request, if needed, to allow

placement into an Indian home that the tribe has designated for placement under the Indian Child Welfare Act (25 U.S.C. Sec. 1901 et seq.) that would otherwise be barred under this section. However, if the county with jurisdiction over the child that is the subject of the tribe's request has established an approved procedure pursuant to paragraph (3) of subdivision (d), the tribe may request that the county evaluate the exemption request. Once a tribe has elected to have the exemption request reviewed by either the State Department of Social Services or the county, the exemption decision may only be made by that entity. Nothing in this subdivision limits the duty of a county social worker to evaluate the home for placement or to gather information needed to evaluate an exemption request.

(g) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 3. Section 366.21 of the Welfare and Institutions Code, as amended by Section 26 of Chapter 75 of the Statutes of 2006, is amended to read:

366.21. (a) Every hearing conducted by the juvenile court reviewing the status of a dependent child shall be placed on the appearance calendar. The court shall advise all persons present at the hearing of the date of the future hearing and of their right to be present and represented by counsel.

(b) Except as provided in Sections 294 and 295, notice of the hearing shall be provided pursuant to Section 293.

(c) At least 10 calendar days prior to the hearing, the social worker shall file a supplemental report with the court regarding the services provided or offered to the parent or legal guardian to enable him or her to assume custody and the efforts made to achieve legal permanence for the child if efforts to reunify fail, including, but not limited to, efforts to maintain relationships between a child who is 10 years of age or older and has been in out-of-home placement for six months or longer and individuals who are important to the child, consistent with the child's best interests; the progress made; and, where relevant, the prognosis for return of the child to the physical custody of his or her parent or legal guardian; and shall make his or her recommendation for disposition. If the child is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, the report and recommendation may also take into account those factors described in subdivision (e) relating to the child's sibling group. If the recommendation is not to return the child to a parent or legal guardian, the report shall specify why the return of the child would be detrimental to the child. The social worker shall provide the parent or legal guardian, counsel for the child, and any

court-appointed child advocate with a copy of the report, including his or her recommendation for disposition, at least 10 calendar days prior to the hearing. In the case of a child removed from the physical custody of his or her parent or legal guardian, the social worker shall, at least 10 calendar days prior to the hearing, provide a summary of his or her recommendation for disposition to any foster parents, relative caregivers, and certified foster parents who have been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, community care facility, or foster family agency having the physical custody of the child.

(d) Prior to any hearing involving a child in the physical custody of a community care facility or a foster family agency that may result in the return of the child to the physical custody of his or her parent or legal guardian, or in adoption or the creation of a legal guardianship, the facility or agency shall file with the court a report containing its recommendation for disposition. Prior to the hearing involving a child in the physical custody of a foster parent, a relative caregiver, or a certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency or by a licensed adoption agency, the foster parent, relative caregiver, or the certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, may file with the court a report containing his or her recommendation for disposition. The court shall consider the report and recommendation filed pursuant to this subdivision prior to determining any disposition.

(e) At the review hearing held six months after the initial dispositional hearing, the court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall

review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5; and shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself to services provided.

Whether or not the child is returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental or would not be detrimental. The court also shall make appropriate findings pursuant to subdivision (a) of Section 366; and, where relevant, shall order any additional services reasonably believed to facilitate the return of the child to the custody of his or her parent or legal guardian. The court shall also inform the parent or legal guardian that if the child cannot be returned home by the 12-month permanency hearing, a proceeding pursuant to Section 366.26 may be instituted. This section does not apply in a case where, pursuant to Section 361.5, the court has ordered that reunification services shall not be provided.

If the child was under the age of three years on the date of the initial removal, or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, and the court finds by clear and convincing evidence that the parent failed to participate regularly and make substantive progress in a court-ordered treatment plan, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If, however, the court finds there is a substantial probability that the child, who was under the age of three years on the date of initial removal or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, may be returned to his or her parent or legal guardian within six months or that reasonable services have not been provided, the court shall continue the case to the 12-month permanency hearing.

For the purpose of placing and maintaining a sibling group together in a permanent home, the court, in making its determination to schedule a hearing pursuant to Section 366.26 for some or all members of a sibling group, as described in paragraph (3) of subdivision (a) of Section 361.5, shall review and consider the social worker's report and recommendations. Factors the report shall address, and the court shall consider, may include, but need not be limited to, whether the sibling group was removed from parental care as a group, the closeness and strength of the sibling bond, the ages of the siblings, the appropriateness of maintaining the sibling group together, the detriment to the child if sibling ties are not maintained, the likelihood of finding a permanent home for the sibling group, whether the sibling group is currently placed together in a preadoptive home or has a concurrent plan goal of legal permanency in the same home, the wishes of each child whose age and

physical and emotional condition permits a meaningful response, and the best interest of each child in the sibling group. The court shall specify the factual basis for its finding that it is in the best interest of each child to schedule a hearing pursuant to Section 366.26 in 120 days for some or all of the members of the sibling group.

If the child was removed initially under subdivision (g) of Section 300 and the court finds by clear and convincing evidence that the whereabouts of the parent are still unknown, or the parent has failed to contact and visit the child, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If the court finds by clear and convincing evidence that the parent has been convicted of a felony indicating parental unfitness, the court may schedule a hearing pursuant to Section 366.26 within 120 days.

If the child had been placed under court supervision with a previously noncustodial parent pursuant to Section 361.2, the court shall determine whether supervision is still necessary. The court may terminate supervision and transfer permanent custody to that parent, as provided for by paragraph (1) of subdivision (b) of Section 361.2.

In all other cases, the court shall direct that any reunification services previously ordered shall continue to be offered to the parent or legal guardian pursuant to the time periods set forth in subdivision (a) of Section 361.5, provided that the court may modify the terms and conditions of those services.

If the child is not returned to his or her parent or legal guardian, the court shall determine whether reasonable services that were designed to aid the parent or legal guardian in overcoming the problems that led to the initial removal and the continued custody of the child have been provided or offered to the parent or legal guardian. The court shall order that those services be initiated, continued, or terminated.

(f) The permanency hearing shall be held no later than 12 months after the date the child entered foster care, as that date is determined pursuant to subdivision (a) of Section 361.5. At the permanency hearing, the court shall determine the permanent plan for the child, which shall include a determination of whether the child will be returned to the child's home and, if so, when, within the time limits of subdivision (a) of Section 361.5. The court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the permanency hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f)

of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The court shall also determine whether reasonable services that were designed to aid the parent or legal guardian to overcome the problems that led to the initial removal and continued custody of the child have been provided or offered to the parent or legal guardian. For each youth 16 years of age and older, the court shall also determine whether services have been made available to assist him or her in making the transition from foster care to independent living. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5, shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself of services provided, and shall make appropriate findings pursuant to subdivision (a) of Section 366.

Whether or not the child is returned to his or her parent or legal guardian, the court shall specify the factual basis for its decision. If the child is not returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental. The court also shall make a finding pursuant to subdivision (a) of Section 366.

(g) If the time period in which the court-ordered services were provided has met or exceeded the time period set forth in paragraph (1), (2), or (3) of subdivision (a) of Section 361.5, as appropriate, and a child is not returned to the custody of a parent or legal guardian at the permanency hearing held pursuant to subdivision (f), the court shall do one of the following:

(1) Continue the case for up to six months for a permanency review hearing, provided that the hearing shall occur within 18 months of the date the child was originally taken from the physical custody of his or her parent or legal guardian. The court shall continue the case only if it finds that there is a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within the extended period of time or that reasonable services have not been provided to the parent or legal guardian. For the purposes of this section, in order to find a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within

the extended period of time, the court shall be required to find all of the following:

(A) That the parent or legal guardian has consistently and regularly contacted and visited with the child.

(B) That the parent or legal guardian has made significant progress in resolving problems that led to the child's removal from the home.

(C) The parent or legal guardian has demonstrated the capacity and ability both to complete the objectives of his or her treatment plan and to provide for the child's safety, protection, physical and emotional well-being, and special needs.

For purposes of this subdivision, the court's decision to continue the case based on a finding or substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interests of the child.

The court shall inform the parent or legal guardian that if the child cannot be returned home by the next permanency review hearing, a proceeding pursuant to Section 366.26 may be instituted. The court may not order that a hearing pursuant to Section 366.26 be held unless there is clear and convincing evidence that reasonable services have been provided or offered to the parent or legal guardian.

(2) Order that a hearing be held within 120 days, pursuant to Section 366.26, but only if the court does not continue the case to the permanency planning review hearing and there is clear and convincing evidence that reasonable services have been provided or offered to the parents or legal guardians.

(3) Order that the child remain in long-term foster care, but only if the court finds by clear and convincing evidence, based upon the evidence already presented to it, including a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, that there is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interest of the child because the child is not a proper subject for adoption and has no one willing to accept legal guardianship. For purposes of this section, a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency that adoption is not in the best interest of the child shall constitute a compelling reason for the court's determination. That recommendation shall be based on the present circumstances of the child and may not preclude a different recommendation at a later date if the child's circumstances change.

If the court orders that a child who is 10 years of age or older remain in long-term foster care, the court shall determine whether the agency has made reasonable efforts to maintain the child's relationships with individuals other than the child's siblings who are important to the child, consistent with the child's best interests, and may make any appropriate order to ensure that those relationships are maintained.

(h) In any case in which the court orders that a hearing pursuant to Section 366.26 shall be held, it shall also order the termination of reunification services to the parent or legal guardian. The court shall continue to permit the parent or legal guardian to visit the child pending the hearing unless it finds that visitation would be detrimental to the child. The court shall make any other appropriate orders to enable the child to maintain relationships with individuals, other than the child's siblings, who are important to the child, consistent with the child's best interests.

(i) Whenever a court orders that a hearing pursuant to Section 366.26 shall be held, it shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment that shall include:

(1) Current search efforts for an absent parent or parents or legal guardians.

(2) A review of the amount of and nature of any contact between the child and his or her parents or legal guardians and other members of his or her extended family since the time of placement. Although the extended family of each child shall be reviewed on a case-by-case basis, "extended family" for the purpose of this paragraph shall include, but not be limited to, the child's siblings, grandparents, aunts, and uncles.

(3) An evaluation of the child's medical, developmental, scholastic, mental, and emotional status.

(4) A preliminary assessment of the eligibility and commitment of any identified prospective adoptive parent or legal guardian, particularly the caretaker, to include a social history including screening for criminal records and prior referrals for child abuse or neglect, the capability to meet the child's needs, and the understanding of the legal and financial rights and responsibilities of adoption and guardianship. If a proposed guardian is a relative of the minor, and the relative was assessed for foster care placement of the minor prior to January 1, 1998, the assessment shall also consider, but need not be limited to, all of the factors specified in subdivision (a) of Section 361.3.

(5) The relationship of the child to any identified prospective adoptive parent or legal guardian, the duration and character of the relationship,

the motivation for seeking adoption or guardianship, and a statement from the child concerning placement and the adoption or guardianship, unless the child's age or physical, emotional, or other condition precludes his or her meaningful response, and if so, a description of the condition.

(6) A description of efforts to be made to identify a prospective adoptive parent or legal guardian, including, but not limited to, child-specific recruitment and listing on an adoption exchange.

(7) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(j) If, at any hearing held pursuant to Section 366.26, a guardianship is established for the minor with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP program or the Kin-GAP Plus program, as provided for in Article 4.5 (commencing with Section 11360) and Article 4.75 (commencing with Section 11380) of Chapter 2 of Part 3 of Division 9.

(k) As used in this section, "relative" means an adult who is related to the minor by blood, adoption, or affinity within the fifth degree of kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words "great," "great-great," or "grand," or the spouse of any of those persons even if the marriage was terminated by death or dissolution.

(*l*) For purposes of this section, evidence of any of the following circumstances may not, in and of itself, be deemed a failure to provide or offer reasonable services:

(1) The child has been placed with a foster family that is eligible to adopt a child, or has been placed in a preadoptive home.

(2) The case plan includes services to make and finalize a permanent placement for the child if efforts to reunify fail.

(3) Services to make and finalize a permanent placement for the child, if efforts to reunify fail, are provided concurrently with services to reunify the family.

(m) The implementation and operation of the amendments to subdivisions (c) and (g) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

SEC. 3.5. Section 366.21 of the Welfare and Institutions Code, as amended by Section 26 of Chapter 75 of the Statutes of 2006, is amended to read:

366.21. (a) Every hearing conducted by the juvenile court reviewing the status of a dependent child shall be placed on the appearance calendar. The court shall advise all persons present at the hearing of the date of the future hearing and of their right to be present and represented by counsel.

(b) Except as provided in Sections 294 and 295, notice of the hearing shall be provided pursuant to Section 293.

(c) At least 10 calendar days prior to the hearing, the social worker shall file a supplemental report with the court regarding the services provided or offered to the parent or legal guardian to enable him or her to assume custody and the efforts made to achieve legal permanence for the child if efforts to reunify fail, including, but not limited to, efforts to maintain relationships between a child who is 10 years of age or older and has been in out-of-home placement for six months or longer and individuals who are important to the child, consistent with the child's best interests; the progress made; and, where relevant, the prognosis for return of the child to the physical custody of his or her parent or legal guardian; and shall make his or her recommendation for disposition. If the child is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, the report and recommendation may also take into account those factors described in subdivision (e) relating to the child's sibling group. If the recommendation is not to return the child to a parent or legal guardian, the report shall specify why the return of the child would be detrimental to the child. The social worker shall provide the parent or legal guardian, counsel for the child, and any court-appointed child advocate with a copy of the report, including his or her recommendation for disposition, at least 10 calendar days prior to the hearing. In the case of a child removed from the physical custody of his or her parent or legal guardian, the social worker shall, at least 10 calendar days prior to the hearing, provide a summary of his or her recommendation for disposition to any foster parents, relative caregivers, and certified foster parents who have been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, community care facility, or foster family agency having the physical custody of the child. The social worker shall include a copy of the Judicial Council Caregiver Information Form (JV-290) with the summary of recommendations to the child's foster parents, relative caregivers, or foster parents approved for adoption, in the caregiver's primary language when available, along with information on how to file the form with the court.

(d) Prior to any hearing involving a child in the physical custody of a community care facility or a foster family agency that may result in the return of the child to the physical custody of his or her parent or legal guardian, or in adoption or the creation of a legal guardianship, the facility or agency shall file with the court a report, or a Judicial Council Caregiver Information Form (JV-290), containing its recommendation for disposition. Prior to the hearing involving a child in the physical

custody of a foster parent, a relative caregiver, or a certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency or by a licensed adoption agency, the foster parent, relative caregiver, or the certified foster parent who has been approved for adoption by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, may file with the court a report containing his or her recommendation for disposition. The court shall consider the report and recommendation filed pursuant to this subdivision prior to determining any disposition.

(e) At the review hearing held six months after the initial dispositional hearing, the court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5; and shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself to services provided.

Whether or not the child is returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental or would not be detrimental. The court also shall make appropriate findings pursuant to subdivision (a) of Section 366; and, where relevant, shall order any additional services reasonably believed to facilitate the return of the child to the custody of his or her parent or legal guardian. The court shall also inform the parent or legal guardian that if the child cannot be returned home by the 12-month permanency hearing, a proceeding pursuant to Section 366.26 may be instituted. This section does not apply in a case where, pursuant to Section 361.5, the court has ordered that reunification services shall not be provided.

If the child was under the age of three years on the date of the initial removal, or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, and the court finds by clear and convincing evidence that the parent failed to participate regularly and make substantive progress in a court-ordered treatment plan, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If, however, the court finds there is a substantial probability that the child, who was under the age of three years on the date of initial removal or is a member of a sibling group described in paragraph (3) of subdivision (a) of Section 361.5, may be returned to his or her parent or legal guardian within six months or that reasonable services have not been provided, the court shall continue the case to the 12-month permanency hearing.

For the purpose of placing and maintaining a sibling group together in a permanent home, the court, in making its determination to schedule a hearing pursuant to Section 366.26 for some or all members of a sibling group, as described in paragraph (3) of subdivision (a) of Section 361.5, shall review and consider the social worker's report and recommendations. Factors the report shall address, and the court shall consider, may include, but need not be limited to, whether the sibling group was removed from parental care as a group, the closeness and strength of the sibling bond, the ages of the siblings, the appropriateness of maintaining the sibling group together, the detriment to the child if sibling ties are not maintained, the likelihood of finding a permanent home for the sibling group, whether the sibling group is currently placed together in a preadoptive home or has a concurrent plan goal of legal permanency in the same home, the wishes of each child whose age and physical and emotional condition permits a meaningful response, and the best interest of each child in the sibling group. The court shall specify the factual basis for its finding that it is in the best interest of each child to schedule a hearing pursuant to Section 366.26 in 120 days for some or all of the members of the sibling group.

If the child was removed initially under subdivision (g) of Section 300 and the court finds by clear and convincing evidence that the whereabouts of the parent are still unknown, or the parent has failed to contact and visit the child, the court may schedule a hearing pursuant to Section 366.26 within 120 days. If the court finds by clear and convincing evidence that the parent has been convicted of a felony indicating parental unfitness, the court may schedule a hearing pursuant to Section 366.26 within 120 days.

If the child had been placed under court supervision with a previously noncustodial parent pursuant to Section 361.2, the court shall determine whether supervision is still necessary. The court may terminate

supervision and transfer permanent custody to that parent, as provided for by paragraph (1) of subdivision (b) of Section 361.2.

In all other cases, the court shall direct that any reunification services previously ordered shall continue to be offered to the parent or legal guardian pursuant to the time periods set forth in subdivision (a) of Section 361.5, provided that the court may modify the terms and conditions of those services.

If the child is not returned to his or her parent or legal guardian, the court shall determine whether reasonable services that were designed to aid the parent or legal guardian in overcoming the problems that led to the initial removal and the continued custody of the child have been provided or offered to the parent or legal guardian. The court shall order that those services be initiated, continued, or terminated.

(f) The permanency hearing shall be held no later than 12 months after the date the child entered foster care, as that date is determined pursuant to subdivision (a) of Section 361.5. At the permanency hearing, the court shall determine the permanent plan for the child, which shall include a determination of whether the child will be returned to the child's home and, if so, when, within the time limits of subdivision (a) of Section 361.5. The court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the permanency hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The court shall also determine whether reasonable services that were designed to aid the parent or legal guardian to overcome the problems that led to the initial removal and continued custody of the child have been provided or offered to the parent or legal guardian. For each youth 16 years of age and older, the court shall also determine whether services have been made available to assist him or her in making the transition from foster care to independent living. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5, shall consider the efforts or progress, or both,

demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself of services provided, and shall make appropriate findings pursuant to subdivision (a) of Section 366.

Whether or not the child is returned to his or her parent or legal guardian, the court shall specify the factual basis for its decision. If the child is not returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that the return would be detrimental. The court also shall make a finding pursuant to subdivision (a) of Section 366.

(g) If the time period in which the court-ordered services were provided has met or exceeded the time period set forth in paragraph (1), (2), or (3) of subdivision (a) of Section 361.5, as appropriate, and a child is not returned to the custody of a parent or legal guardian at the permanency hearing held pursuant to subdivision (f), the court shall do one of the following:

(1) Continue the case for up to six months for a permanency review hearing, provided that the hearing shall occur within 18 months of the date the child was originally taken from the physical custody of his or her parent or legal guardian. The court shall continue the case only if it finds that there is a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within the extended period of time or that reasonable services have not been provided to the parent or legal guardian. For the purposes of this section, in order to find a substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian and safely maintained in the home within the extended period of time, the court shall be required to find all of the following:

(A) That the parent or legal guardian has consistently and regularly contacted and visited with the child.

(B) That the parent or legal guardian has made significant progress in resolving problems that led to the child's removal from the home.

(C) The parent or legal guardian has demonstrated the capacity and ability both to complete the objectives of his or her treatment plan and to provide for the child's safety, protection, physical and emotional well-being, and special needs.

For purposes of this subdivision, the court's decision to continue the case based on a finding or substantial probability that the child will be returned to the physical custody of his or her parent or legal guardian is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interests of the child.

The court shall inform the parent or legal guardian that if the child cannot be returned home by the next permanency review hearing, a

proceeding pursuant to Section 366.26 may be instituted. The court may not order that a hearing pursuant to Section 366.26 be held unless there is clear and convincing evidence that reasonable services have been provided or offered to the parent or legal guardian.

(2) Order that a hearing be held within 120 days, pursuant to Section 366.26, but only if the court does not continue the case to the permanency planning review hearing and there is clear and convincing evidence that reasonable services have been provided or offered to the parents or legal guardians.

(3) Order that the child remain in long-term foster care, but only if the court finds by clear and convincing evidence, based upon the evidence already presented to it, including a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, that there is a compelling reason for determining that a hearing held pursuant to Section 366.26 is not in the best interest of the child because the child is not a proper subject for adoption and has no one willing to accept legal guardianship. For purposes of this section, a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency that adoption is not in the best interest of the child shall constitute a compelling reason for the court's determination. That recommendation shall be based on the present circumstances of the child and may not preclude a different recommendation at a later date if the child's circumstances change.

If the court orders that a child who is 10 years of age or older remain in long-term foster care, the court shall determine whether the agency has made reasonable efforts to maintain the child's relationships with individuals other than the child's siblings who are important to the child, consistent with the child's best interests, and may make any appropriate order to ensure that those relationships are maintained.

(h) In any case in which the court orders that a hearing pursuant to Section 366.26 shall be held, it shall also order the termination of reunification services to the parent or legal guardian. The court shall continue to permit the parent or legal guardian to visit the child pending the hearing unless it finds that visitation would be detrimental to the child. The court shall make any other appropriate orders to enable the child to maintain relationships with individuals, other than the child's siblings, who are important to the child, consistent with the child's best interests.

(i) Whenever a court orders that a hearing pursuant to Section 366.26 shall be held, it shall direct the agency supervising the child and the

licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment that shall include:

(1) Current search efforts for an absent parent or parents or legal guardians.

(2) A review of the amount of and nature of any contact between the child and his or her parents or legal guardians and other members of his or her extended family since the time of placement. Although the extended family of each child shall be reviewed on a case-by-case basis, "extended family" for the purpose of this paragraph shall include, but not be limited to, the child's siblings, grandparents, aunts, and uncles.

(3) An evaluation of the child's medical, developmental, scholastic, mental, and emotional status.

(4) A preliminary assessment of the eligibility and commitment of any identified prospective adoptive parent or legal guardian, particularly the caretaker, to include a social history including screening for criminal records and prior referrals for child abuse or neglect, the capability to meet the child's needs, and the understanding of the legal and financial rights and responsibilities of adoption and guardianship. If a proposed guardian is a relative of the minor, and the relative was assessed for foster care placement of the minor prior to January 1, 1998, the assessment shall also consider, but need not be limited to, all of the factors specified in subdivision (a) of Section 361.3.

(5) The relationship of the child to any identified prospective adoptive parent or legal guardian, the duration and character of the relationship, the motivation for seeking adoption or guardianship, and a statement from the child concerning placement and the adoption or guardianship, unless the child's age or physical, emotional, or other condition precludes his or her meaningful response, and if so, a description of the condition.

(6) A description of efforts to be made to identify a prospective adoptive parent or legal guardian, including, but not limited to, child-specific recruitment and listing on an adoption exchange.

(7) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(j) If, at any hearing held pursuant to Section 366.26, a guardianship is established for the minor with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP program or the Kin-GAP Plus program, as provided for in Article 4.5 (commencing with Section 11360) and Article 4.75 (commencing with Section 11380) of Chapter 2 of Part 3 of Division 9.

(k) As used in this section, "relative" means an adult who is related to the minor by blood, adoption, or affinity within the fifth degree of

kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words "great," "great-great," or "grand," or the spouse of any of those persons even if the marriage was terminated by death or dissolution.

(*l*) For purposes of this section, evidence of any of the following circumstances may not, in and of itself, be deemed a failure to provide or offer reasonable services:

(1) The child has been placed with a foster family that is eligible to adopt a child, or has been placed in a preadoptive home.

(2) The case plan includes services to make and finalize a permanent placement for the child if efforts to reunify fail.

(3) Services to make and finalize a permanent placement for the child, if efforts to reunify fail, are provided concurrently with services to reunify the family.

(m) The implementation and operation of the amendments to subdivisions (c) and (g) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

SEC. 4. Section 366.22 of the Welfare and Institutions Code is amended to read:

366.22. (a) When a case has been continued pursuant to paragraph (1) of subdivision (g) of Section 366.21, the permanency review hearing shall occur within 18 months after the date the child was originally removed from the physical custody of his or her parent or legal guardian. The court shall order the return of the child to the physical custody of his or her parent or legal guardian unless the court finds, by a preponderance of the evidence, that the return of the child to his or her parent or legal guardian would create a substantial risk of detriment to the safety, protection, or physical or emotional well-being of the child. The social worker shall have the burden of establishing that detriment. At the permanency review hearing, the court shall consider the criminal history, obtained pursuant to paragraph (1) of subdivision (f) of Section 16504.5, of the parent or legal guardian subsequent to the child's removal, provided that he or she agreed to submit fingerprint images to obtain criminal history information as part of the case plan. The failure of the parent or legal guardian to participate regularly and make substantive progress in court-ordered treatment programs shall be prima facie evidence that return would be detrimental. In making its determination, the court shall review and consider the social worker's report and recommendations and the report and recommendations of any child advocate appointed pursuant to Section 356.5; shall consider the efforts or progress, or both, demonstrated by the parent or legal guardian and the extent to which he or she availed himself or herself of services

provided; and shall make appropriate findings pursuant to subdivision (a) of Section 366.

Whether or not the child is returned to his or her parent or legal guardian, the court shall specify the factual basis for its decision. If the child is not returned to a parent or legal guardian, the court shall specify the factual basis for its conclusion that return would be detrimental.

If the child is not returned to a parent or legal guardian at the permanency review hearing, the court shall order that a hearing be held pursuant to Section 366.26 in order to determine whether adoption, guardianship, or long-term foster care is the most appropriate plan for the child. However, if the court finds by clear and convincing evidence, based on the evidence already presented to it, including a recommendation by the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency or by a licensed county adoption agency, that there is a compelling reason, as described in paragraph (2) of subdivision (g) of Section 366.21, for determining that a hearing held under Section 366.26 is not in the best interest of the child because the child is not a proper subject for adoption and has no one willing to accept legal guardianship, then the court may, only under these circumstances, order that the child remain in foster care. If the court orders that a child who is 10 years of age or older remain in long-term foster care, the court shall determine whether the agency has made reasonable efforts to maintain the child's relationships with individuals other than the child's siblings who are important to the child, consistent with the child's best interests, and may make any appropriate order to ensure that those relationships are maintained. The hearing shall be held no later than 120 days from the date of the permanency review hearing. The court shall also order termination of reunification services to the parent or legal guardian. The court shall continue to permit the parent or legal guardian to visit the child unless it finds that visitation would be detrimental to the child. The court shall determine whether reasonable services have been offered or provided to the parent or legal guardian. For purposes of this subdivision, evidence of any of the following circumstances shall not, in and of themselves, be deemed a failure to provide or offer reasonable services:

(1) The child has been placed with a foster family that is eligible to adopt a child, or has been placed in a preadoptive home.

(2) The case plan includes services to make and finalize a permanent placement for the child if efforts to reunify fail.

(3) Services to make and finalize a permanent placement for the child, if efforts to reunify fail, are provided concurrently with services to reunify the family.

(b) Whenever a court orders that a hearing pursuant to Section 366.26 shall be held, it shall direct the agency supervising the child and the licensed county adoption agency, or the State Department of Social Services when it is acting as an adoption agency in counties that are not served by a county adoption agency, to prepare an assessment that shall include:

(1) Current search efforts for an absent parent or parents.

(2) A review of the amount of and nature of any contact between the child and his or her parents and other members of his or her extended family since the time of placement. Although the extended family of each child shall be reviewed on a case-by-case basis, "extended family" for the purposes of this paragraph shall include, but not be limited to, the child's siblings, grandparents, aunts, and uncles.

(3) An evaluation of the child's medical, developmental, scholastic, mental, and emotional status.

(4) A preliminary assessment of the eligibility and commitment of any identified prospective adoptive parent or legal guardian, particularly the caretaker, to include a social history including screening for criminal records and prior referrals for child abuse or neglect, the capability to meet the child's needs, and the understanding of the legal and financial rights and responsibilities of adoption and guardianship. If a proposed legal guardian is a relative of the minor, and the relative was assessed for foster care placement of the minor prior to January 1, 1998, the assessment shall also consider, but need not be limited to, all of the factors specified in subdivision (a) of Section 361.3.

(5) The relationship of the child to any identified prospective adoptive parent or legal guardian, the duration and character of the relationship, the motivation for seeking adoption or legal guardianship, and a statement from the child concerning placement and the adoption or legal guardianship, unless the child's age or physical, emotional, or other condition precludes his or her meaningful response, and if so, a description of the condition.

(6) An analysis of the likelihood that the child will be adopted if parental rights are terminated.

(c) This section shall become operative January 1, 1999. If at any hearing held pursuant to Section 366.26, a legal guardianship is established for the minor with a relative, and juvenile court dependency is subsequently dismissed, the relative shall be eligible for aid under the Kin-GAP program or the Kin-GAP Plus program, as provided for in Article 4.5 (commencing with Section 11360) and Article 4.75 (commencing with Section 11380) of Chapter 2 of Part 3 of Division 9.

(d) As used in this section, "relative" means an adult who is related to the child by blood, adoption, or affinity within the fifth degree of

kinship, including stepparents, stepsiblings, and all relatives whose status is preceded by the words "great," "great-great," or "grand," or the spouse of any of those persons even if the marriage was terminated by death or dissolution.

(e) The implementation and operation of the amendments to subdivision (a) enacted at the 2005–06 Regular Session shall be subject to appropriation through the budget process and by phase, as provided in Section 366.35.

SEC. 5. Section 16504.5 of the Welfare and Institutions Code is amended to read:

16504.5. (a) (1) Notwithstanding any other provision of law, pursuant to subdivision (b) of Section 11105 of the Penal Code, a child welfare agency may secure from an appropriate governmental criminal justice agency the state summary criminal history information, as defined in subdivision (a) of Section 11105 of the Penal Code, through the California Law Enforcement Telecommunications System pursuant to subdivision (d) of Section 309, and subdivision (a) of Section 1522 of the Health and Safety Code for the following purposes:

(A) To conduct an investigation pursuant to Section 11166.3 of the Penal Code or an investigation involving a child in which the child is alleged to come within the jurisdiction of the juvenile court under Section 300.

(B) To assess the appropriateness and safety of placing a child who has been detained or is a dependent of the court, in the home of a relative assessed pursuant to Section 309 or 361.4, or in the home of a nonrelative extended family member assessed as described in Section 362.7 during an emergency situation.

(C) To attempt to locate a parent or guardian pursuant to Section 311 of a child who is the subject of dependency court proceedings.

(2) Any time that a child welfare agency initiates a criminal background check through the California Law Enforcement Telecommunications System for the purpose described in subparagraph (B) of paragraph (1), the agency shall ensure that a state-level fingerprint check is initiated within 10 calendar days of the check, unless the whereabouts of the subject of the check are unknown or the subject of the check refuses to submit to the fingerprint check. The Department of Justice shall provide the requesting agency a copy of all criminal history information regarding an individual that it maintains pursuant to subdivision (b) of Section 11105 of the Penal Code.

(b) Criminal justice personnel shall cooperate with requests for criminal history information authorized pursuant to this section and shall provide the information to the requesting entity in a timely manner.

(c) Any law enforcement officer or person authorized by this section to receive the information who obtains the information in the record and knowingly provides the information to a person not authorized by law to receive the information is guilty of a misdemeanor as specified in Section 11142 of the Penal Code.

(d) Information obtained pursuant to this section shall not be used for any purposes other than those described in subdivision (a).

(e) Nothing in this section shall preclude a relative or other person living in a relative's home from refuting any of the information obtained by law enforcement if the individual believes the state- or federal-level criminal records check revealed erroneous information.

(f) (1) A state or county welfare agency may submit to the Department of Justice fingerprint images and related information required by the Department of Justice of parents or legal guardians when determining their suitability for reunification with a dependent child subject to the jurisdiction of the juvenile court, for the purposes of obtaining information as to the existence and content of a record of state or federal convictions and state or federal arrests, as well as information as to the existence and content of a record of state or federal arrests for which the Department of Justice establishes that the person is free on bail or on his or her own recognizance pending trial or appeal. Of the information received by the Department of Justice pursuant to this subdivision, only the parent's or legal guardian's criminal history for the time period following the removal of the child from the parent or legal guardian shall be considered.

(2) When received, the Department of Justice shall forward to the Federal Bureau of Investigation requests for federal summary criminal history information received pursuant to this subdivision. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and respond to the state or county welfare agency.

(3) The Department of Justice shall provide a response to the state or county welfare agency pursuant to subdivision (p) of Section 11105 of the Penal Code.

(4) The state or county welfare agency shall not request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code, for individuals described in this subdivision.

(5) The Department of Justice shall charge a fee sufficient to cover the costs of processing the request described in this subdivision.

(6) This subdivision shall become operative on July 1, 2007.

(i) A fee, determined by the Federal Bureau of Investigation and collected by the Department of Justice, shall be charged for each

federal-level criminal offender record information request submitted pursuant to this section and Section 361.4.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 7. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to comply with federal requirements for emergency child placement inquiries, it is necessary that this act take effect immediately.

SEC. 8. Section 3.5 of this bill incorporates amendments to Section 366.21 of the Welfare and Institutions Code proposed by both this bill and Senate Bill 1667. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, but this bill becomes operative first, (2) each bill amends Section 366.21 of the Welfare and Institutions Code, and (3) this bill is enacted after Senate Bill 1667, in which case Section 366.21 of the Welfare and Institutions Code, as amended by Section 3 of this bill, shall remain operative only until the operative date of Senate Bill 1667, at which time Section 3.5 of this bill shall become operative.

CHAPTER 727

An act to amend Section 13001 of the Elections Code, relating to elections, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13001 of the Elections Code is amended to read:

13001. (a) Except as provided in subdivision (b), all expenses authorized and necessarily incurred in the preparation for and conduct of elections as provided in this code shall be paid from the county treasuries, except that when an election is called by the governing body of a city the expenses shall be paid from the treasury of the city. All payments shall be made in the same manner as other county or city

expenditures are made. The elections official, in providing the materials required by this division, need not utilize the services of the county or city purchasing agent.

(b) All expenses authorized and necessarily incurred on or after January 1, 2006, in the preparation for and conduct of elections proclaimed by the Governor to fill a vacancy in the office of Senator or Assembly Member in the Legislature, or to fill a vacancy in the office of Senator or Representative in the United States Congress, shall be paid by the state. If an election proclaimed by the Governor to fill a vacancy in an office specified by this subdivision is consolidated with a local election, only those additional expenses directly related to the election proclaimed by the Governor shall be paid by the state.

(c) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to relieve counties of responsibility for expenses incurred in 2006 for the preparation for and conduct of elections proclaimed by the Governor for specified purposes, it is necessary that this bill go into immediate effect.

CHAPTER 728

An act to amend Section 8592.6 of the Government Code, relating to homeland security.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 8592.6 of the Government Code is amended to read:

8592.6. (a) The committee shall report to the Legislature by January 1 of each year on the committee's progress in implementing this article.

(b) (1) The annual report shall serve as the state's strategic plan to establish a statewide integrated, interoperable public safety communications network. The report shall include, but not be limited to, implementation strategies and timelines to achieve the goals and

objectives set forth in the report. The implementation strategies and timelines may include identification of resource needs, including data formats, possible funding sources, prioritization of expenditures, and the development of common protocols that build upon industry and governmental standards for interoperability as set forth in paragraphs (1) and (2) of subdivision (a) of Section 8592.5 that will advance the integration of local, regional, and statewide interoperable public safety communication networks. The report shall be updated annually, as strategies, timelines, goals, and objectives are accomplished or changed.

(2) In developing the report, the committee, at its discretion, shall consult with any other local, regional, state, or federal entity with responsibility for developing, operating, or monitoring interoperability of the public safety spectrum, and other first response agencies. The report may include recommendations for local, regional, state, or federal entities to coordinate resources and the development of common protocols to advance the integration of local, regional, and statewide interoperable public safety communication networks.

(c) The report will include a complete listing of purchases by state departments of public safety radio communications equipment, for which a waiver of subdivision (a) of Section 8592.5 was granted by the committee.

CHAPTER 729

An act to add Sections 833.2 and 13517.7 to the Penal Code, relating to arrests.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 833.2 is added to the Penal Code, to read:

833.2. (a) It is the intent of the Legislature to encourage law enforcement and county child welfare agencies to develop protocols in collaboration with other local entities, which may include local educational, judicial, correctional, and community-based organizations, when appropriate, regarding how to best cooperate in their response to the arrest of a caretaker parent or guardian of a minor child, to ensure the child's safety and well-being.

(b) The Legislature encourages the Department of Justice to apply to the federal government for a statewide training grant on behalf of

California law enforcement agencies, with the purpose of enabling local jurisdictions to provide training for their law enforcement officers to assist them in developing protocols and adequately addressing issues related to child safety when a caretaker parent or guardian is arrested.

SEC. 2. Section 13517.7 is added to the Penal Code, to read:

13517.7. (a) The commission shall develop guidelines and training for use by state and local law enforcement officers to address issues related to child safety when a caretaker parent or guardian is arrested.

(b) The guidelines and training shall, at a minimum, address the following subjects:

(1) Procedures to ensure that officers and custodial employees inquire whether an arrestee has minor dependent children without appropriate supervision.

(2) Authorizing additional telephone calls by arrestees so that they may arrange for the care of minor dependent children.

(3) Use of county child welfare services, as appropriate, and other similar service providers to assist in the placement of dependent children when the parent or guardian is unable or unwilling to arrange suitable care for the child or children.

(4) Identification of local government or nongovernmental agencies able to provide appropriate custodial services.

(5) Temporary supervision of minor children to ensure their safety and well-being.

(6) Sample procedures to assist state and local law enforcement agencies to develop ways to ensure the safety and well-being of children when the parent or guardian has been arrested.

(c) The commission shall use appropriate subject matter experts, including representatives of law enforcement and county child welfare agencies, in developing the guidelines and training required by this section.

CHAPTER 730

An act to amend Sections 1630, 5020, 8250, 8499, 35570, 35710, 35735.1, 35752, 35756, 41020, 41500, 41540, 42127, 42127.3, 42238.18, 42241.3, 42282, 47634.4, 47660, 63000, 63001, 64000, and 64001, of, to add Section 42238.22 to, and to repeal Section 42239.2 of, the Education Code, to amend Section 20118 of the Public Contract Code, to amend Item 6110-156-0890 of Section 2.00 of Chapter 38 of the Statutes of 2005, to repeal Chapter 701 of the Statutes of 1990 and Chapter 1076 of the Statutes of 1991, to amend Section 3 of Chapter

352 of the Statutes of 2005, and to amend Section 7 of Chapter 491 of the Statutes of 2005, relating to school finance.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Education Technical Cleanup Act of 2006.

SEC. 2. Section 1630 of the Education Code is amended to read:

1630. (a) The Superintendent shall review and consider studies, reports, evaluations, or audits of the county office of education that contain evidence that the county office of education is demonstrating fiscal distress according to the standards and criteria developed pursuant to Section 33127 or that contain a finding by an external reviewer that more than 3 of the 15 most common predictors of school agencies needing intervention, as determined by the County Office Fiscal Crisis and Management Assistance Team, are present. If those findings are made, the Superintendent shall investigate the financial condition of the county office of education and determine if the county office of education may be unable to meet its financial obligations for the current or two subsequent fiscal years, or should receive a qualified or negative interim financial certification pursuant to Section 1240.

(b) If at any time during the fiscal year the Superintendent determines that the county office of education may be unable to meet its financial obligations for the current or two subsequent fiscal years or if the county office has a qualified certification pursuant to Section 1240, he or she shall notify the county board of education and the county superintendent in writing of that determination and the basis for the determination. The notification shall include the assumptions used in making the determination and shall be available to the public. The Superintendent shall do the following, as necessary, to ensure that the county office meets its financial obligations:

(1) Assign a fiscal expert, paid for by the Superintendent, to advise the county office on its financial problems.

(2) Conduct a study of the financial and budgetary conditions of the county office. If, in the course of this review, the Superintendent determines that his or her office requires analytical assistance or expertise that is not available through the county office, he or she may employ, at county office expense, on a short-term basis, staff, including certified public accountants, to provide the assistance and expertise.

(3) Direct the county office to submit a financial projection of all fund and cash balances of the county office as of June 30 of the current year and subsequent fiscal years as he or she requires.

(4) Require the county office to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.

(5) Direct the county office to submit a proposal for addressing the fiscal conditions that resulted in the determination that the county office may not be able to meet its financial obligations.

(6) Withhold compensation of the county board of education and the county superintendent for failure to provide requested financial information.

(c) If, after taking the actions identified in subdivision (a), the Superintendent determines that a county office will be unable to meet its financial obligations for the current or subsequent fiscal year, he or she shall notify the county board of education and the county superintendent in writing of that determination and the basis for that determination. The notification shall include the assumptions used in making the determination and shall be available to the public.

(d) If the Superintendent of Public Instruction makes that determination, or if the county office has a negative certification pursuant to Section 1240, the Superintendent, shall, as necessary to enable the county office to meet its financial obligations, do one or more of the following:

(1) Develop and impose, in consultation with the county board of education and the county superintendent, budget that will enable the county to meet its financial obligations.

(2) Stay or rescind any action that is determined to be inconsistent with the ability of the county office to meet its obligations for the current or subsequent fiscal year and may, as necessary, appoint a fiscal adviser to perform any or all of the duties prescribed by this paragraph on his or her behalf. This includes any actions up to the point that the subsequent year's budget is approved by the Superintendent. The Superintendent shall inform the county board of education in writing of his or her justification for any exercise of authority under this paragraph.

(3) Assist in developing, in consultation with the county board of education and the county superintendent, a financial plan that will enable the county office to meet its future obligations.

(4) Assist in developing, in consultation with the county board of education and the county superintendent, a budget for the subsequent fiscal year. If necessary, the Superintendent shall continue to work with

the county board of education and the county superintendent until the budget for the subsequent year is adopted.

(e) Any actions taken by the Superintendent pursuant to paragraph (1) or (2) of subdivision (d) shall be accompanied by a notification that includes the actions to be taken, the reasons for the actions, and the assumptions used to support the necessity for those actions. That notification shall be available to the public.

(f) This section does not authorize the Superintendent to abrogate any provision of a collective bargaining agreement that was entered into by a county office prior to the date upon which the Superintendent assumed authority pursuant to subdivision (d).

(g) The county office shall pay reasonable fees charged by the Superintendent for any administrative expenses incurred pursuant to subdivision (d) or costs associated with improving the office's financial management practices.

(h) Notwithstanding any other provision of law, a county treasurer shall not honor any warrant when the Superintendent, as appropriate, has disapproved that warrant, or has disapproved the order on county office funds for which a warrant was prepared.

(i) For all purposes of errors and liability insurance policies, a fiscal expert appointed pursuant to this section shall be deemed to be an employee of the county office of education. The Superintendent may require that the fiscal adviser be placed on the county office of education payroll for the purposes of remuneration, benefits, and payroll deductions.

(j) If staff persons are hired pursuant to paragraph (2) of subdivision (a), the Superintendent may certify to the Controller an amount to be transferred to the State Department of Education, from the funds that otherwise would be apportioned to the county office of education pursuant to Section 2558, for the purpose of paying all costs incurred by that staff in performing their respective services. The Controller, upon receipt of that certification, shall transfer that amount.

(k) To facilitate the appointment of a county office fiscal officer and the employment of additional staff pursuant to paragraphs (1) and (2), respectively, of subdivision (a), for the purposes of those paragraphs, the Superintendent of Public Instruction is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contracts Code.

SEC. 3. Section 5020 of the Education Code is amended to read:

5020. (a) The resolution of the county committee approving a proposal to establish or abolish trustee areas, to adopt one of the alternative methods of electing governing board members specified in Section 5030, or to increase or decrease the number of members of the

governing board shall constitute an order of election, and the proposal shall be presented to the electors of the district not later than the next succeeding election for members of the governing board.

(b) If a petition requesting an election on a proposal to rearrange trustee area boundaries is filed, containing at least 5 percent of the signatures of the district's registered voters as determined by the elections official, the proposal shall be presented to the electors of the district, at the next succeeding election for the members of the governing board, at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot.

(c) If a petition requesting an election on a proposal to establish or abolish trustee areas, to increase or decrease the number of members of the board, or to adopt one of the alternative methods of electing governing board members specified in Section 5030 is filed, containing at least 10 percent of the signatures of the district's registered voters as determined by the elections official, the proposal shall be presented to the electors of the district, at the next succeeding election for the members of the governing board, at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot. Before the proposal is presented to the electors, the county committee on school district organization may call and conduct one or more public hearings on the proposal.

(d) The resolution of the county committee approving a proposal to establish or abolish a common governing board for a high school and an elementary school district within the boundaries of the high school district shall constitute an order of election. The proposal shall be presented to the electors of the district at the next succeeding statewide primary or general election, or at the next succeeding regularly scheduled election at which the electors of the district are otherwise entitled to vote, provided that there is sufficient time to place the issue on the ballot.

(e) For each proposal there shall be a separate proposition on the ballot. The ballot shall contain the following words:

"For the establishment (or abolition or rearrangement) of trustee areas in ____ (insert name) School District—Yes" and "For the establishment (or abolition or rearrangement) of trustee areas in ____ (insert name) School District—No."

"For increasing the number of members of the governing board of ____ (insert name) School District from five to seven—Yes" and "For

increasing the number of members of the governing board of ____ (insert name) School District from five to seven—No."

"For decreasing the number of members of the governing board of ____ (insert name) School District from seven to five—Yes" and "For decreasing the number of members of the governing board of ____ (insert name) School District from seven to five—No."

"For the election of each member of the governing board of the ____ (insert name) School District by the registered voters of the entire ____ (insert name) School District—Yes" and "For the election of each member of the governing board of the ____ (insert name) School District by the registered voters of the entire ____ (insert name) School District—No."

"For the election of one member of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters in that trustee area—Yes" and "For the election of one member of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters in that trustee area—No."

"For the election of one member, or more than one member for one or more trustee areas, of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters of the entire ____ (insert name) School District—Yes" and "For the election of one member, or more than one member for one or more trustee areas, of the governing board of the ____ (insert name) School District residing in each trustee area elected by the registered voters of the entire ____ (insert name) School District—No."

"For the establishment (or abolition) of a common governing board in the ____ (insert name) School District and the ____ (insert name) School District—Yes" and "For the establishment (or abolition) of a common governing board in the ____ (insert name) School District and the ____ (insert name) School District—No."

If more than one proposal appears on the ballot, all must carry in order for any to become effective, except that a proposal to adopt one of the methods of election of board members specified in Section 5030 which is approved by the voters shall become effective unless a proposal which is inconsistent with that proposal has been approved by a greater number of voters. An inconsistent proposal approved by a lesser number of voters than the number which have approved a proposal to adopt one of the methods of election of board members specified in Section 5030 shall not be effective.

SEC. 4. Section 8250 of the Education Code is amended to read:

8250. (a) The Superintendent shall ensure that eligible children with exceptional needs are given equal access to all child care and development programs. Available federal and state funds for children with exceptional needs above the standard reimbursement amount shall be used to assist agencies in developing and supporting appropriate programs for these children.

(b) To provide children with exceptional needs with additional access to child care and development programs, the Superintendent shall establish alternate appropriate placements, such as self-contained programs and innovative programs using the least restrictive environment. These programs shall be started as expansion funds become available and shall be expanded throughout the implementation of the plan. The Superintendent shall utilize existing program models and input from program specialists to develop new program criteria and guidelines for programs serving children with exceptional needs. These programs may serve children with exceptional needs up to 21 years of age.

(c) Any child with exceptional needs served in child care and development programs shall be afforded all rights and protections guaranteed in state and federal laws and regulations for individuals with exceptional needs.

(d) Notwithstanding any other provision of this chapter, the Superintendent may develop unique reimbursement rates for, and make reimbursements to, child care and development programs that received state funding for the 1980–81 fiscal year and serve severely disabled children, as defined in subdivision (y) of Section 8208, when all of the following conditions exist:

(1) Eligibility for enrollment of a severely disabled child in the program is the sole basis of the child's need for service.

(2) Services are provided to severely disabled children from birth to 21 years of age.

(3) No fees are charged to the parents of the severely disabled children receiving the services.

(e) The Superintendent shall include child care and development providers in all personnel development for persons providing services for children with exceptional needs.

SEC. 5. Section 8499 of the Education Code is amended to read:

8499. For purposes of this chapter, the following definitions shall apply:

(a) "Block grant" means the block grant contained in Title VI of the Child Care and Development Fund, as established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).

(b) "Child care" means all licensed child care and development services and license-exempt child care, including, but not limited to, private for-profit programs, nonprofit programs, and publicly funded programs, for all children up to and including 12 years of age, including children with exceptional needs and children from all linguistic and cultural backgrounds.

(c) "Child care provider" means a person who provides child care services or represents persons who provide child care services.

(d) "Community representative" means a person who represents an agency or business that provides private funding for child care services, or who advocates for child care services through participation in civic or community-based organizations but is not a child care provider and does not represent an agency that contracts with the State Department of Education to provide child care and development services.

(e) "Consumer" means a parent or person who receives, or who has received within the past 36 months, child care services.

(f) "Department" means the State Department of Education.

(g) "Local planning council" means a local child care and development planning council as described in Section 8499.3.

(h) "Public agency representative" means a person who represents a city, county, city and county, or local educational agency.

SEC. 6. Section 35570 of the Education Code is amended to read:

35570. This article applies only to the reallocation of bonded indebtedness of a school district on general obligation bonds under one of the following conditions:

(a) The bonded indebtedness was approved by the voters prior to July 1, 1978.

(b) The bonded indebtedness was incurred for the acquisition or improvement of real property and was approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(c) The bonded indebtedness was incurred for the acquisition or improvement of real property and was approved on or after July 1, 1978, by 55 percent of the votes cast by the voters voting on the proposition at a regularly scheduled election or a statewide special election.

SEC. 7. Section 35710 of the Education Code is amended to read:

35710. For all other petitions to transfer territory, if the county committee finds that the conditions enumerated in paragraphs (1) to (10), inclusive, of subdivision (a) of Section 35753 are substantially met, the county committee may approve the petition and, if approved, shall notify the county superintendent of schools who shall call an election in the territory of the districts as determined by the county committee, to be conducted at the next election of any kind in accordance with either of the following:

(a) Section 1002 of the Elections Code and Part 4 (commencing with Section 5000).

(b) Division 4 (commencing with Section 4000) of the Elections Code.

SEC. 8. Section 35735.1 of the Education Code is amended to read:

35735.1. (a) The base revenue limit per unit of average daily attendance for newly organized school districts shall be equal to the total of the amount of blended revenue limit per unit of average daily attendance of the affected school districts computed pursuant to paragraph (1), the amount based on salaries and benefits of classified employees computed pursuant to paragraph (2), the amount based on salaries and benefits of certificated employees calculated pursuant to paragraph (3), and the amount of the inflation adjustment calculated pursuant to paragraph (4). The following computations shall be made to determine the base revenue limit per unit of average daily attendance for the newly organized school districts:

(1) Perform the following computation to arrive at the blended revenue limit:

(A) Based on the current information available for each affected school district for the second principal apportionment period for the fiscal year, two years prior to the fiscal year in which the reorganization is to become effective, multiply the base revenue limit per unit of average daily attendance for that school district by the number of units of average daily attendance for that school district that the county superintendent of schools determines will be included in the proposed school district.

(B) Add the amounts calculated pursuant to subparagraph (A).

(2) For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent classified employees:

(A) For each of those school districts, make the following computation to arrive at the highest average amount expended for salaries and benefits for classified full-time employees by the districts:

(i) Add the amount of all salaries and benefits for classified employees of the district, including both part-time and full-time employees.

(ii) Divide the amount computed in clause (i) by the total number of full-time equivalent classified employees in the district.

(B) Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each of those school districts pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for classified employees.

(C) For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly organized district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).

(D) For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent classified employees employed by the district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.

(E) Add the amounts computed for each school district pursuant to subparagraph (D).

(3) For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent certificated employees:

(A) For each of those school districts, make the following computation to determine the highest average amount expended for salaries and benefits for certificated full-time employees:

(i) Add the amount of all salaries and benefits for certificated employees, including both part-time and full-time employees.

(ii) Divide the amount determined in clause (i) by the total number of full-time equivalent certificated employees in the district.

(B) Among those school districts that will make up 25 percent or more of the average daily attendance of the resulting newly organized school district, compare the amounts determined for each school district pursuant to subparagraph (A) and identify the highest average amount expended for salaries and benefits for certificated employees.

(C) For each of the school districts with salaries and benefits that are below the highest average amount identified in subparagraph (B) and that are included, in whole or in part, in the newly organized school district, subtract the amount determined for the district pursuant to subparagraph (A) from the amount identified pursuant to subparagraph (B).

(D) For each of those school districts, multiply the amount determined for the district pursuant to subparagraph (C) by the number of full-time equivalent certificated employees of the school district, and then multiply by the percentage of the district's average daily attendance to be included in the new district.

(E) Add the amount calculated for each school district identified pursuant to subparagraph (D).

(4) The base revenue limit per unit of average daily attendance shall be adjusted for inflation as follows:

(A) Add the amounts determined pursuant to subparagraph (B) of paragraph (1), subparagraph (E) of paragraph (2), and subparagraph (E) of paragraph (3), and divide that sum by the number of units of average daily attendance in the newly organized school districts. The amount determined pursuant to this subparagraph shall not exceed 110 percent of the blended revenue limit per unit of average daily attendance calculated pursuant to paragraph (1).

(B) (i) Increase the amount determined pursuant to subparagraph (A) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year immediately preceding the year in which the reorganization becomes effective.

(ii) With respect to a school district that unifies effective July 1, 1997, and that has an average daily attendance in the 1996–97 fiscal year of more than 1,500 units, increase the amount determined pursuant to subparagraph (A) by an amount calculated as follows:

(I) For each component district of the newly unified district, multiply the amount of revenue limit equalization aid per unit of average daily attendance determined pursuant to Sections 42238.41, 42238.42, and 42238.43, or any other sections of law, for the 1996–97 fiscal year by the 1996–97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for that component district.

(II) Add the results for all component districts, and divide this amount by the sum of the 1996–97 second principal apportionment units of average daily attendance determined pursuant to Section 42238.5 for all component districts.

(C) Increase the amount determined pursuant to subparagraph (B) by the amount of the inflation adjustment calculated and used for apportionment purposes pursuant to Section 42238.1 for the fiscal year in which the reorganization becomes effective for all purposes.

(D) Increase the amount determined pursuant to subparagraph (C) by any other adjustments to the base revenue limit per unit of average daily attendance that the newly organized school districts would have been eligible to receive had they been reorganized in the fiscal year two years prior to the year in which the reorganization becomes effective for all purposes.

(b) The amount determined pursuant to subparagraph (D) of paragraph (4) of subdivision (a) shall be the base revenue limit per unit of average daily attendance for the newly organized school districts.

(c) The base revenue limit per unit of average daily attendance for the newly organized school district shall not be greater than the amount set forth in the proposal for reorganization that is approved by the state board. The Superintendent may make adjustments to base revenue limit apportionments to a newly organized school district, if necessary to cause those apportionments to be consistent with this section.

(d) If the territorial jurisdiction of any school district was revised pursuant to a unification, consolidation, or other reorganization, occurring on or before July 1, 1989, that resulted in a school district having a larger territorial jurisdiction than the original school district prior to the reorganization, and a reorganization of school districts occurs on or after the effective date of the act that added this subdivision that results in a school district having a territorial jurisdiction that is substantially the same, as determined by the state board, as the territorial jurisdiction of that original school district prior to the most recent reorganization occurring on or before July 1, 1989, the revenue limit of the school district resulting from the subsequent reorganization shall be the same, notwithstanding subdivision (b), as the revenue limit that was determined for the original school district prior to the most recent reorganization occurring on or before July 1, 1989.

(e) The average daily attendance of a newly organized school district, for purposes of subdivision (d) of Section 42238, shall be the average daily attendance that is attributable to the area reorganized for the fiscal year two years prior to the fiscal year in which the new district becomes effective for all purposes.

(f) For purposes of computing average daily attendance pursuant to subdivision (d) of Section 42238 for each school district that exists prior to the reorganization and whose average daily attendance is directly affected by the reorganization, the following calculation shall apply for the fiscal year two years prior to the fiscal year in which the newly reorganized school district becomes effective:

(1) Divide the 1982–83 fiscal year average daily attendance, computed pursuant to subdivision (d) of Section 42238, by the total average daily attendance of the district pursuant to Section 42238.5.

(2) Multiply the percentage computed pursuant to paragraph (1) by the total average daily attendance of the district calculated pursuant to Section 42238.5, excluding the average daily attendance of pupils attributable to the area reorganized.

(g) This section shall not apply to any reorganization proposal approved by the state board prior to January 1, 1995.

(h) Notwithstanding any other provision of law, this section shall not be subject to waiver by the state board pursuant to Section 33050 or by the Superintendent.

SEC. 8.5. Section 35752 of the Education Code is amended to read:

35752. (a) When a petition for the reorganization of a school district is received in the office of the secretary of the state board, the secretary shall set the petition for hearing at a regular or special meeting of the state board. At least 30 days prior to the date of the hearing, he or she shall send by registered mail a notice containing a general statement of the purpose of the petition and the time and place of the hearing to each of the following persons or agencies:

(1) The governing board and district superintendent of each school district whose boundaries would be affected.

(2) The county superintendent and county committee of each county that has jurisdiction over any of the districts whose boundaries would be affected.

(3) The persons designated in the petition as "chief petitioners."

(b) A petition for the reorganization of a school district initiated pursuant to subdivision (d) of Section 35700, and transmitted to the state board pursuant to Section 35707, shall be withdrawn from consideration if both of the following occur:

(1) A majority of the members of the governing board of each school district initiating the petition approves a resolution requesting withdrawal of the petition.

(2) The county committee on school district organization transmitting the petition to the state board approves a resolution supporting withdrawal of the petition.

(c) A resolution for the reorganization of a school district initiated pursuant to subdivision (c) of Section 35721 and transmitted to the state board pursuant to Section 35722 shall be withdrawn from consideration if the state board receives a resolution from the county committee on school district organization transmitting the petition to the state board requesting withdrawal of the petition.

SEC. 9. Section 35756 of the Education Code is amended to read:

35756. The county superintendent of schools, within 35 days after receiving the notification provided by Section 35755, shall call an election, to be conducted at the next election of any kind in the territory of districts as determined by the state board, in accordance with either of the following:

(a) Section 1002 of the Elections Code and Part 4 (commencing with Section 5000).

(b) Division 4 (commencing with Section 4000) of the Elections Code.

SEC. 10. Section 41020 of the Education Code is amended to read:

41020. (a) It is the intent of the Legislature to encourage sound fiscal management practices among local educational agencies for the most efficient and effective use of public funds for the education of children

in California by strengthening fiscal accountability at the district, county, and state levels.

(b) (1) Not later than the first day of May of each fiscal year, each county superintendent of schools shall provide for an audit of all funds under his or her jurisdiction and control and the governing board of each local educational agency shall either provide for an audit of the books and accounts of the local educational agency, including an audit of income and expenditures by source of funds, or make arrangements with the county superintendent of schools having jurisdiction over the local educational agency to provide for that auditing.

(2) A contract to perform the audit of a local educational agency that has a disapproved budget or has received a negative certification on any budget or interim financial report during the current fiscal year or either of the two preceding fiscal years, or for which the county superintendent of schools has otherwise determined that a lack of going concern exists, is not valid unless approved by the responsible county superintendent of schools and the governing board.

(3) If the governing board of a local educational agency has not provided for an audit of the books and accounts of the local educational agency by April 1, the county superintendent of schools having jurisdiction over the local educational agency shall provide for the audit of each local educational agency.

(4) An audit conducted pursuant to this section shall comply fully with the Government Auditing Standards issued by the Comptroller General of the United States.

(5) For purposes of this section, "local educational agency" does not include community colleges.

(c) Each audit conducted in accordance with this section shall include all funds of the local educational agency, including the student body and cafeteria funds and accounts and any other funds under the control or jurisdiction of the local educational agency. Each audit shall also include an audit of pupil attendance procedures.

(d) All audit reports for each fiscal year shall be developed and reported using a format established by the Controller after consultation with the Superintendent and the Director of Finance.

(e) (1) The cost of the audits provided for by the county superintendent of schools shall be paid from the county school service fund and the county superintendent of schools shall transfer the pro rata share of the cost chargeable to each district from district funds.

(2) The cost of the audit provided for by a governing board shall be paid from local educational agency funds. The audit of the funds under the jurisdiction and control of the county superintendent of schools shall be paid from the county school service fund.

(f) (1) The audits shall be made by a certified public accountant or a public accountant, licensed by the California Board of Accountancy, and selected by the local educational agency, as applicable, from a directory of certified public accountants and public accountants deemed by the Controller as qualified to conduct audits of local educational agencies, which shall be published by the Controller not later than December 31 of each year.

(2) Commencing with the 2003–04 fiscal year and except as provided in subdivision (d) of Section 41320.1, it is unlawful for a public accounting firm to provide audit services to a local educational agency if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local educational agency in each of the six previous fiscal years. The Education Audits Appeal Panel may waive this requirement if the panel finds that no otherwise eligible auditor is available to perform the audit.

(3) It is the intent of the Legislature that, notwithstanding paragraph (2), the rotation within public accounting firms conform to provisions of the federal Sarbanes-Oxley Act of 2002 (P.L. 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of the report required by the act of the Comptroller General of the United States addressing the mandatory rotation of registered public accounting firms, the Legislature intends to reconsider the provisions of paragraph (2). In determining which certified public accountants and public accountants shall be included in the directory, the Controller shall use the following criteria:

(A) The certified public accountants or public accountants shall be in good standing as certified by the Board of Accountancy.

(B) The certified public accountants or public accountants, as a result of a quality control review conducted by the Controller pursuant to Section 14504.2, shall not have been found to have conducted an audit in a manner constituting noncompliance with subdivision (a) of Section 14503.

(g) (1) The auditor's report shall include each of the following:

(A) A statement that the audit was conducted pursuant to standards and procedures developed in accordance with Chapter 3 (commencing with Section 14500) of Part 9 of Division 1 of Title 1.

(B) A summary of audit exceptions and management improvement recommendations.

(C) Each audit of a local educational agency shall include an evaluation by the auditor on whether there is substantial doubt about the ability of the local educational agency to continue as a going concern for a reasonable period of time. This evaluation shall be based on the Statement of Auditing Standards (SAS) No. 59, as issued by the AICPA

regarding disclosure requirements relating to the ability of the entity to continue as a going concern.

(2) To the extent possible, a description of correction or plan of correction shall be incorporated in the audit report, describing the specific actions that are planned to be taken, or that have been taken, to correct the problem identified by the auditor. The descriptions of specific actions to be taken or that have been taken shall not solely consist of general comments such as "will implement," "accepted the recommendation," or "will discuss at a later date."

(h) Not later than December 15, a report of each local educational agency audit for the preceding fiscal year shall be filed with the county superintendent of schools of the county in which the local educational agency is located, the department, and the Controller. The Superintendent shall make any adjustments necessary in future apportionments of all state funds, to correct any audit exceptions revealed by those audit reports.

(i) (1) Commencing with the 2002–03 audit of local educational agencies pursuant to this section and subdivision (d) of Section 41320.1, each county superintendent of schools shall be responsible for reviewing the audit exceptions contained in an audit of a local educational agency under his or her jurisdiction related to attendance, inventory of equipment, internal control, and any miscellaneous items, and determining whether the exceptions have been either corrected or an acceptable plan of correction has been developed.

(2) Commencing with the 2004–05 audit of local educational agencies pursuant to this section and subdivision (d) of Section 41320.1, each county superintendent of schools shall include in the review of audit exceptions performed pursuant to this subdivision those audit exceptions related to use of instructional materials program funds, teacher misassignments pursuant to Section 44258.9, information reported on the school accountability report card required pursuant to Section 33126 and shall determine whether the exceptions are either corrected or an acceptable plan of correction has been developed.

(j) Upon submission of the final audit report to the governing board of each local educational agency and subsequent receipt of the audit by the county superintendent of schools having jurisdiction over the local educational agency, the county office of education shall do all of the following:

(1) Review audit exceptions related to attendance, inventory of equipment, internal control, and other miscellaneous exceptions. Attendance exceptions or issues shall include, but not be limited to, those related to revenue limits, adult education, and independent study.

(2) If a description of the correction or plan of correction has not been provided as part of the audit required by this section, then the county superintendent of schools shall notify the local educational agency and request the governing board of the local educational agency to provide to the county superintendent of schools a description of the corrections or plan of correction by March 15.

(3) Review the description of correction or plan of correction and determine its adequacy. If the description of the correction or plan of correction is not adequate, the county superintendent of schools shall require the local educational agency to resubmit that portion of its response that is inadequate.

(k) Each county superintendent of schools shall certify to the Superintendent and the Controller, not later than May 15, that his or her staff has reviewed all audits of local educational agencies under his or her jurisdiction for the prior fiscal year, that all exceptions that the county superintendent was required to review were reviewed, and that all of those exceptions, except as otherwise noted in the certification, have been corrected by the local educational agency or that an acceptable plan of correction has been submitted to the county superintendent of schools. In addition, the county superintendent shall identify, by local educational agency, any attendance-related audit exception or exceptions involving state funds, and require the local educational agency to which the audit exceptions were directed to submit appropriate reporting forms for processing by the Superintendent.

(*l*) In the audit of a local educational agency for a subsequent year, the auditor shall review the correction or plan or plans of correction submitted by the local educational agency to determine if the exceptions have been resolved. If not, the auditor shall immediately notify the appropriate county office of education and the department and restate the exception in the audit report. After receiving that notification, the department shall either consult with the local educational agency to resolve the exception or require the county superintendent of schools to follow up with the local educational agency.

(m) (1) The Superintendent shall be responsible for ensuring that local educational agencies have either corrected or developed plans of correction for any one or more of the following:

(A) All federal and state compliance audit exceptions identified in the audit.

(B) Any exceptions that the county superintendent certifies as of May 15 have not been corrected.

(C) Any repeat audit exceptions that are not assigned to a county superintendent to correct.

(2) In addition, the Superintendent shall be responsible for ensuring that county superintendents of schools and each county board of education that serves as the governing board of a local educational agency either correct all audit exceptions identified in the audits of county superintendents of schools and of the local educational agencies for which the county boards of education serve as the governing boards or develop acceptable plans of correction for those exceptions.

(3) The Superintendent shall report annually to the Controller on his or her actions to ensure that school districts, county superintendents of schools, and each county board of education that serves as the governing board of a school district have either corrected or developed plans of correction for any of the exceptions noted pursuant to paragraph (1).

(n) To facilitate correction of the exceptions identified by the audits issued pursuant to this section, commencing with 2002–03 audits pursuant to this section, the Controller shall require auditors to categorize audit exceptions in each audit report in a manner that will make it clear to both the county superintendent of schools and the Superintendent which exceptions they are responsible for ensuring the correction of by a local educational agency. In addition, the Controller annually shall select a sampling of county superintendents of schools and perform a followup of the audit resolution process of those county superintendents of schools and report the results of that followup to the Superintendent and the county superintendents of schools that were reviewed.

(o) County superintendents of schools shall adjust subsequent local property tax requirements to correct audit exceptions relating to local educational agency tax rates and tax revenues.

(p) If a governing board or county superintendent of schools fails or is unable to make satisfactory arrangements for the audit pursuant to this section, the Controller shall make arrangements for the audit and the cost of the audit shall be paid from local educational agency funds or the county school service fund, as the case may be.

(q) Audits of regional occupational centers and programs are subject to the provisions of this section.

(r) This section does not authorize examination of, or reports on, the curriculum used or provided for in any local educational agency.

(s) Notwithstanding any other provision of law, a nonauditing, management, or other consulting service to be provided to a local educational agency by a certified public accounting firm while the certified public accounting firm is performing an audit of the agency pursuant to this section must be in accord with Government Accounting Standards, Amendment No. 3, as published by the United States General Accounting Office.

SEC. 10.25. Section 41500 of the Education Code is amended to read:

41500. (a) Notwithstanding any other provision of law, a school district and county office of education may expend in a fiscal year up to 15 percent of the amount apportioned for the block grants set forth in Article 3 (commencing with Section 41510), Article 5 (commencing with Section 41530), Article 6 (commencing with Section 41540), or Article 7 (commencing with Section 41570) for any other programs for which the school district or county office is eligible for funding, including programs whose funding is not included in any of the block grants established pursuant to this chapter. The total amount of funding a school district or county office of education may expend for a program to which funds are transferred pursuant to this section may not exceed 120 percent of the amount of state funding allocated to the school district or county office for purposes of that program in a fiscal year. For purposes of this subdivision, "total amount" means the amount of state funding allocated to a school district or county office for purposes of a particular program in a fiscal year plus the amount transferred in that fiscal year to that program pursuant to this section.

(b) A school district that transfers funding, pursuant to this section, from the amount apportioned for the School and Library Improvement Block Grant, as set forth in Article 7 (commencing with Section 41570), shall utilize no less than 85 percent of the amount remaining after the transfer for direct services to pupils.

(c) A school district and county office of education shall not, pursuant to this section, transfer funds from Article 2 (commencing with Section 41505) and Article 4 (commending with Section 41520).

(d) Before a school district or county office of education may expend funds pursuant to this section, the governing board of the school district or the county board of education, as applicable, shall discuss the matter at a noticed public meeting.

(e) A school district shall track transfers made pursuant to this section.

SEC. 10.5. Section 41540 of the Education Code is amended to read:

41540. (a) There is hereby established the targeted instructional improvement block grant. Commencing with the 2005–06 fiscal year, the Superintendent shall apportion block grant funds to a school district in the same relative statewide proportion that the school district received in the 2003–04 fiscal year for the programs listed in Section 41541.

(b) If a school district is not in violation of a court order regarding desegregation, the school district may expend funds received pursuant to this article for any purpose authorized by the programs listed in Section 41541 as the statutes governing those programs read on January 1, 2004.

(c) For purposes of this article, "school district" includes a county office of education if county offices of education are eligible to receive funds for the programs that are listed in Section 41541. The block grant of a county office of education shall be based only on those programs for which it was eligible to receive funds in the 2003–04 fiscal year.

(d) A school that received funding in the 2000–01 fiscal year, or any fiscal year thereafter, from a desegregation program or a targeted instructional improvement grant program pursuant to Chapter 2.5 (commencing with Section 54200) of Part 29, that was allocated by a school district as part of a court-ordered desegregation program before the school converted to a charter school, shall continue to receive its proportionate share of funding from the school district through the block grant established pursuant to this section if all of the following conditions are met:

(1) The charter school continues to serve the same general population.

(2) The charter school implements the intended goals of the court order.

(3) The court order remains in effect.

(e) On and after July 1, 2006, subdivision (d) shall not apply to charter schools that receive funds through the Charter School Categorical Block Grant established pursuant to Section 47634.1.

SEC. 11. Section 42127 of the Education Code is amended to read:

42127. (a) On or before July 1 of each year, the governing board of each school district shall accomplish the following:

(1) Hold a public hearing on the budget to be adopted for the subsequent fiscal year. The budget to be adopted shall be prepared in accordance with Section 42126. The agenda for that hearing shall be posted at least 72 hours prior to the public hearing and shall include the location where the budget will be available for public inspection.

(2) Adopt a budget. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. That budget and supporting data shall be maintained and made available for public review. If the governing board of the district does not want all or a portion of the property tax requirement levied for the purpose of making payments for the interest and redemption charges on indebtedness as described in paragraph (1) or (2) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, the budget shall include a statement of the amount or portion for which a levy shall not be made.

(b) The county superintendent of schools may accept changes in any statement included in the budget, pursuant to subdivision (a), of the amount or portion for which a property tax levy shall not be made. The county superintendent or the county auditor shall compute the actual

amounts to be levied on the property tax rolls of the district for purposes that exceed apportionments to the district pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code. Each school district shall provide all data needed by the county superintendent or the county auditor to compute the amounts. On or before August 15, the county superintendent shall transmit the amounts computed to the county auditor who shall compute the tax rates necessary to produce the amounts. On or before September 1, the county auditor shall submit the rate computed to the board of supervisors for adoption.

(c) The county superintendent of schools shall do all of the following:

(1) Examine the adopted budget to determine whether it complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets. The county superintendent shall identify, if necessary, any technical corrections that are required to be made to bring the budget into compliance with those standards and criteria.

(2) Determine whether the adopted budget will allow the district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the district to satisfy its multiyear financial commitments. In addition to his or her own analysis of the budget of each school district, the county superintendent of schools shall review and consider studies, reports, evaluations, or audits of the school district that were commissioned by the district, the county superintendent, the Superintendent, and state control agencies and that contain evidence that the school district is showing fiscal distress under the standards and criteria adopted in Section 33127 or that contain a finding by an external reviewer that more than three of the 15 most common predictors of a school district needing intervention, as determined by the County Office Fiscal Crisis and Management Assistance Team, are present. The county superintendent of schools shall either conditionally approve or disapprove a budget that does not provide adequate assurance that the district will meet its current and future obligations and resolve any problems identified in studies, reports, evaluations, or audits described in this paragraph.

(d) On or before August 15, the county superintendent of schools shall approve, conditionally approve, or disapprove the adopted budget for each school district. If a school district does not submit a budget to the county superintendent of schools, the county superintendent of schools shall, at district expense, develop a budget for that school district by September 15 and transmit that budget to the governing board of the school district. The budget prepared by the county superintendent of schools shall be deemed adopted, unless the county superintendent of

schools approves any modifications made by the governing board of the school district. The approved budget shall be used as a guide for the district's priorities. The Superintendent shall review and certify the budget approved by the county. If, pursuant to the review conducted pursuant to subdivision (c), the county superintendent of schools determines that the adopted budget for a school district does not satisfy paragraph (1) or (2) of that subdivision, he or she shall conditionally approve or disapprove the budget and, not later than August 15, transmit to the governing board of the school district, in writing, his or her recommendations regarding revision of the budget and the reasons for those recommendations, including, but not limited to, the amounts of any budget adjustments needed before he or she can conditionally approve that budget. The county superintendent of schools may assign a fiscal adviser to assist the district to develop a budget in compliance with those revisions. In addition, the county superintendent of schools may appoint a committee to examine and comment on the superintendent's review and recommendations, subject to the requirement that the committee report its findings to the superintendent no later than August 20.

(e) On or before September 8, the governing board of the school district shall revise the adopted budget to reflect changes in projected income or expenditures subsequent to July 1, and to include any response to the recommendations of the county superintendent of schools, shall adopt the revised budget, and shall file the revised budget with the county superintendent of schools. Prior to revising the budget, the governing board shall hold a public hearing regarding the proposed revisions, to be conducted in accordance with Section 42103. In addition, if the adopted budget is disapproved pursuant to subdivision (d), the governing board and the county superintendent of schools shall review the disapproval and the recommendations of the county superintendent of schools regarding revision of the budget at the public hearing. The revised budget and supporting data shall be maintained and made available for public review.

(f) On or before September 22, the county superintendent of schools shall provide a list to the Superintendent identifying all school districts for which budgets may be disapproved.

(g) The county superintendent of schools shall examine the revised budget to determine whether it (1) complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets, (2) allows the district to meet its financial obligations during the fiscal year, (3) satisfies all conditions established by the county superintendent of schools in the case of a conditionally approved budget, and (4) is consistent with a

financial plan that will enable the district to satisfy its multiyear financial commitments, and, not later than October 8, shall approve or disapprove the revised budget. If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. If no budget is adopted by November 30, the Superintendent may adopt a budget for the school district. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any district, including a district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has or will exercise his or her authority to adopt a budget for the school district.

(h) Not later than October 8, the county superintendent of schools shall submit a report to the Superintendent identifying all school districts for which budgets have been disapproved or budget review committees waived. The report shall include a copy of the written response transmitted to each of those districts pursuant to subdivision (d).

(i) Notwithstanding any other provision of this section, the budget review for a school district shall be governed by paragraphs (1), (2), and (3) of this subdivision, rather than by subdivisions (e) and (g), if the governing board of the school district so elects and notifies the county superintendent in writing of that decision, not later than October 31 of the immediately preceding calendar year. On or before July 1, the governing board of a school district for which the budget review is governed by this subdivision, rather than by subdivisions (e) and (g), shall conduct a public hearing regarding its proposed budget in accordance with Section 42103.

(1) If the adopted budget of a school district is disapproved pursuant to subdivision (d), on or before September 8, the governing board of the school district, in conjunction with the county superintendent of schools, shall review the superintendent's recommendations at a regular meeting of the governing board and respond to those recommendations. The

response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.

(2) On or before September 22, the county superintendent of schools will provide a list to the Superintendent identifying all school districts for which a budget may be tentatively disapproved.

(3) Not later than October 8, after receiving the response required under paragraph (1), the county superintendent of schools shall review that response and either approve or disapprove the budget. If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent has the authority and responsibility provided to a budget review committee in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any district, including a district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, and the date the adopted budget is anticipated.

(4) Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.

(j) Any school district for which the county board of education serves as the governing board is not subject to subdivisions (c) to (h), inclusive, but is governed instead by the budget procedures set forth in Section 1622.

SEC. 12. Section 42127.3 of the Education Code is amended to read:

42127.3. (a) If the budget review committee established pursuant to Sections 42127.1 and 42127.2 recommends approval of the school district budget, the county superintendent of schools shall accept the recommendation of the budget review committee and approve the budget.

(b) If the budget review committee established pursuant to Sections 42127.1 and 42127.2 disapproves the school district budget, the school district governing board, not later than five working days after receipt of the report described in paragraph (2) of subdivision (b) of Section 42127.2, may submit a response to the Superintendent, including any

revisions to the adopted final budget and any other proposed actions to be taken as a result of the recommendations of the budget review committee. Based upon the recommendations of the budget review committee and any response to those recommendations provided by the governing board of the school district, the Superintendent shall either approve or disapprove the budget. If the Superintendent disapproves the budget, he or she shall notify the governing board of the school district in writing of the reasons for that disapproval and, until the county superintendent certifies the district's first interim report pursuant to Section 42131, the county superintendent of schools shall do the following as necessary:

(1) Not later than November 30, develop and adopt, in consultation with the Superintendent and the governing board of the school district, a fiscal plan and budget that will govern the district and will allow the district to meet its financial obligations, both in the current fiscal year and with regard to the district's multiyear financial commitments. The Superintendent may extend the date by which the county superintendent of schools is required to develop and adopt a fiscal plan and budget. The governing board of the school district shall govern the operation of the district for the current fiscal year in accordance with that adopted budget.

(2) Cancel purchase orders, prohibit the issuance of nonsalary warrants, and otherwise stay or rescind any action that is inconsistent with the budget adopted pursuant to paragraph (1). The county superintendent of schools shall inform the governing board of the school district in writing of his or her justification for any exercise of authority under this paragraph.

(3) Monitor and review the operation of the school district.

(4) Determine the need for additional staff and may employ, subject to approval by the Superintendent, short-term analytical assistance or expertise to validate financial information if the district staff does not have the expertise or staff.

(5) Require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.

(6) Determine whether there are any financial problem areas and may employ, subject to approval by the Superintendent, a certified public accounting firm to investigate financial problem areas.

(7) Withhold compensation of the members of the governing board and the district superintendent for failure to provide requested financial information. A forfeiture may be appealed to the Superintendent pursuant to subdivision (b) of Section 42127.6.

(c) If, during the selection of the budget review committee or during the committee's review of the budget, an agreement is reached between the governing board of the school district and the county superintendent of schools, and the school district revises its budget to comply with this agreement, the county superintendent of schools shall approve the district budget and the budget review committee selection, or its review of the budget, shall be canceled.

(d) The school district shall pay 75 percent and the county office of education shall pay 25 percent of the actual administrative expenses incurred pursuant to subdivision (b), or costs associated with improving the district's financial management practices. The Superintendent shall develop, and distribute to affected school districts and county offices of education, advisory guidelines regarding the appropriate amount of any fees charged pursuant to this subdivision.

(e) This section shall not be construed to authorize the county superintendent of schools to abrogate any provision of a collective bargaining agreement that was entered into by a school district prior to the date upon which the county superintendent of schools disapproved the budget of the school district pursuant to subdivision (b).

SEC. 12.5. Section 42238.18 of the Education Code is amended to read:

42238.18. (a) Notwithstanding any other provision of law, only those pupils enrolled in county office of education programs while detained in a juvenile hall, juvenile home, day center, juvenile ranch, juvenile camp, or regional youth educational facility established pursuant to Article 23 (commencing with Section 850), Article 24 (commencing with Section 880), and Article 24.5 (commencing with Section 894) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code shall be counted as juvenile court school pupils. For purposes of apportionments, those pupils in a group home housing 25 or more children placed pursuant to Sections 362, 727, and 730 of the Welfare and Institutions Code or in any group home housing 25 or more children and operating one or more additional sites under a central administration for children placed pursuant to Section 362, 727, or 730 of the Welfare and Institutions Code shall be reported as county group home and institutions pupils to the Superintendent and shall be counted as juvenile court school pupils for purposes of apportionments.

(b) Notwithstanding any other provision of law, any county superintendent of schools operating juvenile court schools, county group home and institutions schools, or community schools, or any combination of these schools shall maintain an account in their general fund to be known as the juvenile court and community school account, and shall deposit all funds derived from the operation of juvenile court, county

group home and institutions schools, and community schools into that account. Expenditures from the juvenile court and community school account shall be limited to the following:

(1) Those expenditures defined as direct costs of instructional programs by the California State School Accounting Manual, except that facility costs, including the costs of renting, leasing, purchasing, remodeling, constructing, or improving buildings and the costs of purchasing or improving land, shall be allowed as an instructional cost in the juvenile court and community school fund. Deferred maintenance contributions made pursuant to Section 17584 may also be allowed as an instructional cost of juvenile court and county community school programs, provided the contribution does not exceed the program's proportionate share of total county school service fund expenditures as defined in Section 17584, and provided the funds are used for deferred maintenance of juvenile court and county community school facilities.

(2) Expenditures that are defined as documented direct support costs by the California State School Accounting Manual.

(3) Expenditures that are defined as allocated direct support costs by the California State School Accounting Manual.

(4) Other expenditures for support and indirect charges. However, these charges may not exceed 10 percent of the sum of the expenditures in paragraphs (1), (2), and (3).

Expenditures that represent contract payments to other agencies for the operation of juvenile court and community school programs shall be included in the juvenile court and community school account and the contract costs distributed to the cost categories defined in paragraphs (1), (2), (3), and (4). At the end of any given school year the net ending balance in the juvenile court and community school account may be distributed to a reserved account for economic contingencies or to a reserved account for capital outlay, provided that the combined total transferred does not exceed 15 percent of the current year's authorized expenditures as specified above and also provided that funds placed in the reserved accounts shall only be expended for juvenile court, county group home and institutions, or community school programs. The net ending balance, except for those funds placed in a capital outlay fund, shall not exceed the greater of 15 percent of the previous year's expenditures or twenty-five thousand dollars ($25,000). A county may accumulate over a period of two or more given school years a net ending balance in the capital outlay reserved account of more than 15 percent of the current fiscal year's expenditures under provisions of a resolution of the governing board. Funds in the capital outlay reserve are to be used for capital outlay only. The Superintendent shall require an annual certification by county superintendents of schools beginning in the

1989–90 fiscal year that juvenile court, county group home and institutions, and community school funds have been expended as provided in this section and shall withhold from the subsequent year's apportionment an amount equal to any excess ending balance or excess transfers, as provided in this subdivision, in the juvenile court and community school account.

(c) Notwithstanding any other provision of law, pupils who are referred by the county probation department under Section 601 or 654 of the Welfare and Institutions Code, shall be enrolled and eligible for apportionments in county community schools only after an individualized review and certification of the appropriateness of enrollment in the county group home and institution's school or county community school. The individualized review shall include representatives of the court, the county department of education, the county probation department, and either the school district of residence or, in cases in which the pupil resides in a group home or institution, the school district in which the group home or institution is located, and, in each case, the school district representative shall agree to the appropriateness of the proposed placement and pupils so placed shall have a probation officer assigned to their case.

(d) Regardless of the operative date of the amendments to this section made during the 1997 portion of the 1997–98 Regular Session, this section, as so amended, shall be implemented as though it had been operative on July 1, 1996. For the purpose of implementing this section for the entire 1996–97 fiscal year, the Superintendent and other public officers shall take all necessary steps to effect the required adjustments and shall have authority to adjust allowance computations, apportionments, and disbursements ordered from Section A of the State School Fund and other public funds.

SEC. 13. Section 42238.22 is added to the Education Code, to read:

42238.22. (a) There is hereby created in the Santa Cruz High School attendance area, a program for middle school options to eliminate revenue limit inequities in the per pupil funding for instructional programs for pupils in grades 7 and 8. Participation is limited to the Santa Cruz High School District, the Live Oak Elementary School District, and the Soquel Union Elementary School District. The purpose of the program is to encourage and enable these elementary school districts in this attendance area to continue providing a middle school program, in addition to the junior high school program operated by the high school district, thereby increasing enrollment options for all pupils in grades 7 and 8.

(b) In order for these elementary school districts to receive an addition to the revenue limit pursuant to subdivision (g), these districts shall do all of the following:

(1) Continue to participate in a consortium with the Santa Cruz High School District.

(2) At a minimum, all pupils in grades 7 and 8 in the participating districts shall be provided with the option to enroll in either a middle school operated by the elementary school district or a junior high school operated by the high school district.

(3) Provide evidence to the Superintendent that the amount computed and allocated pursuant to subdivision (g) will be used only for pupils in grades 7 and 8.

(c) Participation by the districts in the consortium shall be voluntary.

(d) For purposes of this section, the following definitions shall apply:

(1) "Middle school program" means a program in which teachers teach a common core curriculum to the same group of pupils in grades 6, 7, and 8 and provide a transition from self-contained classroom education at the elementary level to subject-oriented, departmentalized classrooms at the high school level.

(2) "Junior high school program" means a departmentalized program in which pupils in grades 7, 8, and 9 select classes based on subject and move from classroom to classroom during the schoolday.

(e) A school district shall not deny a request for enrollment made pursuant to this section unless space is not available in the selected school or unless the choice would have a negative impact on an existing desegregation plan.

(f) The average daily attendance of pupils participating in the enrollment option pursuant to this section and attending the elementary school districts shall be credited to the elementary school district of residence for purposes of determining state apportionments and revenue limits. The average daily attendance of pupils attending the high school district shall be credited to the Santa Cruz High School District.

(g) For the 1990–91 fiscal year for the Live Oak Elementary School District and each fiscal year thereafter, and for the 1991–92 fiscal year for the Soquel Union Elementary School District and each fiscal year thereafter, the Superintendent shall compute and allocate an amount in addition to the revenue limit for each elementary school district participating in the consortium, equal to the following:

(1) Calculate the average of the base revenue limits per unit of average daily attendance of the districts participating in the consortium.

(2) From the average base revenue limit calculated in paragraph (1), subtract the base revenue limit of the elementary school district per unit of average daily attendance.

(3) If the result in paragraph (2) is a positive number, then multiply the result in paragraph (2) by the average daily attendance of the elementary school district in grades 7 and 8. That amount shall be added

to the total revenue limit computed for that district. If the result in paragraph (2) is zero, or less than zero, then no adjustment shall be computed for the district.

(h) If the elementary school district ceases to participate in the consortium, the adjustment computed in this section shall no longer be provided to that district.

SEC. 14. Section 42239.2 of the Education Code is repealed.

SEC. 15. Section 42241.3 of the Education Code is amended to read:

42241.3. (a) This section applies only to the funding generated by the average daily attendance of pupils attending a charter school that has operated as a charter school since prior to July 1, 2005, if a unified school district has been the sponsoring local educational agency as defined in subdivision (i) of Section 47632, and if the unified school district was governed by Section 47660 as that section read on December 31, 2005.

(b) For the 2005–06 fiscal year only, the revenue limit funding of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall be increased or decreased to reflect half of the difference between the funding provided for the base revenue limit per unit of average daily attendance of the unified school district as set forth in Section 42238 and the general-purpose entitlement per unit of average daily attendance of the charter school as set forth in Section 47633.

SEC. 16. Section 42282 of the Education Code is amended to read:

42282. For each district with fewer than 2,501 units of second principal apportionment average daily attendance, on account of each necessary small school, the county superintendent shall make the following computations:

(a) For each necessary small school which has an average daily attendance during the fiscal year of less than 26, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least one teacher was hired full time, the county superintendent shall compute for the district fifty-two thousand nine hundred twenty-five dollars ($52,925).

(b) For each necessary small school which has an average daily attendance during the fiscal year of 26 or more and less than 51, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school at least two teachers were hired full time for more than one-half of the days schools were maintained, the county superintendent shall compute for the district one hundred five thousand eight hundred fifty dollars ($105,850).

(c) For each necessary small school which has an average daily attendance during the fiscal year of 51 or more, but less than 76, exclusive

of pupils attending the 7th and 8th grades of a junior high school, and for which school three teachers were hired full time for more than one-half of the days schools were maintained, the county superintendent shall compute for the district one hundred fifty-eight thousand seven hundred seventy-five dollars ($158,775).

(d) For each necessary small school which has an average daily attendance during the fiscal year of 76 or more and less than 101, exclusive of pupils attending the 7th and 8th grades of a junior high school, and for which school four teachers were hired full time for more than one-half of the days schools were maintained, the county superintendent shall compute for the district two hundred eleven thousand seven hundred dollars ($211,700).

(e) A school district that qualifies under this section may use this funding calculation until the revenue limit per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the small school funding formula.

(f) For the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance specified in subdivisions (a) to (d), inclusive, shall be reduced by the statewide average rate of excused absences reported for elementary school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant figures and ranges rounded to the nearest integer.

SEC. 16.5. Section 47634.4 of the Education Code is amended to read:

47634.4. (a) A charter school that elects to receive its funding directly, pursuant to Section 47651, may apply individually for federal and state categorical programs, not excluded in this section, but only to the extent it is eligible for funding and meets the provisions of the program. For purposes of determining eligibility for, and allocation of, state or federal categorical aid, a charter school that applies individually shall be deemed to be a school district, except as otherwise provided in this chapter.

(b) A charter school that does not elect to receive its funding directly, pursuant to Section 47651, may, in cooperation with its chartering authority, apply for federal and state categorical programs not specified in this section, but only to the extent it is eligible for funding and meets the provisions of the program.

(c) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, a charter school may not apply directly for categorical programs for which services are exclusively or almost exclusively provided by a county office of education.

(d) Consistent with subdivision (c), a charter school may not receive direct funding for any of the following county-administered categorical programs:

(1) American Indian Education Centers.

(2) The California Association of Student Councils.

(3) California Technology Assistance Project established pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28.

(4) The Center for Civic Education.

(5) County Office Fiscal Crisis and Management Assistance Team.

(6) The K-12 High Speed Network.

(e) A charter school may apply separately for district-level or school-level grants associated with any of the categorical programs specified in subdivision (d).

(f) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, in addition to the programs listed in subdivision (d), a charter school may not apply for any of the following categorical programs:

(1) Agricultural Career Technical Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.

(2) Bilingual Teacher Training Assistance Program, as set forth in Article 4 (commencing with Section 52180) of Chapter 7 of Part 28.

(3) California Peer Assistance and Review Program for Teachers, as set forth in Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.

(4) College preparation programs, as set forth in Chapter 12 (commencing with Section 11020) of Part 7, Chapter 8.3 (commencing with Section 52240) of Part 28, and Chapter 8 (commencing with Section 60830) of Part 33.

(5) English Language Acquisition Program, as set forth in Chapter 4 (commencing with Section 400) of Part 1.

(6) Foster youth programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24.

(7) Gifted and talented pupil programs pursuant to Chapter 8 (commencing with Section 52200) of Part 28.

(8) Home-to-school transportation programs, as set forth in Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 and Article 10 (commencing with Section 41850) of Chapter 5 of Part 24.

(9) International Baccalaureate Diploma Program, as set forth in Chapter 12.5 (commencing with Section 52920) of Part 28.

(10) Mathematics and Reading Professional Development Program, as set forth in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

(11) Principal Training Program, as set forth in Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(12) Professional Development Block Grant, as set forth in Article 5 (commencing with Section 41530) of Chapter 3.2 of Part 24.

(13) Program to Reduce Class Size in Two Courses in Grade 9 (formerly The Morgan-Hart Class Size Reduction Act of 1989), as set forth in Chapter 6.8 (commencing with Section 52080) of Part 28.

(14) Pupil Retention Block Grant, as set forth in Article 2 (commencing with Section 41505) of Chapter 3.2 of Part 24.

(15) Reader services for blind teachers, as set forth in Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25.

(16) School and Library Improvement Block Grant, as set forth in Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.

(17) School Safety Consolidated Competitive Grant, as set forth in Article 3 (commencing with Section 41510) of Chapter 3.2 of Part 24.

(18) School safety programs, as set forth in Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19.

(19) Specialized secondary schools pursuant to Chapter 6 (commencing with Section 58800) of Part 31.

(20) State Instructional Materials Fund, as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(21) Targeted Instructional Improvement Block Grant, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24.

(22) Teacher Credentialing Block Grant, as set forth in Article 4 (commencing with Section 41520) of Chapter 3.2 of Part 24.

(23) Teacher dismissal apportionment, as set forth in Section 44944.

(24) The deferred maintenance program, as set forth in Article 1 (commencing with Section 17565) of Chapter 5 of Part 10.5.

(25) The General Fund contribution to the State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(26) Year-Round School Grant Program, as set forth in Article 3 (commencing with Section 42260) of Chapter 7 of Part 24.

SEC. 16.75. Section 47634.4 of the Education Code is amended to read:

47634.4. (a) A charter school that elects to receive its funding directly, pursuant to Section 47651, may apply individually for federal and state categorical programs, not excluded in this section, but only to the extent it is eligible for funding and meets the provisions of the program. For purposes of determining eligibility for, and allocation of, state or federal categorical aid, a charter school that applies individually

shall be deemed to be a school district, except as otherwise provided in this chapter.

(b) A charter school that does not elect to receive its funding directly, pursuant to Section 47651, may, in cooperation with its chartering authority, apply for federal and state categorical programs not specified in this section, but only to the extent it is eligible for funding and meets the provisions of the program.

(c) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, a charter school may not apply directly for categorical programs for which services are exclusively or almost exclusively provided by a county office of education.

(d) Consistent with subdivision (c), a charter school may not receive direct funding for any of the following county-administered categorical programs:

(1) American Indian Education Centers.

(2) The California Association of Student Councils.

(3) California Technology Assistance Project established pursuant to Article 15 (commencing with Section 51870) of Chapter 5 of Part 28.

(4) The Center for Civic Education.

(5) County Office Fiscal Crisis and Management Assistance Team.

(6) The K-12 High Speed Network.

(e) A charter school may apply separately for district-level or school-level grants associated with any of the categorical programs specified in subdivision (d).

(f) Notwithstanding any other provision of law, for the 2006–07 fiscal year and each fiscal year thereafter, in addition to the programs listed in subdivision (d), a charter school may not apply for any of the following categorical programs:

(1) Agricultural Career Technical Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.

(2) Bilingual Teacher Training Assistance Program, as set forth in Article 4 (commencing with Section 52180) of Chapter 7 of Part 28.

(3) California Peer Assistance and Review Program for Teachers, as set forth in Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.

(4) College preparation programs, as set forth in Chapter 12 (commencing with Section 11020) of Part 7, Chapter 8.3 (commencing with Section 52240) of Part 28, and Chapter 8 (commencing with Section 60830) of Part 33.

(5) English Language Acquisition Program, as set forth in Chapter 4 (commencing with Section 400) of Part 1.

(6) Foster youth programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24.

(7) Gifted and talented pupil programs pursuant to Chapter 8 (commencing with Section 52200) of Part 28.

(8) Home-to-school transportation programs, as set forth in Article 2 (commencing with Section 39820) of Chapter 1 of Part 23.5 and Article 10 (commencing with Section 41850) of Chapter 5 of Part 24.

(9) International Baccalaureate Diploma Program, as set forth in Chapter 12.5 (commencing with Section 52920) of Part 28.

(10) Mathematics and Reading Professional Development Program, as set forth in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

(11) Principal Training Program, as set forth in Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(12) Professional Development Block Grant, as set forth in Article 5 (commencing with Section 41530) of Chapter 3.2 of Part 24.

(13) Program to Reduce Class Size in Two Courses in Grade 9 (formerly The Morgan-Hart Class Size Reduction Act of 1989), as set forth in Chapter 6.8 (commencing with Section 52080) of Part 28.

(14) Pupil Retention Block Grant, as set forth in Article 2 (commencing with Section 41505) of Chapter 3.2 of Part 24.

(15) Reader services for blind teachers, as set forth in Article 8.5 (commencing with Section 45370) of Chapter 5 of Part 25.

(16) School and Library Improvement Block Grant, as set forth in Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.

(17) School Safety Consolidated Competitive Grant, as set forth in Article 3 (commencing with Section 41510) of Chapter 3.2 of Part 24.

(18) School safety programs, as set forth in Article 3.6 (commencing with Section 32228) and Article 3.8 (commencing with Section 32239.5) of Chapter 2 of Part 19.

(19) Specialized secondary schools pursuant to Chapter 6 (commencing with Section 58800) of Part 31.

(20) State Instructional Materials Fund, as set forth in Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(21) Targeted Instructional Improvement Block Grant, as set forth in Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24.

(22) Teacher dismissal apportionment, as set forth in Section 44944.

(23) The deferred maintenance program, as set forth in Article 1 (commencing with Section 17565) of Chapter 5 of Part 10.5.

(24) The General Fund contribution to the State Instructional Materials Fund pursuant to Article 3 (commencing with Section 60240) of Chapter 2 of Part 33.

(25) Year-Round School Grant Program, as set forth in Article 3 (commencing with Section 42260) of Chapter 7 of Part 24.

SEC. 17. Section 47660 of the Education Code is amended to read:

47660. (a) For purposes of computing eligibility for, and entitlements to, general purpose funding and operational funding for categorical programs, the enrollment and average daily attendance of a sponsoring local educational agency shall exclude the enrollment and attendance of pupils in its charter schools funded pursuant to this chapter.

(b) (1) Notwithstanding subdivision (a), and commencing with the 2005–06 fiscal year, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a noncharter school of the school district, if the school district was a basic aid school district in the prior fiscal year, or if the pupils reside in the unified school district and attended a charter school of that school district that converted to charter status on or after July 1, 2005. Only the attendance of the pupils described by this paragraph shall be included in the calculation made pursuant to paragraph (7) of subdivision (h) of Section 42238.

(2) Notwithstanding subdivision (a), for the 2005–06 fiscal year only, for purposes of computing eligibility for, and entitlements to, revenue limit funding, the average daily attendance of a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606 and is operating them as charter schools, shall include all attendance of pupils who reside in the unified school district and who would otherwise have been eligible to attend a noncharter school of the unified school district if the pupils attended a charter school operating in the unified school district prior to July 1, 2005. Only the attendance of pupils described by this paragraph shall be included in the calculation made pursuant to Section 42241.3. The attendance of the pupils described by this paragraph shall be included in the calculation made pursuant to paragraph (7) of subdivision (h) of Section 42238.

(c) Commencing with the 2005–06 fiscal year, for the attendance of pupils specified in subdivision (b), the general-purpose entitlement for a charter school that is established through the conversion of an existing public school within a unified school district on or after July 1, 2005, shall be determined using the following amount of general-purpose funding per unit of average daily attendance, in lieu of the amount calculated pursuant to subdivision (a) of Section 47633:

(1) The amount of the actual unrestricted revenues expended per unit of average daily attendance for that school in the year prior to its conversion to, and operation as, a charter school, adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general-purpose increases, if any, provided for the unified school district in the year of conversion to, and operation as a charter school.

(2) For a subsequent fiscal year, the general-purpose entitlement shall be determined based on the amount per unit of average daily attendance allocated in the prior fiscal year adjusted for the base revenue limit per pupil inflation increase adjustment set forth in Section 42238.1, if this adjustment is provided, and also adjusted for equalization, deficit reduction, and other state general-purpose increases, if any, provided for the unified school district in that fiscal year.

(d) Commencing with the 2005–06 fiscal year, the general-purpose funding per unit of average daily attendance specified for a unified school district for purposes of paragraph (7) of subdivision (h) of Section 42238 for a school within the unified school district that converted to charter status on or after July 1, 2005, shall be deemed to be the amount computed pursuant to subdivision (c).

(e) A unified school district that is the sponsoring local educational agency as defined in subdivision (i) of Section 47632 of a charter school that is subject to the provisions of subdivision (c) shall certify to the Superintendent the amount specified in paragraph (1) of subdivision (c) prior to the approval of the charter petition by the governing board of the school district. This amount may be based on estimates of the unrestricted revenues expended in the fiscal year prior to the school's conversion to charter status and the school's operation as a charter school, provided that the amount is recertified when the actual data becomes available.

(f) For the purposes of this section, "basic aid school district" means a school district that does not receive from the state an apportionment of state funds pursuant to subdivision (h) of Section 42238.

(g) A school district may use the existing Standardized Account Code Structure and cost allocation methods, if appropriate, for an accounting of the actual unrestricted revenues expended in support of a school pursuant to subdivision (c).

(h) For purposes of this section and Section 42241.3, "operating" means that pupils are attending, and receiving instruction at the charter school.

SEC. 18. Section 63000 of the Education Code is amended to read:

63000. The provisions of this chapter shall apply to funds received for the following categorical programs:

(a) Child care and development programs pursuant to Chapter 2 (commencing with Section 8200) of Part 6.

(b) School and Library Improvement Block Grant pursuant to Article 7 (commencing with Section 41570) of Chapter 3.2 of Part 24.

(c) Bilingual education programs pursuant to Article 1 (commencing with Section 52000) and Article 3 (commencing with Section 52160) of Chapter 7 of Part 28.

(d) Economic Impact Aid programs pursuant to Chapter 1 (commencing with Section 54000) of Part 29.

(e) The Miller-Unruh Basic Reading Act of 1965 pursuant to Chapter 2 (commencing with Section 54100) of Part 29.

(f) Compensatory education programs pursuant to Chapter 4 (commencing with Section 54400) of Part 29, except for programs for migrant children pursuant to Article 3 (commencing with Section 54440) of Chapter 4 of Part 29.

SEC. 19. Section 63001 of the Education Code is amended to read:

63001. Each school district that, in any fiscal year, receives any apportionment for any program specified in Section 63000 shall utilize no less than 85 percent of that apportionment at schoolsites for direct services to pupils. To the extent a school district chooses to transfer, pursuant to Section 41500, up to 15 percent of School and Library Improvement Block Grant funds, apportioned pursuant to Article 7 (commencing with Section 45170) of Chapter 3.2 of Part 24, a school district shall utilize no less than 85 percent of the amount remaining after the transfer for direct services to pupils.

SEC. 19.25. Section 64000 of the Education Code is amended to read:

64000. (a) The provisions of this part shall apply to applications for funds under the following categorical programs:

(1) Bilingual education programs pursuant to Article 3 (commencing with Section 52160) of Chapter 7 of Part 28.

(2) School-based coordinated categorical programs established pursuant to Chapter 12 (commencing with Section 52800) of Part 28.

(3) Economic Impact Aid programs established pursuant to Chapter 1 (commencing with Section 54000) of Part 29.

(4) The Miller-Unruh Basic Reading Act of 1965 pursuant to Chapter 2 (commencing with Section 54100) of Part 29.

(5) Compensatory education programs established pursuant to Chapter 4 (commencing with Section 54400) of Part 29, except for programs for migrant children pursuant to Article 3 (commencing with Section 54440) of Chapter 4 of Part 29.

(6) Programs providing assistance to disadvantaged pupils under Section 6312 of Title 20 of the United States Code, and programs providing assistance for neglected or delinquent pupils who are at risk of dropping out of school, as funded by Section 6421 of Title 20 of the United States Code.

(7) Capital expense funding, as provided by Title I of the Improving America's Schools Act of 1994 (20 U.S.C. Sec. 1001 et seq.).

(8) California Peer Assistance and Review Programs for Teachers established pursuant to Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25.

(9) Professional development programs established pursuant to Section 6601 of Title 20 of the United States Code.

(10) Innovative Program Strategies Programs established pursuant to Section 7303 of Title 20 of the United States Code.

(11) Programs established under the federal Class Size Reduction Initiative (P.L. 106-554).

(12) Programs for tobacco use prevention funded by Section 7115 of Title 20 of the United States Code.

(13) School safety and violence prevention programs, established pursuant to Article 3.6 (commencing with Section 32228) of Chapter 2 of Part 19.

(14) Safe and Drug Free Schools and Communities programs established pursuant to Section 7113 of Title 20 of the United States Code.

(b) Each school district that elects to apply for any of these state funds shall submit to the department, for approval by the state board, a single consolidated application for approval or continuance of those state categorical programs subject to this part.

(c) Each school district that elects to apply for any of these federal funds may submit to the department for approval, by the state board, a single consolidated application for approval or continuance of those federal categorical programs subject to this part.

SEC. 19.50. Section 64001 of the Education Code is amended to read:

64001. (a) Notwithstanding any other provision of law, school districts shall not be required to submit to the department, as part of the consolidated application, school plans for categorical programs subject to this part. School districts shall assure, in the consolidated application, that the Single Plan for Pupil Achievement established pursuant to subdivision (d) has been prepared in accordance with law, that schoolsite councils have developed and approved a plan, to be known as the Single Plan for Pupil Achievement for schools participating in programs funded through the consolidated application process, and any other school

program they choose to include, and that school plans were developed with the review, certification, and advice of any applicable school advisory committees. The Single Plan for Pupil Achievement may also be referred to as the Single Plan for Student Achievement. The consolidated application shall also include certifications by appropriate district advisory committees that the application was developed with review and advice of those committees.

For any consolidated application that does not include the necessary certifications or assurances, the department shall initiate an investigation to determine whether the consolidated application and Single Plan for Pupil Achievement were developed in accordance with law and with the involvement of applicable advisory committees and schoolsite councils.

(b) Onsite school and district compliance reviews of categorical programs shall continue, and school plans shall be required and reviewed as part of these onsite visits and compliance reviews. The Superintendent shall establish the process and frequency for conducting reviews of district achievement and compliance with state and federal categorical program requirements. In addition, the Superintendent of Public Instruction shall establish the content of these instruments, including any criteria for differentiating these reviews based on the achievement of pupils, as demonstrated by the Academic Performance Index developed pursuant to Section 52052, and evidence of district compliance with state and federal law. The state board shall review the content of these instruments for consistency with state board policy.

(c) A school district shall submit school plans whenever the department requires the plans in order to effectively administer any categorical program subject to this part. The department may require submission of the school plan for any school that is the specific subject of a complaint involving any categorical program or service subject to this part.

The department may require a school district to submit other data or information as may be necessary for the department to effectively administer any categorical program subject to this part.

(d) Notwithstanding any other provision of law, as a condition of receiving state funding for a categorical program pursuant to Section 64000, and in lieu of the information submission requirements that were previously required by this section prior to the amendments that added this subdivision and subdivisions (e) to (i), inclusive, school districts shall ensure that each school in a district that operates any categorical programs subject to this part consolidates any plans that are required by those programs into a single plan. Schools may consolidate any plans that are required by federal programs subject to this part into this plan, unless otherwise prohibited by federal law. That plan shall be known as

the Single Plan for Pupil Achievement or may be referred to as the Single Plan for Student Achievement.

(e) Plans developed pursuant to subdivision (d) of Section 52054, and Section 6314 and following of Title 20 of the United States Code, shall satisfy this requirement.

(f) Notwithstanding any other provision of law, the content of a Single Plan for Pupil Achievement shall be aligned with school goals for improving pupil achievement. School goals shall be based upon an analysis of verifiable state data, including the Academic Performance Index developed pursuant to Section 52052 and the English Language Development test developed pursuant to Section 60810, and may include any data voluntarily developed by districts to measure pupil achievement. The Single Plan for Pupil Achievement shall, at a minimum, address how funds provided to the school through any of the sources identified in Section 64000 will be used to improve the academic performance of all pupils to the level of the performance goals, as established by the Academic Performance Index developed pursuant to Section 52052. The plan shall also identify the schools' means of evaluating progress toward accomplishing those goals and how state and federal law governing these programs will be implemented.

(g) The plan required by this section shall be reviewed annually and updated, including proposed expenditure of funds allocated to the school through the consolidated application, by the schoolsite council, or, if the school does not have a schoolsite council, by schoolwide advisory groups or school support groups that conform to the requirements of Section 52852. The plans shall be reviewed and approved by the governing board of the local education agency at a regularly scheduled meeting whenever there are material changes that affect the academic programs for students covered by programs identified in Section 64000.

(h) The school plan and subsequent revisions shall be reviewed and approved by the governing board of the school district. School district governing boards shall certify that, to the extent allowable under federal law, plans developed for purposes of this section are consistent with district local improvement plans that are required as a condition of receiving federal funding.

(i) Nothing in this act may be construed to prevent a school district, at its discretion, from conducting an independent review pursuant to subdivision (c) of Section 64001 as that section read on January 1, 2001.

SEC. 19.75. Section 20118 of the Public Contract Code is amended to read:

20118. Notwithstanding Sections 20111 and 20112, the governing board of any school district, without advertising for bids, if the board has determined it to be in the best interests of the district, may authorize

by contract, lease, requisition, or purchase order, any public corporation or agency, including any county, city, town, or district, to lease data-processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property for the district in the manner in which the public corporation or agency is authorized by law to make the leases or purchases from a vendor. Upon receipt of the personal property, if the property complies with the specifications set forth in the contract, lease, requisition, or purchase order, the school district may draw a warrant in favor of the public corporation or agency for the amount of the approved invoice, including the reasonable costs to the public corporation or agency for furnishing the services incidental to the lease or purchase of the personal property, or the school district may make payment directly to the vendor. Alternatively, if there is an existing contract between a public corporation or agency and a vendor for the lease or purchase of the personal property, a school district may authorize the lease or purchase of personal property directly from the vendor by contract, lease, requisition, or purchase order and make payment to the vendor under the same terms that are available to the public corporation or agency under the contract.

SEC. 20. Item 6110-156-0890 of Section 2.00 of Chapter 38 of the Statutes of 2005 is amended to read:

6110-156-0890—For local assistance, Department of Education, Program 10.50.010.001-Adult Education, payable from the Federal Trust Fund 79,212,000

Provisions:

1. Under any grant awarded by the State Department of Education under this item to a qualifying community-based organization to provide adult basic education in English as a Second Language and English as a Second Language-Citizenship classes, the department shall make an initial payment to the organization of 25 percent of the amount of the grant. In order to qualify for an advance payment, a community-based organization shall submit an expenditure plan and shall guarantee that appropriate standards of educational quality and fiscal accountability are maintained. In addition, reimbursement of claims shall be distributed on a quarterly basis. The State Department of Education shall withhold 10 percent of the final payment of a grant as described in this provision until all claims for that community-based organization have been submitted for final payment.

2. (a) Notwithstanding any other provision of law, all nonlocal educational agencies (Non-LEA) receiving greater than $500,000 pursuant to this item shall submit an annual organizational audit, as specified, to the Audits and Investigations Division of the State Department of Education.

All audits shall be performed by one of the following: (1) a certified public accountant possessing a valid license to practice within California; (2) a member of the State Department of Education's staff of auditors; or (3) in-house auditors, if the entity receiving funds pursuant to this item is a public agency, and if the public agency has internal staff that performs auditing functions and meets the tests of independence found in Standards for Audits of Governmental Organization, Programs, Activities and Functions issued by the Comptroller General of the United States.

The audit shall be in accordance with State Department of Education audit guidelines and Office of Management and Budget, Circular No. A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions.

Non-LEA entities receiving funds pursuant to this item shall submit the annual audit no later than six months from the end of the agency fiscal year. If, for any reason, the contract is terminated during the contract period, the auditor shall cover the period from the beginning of the contract through the date of termination.

Non-LEA entities receiving funds pursuant to this item shall be held liable for all State Department of Education costs incurred in obtaining an independent audit if the contractor fails to produce or submit an acceptable audit.

(b) Notwithstanding any other provision of law, the State Department of Education shall annually submit to the Governor, Joint Legislative Budget Committee, and Joint Legislative Audit Committee limited scope audit reports of all subrecipients it is responsible for monitoring that receive between $25,000 and $500,000 of federal awards, and that do not have an organization-wide audit performed. These limited scope audits shall be conducted in accordance with the State Depart-

ment of Education audit guidelines and Office of Management and Budget, Circular No. A-133. The State Department of Education may charge audit costs to applicable federal awards, as authorized by OMB, Circular No. A-133 Section 230(b)(2).

The limited scope audits shall include agreed-upon procedures engagements conducted in accordance with either AICPA generally accepted auditing standards or attestation standards, and address one or more of the following types of compliance requirements: allowed or unallowed activities; allowable costs and cost principles; eligibility; matching; level of effort; earmarking; and reporting.

The State Department of Education shall contract for the limited scope audits with a certified public accountant possessing a valid license to practice within the state or with an independent auditor.

3. On or before March 1, 2006, the State Department of Education shall report to the appropriate subcommittees of the Assembly Budget Committee and the Senate Budget and Fiscal Review Committee on the following aspects of Title II of the federal Workforce Investment Act: (a) the makeup of those adult education providers that applied for competitive grants under Title II and those that obtained grants, by size, geographic location, and type (school districts, community colleges, community-based organizations, other local entities); (b) the extent to which participating programs were able to meet planned performance targets; and (c) a breakdown of the types of courses (ESL, ESL-Citizenship, ABE, ASE) included in the performance targets of participating agencies. It is the intent of the Legislature that the Legislature and State Department of Education utilize the information provided pursuant to this provision to (a) evaluate whether any changes need to be made to improve the implementation of the accountability-based funding system under Title II and (b) evaluate the feasibility of any future expansion of the accountability-based funding system using state funds.

SEC. 20.5. Section 7 of Chapter 491 of the Statutes of 2005 is amended to read:

Sec. 7. Item 6110-104-0001 of Section 2.00 of Chapter 38 of the Statutes of 2005 is amended to read:

6110-104-0001—For local assistance, Department of Education (Proposition 98), Program 10.10.011- School Apportionments—Remedial Supplemental Instruction Programs, for transfer to Section A of the State School Fund, for supplemental instruction and remedial programs		291,431,000
Schedule:		
(1) 10.10.011.008-School Apportionments, for Supplemental Instruction, Remedial, grades 7–12 for the purposes of Section 37252 of the Education Code	165,222,600	

(2) 10.10.011.010–School Apportionments, for Supplemental Instruction, Retained, or Recommended for Retention, grades 2–9, for the purposes of Section 37252.2 of the Education Code, as applicable 39,908,400

(3) 10.10.011.010–School Apportionments, for Supplemental Instruction, Low STAR or at risk, grades 2–6, for the purposes of Section 37252.8 of the Education Code, as applicable 15,534,000

(4) 10.10.011.011–School Apportionments, for Supplemental Instruction, core academic, grades K–12, for the purposes of Section 37253 of the Education Code.... 70,766,000

Provisions:

1. Notwithstanding any other provision of law, for the 2005–06 fiscal year the Superintendent of Public Instruction shall allocate a minimum of $7,871 for supplemental summer school programs in each school district for which the prior fiscal year enrollment was less than 500 and that, in the 2005–06 fiscal year, offers at least 1,500 hours of supplemental summer school instruction. A small school district, as described above, that offers less than 1,500 hours of supplemental summer school offerings shall receive a proportionate reduction in its allocation. For the purpose of this provision, supplemental summer school programs shall be defined as programs authorized under paragraph (2) of subdivision (f) of Section 42239 of the Education Code as it read on July 1, 1999.
2. Notwithstanding any other provision of law, for the 2005–06 fiscal year, the maximum reimbursement to a school district or charter school for the program listed in Schedule (4) shall not exceed 5 percent of the district or charter school's enrollment multiplied by 120 hours, multiplied by the hourly rate for the 2005–06 fiscal year.
4. Notwithstanding any other provision of law, the rate of reimbursement shall be $3.68 per hour of supplemental instruction.
5. Notwithstanding any other provision of law, if the funds in this item are insufficient to fund otherwise valid

claims, the superintendent shall adjust the rates to conform to available funds.

6. Of the funds appropriated in this item, $11,826,428 is for the purpose of providing a cost-of-living adjustment of 4.23 percent. Additionally, $1,915,222 is for the purpose of providing for increases in average daily attendance at a rate of 0.69 percent for supplemental instruction and remedial programs, in lieu of the amount that would otherwise be provided pursuant to any other provision of law.

7.5. The funding appropriated in this item shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for implementing Section 37252.2 of the Education Code. Local educational agencies accepting funding from this item shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from this item.

8. Notwithstanding any other provision of law, an additional $90,117,000 in expenditures for this item has been deferred until the 2006–07 fiscal year.

SEC. 21. Chapter 701 of the Statutes of 1990 is repealed.

SEC. 22. Chapter 1076 of the Statutes of 1991 is repealed.

SEC. 23. Section 3 of Chapter 352 of the Statutes of 2005 is amended to read:

Sec. 3. The sum of twenty million one hundred ninety-three thousand dollars ($20,193,000) is hereby appropriated in accordance with the following schedule:

(a) Twenty million dollars ($20,000,000) from the Proposition 98 Reversion Account to the Board of Governors of the California Community Colleges for allocation for local assistance grants to consortia of community colleges and their public elementary and secondary school partners for purposes of the act that adds this section, in accordance with a plan of expenditure developed in conjunction with the State Department of Education and approved by the Director of Finance.

(b) One hundred ninety-three thousand dollars ($193,000) to the State Department of Education from the Federal Trust Fund pursuant to the Carl D. Perkins Vocational and Technical Education Act (P.L. 105-332) to support two, two-year limited-term positions for workload associated with the grants authorized in paragraph (1) for the 2005–06 fiscal year. It is the intent of the Legislature that the second fiscal year of funding for these positions be included in the Budget Act of 2006.

SEC. 24. Section 16.75 of this bill incorporates amendments to Section 47634.4 of the Education Code proposed by this bill and Senate Bill 1209. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 47634.4 of the Education Code, and (3) this bill is enacted after Senate Bill 1209, in which case Section 16.5 of this bill shall not become operative.

CHAPTER 731

An act to add Section 399.20 to the Public Utilities Code, relating to energy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The health of the state's economy depends upon reliable, affordable, adequate, and environmentally sound supplies of energy and water.

(b) The state's rapidly growing population is increasing the demand for water and the energy needed to deliver and treat it.

(c) The state's water-related electricity demand accounts for nearly 20 percent of the state's overall electricity consumption.

(d) Despite improvements in power plant licensing, successful energy efficiency programs, and continued technological advancements, the development of new energy supplies is not keeping pace with the state's increasing demand. Moreover, the development of new renewable resources has been slower than anticipated and limited by existing transmission constraints.

(e) Unless properly managed on a statewide basis, water-related electricity demand could ultimately affect the reliability of the electric system.

(f) Public water and wastewater facilities are strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at those facilities to load centers.

(g) Renewable energy produced at public water and wastewater facilities will reduce the demand for the production of nonrenewable energy needed to serve water-related electricity demand.

SEC. 2. Section 399.20 is added to the Public Utilities Code, to read:

399.20. (a) It is the policy of this state and the intent of the Legislature to encourage energy production from renewable resources at public water and wastewater facilities in an amount commensurate with water-related electricity demand.

(b) As used in this section, "electric generation facility" means an electric generation facility, owned and operated by a public water or wastewater agency that is a retail customer of an electrical corporation, and that meets all of the following criteria:

(1) Has an effective capacity of not more than one megawatt and is located on or adjacent to a water or wastewater facility owned and operated by the public water or wastewater agency.

(2) Is interconnected and operates in parallel with the electric transmission and distribution grid.

(3) Is sized to offset part or all of the electricity demand of the public water or wastewater agency.

(4) Is strategically located and interconnected to the electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers.

(5) Is an eligible renewable energy resource, as defined in Section 399.12.

(c) Every electrical corporation shall file with the commission a standard tariff for renewable energy output produced at an electric generation facility.

(d) The tariff shall provide for payment for every kilowatthour of renewable energy output produced at an electric generation facility at the market price as determined by the commission pursuant to Section 399.15 for a period of 10, 15, or 20 years, as authorized by the commission.

(e) Every electrical corporation shall make this tariff available to public water or wastewater agencies that own and operate an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the combined statewide cumulative rated generating capacity of those electric generation facilities equals 250 megawatts. An electrical corporation may make the terms of the tariff available to public water or wastewater agencies in the form of a standard contract subject to commission approval. Each electrical corporation shall only be required to offer service or contracts under this section until that electrical corporation meets its proportionate share of the 250 megawatts based on the ratio of its peak demand to the total statewide peak demand of all electrical corporations.

(f) Every kilowatthour of renewable energy output produced by the electric generation facility shall count toward the electrical corporation's renewable portfolio standard annual procurement targets for purposes of paragraph (1) of subdivision (b) of Section 399.15.

(g) The physical generating capacity of an electric generation facility shall count toward the electrical corporation's resource adequacy requirement for purposes of Section 380.

(h) Upon approval by the commission, any tariff or contract authorized by this section may be made available to an electric generation facility that has an effective capacity of not more than 1.5 megawatts if that electrical generation facility otherwise complies with all of the provisions of this section.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the

definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 732

An act to add and repeal Section 3055.5 of the Penal Code, relating to parole.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 3055.5 is added to the Penal Code, to read:

3055.5. (a) The Department of Corrections and Rehabilitation shall contract for the establishment and operation of a prerelease parole pilot program in Alameda County.

(b) The purpose of the program is to provide coordination between departmental and community service providers to ensure that parolees transition smoothly from services during incarceration through reentry programs.

(c) (1) The program shall prepare participants who will be entering a reentry services program.

(2) Up to one year prior to his or her release on parole from any state correctional facility to Alameda County, any male or female inmate who has been committed for a nonviolent offense may enroll in the program.

(d) The program shall include, but not be limited to, a prerelease assessment screening for needed educational, employment-related, medical, substance abuse and mental health services, housing assistance, and other social services.

(e) In awarding a contract pursuant to this section, the secretary may accept proposals from public and private not-for-profit entities located in Alameda County.

(f) The contractee, with the assistance of an independent consultant with expertise in criminal justice programs, shall complete a report that evaluates the cost-effectiveness of the prerelease program with respect to the effect of the program on the recidivism rate of the participants. The contractee shall submit that report to the appropriate policy and fiscal committees of the Legislature, and to the Governor, no later than January 1, 2010. Implementation of the program is contingent upon the availability of funding for the completion of the report. The contractee may obtain funding for the report from sources outside the budget of the

Department of Corrections and Rehabilitation. The Legislature intends that no more than 5 percent of the cost of the program should be expended to prepare and submit the report.

(g) This section shall remain in effect until January 1, 2011, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2011, deletes or extends that date.

CHAPTER 733

An act to amend and supplement the Budget Act of 2006 by amending Items 0690-002-0001, 0690-102-0001, 1760-001-0002, 3540-001-0928, 3940-001-0001, 3940-001-3058, 5180-001-0001, and amending and renumbering Item 3940-115-0439, of Section 2.00 of the Budget Act of 2006, relating to the State Budget, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

I am singing Assembly Bill 1812. However, I am vetoing $450,000 in Section 2 by reducing Item 0690-102-0001 from $62,399,000 to $61,949,000, by reducing Schedule (2.5) from $58,653,000 to $58,203,000, and deleting Provision 8. This is a technical veto to correct a drafting error in which the final appropriation level and provisional language for the Office of Emergency Services, as approved in Chapter 48, Statutes of 2006 (AB 1811, Laird) were not reflected correctly in this bill.

Schwarzenegger, Arnold

The people of the State of California do enact as follows:

SECTION 1. Item 0690-002-0001 of Section 2.00 of the Budget Act of 2006 is amended to read:

0690-002-0001—For support of Office of Emergency Services		10,090,000
Schedule:		
(1) 50-Criminal Justice Projects	13,357,000	
(2) 51-California Anti-Terrorism Information Center	6,811,000	
(3) Reimbursements	−20,000	
(4) Amount payable from the Local Public Prosecutors and Public Defenders Training Fund (Item 0690-002-0241)	−78,000	

(5) Amount payable from the Victim-Witness Assistance Fund (Item 0690-002-0425)..... −1,376,000
(6) Amount payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund (Item 0690-002-0597)..... −712,000
(7) Amount payable from the Federal Trust Fund (Item 0690-002-0890)..... −7,892,000

Provisions:

1. The funds appropriated in Schedule (2) shall be used to continue and expand funding for the California Anti-Terrorism Information Center, which shall provide investigative assistance to local and federal law enforcement agencies, provide intelligence gathering and data analysis, and create and maintain a statewide informational database to analyze and distribute information related to terrorist activities. The Office of Emergency Services shall allocate funds to the Department of Justice for these purposes upon the request of the Department of Justice.
2. It is the intent of the Legislature that the General Fund shall be reimbursed from future allocations of federal security-related funds that may be used for the purposes described in this item.
3. Of the funds appropriated in this item, up to five percent ($5,000) of the augmentation for the California Multijurisdictional Methamphetamine Enforcement Teams Program may be used to conduct an independent evaluation of the program.
4. Of the funds appropriated in this item, $100,000 is provided on a two-year, limited-term basis for state operations to support the California Multijurisdictional Methamphetamine Enforcement Teams Program.

SEC. 2. Item 0690-102-0001 of Section 2.00 of the Budget Act of 2006, as amended by Chapter 48 of the Statutes of 2006, is amended to read:

0690-102-0001—For local assistance, Office of Emergency Services..... 62,399,000
Schedule:
(1.5) 50.20-Victim Services..... 9,317,000

(2.5) 50.30-Public Safety..... 58,653,000
(18) Reimbursements..... –5,571,000
Provisions:

1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.
2. To maximize the use of program funds and demonstrate the commitment of the grantees to program objectives, the Office of Emergency Services shall require all grantees of funds from the Gang Violence Suppression-Curfew Enforcement Strategy Program to provide local matching funds of at least 10 percent for the first and each subsequent year of operation. This match requirement applies to each agency that is to receive grant funds. An agency may meet its match requirements with an in-kind match, if approved by the Office of Emergency Services.
3. Of the amount appropriated in Schedule (2.5), $800,000 shall be provided for grants to counties, consistent with the Central Coast Rural Crime Prevention Program as established in Chapter 18 of the Statutes of 2003. The funds shall be distributed only to counties for planning, or for implementation of the program in those counties that have completed the planning process, consistent with Chapter 18 of the Statutes of 2003. In no case shall a grant exceed $300,000.
4. The Department of Finance shall include a special display table in the Governor's Budget under the Office of Emergency Services that displays, by fund source, component level detail for Program 50, Criminal Justice Projects. In addition, the Office of Emergency Services, in consultation with the Department of Finance, shall provide a report to the Joint Legislative Budget Committee by January 10 of each year that provides a list of grantees, total funds awarded to each grantee, and performance statistics to document program outputs and outcomes in order to assess the

state's return on investment for each component of Program 50 for each of the three years displayed in the Governor's Budget.

6. Of the amount appropriated in this item, the Department of Finance may authorize the transfer of up to 5 percent (up to $995,000) of the augmentation for the California Multijurisdictional Methamphetamine Enforcement Teams Program to Item 0690-001-0001 for the purpose of conducting an independent evaluation of the program.
7. Of the funding appropriated in this item, $29,400,000 is for local assistance to support the California Multijurisdictional Methamphetamine Enforcement Teams Program. $19,900,000 of this funding is provided on a two-year, limited-term basis. No later than January 10, 2008, the Office of Emergency Services, in consultation with the Department of Finance, shall submit to the Joint Legislative Budget Committee a report that proposes a funding allocation plan that links grant funding to the size of the problem in each of the five state-designated regions. The report shall also include a summary of spending by region, program activities, and demonstrated outcomes such as lab seizures and arrests.
8. Of the amount appropriated in this item, $400,000 shall be available for grants to any private nonprofit organizations that have previously received funding from the California Innocence Protection Program. Any entity receiving funding under this program shall provide detailed expenditure reports semiannually and annually on the use of funds provided under this program. The Office of Emergency Services shall prepare and submit a report to the Joint Legislative Budget Committee on or before June 30, 2007, on the foregoing information for each entity receiving funding under this program.
9. Of the amount appropriated in Schedule (2.5), $8,000,000 is in augmentation of the Vertical Prosecution Block Grants for a total program of $16,176,000.
10. Of the amount appropriated in Schedule (2.5), $5,700,000 is for grants to counties for Sexual Assault Felony Enforcement (SAFE) teams, pursuant to Section 13887.5 of the Penal Code.

SEC. 3. Item 1760-001-0002 of the Budget Act of 2006 is amended to read:

1760-001-0002—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Property Acquisition Law Money Account..... 3,657,000

Provisions:

1. Of the amount appropriated in this item, $1,707,000 is a loan from the General Fund, provided for the purposes of supporting the management of the state's real property assets.
2. Repayment of loans provided for the purposes of supporting the management of the state's real property assets shall be repaid within 60 days of the close of escrow from the sale of surplus property, pursuant to Section 11011 of the Government Code.
3. To the extent that the annual surplus property listing enacted in separate legislation changes the workload related to the management of the state's real property assets, the Director of Finance may adjust the amount of the General Fund loan and the total amount appropriated in this item not sooner than 30 days after notifying the Joint Legislative Budget Committee.
4. Notwithstanding any other provision of law, 2006–07 revenues from Third Party Cogeneration Projects previously shared between state agencies and the Energy Resources Fund shall be deposited in the state General Fund.
5. Upon order of the Director of Finance, the State Controller shall transfer $12,000,000 from the Property Acquisition Law Money Account to the General Fund on or before October 1, 2006.

SEC. 4. Item 3540-001-0928 of Section 2.00 of the Budget Act of 2006 is amended to read:

3540-001-0928—For support of Department of Forestry and Fire Protection, for payment to Item 3540-001-0001, payable from the Forest Resources Improvement Fund..... 7,100,000

Provisions:

1. Notwithstanding any other provision of law, the amounts loaned from the General Fund to the Forest

Resources Improvement Fund pursuant to Item 9850-011-0001 of the Budget Act of 2005, and pursuant to Section 16351 of the Government Code, shall not be required to be repaid.

SEC. 5. Item 3940-001-0001 of Section 2.00 of the Budget Act of 2006, as amended by Chapter 48 of the Statutes of 2006, is amended to read:

3940-001-0001—For support of State Water Resources Control Board		35,786,000
Schedule:		
(1) 10-Water Quality	435,962,000	
(2) 20-Water Rights	13,288,000	
(3) 30.01-Administration	17,222,000	
(4) 30.02-Distributed Administration	−17,222,000	
(5) Reimbursements	−9,999,000	
(6) Amount payable from the Unified Program Account (Item 3940-001-0028)	−522,000	
(7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193)	−63,979,000	
(8) Amount payable from the Marine Invasive Species Control Fund (Item 3940-001-0212)	−79,000	
(9) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3940-001-0235)	−2,202,000	
(10) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3940-001-0387)	−5,649,000	
(11) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-0417)	−538,000	
(12) Amount payable from the Water Recycling Subaccount (Item 3940-001-0419)	−153,000	
(13) Amount payable from the Drainage Management Subaccount (Item 3940-001-0422)	−515,000	

(14) Amount payable from the Seawater Intrusion Control Subaccount (Item 3940-001-0424)..... −39,000
(15) Amount payable from the Underground Storage Tank Tester Account (Item 3940-001-0436)..... −63,000
(16) Amount payable from the Underground Storage Tank Cleanup Fund (Item 3940-001-0439)..... −272,237,000
(17) Amount payable from the Surface Impoundment Assessment Account (Item 3940-001-0482)..... −198,000
(18) Amount payable from the 1984 State Clean Water Bond Fund (Item 3940-001-0740)..... −321,000
(19) Amount payable from the Federal Trust Fund (Item 3940-001-0890)..... −35,036,000
(20) Amount payable from the Water Rights Fund (Item 3940-001-3058).... −11,821,000
(21) Amount payable from the Watershed Protection Subaccount (Item 3940-001-6013)..... −1,069,000
(22) Amount payable from the Santa Ana River Watershed Subaccount (Item 3940-001-6016)..... −1,062,000
(23) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-001-6017)..... −47,000
(24) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-001-6019)..... −1,238,000
(25) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-6020)..... −81,000
(26) Amount payable from the Wastewater Construction Grant Subaccount (Item 3940-001-6021)..... −23,000
(27) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-001-6022)..... −1,076,000

(28) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3940-001-6031)..... −4,620,000

(29) Amount payable from the Petroleum Underground Storage Tank Financing Account (Item 3940-001-8026)..... −897,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the State Water Resources Control Board may borrow sufficient funds for cash purposes from special funds that otherwise provide support for the board. Any such loans are to be repaid with interest at the rate earned in the Pooled Money Investment Account.
2. Notwithstanding any other provision of law, the Department of Finance may adjust this item of appropriation to correct any technical errors related to the California Bay-Delta Authority reorganization plan, enacted as part of this budget act, not sooner than 30 days after written notification of the necessity therefor to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
3. Notwithstanding any other provision of law, the Department of Finance may augment this item to provide authority to spend funds encumbered prior to the 2006–07 fiscal year by the California Bay-Delta Authority for the ongoing support of the CALFED Bay-Delta Program not sooner than 30 days after written notification of the necessity therefor to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

SEC. 6. Item 3940-001-3058 of Section 2.00 of the Budget Act of 2006, as amended by Chapter 48 of the Statutes of 2006, is amended to read:

3940-001-3058—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Water Rights Fund..... 11,821,000

SEC. 7. Item 3940-115-0439 of the Budget Act of 2006, is amended and renumbered to read:

3940-015-0439—For transfer by the Controller from the Underground Storage Tank Cleanup Fund to the Water Rights Fund..... (2,320,000)
Provisions:
1. The loan appropriated in this item shall be fully repaid to the Underground Storage Tank Cleanup Fund by June 30, 2011. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.

SEC. 8. Item 5180-001-0001 of Section 2.00 of the Budget Act of 2006 is amended to read:

5180-001-0001—For support of State Department of Social Services..... 88,889,000
Schedule:

(1) 16-Welfare Programs.....	64,579,000
(2) 25-Social Services and Licensing.....	146,826,000
(3) 35-Disability Evaluation and Other Services.....	250,336,000
(6) 60.01-Administration.....	38,823,000
(7) 60.02-Distributed Administration.....	–38,823,000
(8) Reimbursements.....	–24,783,000
(9) Amount payable from Foster Family Home and Small Family Home Insurance Fund (Item 5180-001-0131).....	–2,263,000
(10) Amount payable from the Federal Trust Fund (Item 5180-001-0890)....	–345,298,000
(11) Amount payable from the Mental Health Services Fund (Item 5180-001-3085).....	–508,000

Provisions:

1. The Department of Finance may authorize the transfer of funds from Schedule (2) of this item to Schedule (1), Program 25.30, of Item 5180-151-0001, Children and Adult Services and Licensing, in order to allow counties to perform the facilities evaluation function.
2. The Department of Finance may authorize the transfer of funds from Schedule (2) of this item to Schedule (1), Program 25.30, of Item 5180-151-0001, Children and Adult Services and Licensing, in order to allow counties to perform the adoptions program function.
3. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
4. Notwithstanding paragraph (4) of subdivision (b) of Section 1778 of the Health and Safety Code, the State Department of Social Services may use no more than 20 percent of the fees collected pursuant to Chapter 10 (commencing with Section 1770) of Division 2 of the Health and Safety Code for overhead costs, facilities operation, and indirect department costs.
5. It is the intent of the Legislature to provide sufficient funding to ensure that electronic benefit transfer state administrative hearings are conducted to meet statutory timeframes. Notwithstanding the 30-day notice requirement set forth in subdivision (d) of Section 28.00, upon request by the Department of Social Services, the Department of Finance may augment expenditure authority in this item to fund increased costs associated with the state administrative hearing process at the time the request is made. Concurrent with the Department of Finance approval, written notification shall be provided to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations.
6. For the 2006–07 fiscal year, expenditures incurred by the State Department of Social Services for its implementation of Senate Bill 646 of the 2002–03 Regular

Session (Chapter 669 of the Statutes of 2002) shall not exceed the amount of revenue collected from charging substitute child care employee registries an administrative fee for participating pursuant to Section 1522.02 of the Health and Safety Code.

7. The State Department of Social Services shall continue to convene periodic meetings throughout the year so that stakeholders may receive information and have the opportunity to provide input to the department regarding the quality assurance, program integrity, and program consistency efforts in the In-Home Supportive Services program (Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code). In addition, the department shall report during 2007 budget hearings on the impact of quality assurance regulations.

SEC. 9. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make necessary statutory changes to implement the Budget Act of 2006 at the earliest possible time, it is necessary that this act take effect immediately.

CHAPTER 734

An act to add Section 25310 to the Public Resources Code, and to amend Section 9615 of the Public Utilities Code, relating to energy efficiency.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) In order to ensure that prudent investments in energy efficiency continue to be made that produce cost-effective energy savings, reduce customer demand, reduce overall system costs, increase reliability, and increase public health and environmental benefits, it is the intent of the Legislature that all load-serving entities procure all cost-effective energy efficiency measures so that the state can meet the goal of reducing

total forecasted electrical consumption by 10 percent over the next 10 years.

(b) Expanding California's energy efficiency programs will promote lower energy bills, protect public health, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels.

(c) Expanding California's energy efficiency programs will ameliorate air quality problems throughout the state and will also reduce harmful greenhouse gas emissions.

(d) The energy savings achieved through the enactment of this act are an essential component of the state's plan to meet the Governor's greenhouse gas reduction targets established in Executive Order S-3-05.

SEC. 2. Section 25310 is added to the Public Resources Code, to read:

25310. On or before November 1, 2007, and by November 1 of every third year thereafter, the commission in consultation with the Public Utilities Commission and local publicly owned electric utilities, in a public process that allows input from other stakeholders, shall, develop a statewide estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establish targets for statewide annual energy efficiency savings and demand reduction for the next 10-year period. The commission shall base its estimate at least in part on information developed pursuant to Sections 454.55, 454.56, and 9615 of the Public Utilities Code. The commission shall, for each electrical corporation and each gas corporation, include in the integrated energy policy report, a comparison of the public utility's annual targets established pursuant to Sections 454.55 and 454.56, and the public utility's actual energy efficiency savings and demand reductions.

SEC. 3. Section 9615 of the Public Utilities Code is amended to read:

9615. (a) Each local publicly owned electric utility, in procuring energy to serve the load of its retail end-use customers, shall first acquire all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(b) On or before June 1, 2007, and by June 1 of every third year thereafter, each local publicly owned electric utility shall identify all potentially achievable cost-effective electricity efficiency savings and shall establish annual targets for energy efficiency savings and demand reduction for the next 10-year period. A local publicly owned electric utility's determination of potentially achievable cost-effective electricity efficiency savings shall be made without regard to previous minimum investments undertaken pursuant to Section 385. A local publicly owned electric utility shall treat investments made to achieve energy efficiency savings and demand reduction targets as procurement investments.

(c) Within 60 days of adopting annual targets pursuant to subdivision (b), each local publicly owned electric utility shall report those targets to the State Energy Resources Conservation and Development Commission, and the basis for establishing those targets.

(d) Each local publicly owned electric utility shall report annually to its customers and to the State Energy Resources Conservation and Development Commission. The report shall contain, but is not limited to, both of the following:

(1) Its investments in energy efficiency and demand reduction programs.

(2) A description of programs, expenditures, cost-effectiveness, and expected and actual energy efficiency savings and demand reduction results.

(e) Each local publicly owned electric utility shall also annually develop and submit to the State Energy Resources Conservation and Development Commission a report containing all of the following:

(1) The sources of funding for its investments in energy efficiency and demand reduction program investments.

(2) The methodologies and input assumptions used to determine cost-effectiveness.

(3) The results of an independent evaluation that measures and verifies the energy efficiency savings and reduction in energy demand achieved by its energy efficiency and demand reduction programs.

(f) The State Energy Resources Conservation and Development Commission shall include a summary of the information reported pursuant to subdivision (e) in the integrated energy policy report prepared pursuant to Chapter 4 (commencing with Section 25300) of Division 15 of the Public Resources Code. The State Energy Resources Conservation and Development Commission shall also include, for each local publicly owned electric utility, a comparison of the local publicly owned electric utility's annual targets established in accordance with this section, and the local publicly owned electric utility's actual energy efficiency savings and demand reductions. If the State Energy Resources Conservation and Development Commission determines that improvements can be made in either the level of a local publicly owned electric utility's annual targets to achieve all cost-effective, reliable, and feasible energy savings and demand reductions and to enable the local publicly owned electric utilities, in the aggregate, to achieve statewide targets established pursuant to Section 25310, or in meeting each local publicly owned electric utility's annual targets, the State Energy Resources Conservation and Development Commission shall provide recommendations to the local publicly owned electric utility, the Legislature, and the Governor on those improvements.

SEC. 4. (a) The Legislature finds and declares that the use of air-conditioners in a hot, dry climate drives peak electricity demand in much of this state.

(b) The State Energy Resources Conservation and Development Commission shall do both of the following:

(1) Investigate options and develop a plan to improve the energy efficiency of, and to decrease the peak electricity demand of, air-conditioners.

(2) On or before January 1, 2008, prepare and submit to the Legislature a report on the plan developed pursuant to subdivision (a), including, but not limited to, any changes in law the State Energy Resources Conservation and Development Commission recommends to implement the plan.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

CHAPTER 735

An act to add Section 3053.6 to the Penal Code, relating to sex offenders.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 3053.6 is added to the Penal Code, to read:

3053.6. (a) Where a person committed to prison for a sex crime for which registration is required pursuant to Section 290 is to be released on parole, the department, in an appropriate case, shall make an order that the parolee not contact or communicate with the victim of the crime, or any of the victim's family members. In determining whether to make the order, the department shall consider the facts of the offense and the background of the parolee.

(b) Where a victim, or an immediate family member of a victim, requests that the parolee not contact him or her, the order shall be made. An immediate family member's request that the parolee not contact that person shall be granted even where the direct victim allows contact.

(c) Where the victim is a minor, the order that the parolee shall not contact or communicate with the victim shall be made where requested by the victim, or the parents or guardian of the victim. In the event of a dispute between the parents or guardians of a minor victim concerning whether a no-contact and no-communication order should be made, the board shall hold a hearing to resolve the dispute. The victim, or the parents or guardians, shall not be required to attend the hearing. The victim, or the parents of the victim, may submit a written statement to the board concerning the issue of whether a no-contact or no-communication order shall be made.

(d) The district attorney of the county that prosecuted the defendant for the sex crime for which the parolee was committed to prison may be available to facilitate and assist the victim, or victim's family member, in stating to the department whether or not the order that the parolee not contact or communicate with him or her shall be made.

CHAPTER 736

An act to amend Section 7596 of the Government Code, and to amend Section 6404.5 of the Labor Code, relating to smoking.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7596 of the Government Code is amended to read:

7596. As used in this chapter, the following terms have the following meanings:

(a) "Public building" means a building owned and occupied, or leased and occupied, by the state, a county, a city, a city and county, or a California community college district.

(1) "Inside a public building" includes all indoor areas of the building, except for covered parking lots and residential space. "Inside a public building" also includes any indoor space leased to the state, county, or city, except for covered parking lots and residential space.

(2) "Residential space" means a private living area, but it does not include common areas such as lobbies, lounges, waiting areas, elevators, stairwells, and restrooms that are a structural part of a multicomplex building such as a dormitory.

(3) (A) "Covered parking lot" means an area designated for the parking of vehicles that is enclosed or contains a roof or ceiling. "Covered parking lot" does not include lobbies, lounges, waiting areas, elevators, stairwells, and restrooms that are a structural part of the parking lot or a building to which it is attached.

(B) The application of this subparagraph shall not supersede or render inapplicable permitted smoking of tobacco products under this chapter within any other part of a covered parking lot not specifically listed in subparagraph (1).

(b) "State" or "state agency" means a state agency, as defined pursuant to Section 11000, the Legislature, the Supreme Court and the courts of appeal, and each campus of the California State University and the University of California.

(c) "Public employee" means an employee of a state agency or an employee of a county or city.

SEC. 2. Section 6404.5 of the Labor Code is amended to read:

6404.5. (a) The Legislature finds and declares that regulation of smoking in the workplace is a matter of statewide interest and concern. It is the intent of the Legislature in enacting this section to prohibit the smoking of tobacco products in all (100 percent of) enclosed places of employment in this state, as covered by this section, thereby eliminating the need of local governments to enact workplace smoking restrictions within their respective jurisdictions. It is further the intent of the Legislature to create a uniform statewide standard to restrict and prohibit the smoking of tobacco products in enclosed places of employment, as specified in this section, in order to reduce employee exposure to environmental tobacco smoke to a level that will prevent anything other than insignificantly harmful effects to exposed employees, and also to eliminate the confusion and hardship that can result from enactment or enforcement of disparate local workplace smoking restrictions. Notwithstanding any other provision of this section, it is the intent of the Legislature that any area not defined as a "place of employment" pursuant to subdivision (d) or in which the smoking of tobacco products is not regulated pursuant to subdivision (e) shall be subject to local regulation of smoking of tobacco products.

(b) No employer shall knowingly or intentionally permit, and no person shall engage in, the smoking of tobacco products in an enclosed space at a place of employment. "Enclosed space" includes lobbies, lounges, waiting areas, elevators, stairwells, and restrooms that are a structural part of the building and not specifically defined in subdivision (d).

(c) For purposes of this section, an employer who permits any nonemployee access to his or her place of employment on a regular basis

has not acted knowingly or intentionally in violation of this section if he or she has taken the following reasonable steps to prevent smoking by a nonemployee:

(1) Posted clear and prominent signs, as follows:

(A) Where smoking is prohibited throughout the building or structure, a sign stating "No smoking" shall be posted at each entrance to the building or structure.

(B) Where smoking is permitted in designated areas of the building or structure, a sign stating "Smoking is prohibited except in designated areas" shall be posted at each entrance to the building or structure.

(2) Has requested, when appropriate, that a nonemployee who is smoking refrain from smoking in the enclosed workplace.

For purposes of this subdivision, "reasonable steps" does not include (A) the physical ejection of a nonemployee from the place of employment or (B) any requirement for making a request to a nonemployee to refrain from smoking, under circumstances involving a risk of physical harm to the employer or any employee.

(d) For purposes of this section, "place of employment" does not include any of the following:

(1) Sixty-five percent of the guestroom accommodations in a hotel, motel, or similar transient lodging establishment.

(2) Areas of the lobby in a hotel, motel, or other similar transient lodging establishment designated for smoking by the establishment. An establishment may permit smoking in a designated lobby area that does not exceed 25 percent of the total floor area of the lobby or, if the total area of the lobby is 2,000 square feet or less, that does not exceed 50 percent of the total floor area of the lobby. For purposes of this paragraph, "lobby" means the common public area of an establishment in which registration and other similar or related transactions, or both, are conducted and in which the establishment's guests and members of the public typically congregate.

(3) Meeting and banquet rooms in a hotel, motel, other transient lodging establishment similar to a hotel or motel, restaurant, or public convention center, except while food or beverage functions are taking place, including setup, service, and cleanup activities, or when the room is being used for exhibit purposes. At times when smoking is not permitted in a meeting or banquet room pursuant to this paragraph, the establishment may permit smoking in corridors and prefunction areas adjacent to and serving the meeting or banquet room if no employee is stationed in that corridor or area on other than a passing basis.

(4) Retail or wholesale tobacco shops and private smokers' lounges. For purposes of this paragraph:

(A) "Private smokers' lounge" means any enclosed area in or attached to a retail or wholesale tobacco shop that is dedicated to the use of tobacco products, including, but not limited to, cigars and pipes.

(B) "Retail or wholesale tobacco shop" means any business establishment the main purpose of which is the sale of tobacco products, including, but not limited to, cigars, pipe tobacco, and smoking accessories.

(5) Cabs of motortrucks, as defined in Section 410 of the Vehicle Code, or truck tractors, as defined in Section 655 of the Vehicle Code, if no nonsmoking employees are present.

(6) Warehouse facilities. For purposes of this paragraph, "warehouse facility" means a warehouse facility with more than 100,000 square feet of total floorspace, and 20 or fewer full-time employees working at the facility, but does not include any area within a facility that is utilized as office space.

(7) Gaming clubs, in which smoking is permitted by subdivision (f). For purposes of this paragraph, "gaming club" means any gaming club, as defined in Section 19802 of the Business and Professions Code, or bingo facility, as defined in Section 326.5 of the Penal Code, that restricts access to minors under 18 years of age.

(8) Bars and taverns, in which smoking is permitted by subdivision (f). For purposes of this paragraph, "bar" or "tavern" means a facility primarily devoted to the serving of alcoholic beverages for consumption by guests on the premises, in which the serving of food is incidental. "Bar or tavern" includes those facilities located within a hotel, motel, or other similar transient occupancy establishment. However, when located within a building in conjunction with another use, including a restaurant, "bar" or "tavern" includes only those areas used primarily for the sale and service of alcoholic beverages. "Bar" or "tavern" does not include the dining areas of a restaurant, regardless of whether alcoholic beverages are served therein.

(9) Theatrical production sites, if smoking is an integral part of the story in the theatrical production.

(10) Medical research or treatment sites, if smoking is integral to the research and treatment being conducted.

(11) Private residences, except for private residences licensed as family day care homes, during the hours of operation as family day care homes and in those areas where children are present.

(12) Patient smoking areas in long-term health care facilities, as defined in Section 1418 of the Health and Safety Code.

(13) Breakrooms designated by employers for smoking, provided that all of the following conditions are met:

(A) Air from the smoking room shall be exhausted directly to the outside by an exhaust fan. Air from the smoking room shall not be recirculated to other parts of the building.

(B) The employer shall comply with any ventilation standard or other standard utilizing appropriate technology, including, but not limited to, mechanical, electronic, and biotechnical systems, adopted by the Occupational Safety and Health Standards Board or the federal Environmental Protection Agency. If both adopt inconsistent standards, the ventilation standards of the Occupational Safety and Health Standards Board shall be no less stringent than the standards adopted by the federal Environmental Protection Agency.

(C) The smoking room shall be located in a nonwork area where no one, as part of his or her work responsibilities, is required to enter. For purposes of this subparagraph, "work responsibilities" does not include any custodial or maintenance work carried out in the breakroom when it is unoccupied.

(D) There are sufficient nonsmoking breakrooms to accommodate nonsmokers.

(14) Employers with a total of five or fewer employees, either full time or part time, may permit smoking where all of the following conditions are met:

(A) The smoking area is not accessible to minors.

(B) All employees who enter the smoking area consent to permit smoking. No one, as part of his or her work responsibilities, shall be required to work in an area where smoking is permitted. An employer who is determined by the division to have used coercion to obtain consent or who has required an employee to work in the smoking area shall be subject to the penalty provisions of Section 6427.

(C) Air from the smoking area shall be exhausted directly to the outside by an exhaust fan. Air from the smoking area shall not be recirculated to other parts of the building.

(D) The employer shall comply with any ventilation standard or other standard utilizing appropriate technology, including, but not limited to, mechanical, electronic, and biotechnical systems, adopted by the Occupational Safety and Health Standards Board or the federal Environmental Protection Agency. If both adopt inconsistent standards, the ventilation standards of the Occupational Safety and Health Standards Board shall be no less stringent than the standards adopted by the federal Environmental Protection Agency.

This paragraph shall not be construed to (i) supersede or render inapplicable any condition or limitation on smoking areas made applicable to specific types of business establishments by any other

paragraph of this subdivision or (ii) apply in lieu of any otherwise applicable paragraph of this subdivision that has become inoperative.

(e) Paragraphs (13) and (14) of subdivision (d) shall not be construed to require employers to provide reasonable accommodation to smokers, or to provide breakrooms for smokers or nonsmokers.

(f) (1) Except as otherwise provided in this subdivision, smoking may be permitted in gaming clubs, as defined in paragraph (7) of subdivision (d), and in bars and taverns, as defined in paragraph (8) of subdivision (d), until the earlier of the following:

(A) January 1, 1998.

(B) The date of adoption of a regulation (i) by the Occupational Safety and Health Standards Board reducing the permissible employee exposure level to environmental tobacco smoke to a level that will prevent anything other than insignificantly harmful effects to exposed employees or (ii) by the federal Environmental Protection Agency establishing a standard for reduction of permissible exposure to environmental tobacco smoke to an exposure level that will prevent anything other than insignificantly harmful effects to exposed persons.

(2) If a regulation specified in subparagraph (B) of paragraph (1) is adopted on or before January 1, 1998, smoking may thereafter be permitted in gaming clubs and in bars and taverns, subject to full compliance with, or conformity to, the standard in the regulation within two years following the date of adoption of the regulation. An employer failing to achieve compliance with, or conformity to, the regulation within this two-year period shall prohibit smoking in the gaming club, bar, or tavern until compliance or conformity is achieved. If the Occupational Safety and Health Standards Board and the federal Environmental Protection Agency both adopt regulations specified in subparagraph (B) of paragraph (1) that are inconsistent, the regulations of the Occupational Safety and Health Standards Board shall be no less stringent than the regulations of the federal Environmental Protection Agency.

(3) If a regulation specified in subparagraph (B) of paragraph (1) is not adopted on or before January 1, 1998, the exemptions specified in paragraphs (7) and (8) of subdivision (d) shall become inoperative on and after January 1, 1998, until a regulation is adopted. Upon adoption of such a regulation on or after January 1, 1998, smoking may thereafter be permitted in gaming clubs and in bars and taverns, subject to full compliance with, or conformity to, the standard in the regulation within two years following the date of adoption of the regulation. An employer failing to achieve compliance with, or conformity to, the regulation within this two-year period shall prohibit smoking in the gaming club, bar, or tavern until compliance or conformity is achieved. If the

Occupational Safety and Health Standards Board and the federal Environmental Protection Agency both adopt regulations specified in subparagraph (B) of paragraph (1) that are inconsistent, the regulations of the Occupational Safety and Health Standards Board shall be no less stringent than the regulations of the federal Environmental Protection Agency.

(4) From January 1, 1997, to December 31, 1997, inclusive, smoking may be permitted in gaming clubs, as defined in paragraph (7) of subdivision (d), and in bars and taverns, as defined in paragraph (8) of subdivision (d), subject to both of the following conditions:

(A) If practicable, the gaming club or bar or tavern shall establish a designated nonsmoking area.

(B) If feasible, no employee shall be required, in the performance of ordinary work responsibilities, to enter any area in which smoking is permitted.

(g) The smoking prohibition set forth in this section shall constitute a uniform statewide standard for regulating the smoking of tobacco products in enclosed places of employment and shall supersede and render unnecessary the local enactment or enforcement of local ordinances regulating the smoking of tobacco products in enclosed places of employment. Insofar as the smoking prohibition set forth in this section is applicable to all (100-percent) places of employment within this state and, therefore, provides the maximum degree of coverage, the practical effect of this section is to eliminate the need of local governments to enact enclosed workplace smoking restrictions within their respective jurisdictions.

(h) Nothing in this section shall prohibit an employer from prohibiting smoking in an enclosed place of employment for any reason.

(i) The enactment of local regulation of smoking of tobacco products in enclosed places of employment by local governments shall be suspended only for as long as, and to the extent that, the (100-percent) smoking prohibition provided for in this section remains in effect. In the event this section is repealed or modified by subsequent legislative or judicial action so that the (100-percent) smoking prohibition is no longer applicable to all enclosed places of employment in California, local governments shall have the full right and authority to enforce previously enacted, and to enact and enforce new, restrictions on the smoking of tobacco products in enclosed places of employment within their jurisdictions, including a complete prohibition of smoking. Notwithstanding any other provision of this section, any area not defined as a "place of employment" or in which smoking is not regulated pursuant to subdivision (d) or (e), shall be subject to local regulation of smoking of tobacco products.

(j) Any violation of the prohibition set forth in subdivision (b) is an infraction, punishable by a fine not to exceed one hundred dollars ($100) for a first violation, two hundred dollars ($200) for a second violation within one year, and five hundred dollars ($500) for a third and for each subsequent violation within one year. This subdivision shall be enforced by local law enforcement agencies, including, but not limited to, local health departments, as determined by the local governing body.

(k) Notwithstanding Section 6309, the division shall not be required to respond to any complaint regarding the smoking of tobacco products in an enclosed space at a place of employment, unless the employer has been found guilty pursuant to subdivision (j) of a third violation of subdivision (b) within the previous year.

(*l*) If any provision of this act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 737

An act to amend Section 12950.1 of the Government Code, and to amend Section 204 of the Labor Code, relating to employment.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 12950.1 of the Government Code is amended to read:

12950.1. (a) By January 1, 2006, an employer having 50 or more employees shall provide at least two hours of classroom or other effective interactive training and education regarding sexual harassment to all supervisory employees in California who are employed as of July 1,

2005, and to all new supervisory employees within six months of their assumption of a supervisory position. Any employer who has provided this training and education to a supervisory employee after January 1, 2003, is not required to provide training and education by the January 1, 2006, deadline. After January 1, 2006, each employer covered by this section shall provide sexual harassment training and education to each supervisory employee in California once every two years. The training and education required by this section shall include information and practical guidance regarding the federal and state statutory provisions concerning the prohibition against and the prevention and correction of sexual harassment and the remedies available to victims of sexual harassment in employment. The training and education shall also include practical examples aimed at instructing supervisors in the prevention of harassment, discrimination, and retaliation, and shall be presented by trainers or educators with knowledge and expertise in the prevention of harassment, discrimination, and retaliation.

(b) The state shall incorporate the training required by subdivision (a) into the 80 hours of training provided to all new supervisory employees pursuant to subdivision (b) of Section 19995.4, using existing resources.

(c) For purposes of this section only, "employer" means any person regularly employing 50 or more persons or regularly receiving the services of 50 or more persons providing services pursuant to a contract, or any person acting as an agent of an employer, directly or indirectly, the state, or any political or civil subdivision of the state, and cities.

(d) Notwithstanding subdivisions (j) and (k) of Section 12940, a claim that the training and education required by this section did not reach a particular individual or individuals shall not in and of itself result in the liability of any employer to any present or former employee or applicant in any action alleging sexual harassment. Conversely, an employer's compliance with this section does not insulate the employer from liability for sexual harassment of any current or former employee or applicant.

(e) If an employer violates this section, the commission shall issue an order requiring the employer to comply with these requirements.

(f) The training and education required by this section is intended to establish a minimum threshold and should not discourage or relieve any employer from providing for longer, more frequent, or more elaborate training and education regarding workplace harassment or other forms of unlawful discrimination in order to meet its obligations to take all reasonable steps necessary to prevent and correct harassment and discrimination.

SEC. 2. Section 204 of the Labor Code is amended to read:

204. (a) All wages, other than those mentioned in Section 201, 202, 204.1, or 204.2, earned by any person in any employment are due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays. Labor performed between the 1st and 15th days, inclusive, of any calendar month shall be paid for between the 16th and the 26th day of the month during which the labor was performed, and labor performed between the 16th and the last day, inclusive, of any calendar month, shall be paid for between the 1st and 10th day of the following month. However, salaries of executive, administrative, and professional employees of employers covered by the Fair Labor Standards Act, as set forth pursuant to Section 13(a)(1) of the Fair Labor Standards Act, as amended through March 1, 1969, in Part 541 of Title 29 of the Code of Federal Regulations, as that part now reads or may be amended to read at any time hereafter, may be paid once a month on or before the 26th day of the month during which the labor was performed if the entire month's salaries, including the unearned portion between the date of payment and the last day of the month, are paid at that time.

(b) (1) Notwithstanding any other provision of this section, all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period.

(2) An employer is in compliance with the requirements of subdivision (a) of Section 226 relating to total hours worked by the employee, if hours worked in excess of the normal work period during the current pay period are itemized as corrections on the paystub for the next regular pay period. Any corrections set out in a subsequently issued paystub shall state the inclusive dates of the pay period for which the employer is correcting its initial report of hours worked.

(c) However, when employees are covered by a collective bargaining agreement that provides different pay arrangements, those arrangements shall apply to the covered employees.

(d) The requirements of this section shall be deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven calendar days following the close of the payroll period.

CHAPTER 738

An act relating to energy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The Public Utilities Commission shall, by December 31, 2007, improve the California Alternative Rates for Energy or CARE program application process for tenants of a mobilehome park, apartment building, or similar residential complex, receiving electric or gas service from a master-meter customer through a submetered system pursuant to Section 739.5, by doing both of the following:

(1) Developing processes whereby electrical corporations and gas corporations are able to directly accept CARE applications from tenants of a mobilehome park, apartment building, or similar residential complex.

(2) Developing processes whereby electrical corporations and gas corporations are able to directly notify and provide renewal applications to tenants of a mobilehome park, apartment building, or similar residential complex, that are existing CARE customers.

(b) The Public Utilities Commission shall, by December 31, 2007, improve the CARE program by developing processes whereby each electrical corporation and gas corporation is required to provide each master-meter customer that is subject to Section 739.5 with a list of tenants who are approved to receive discounts pursuant to the CARE program. The list shall specifically identify those tenants added to or deleted from CARE program eligibility since the previous billing cycle.

(c) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is chaptered before January 1, 2008, deletes or extends that date.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 739

An act to add Sections 8685.9 and 65302.6 to the Government Code, relating to local planning.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 8685.9 is added to the Government Code, to read:

8685.9. Notwithstanding any other provision of law, including Section 8686, for any eligible project, the state share shall not exceed 75 percent of total state eligible costs unless the local agency is located within a city, county, or city and county that has adopted a local hazard mitigation plan in accordance with the federal Disaster Mitigation Act of 2000 (P.L. 106-390) as part of the safety element of its general plan adopted pursuant to subdivision (g) of Section 65302. In that situation, the Legislature may provide for a state share of local costs that exceeds 75 percent of total state eligible costs.

SEC. 2. Section 65302.6 is added to the Government Code, to read:

65302.6. (a) A city, county, or a city and county may adopt with its safety element pursuant to subdivision (g) of Section 65302 a local hazard mitigation plan (HMP) specified in the federal Disaster Mitigation Act of 2000 (P. L. 106-390). The hazard mitigation plan shall include all of the following elements called for in the federal act requirements:

(1) An initial earthquake performance evaluation of public facilities that provide essential services, shelter, and critical governmental functions.

(2) An inventory of private facilities that are potentially hazardous, including, but not limited to, multiunit, soft story, concrete tilt-up, and concrete frame buildings.

(3) A plan to reduce the potential risk from private and governmental facilities in the event of a disaster.

(b) Local jurisdictions that have not adopted a local hazard mitigation plan shall be given preference by the Office of Emergency Services in recommending actions to be funded from the Pre-Disaster Mitigation Program, the Hazard Mitigation Grant Program, and the Flood Mitigation Assistance Program to assist the local jurisdiction in developing and adopting a local hazard mitigation plan, subject to available funding from the Federal Emergency Management Agency.

CHAPTER 740

An act to amend Sections 24, 673, 677, 700, 728, 738, 739.5, 739.6, 739.12, 1010, 1063.1, 1063.5, 1064.12, 1077.1, 1215.13, 1656, 1676, 1679, 1707, 1733, 1775.4, 1808, 11521.6,, 11629.85, and 11778 of, and to add Sections 881.2, 1064.13, and 11549 to, the Insurance Code, and

to amend Section 12253 of the Revenue and Taxation Code, relating to insurance.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 24 of the Insurance Code is amended to read:

24. "Admitted," in relation to a person, means entitled to transact insurance business in this state, having complied with the laws imposing conditions precedent to transaction of such business. The State Compensation Insurance Fund shall be deemed to be admitted pursuant to authority to transact workers' compensation insurance granted by the Legislature. The commissioner shall not revoke or suspend the State Compensation Insurance Fund's authority to transact workers' compensation insurance.

SEC. 2. Section 673 of the Insurance Code is amended to read:

673. (a) As used in this section, "exercise the right to cancel" means the act of formally electing to use the right of the insured to cancel any insurance policy in accordance with and subject to the provisions of that policy when the right to use that right of the insured has been transferred or assigned by the insured in writing executed by, or on behalf of, the insured to a lender who has advanced to the insurer the premium for the policy. The transfer or assignment may be by power of attorney or other document. The transfer or assignment may, but need not, be accompanied by an assignment of any unearned premium due the insured on cancellation.

(b) No lender shall exercise the right to cancel a financed insurance policy because of the default of the insured under a premium payment loan agreement except in accordance with this section.

(c) Written notice of the exercise of the right to cancel shall be mailed by the lender to the insurer and to the insured at the address shown on the premium payment loan agreement or his or her last known address, specifying a date five days or more after the date of mailing of such notice as the effective date of cancellation. Any insurer may, in writing delivered to the lender, waive, generally or specifically, the right to receive such notice or notices. A copy of such notice may be mailed to the producer of record if known to the lender, but failure to do so shall not affect any rights granted by this section. This subdivision shall not apply to an industrial loan company.

(d) An industrial loan company shall, in giving the insured 10 days' notice of its intent to cancel pursuant to Section 18608 of the Financial

Code, furnish a copy of such notice to the insurance agent or insurance broker indicated on the premium finance agreement. After expiration of the 10-day period, the industrial loan company may thereafter, in the name of the insured, cancel the insurance contract or contracts by mailing to the insurer a written notice of cancellation, and the insurance contract shall be canceled as if the notice of cancellation had been submitted by the insured person, but without requiring the return of the insurance contract or contracts. The industrial loan company shall also mail a notice of cancellation, setting forth the effective date of cancellation of the finance insurance contract, to the insured at his or her last known address and to the insurance agent or insurance broker indicated on the premium finance agreement. For the purposes of this subdivision, the words "premium finance agreement" shall have the same meaning as that specified in Section 18564 of the Financial Code.

(e) A written exercise of that right containing a confirmation of the effective date of cancellation shall be mailed by the lender to the insurer within five days following that effective date of cancellation specified in the notice described in subdivision (c) unless the insured has cured any and all defaults. Cancellation shall be effective on the financed insurance policy without requiring the return of the insurance policy or insurance policies, except as provided in subdivisions (f) and (g), on the confirmation date specified in the written exercise of that right. This subdivision shall not apply to an industrial loan company.

(f) All statutory, regulatory, and contractual restrictions providing that the financed insurance policy may not be canceled unless notice is given to a governmental agency, mortgagee, or other third party shall apply where cancellation is effected under this section. The insurer shall give the prescribed notice on behalf of itself or the insured to any governmental agency, mortgagee, or other third party on or before the fifth business day after the day it receives the written exercise of cancellation right containing confirmation of the cancellation date from the lender, as provided in subdivision (e), or a written notice of cancellation from an industrial loan company, pursuant to subdivision (d), and shall, for the purpose of the notice, determine the effective date of cancellation as to those persons mentioned in this subdivision only, taking into consideration the number of days' notice required to complete the cancellation.

(g) Whenever such a financed insurance policy is canceled by any party for any reason:

(1) The insurer shall, in accordance with the written agreements of which it has notice, return to the lender such unearned premiums as are due to the lender. The amount of the return premiums shall be based upon the confirmed date of cancellation specified in subdivision (e), or

upon the written notice of cancellation specified in subdivision (d) in the case of an industrial loan company, lessened by the amount, if any, to compensate equitably the insurer for carrying the risk of loss as to any governmental agency, mortgagee, or other parties specified in subdivision (f) from that date to the effective date of cancellation as to those parties.

(2) When a financed insurance policy is canceled, or the insured discontinues payments to a lender, the insurer shall calculate the return premium on a pro rata basis. This paragraph shall not apply to any policy issued under an assigned risk plan or to any policy with respect to which the insurer has made a loan to the insured for the purposes of payment of premiums for the policy.

(h) The commissioner may amend the rules and regulations of any assigned risk plan, fair plan, or similar plan to provide for the equitable assignment of insurance risks among insurers now in existence or hereafter established, in such manner as may be necessary to carry out the purposes of this section.

(i) A lender which sends a written exercise of cancellation right or a written notice of cancellation to an insurer, as provided in subdivision (c), or subdivision (d) in the case of an industrial loan company, thereby represents that he or she has a valid right to do so and to receive the unearned premium. If the lender thereby accomplishes the cancellation and receives an unearned premium, such representation shall be conclusive as between the insurer and the lender. An insurer relying upon the written exercise of that right containing a confirmation of cancellation date and giving, when applicable, notice as required by subdivision (e), shall be relieved from complying with any other duty or form of cancellation required by this code.

(j) This section shall not apply where the insurer exercises its own right to cancel the policy for nonpayment of premium, direct or indirect, or otherwise. Such a cancellation shall be subject to all applicable provisions of the policy, this code, except this section, and any rights of the lender of which the insurer has written notice.

(k) Whenever a lender or industrial loan company cancels a policy as described in this section and then requests the insurer to reinstate the policy, the insurer shall provide written notice by mail to the insured, agent/broker, and lender or industrial loan company within 15 days that the reinstatement has been accepted or rejected.

(*l*) This section shall apply only to contracts entered into between an insured and a lender on or after January 1, 1974.

SEC. 3. Section 677 of the Insurance Code is amended to read:

677. (a) All notices of cancellation shall be in writing, mailed to the named insured at the address shown in the policy, or to his or her last

known address, and shall state, with respect to policies in effect after the time limits specified in Section 676, (1) which of the grounds set forth in Section 676 is relied upon, and, in accordance with the requirements of subdivisions (a) and (e) of Section 791.10, and (2) the specific information supporting the cancellation, the specific items of personal and privileged information that support those reasons, if applicable, and corresponding summary of rights.

(b) For purposes of this section, a lienholder's copy of those notices shall be deemed mailed if, with the lienholder's consent, it is delivered by electronic transmittal, facsimile, or personal delivery.

SEC. 3.1. Section 700 of the Insurance Code is amended to read:

700. (a) A person shall not transact any class of insurance business in this state without first being admitted for that class. Except for the State Compensation Insurance Fund as authorized by Sections 11770 and 11778 to 11780.5, inclusive, admission is secured by procuring a certificate of authority from the commissioner. The certificate shall not be granted until the applicant conforms to the requirements of this code and of the laws of this state prerequisite to its issue.

(b) The unlawful transaction of insurance business in this state in willful violation of the requirement for a certificate of authority is a public offense punishable by imprisonment in the state prison, or in a county jail not exceeding one year, or by fine not exceeding one hundred thousand dollars ($100,000), or by both that fine and imprisonment, and shall be enjoined by a court of competent jurisdiction on petition of the commissioner.

(c) After the issuance of a certificate of authority, the holder shall continue to comply with the requirements as to its business set forth in this code and in the other laws of this state, including, but not limited to, Chapter 5 (commencing with Section 1631), with regard to employees or contractors who solicit, negotiate, or effect insurance.

(d) Where a hearing is held under this section the proceedings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted therein.

(e) The commissioner shall either issue or deny an application for a certificate of authority within 180 calendar days after the date of the application.

(f) The commissioner and his or her authorized representative shall be prohibited from seeking a waiver to extend the 180 calendar day period specified in subdivision (e), nor shall the applicant be permitted to waive that period.

SEC. 3.2. Section 728 of the Insurance Code is amended to read:

728. (a) For the purposes of this section, the following definitions are applicable:

(1) "Subject person" means any director, officer, or employee or other natural person who participates in the management, direction, or control of an insurer.

(2) "Insurer" means any domestic insurer, and any insurer which is admitted to transact insurance in this state, provided that if a subject person of an insurer is not a resident of California, or operating out of a place of business within California, then the subject person shall be engaged in the direct management, direction, or control of the insurer in California in order to come within the provisions of this section.

(b) If, after notice and a hearing, the commissioner finds all of the following, the commissioner may issue an order removing a subject person from his or her office or employment with the insurer and prohibiting the subject person from further participating in any manner in the conduct of the business of the insurer, except with the prior consent of the commissioner:

(1) The subject person has engaged in repeated acts of misconduct with respect to the operations of an insurer which have resulted in substantial financial loss to an insurer.

(2) The misconduct which forms the pattern is fraudulent, or consists of willful acts or omissions involving personal dishonesty in the acceptance, custody, or payment of money or property on the part of the subject person which has endangered or is likely to endanger the solvency of the insurer.

(3) The pattern of misconduct is relevant in that it demonstrates unfitness to continue as a subject person.

(c) (1) If the commissioner gives written notice pursuant to subdivision (b) to a subject person, the commissioner may immediately issue an order suspending the subject person from his or her office or employment with the insurer and prohibiting the subject person from further participating in any manner in the conduct of the business of an insurer, except with the prior consent of the commissioner if the commissioner: (A) finds that failure to immediately issue such order threatens the financial solvency of the insurer or may otherwise cause immediate and irreparable financial injury to the insurer (B) serves that subject person and the insurer with written notice of the suspension order; and (C) finds that all of the necessary factors are present which would permit the commissioner, after notice and a hearing, to issue an order pursuant to subdivision (b) removing a subject person from his or her office or employment with the insurer and prohibiting the subject person from further participating in any manner in the conduct of the business of an insurer.

(2) Any suspension order issued pursuant to paragraph (1) of this subdivision shall be effective until the date the commissioner dismisses the charges contained in the notice served under subdivision (b) or paragraph (1) of this subdivision, the effective date of an order issued by the commissioner pursuant to subdivision (b), or a court issues a stay of the order pursuant to subdivision (d).

(d) Within 10 days after a subject person has been served with an order of suspension pursuant to subdivision (c), the person may apply to the superior court of the county in which the principal office of the insurer is located for a stay of the order pending completion of the proceedings pursuant to subdivision (b), and the court shall have jurisdiction to issue an order staying the suspension. Nothing in this subdivision shall be deemed to authorize the court to issue a stay order on an ex parte basis.

(e) (1) If the commissioner finds both of the following, he or she may immediately issue an order suspending a subject person from his or her office or employment with an insurer and prohibiting the subject person from further participating in any manner in the conduct of the business of an insurer, except with the prior consent of the commissioner: (A) the subject person has been charged in an indictment issued by a grand jury, or in an information, complaint, or similar pleading issued by a United States Attorney, district attorney, or other governmental official or agency authorized to prosecute crimes, with a crime punishable by imprisonment for a term exceeding one year and which involves as one of its necessary elements a fraudulent act or an act of dishonesty in the acceptance, custody, or payment of money or property; and (B) that a failure to immediately issue the order threatens the financial solvency of the insurer, or may otherwise cause immediate and irreparable financial injury to the insurer.

In the event the criminal proceedings are terminated other than by judgment of conviction, an order issued pursuant to paragraph (1) of this subdivision shall be deemed rescinded as if it had not been issued.

(2) If the commissioner finds both of the following, he or she may immediately issue an order removing a subject person from his or her office or employment with an insurer and prohibiting the subject person from further participating in any manner in the conduct of the business of the insurer, except with the prior consent of the commissioner: (A) the person has been convicted during the preceding five years of a crime that is punishable by imprisonment for a term exceeding one year and that has as one of its necessary elements a fraudulent act or an act of dishonesty in the accepting, custody, or payment of money or property; and (B) that a failure to immediately issue the order threatens the financial

solvency of the insurer, or may otherwise cause immediate and irreparable financial injury to the insurer.

(3) The fact that any subject person charged with a crime involving as one of its necessary elements a fraudulent act or any act of dishonesty in the acceptance, custody, or payment of money or property is not convicted of that crime shall not preclude the commissioner from issuing an order regarding the subject person pursuant to other provisions of this code.

(f) (1) Within 30 days after an order is issued pursuant to subdivision (c) or (e), the person to whom the order is issued may choose to do either of the following: (A) file with the commissioner an application for a hearing on the order. The commissioner shall, upon written request of the person, extend the 30-day period by an additional 30 days provided the request is filed with the commissioner within 30 days after the order is issued. If the commissioner fails to commence the hearing within 15 business days after the application is filed, or within a longer period of time to which the person consents, the order shall be deemed rescinded as if it had not been issued. Within 30 days after the hearing, the commissioner shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded as if it had not been issued, or (B) petition for judicial review of the order pursuant to Section 1085 of the Code of Civil Procedure, where the court shall exercise its independent judgment on the evidence.

(2) The right of any person to whom an order is issued pursuant to subdivision (c) or (e) to petition for judicial review of the order shall not be affected by the failure of that person to apply to the commissioner for a hearing on the order as provided by this subdivision.

(g) (1) Any person to whom an order is issued pursuant to subdivision (b), (c), or (e) may apply to the commissioner to modify or rescind the order. The commissioner shall not grant the application unless he or she finds that it is reasonable to believe that the person will, if and when he or she becomes a subject person, comply with all of the applicable provisions of this code and of any regulation or order issued thereunder.

(2) The right of any person to whom an order is issued pursuant to subdivision (b), (c), or (e) to petition for judicial review of the order shall not be affected by the failure of that person to apply to the commissioner pursuant to paragraph (1).

(h) (1) It is unlawful for any subject person or former subject person to whom an order is issued pursuant to subdivision (b), (c) or (e) to do any of the following as long as the order is effective, except with the prior consent of the commissioner: (A) to serve or act as a subject person for or in any insurer; or (B) to directly or indirectly solicit, procure, or transfer or attempt to transfer or vote any proxy, consent or authorization

with respect to any shares or other securities of any insurer having voting rights.

(2) If, after notice and a hearing, the commissioner finds that any person has violated paragraph (1) of this subdivision, the commissioner may order that person to pay to the commissioner a civil penalty in an amount the commissioner may specify; provided however, that the amount of the civil penalty shall not exceed one thousand dollars ($1,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day for which the violation continues, which may be recovered in a civil action.

In determining the amount of civil penalty to be paid to the commissioner under this paragraph, the commissioner shall consider the financial resources and good faith of the person charged, the gravity of the violation, the history of previous violations by the person, and such other factors as in the opinion of the commissioner may be relevant.

(3) If, after notice and a hearing, the commissioner finds that any insurer has knowingly aided and abetted a subject person in a violation of paragraph (1) of this subdivision, the commissioner may order that insurer to pay to the commissioner a civil penalty in an amount the commissioner may specify; provided however, that the amount of the civil penalty shall not exceed ten thousand dollars ($10,000) for each violation, or in the case of a continuing violation, ten thousand dollars ($10,000) for each day for which the violation continues up to a maximum of one hundred thousand dollars ($100,000), which may be recovered in a civil action. Continuation of the subject person's salary or other employee benefits pending final disposition shall not be considered aiding and abetting a subject person.

In determining the amount of civil penalty to be paid to the commissioner under this paragraph, the commissioner shall consider the financial resources and good faith of the person charged, the gravity of the violation, the history of previous violations by the person, and such other factors as in the opinion of the commissioner may be relevant.

(i) Except as otherwise provided by this section any hearing required by this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, subject to the following:

(1) At the option of the subject person, all such hearings shall be a closed session and private, and the records of the hearings shall not be made public unless the hearing results in a final order adverse to the subject person.

(2) Where judicial review is sought by the subject person pursuant to Section 11523 of the Government Code, the court shall exercise its independent judgment upon the evidence.

(3) When a subject person to whom an order has been issued pursuant to subdivision (c) or (e) applies to the commissioner for a hearing pursuant to subparagraph (A) of paragraph (1) of subdivision (f), the Office of Administrative Hearings shall schedule the hearing on a priority basis at the earliest possible time and once the hearing is commenced, it shall not be continued for more than three business days without the consent of the subject person.

(4) If the Office of Administrative Hearings cannot schedule the commencement of a hearing within 15 business days as provided by paragraph (1) of subdivision (f), and the subject person does not waive his or her right to a hearing commencing within 15 days, the hearings may be conducted by administrative law judges appointed by the commissioner. In the event the subject person chooses to accept a hearing before an administrative law judge appointed by the commissioner, the hearing shall be completed within 45 days of commencement unless additional time is requested by the subject person. If the hearing is not completed within 45 days, the order shall be deemed rescinded as if it had not been issued.

(j) Nothing in this section is intended to or shall be construed to create a private cause of action against an offending subject person or an insurer or production agency that aids and abets a subject person, based on the standards established by this section or the commissioner's findings or orders pursuant to this section.

(k) Notwithstanding this section, or any other authority of the commissioner, the commissioner shall not have the power to remove or replace either the Board of Directors or the President of the State Compensation Insurance Fund.

SEC. 3.3. Section 738 of the Insurance Code is amended to read:

738. The commissioner shall have the same powers and authority to examine the State Compensation Insurance Fund as are conferred upon him by law relative to the examination of other insurers except where the fund is specifically exempted by reference.

SEC. 3.5. Section 739.5 of the Insurance Code is amended to read:

739.5. (a) "Authorized Control Level Event" means any of the following events:

(1) The filing of an RBC Report by the insurer that indicates that the insurer's Total Adjusted Capital is greater than or equal to its Mandatory Control Level RBC but less than its Authorized Control Level RBC.

(2) The notification by the commissioner to the insurer of an Adjusted RBC Report that indicates the event in paragraph (1), provided the insurer does not challenge the Adjusted RBC Report under Section 739.7.

(3) If the insurer challenges an Adjusted RBC Report that indicates the event in paragraph (1) under Section 739.7, notification by the

commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(4) The failure of the insurer to respond, in a manner satisfactory to the commissioner, to a Corrective Order, provided the insurer has not challenged the Corrective Order under Section 739.7.

(5) If the insurer has challenged a Corrective Order under Section 739.7 and the commissioner has, after a hearing, rejected the challenge or modified the Corrective Order, the failure of the insurer to respond, in a manner satisfactory to the commissioner, to the Corrective Order subsequent to rejection or modification by the commissioner.

(b) In the event of an Authorized Control Level Event with respect to an insurer, the commissioner shall do the following:

(1) Take such actions as are required under Section 739.4 regarding an insurer with respect to which a Regulatory Action Level Event has occurred.

(2) If the commissioner deems it to be in the best interests of the policyholders and creditors of the insurer and of the public, take such actions as are necessary to cause the insurer to be placed under regulatory control under Article 14 (commencing with Section 1010), Article 14.3 (commencing with Section 1064.1), Article 14.5 (commencing with Section 1065.1), and Article 15.5 (commencing with Section 1077). In the event the commissioner takes those actions, the Authorized Control Level Event shall be deemed sufficient grounds for the commissioner to take that action, and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth in those provisions. In the event the commissioner takes actions under this paragraph pursuant to an Adjusted RBC Report, the insurer shall be entitled to such protections as are afforded to insurers under the provisions pertaining to summary proceedings.

(c) In the event of an Authorized Control Level Event with respect to the State Compensation Insurance Fund, the commissioner shall also issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly setting forth the conditions that exist.

(d) Upon a determination of the commissioner that an Authorized Control Level Event has occurred, the Governor, in consultation with the Legislature, may replace the President of the State Compensation Insurance Fund and appoint a recovery administrator. The recovery administrator shall be responsible for developing a plan of recovery for the State Compensation Insurance Fund, and for implementing the plan. The recovery administrator shall be a person who, through professional credentials or job experience, or both, has a demonstrated understanding of insurance law, insurer finances, experience in the rehabilitation of insurance companies, claims administration, and any other factors as are

needed to create and execute a plan of recovery. The cost of the recovery administrator shall be borne by the State Compensation Insurance Fund. The administration shall remain until the commissioner conveys to the Governor his or her opinion that the fund has improved its finances to the extent that it is no longer at the Authorized Control Level or above, at which point the Governor may dismiss the recovery administrator and appoint a new President of the State Compensation Insurance Fund. During the time that the recovery administrator is acting, the board of the State Compensation Insurance Fund shall act in an advisory capacity to the recovery administrator and the Governor.

SEC. 3.6. Section 739.6 of the Insurance Code is amended to read:

739.6. (a) "Mandatory Control Level Event" means any of the following events:

(1) The filing of an RBC Report that indicates that the insurer's Total Adjusted Capital is less than its Mandatory Control Level RBC.

(2) Notification by the commissioner to the insurer of an Adjusted RBC Report that indicates the event in paragraph (1), provided the insurer does not challenge the Adjusted RBC Report under Section 739.7.

(3) If the insurer challenges an Adjusted RBC Report that indicates the event in paragraph (1) under Section 739.7, notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(b) (1) With respect to a life or health insurer, in the event of a Mandatory Control Level Event, the commissioner shall take actions as are necessary to cause the insurer to be placed under regulatory control under Article 14 (commencing with Section 1010), Article 14.3 (commencing with Section 1064.1), Article 14.5 (commencing with Section 1065.1), and Article 15.5 (commencing with Section 1077). In that event, the Mandatory Control Level Event shall be deemed sufficient grounds for the commissioner to take action under those acts, and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth therein. In the event the commissioner takes actions pursuant to an Adjusted RBC Report, the insurer shall be entitled to protections as are afforded to insurers under those provisions. Notwithstanding any of the foregoing, the commissioner may forego action for up to 90 days after the Mandatory Control Level Event if he or she finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the 90-day period.

(2) With respect to a property and casualty insurer, the commissioner shall take those actions as are necessary to place the insurer under regulatory control, or, in the case of an insurer which is writing no business and that is running-off its existing business, may allow the insurer to continue its runoff under the supervision of the commissioner.

In either event, the Mandatory Control Level Event shall be deemed sufficient grounds for the commissioner to take action and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth in Article 14 (commencing with Section 1010). If the commissioner takes actions pursuant to an Adjusted RBC Report, the insurer shall be entitled to the protections of Article 14 (commencing with Section 1010) pertaining to summary proceedings. Notwithstanding any of the foregoing, the commissioner may forego action for up to 90 days after the Mandatory Control Level Event if the commissioner finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the 90-day period.

(3) In the event of a Mandatory Control Level Event with respect to the State Compensation Insurance Fund, the commissioner shall also issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly setting forth the conditions that exist.

SEC. 3.7. Section 739.12 of the Insurance Code is amended to read:

739.12. (a) All notices by the commissioner to an insurer that may result in regulatory action hereunder shall be effective upon dispatch if transmitted by registered or certified mail, or in the case of any other transmission shall be effective upon the insurer's receipt of such notice.

(b) Copies of all notices from the commissioner to the State Compensation Insurance Fund under this article shall be sent to the Governor.

SEC. 3.8. Section 881.2 is added to the Insurance Code, to read:

881.2. Notwithstanding Section 5652 of the Financial Code, use of the term "savings bank" in a name or title may be approved for use by the commissioner if the remaining words in the name or title show that the insurer is engaged in the business of insurance and is not a savings bank.

SEC. 3.9. Section 1010 of the Insurance Code is amended to read:

1010. (a) The provisions of this article shall apply to all persons, except the State Compensation Insurance Fund, subject to examination by the commissioner, or purporting to do insurance business in this state, or in the process of organization with intent to do such business therein, or from whom the commissioner's certificate of authority is required for the transaction of business, or whose certificate of authority is revoked or suspended.

(b) Notwithstanding subdivision (a), if any of the conditions set forth in Section 1011 exists with respect to the State Compensation Insurance Fund, and the commissioner would otherwise file a verified application with the superior court or proceed under Section 1013 against the fund, the commissioner shall instead issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly

setting forth the conditions that exist and recommending a course to remedy those conditions. The Governor, in consultation with the Legislature, shall direct a course of action to be implemented by the fund's board of directors, or if additional legislative action is necessary, recommend a course of action to the Legislature, or both.

SEC. 4. Section 1063.1 of the Insurance Code is amended to read:

1063.1. As used in this article:

(a) "Member insurer" means an insurer required to be a member of the association in accordance with subdivision (a) of Section 1063, except and to the extent that the insurer is participating in an insolvency program adopted by the United States government.

(b) "Insolvent insurer" means an insurer that was a member insurer of the association, consistent with paragraph (11) of subdivision (c), either at the time the policy was issued or when the insured event occurred, and against which an order of liquidation or receivership with a finding of insolvency has been entered by a court of competent jurisdiction, or, in the case of the State Compensation Insurance Fund, if a finding of insolvency is made by a duly enacted legislative measure.

(c) (1) "Covered claims" means the obligations of an insolvent insurer, including the obligation for unearned premiums, (i) imposed by law and within the coverage of an insurance policy of the insolvent insurer; (ii) which were unpaid by the insolvent insurer; (iii) which are presented as a claim to the liquidator in this state or to the association on or before the last date fixed for the filing of claims in the domiciliary liquidating proceedings; (iv) which were incurred prior to the date coverage under the policy terminated and prior to, on, or within 30 days after the date the liquidator was appointed; (v) for which the assets of the insolvent insurer are insufficient to discharge in full; (vi) in the case of a policy of workers' compensation insurance, to provide workers' compensation benefits under the workers' compensation law of this state; and (vii) in the case of other classes of insurance if the claimant or insured is a resident of this state at the time of the insured occurrence, or the property from which the claim arises is permanently located in this state.

(2) "Covered claims" also include the obligations assumed by an assuming insurer from a ceding insurer where the assuming insurer subsequently becomes an insolvent insurer if, at the time of the insolvency of the assuming insurer, the ceding insurer is no longer admitted to transact business in this state. Both the assuming insurer and the ceding insurer shall have been member insurers at the time the assumption was made. "Covered claims" under this paragraph shall be required to satisfy the requirements of subparagraphs (i) to (vii), inclusive, of paragraph (1), except for the requirement that the claims be against policies of the insolvent insurer. The association shall have

a right to recover any deposit, bond, or other assets that may have been required to be posted by the ceding company to the extent of covered claim payments and shall be subrogated to any rights the policyholders may have against the ceding insurer.

(3) "Covered claims" does not include obligations arising from the following:

(i) Life, annuity, health, or disability insurance.

(ii) Mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks.

(iii) Fidelity or surety insurance including fidelity or surety bonds, or any other bonding obligations.

(iv) Credit insurance.

(v) Title insurance.

(vi) Ocean marine insurance or ocean marine coverage under any insurance policy including claims arising from the following: the Jones Act (46 U.S.C.A. Sec. 688), the Longshore and Harbor Workers' Compensation Act (33 U.S.C.A. Sec. 901 et seq.), or any other similar federal statutory enactment, or any endorsement or policy affording protection and indemnity coverage.

(vii) Any claims servicing agreement or insurance policy providing retroactive insurance of a known loss or losses, except a special excess workers' compensation policy issued pursuant to subdivision (c) of Section 3702.8 of the Labor Code that covers all or any part of workers' compensation liabilities of an employer that is issued, or was previously issued, a certificate of consent to self-insure pursuant to subdivision (b) of Section 3700 of the Labor Code.

(4) "Covered claims" does not include any obligations of the insolvent insurer arising out of any reinsurance contracts, nor any obligations incurred after the expiration date of the insurance policy or after the insurance policy has been replaced by the insured or canceled at the insured's request, or after the insurance policy has been canceled by the association as provided in this chapter, or after the insurance policy has been canceled by the liquidator, nor any obligations to any state or to the federal government.

(5) "Covered claims" does not include any obligations to insurers, insurance pools, or underwriting associations, nor their claims for contribution, indemnity, or subrogation, equitable or otherwise, except as otherwise provided in this chapter.

An insurer, insurance pool, or underwriting association may not maintain, in its own name or in the name of its insured, any claim or legal action against the insured of the insolvent insurer for contribution, indemnity or by way of subrogation, except insofar as, and to the extent only, that the claim exceeds the policy limits of the insolvent insurer's

policy. In those claims or legal actions, the insured of the insolvent insurer is entitled to a credit or setoff in the amount of the policy limits of the insolvent insurer's policy, or in the amount of the limits remaining, where those limits have been diminished by the payment of other claims.

(6) "Covered claims," except in cases involving a claim for workers' compensation benefits or for unearned premiums, does not include any claim in an amount of one hundred dollars ($100) or less, nor that portion of any claim that is in excess of any applicable limits provided in the insurance policy issued by the insolvent insurer.

(7) "Covered claims" does not include that portion of any claim, other than a claim for workers' compensation benefits, that is in excess of five hundred thousand dollars ($500,000).

(8) "Covered claims" does not include any amount awarded as punitive or exemplary damages, nor any amount awarded by the Workers' Compensation Appeals Board pursuant to Section 5814 or 5814.5 because payment of compensation was unreasonably delayed or refused by the insolvent insurer.

(9) "Covered claims" does not include (i) any claim to the extent it is covered by any other insurance of a class covered by this article available to the claimant or insured nor (ii) any claim by any person other than the original claimant under the insurance policy in his or her own name, his or her assignee as the person entitled thereto under a premium finance agreement as defined in Section 673 and entered into prior to insolvency, his or her executor, administrator, guardian or other personal representative or trustee in bankruptcy and does not include any claim asserted by an assignee or one claiming by right of subrogation, except as otherwise provided in this chapter.

(10) "Covered claims" does not include any obligations arising out of the issuance of an insurance policy written by the separate division of the State Compensation Insurance Fund pursuant to Sections 11802 and 11803.

(11) "Covered claims" does not include any obligations of the insolvent insurer arising from any policy or contract of insurance issued or renewed prior to the insolvent insurer's admission to transact insurance in the State of California.

(12) "Covered claims" does not include surplus deposits of subscribers as defined in Section 1374.1.

(13) "Covered Claims" shall also include obligations arising under an insurance policy written to indemnify a permissibly self-insured employer pursuant to subdivision (b) or (c) of Section 3700 of the Labor Code for its liability to pay workers' compensation benefits in excess of a specific or aggregate retention, provided, however, that for purposes of this article, those claims shall not be considered workers'

compensation claims and therefore are subject to the per claim limit in paragraph (7) and any payments and expenses related thereto shall be allocated to category (c) for claims other than workers' compensation, homeowners, and automobile, as provided in Section 1063.5.

These provisions shall apply to obligations arising under any policy as described herein issued to a permissibly self-insured employer or group of self-insured employers pursuant to Section 3700 of the Labor Code and notwithstanding any other provision of the Insurance Code, those obligations shall be governed by this provision in the event that the Self-Insurers' Security Fund is ordered to assume the liabilities of a permissibly self-insured employer or group of self-insured employers pursuant to Section 3701.5 of the Labor Code. The provisions of this paragraph apply only to insurance policies written to indemnify a permissibly self-insured employer or group of self-insured employers under subdivision (b) or (c) of Section 3700, for its liability to pay workers' compensation benefits in excess of a specific or aggregate retention, and this paragraph does not apply to special excess workers' compensation insurance policies unless issued pursuant to authority granted in subdivision (c) of Section 3702.8 of the Labor Code, and as provided for in clause (vii) of paragraph (3) of subdivision (c). In addition, this paragraph does not apply to any claims servicing agreement or insurance policy providing retroactive insurance of a known loss or losses as are excluded in clause (vii) of paragraph (3) of subdivision (c).

Each permissibility self-insured employer or group of self-insured employers, or the Self-Insurers' Security Fund, shall, to the extent required by the Labor Code, be responsible for paying, adjusting, and defending each claim arising under policies of insurance covered under this section, unless the benefits paid on a claim exceed the specific or aggregate retention, in which case.

(A) If the benefits paid on the claim exceed the specific or aggregate retention, and the policy requires the insurer to defend and adjust the claim, the California Insurance Guarantee Association (CIGA) shall be solely responsible for adjusting and defending the claim, and shall make all payments due under the claim, subject to the limitations and exclusions of this article with regards to covered claims. As to each claim subject to this paragraph, notwithstanding any other provisions of the Insurance Code or the Labor Code, and regardless of whether the amount paid by CIGA is adequate to discharge a claim obligation, neither the self-insured employer, group of employers, nor the Self-Insurers' Security Fund, shall have any obligation to pay benefits over and above the specific or aggregate retention, except as provided in subdivision (c).

(B) If the benefits paid on the claim exceed the specific or aggregate retention, and the policy does not require the insurer to defend and adjust

the claim, the permissibility self-insured employer or group of self-insured employers, or the Self-Insurers' Security Fund, shall not have any further payment obligations with respect to the claim, but shall continue defending and adjusting the claim, and shall have the right, but not the obligation, in any proceeding to assert all applicable statutory limitations and exclusions as contained in this article with regard to the covered claim. CIGA shall have the right, but not the obligation, to intervene in any proceeding where the self-insured employer, group of self-insured employers, or the Self-Insurers' Security Fund is defending any such claim and shall be permitted to raise the appropriate statutory limitations and exclusions as contained in this article with respect to covered claims. Regardless of whether the self-insured employer or group of employers, or the Self-Insurers' Security Fund, asserts the applicable statutory limitations and exclusions, or whether CIGA intervenes in any such proceeding, CIGA shall be solely responsible for paying all benefits due on the claim, subject to the exclusions and limitations of this article with respect to covered claims. As to each claim subject to this paragraph, notwithstanding any other provision of the Insurance Code or the Labor Code and regardless of whether the amount paid by CIGA is adequate to discharge a claim obligation, neither the self-insured employer, group of employers, nor the Self-Insurers' Security Fund, shall have any obligation to pay benefits over and above the specific or aggregate retention, except as provided in this subdivision.

(d) In the event that the benefits paid on the covered claim exceed the per claim limit in paragraph (7) of subdivision (c), the responsibility for paying, adjusting, and defending the claim shall be returned to the permissibly self-insured employer or group of employers, or the Self-Insurers' Security Fund.

These provisions shall apply to all pending and future insolvencies. For purposes of this paragraph, a pending insolvency is one involving a company that is currently receiving benefits from the guaranty association.

(e) "Admitted to transact insurance in this state" means an insurer possessing a valid certificate of authority issued by the department.

(f) "Affiliate" means a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with an insolvent insurer on December 31 of the year next preceding the date the insurer becomes an insolvent insurer.

(g) "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with

or corporate office held by the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10 percent or more of the voting securities of any other person. This presumption may be rebutted by showing that control does not in fact exist.

(h) "Claimant" means any insured making a first party claim or any person instituting a liability claim; provided that no person who is an affiliate of the insolvent insurer may be a claimant.

(i) "Ocean marine insurance" includes marine insurance as defined in Section 103, except for inland marine insurance, as well as any other form of insurance, regardless of the name, label, or marketing designation of the insurance policy, that insures against maritime perils or risks and other related perils or risks, which are usually insured against by traditional marine insurance such as hull and machinery, marine builders' risks, and marine protection and indemnity. Those perils and risks insured against include, without limitation, loss, damage, or expense or legal liability of the insured arising out of or incident to ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness, or death for loss or damage to the property of the insured or another person.

(j) "Unearned premium" means that portion of a premium that had not been earned because of the cancellation of the insolvent insurer's policy and is that premium remaining for the unexpired term of the insolvent insurer's policy. "Unearned premium" does not include any amount sought as return of a premium under any policy providing retroactive insurance of a known loss or return of a premium under any retrospectively rated policy or a policy subject to a contingent surcharge or any policy in which the final determination of the premium cost is computed after expiration of the policy and is calculated on the basis of actual loss experience during the policy period.

SEC. 4.1. Section 1063.5 of the Insurance Code is amended to read:

1063.5. Each time an insurer becomes insolvent then, to the extent necessary to secure funds for the association for payment of covered claims of that insolvent insurer and also for payment of reasonable costs of adjusting the claims, the association shall collect premium payments from its member insurers sufficient to discharge its obligations. The association shall allocate its claim payments and costs, incurred or estimated to be incurred, to one or more of the following categories: (a) workers' compensation claims; (b) homeowners' claims, and automobile claims, which shall include: automobile material damage, automobile liability (both personal injury and death and property damage), medical payments and uninsured motorist claims; and (c) claims other than

workers' compensation, homeowners', and automobile, as above defined. Separate premium payments shall be required for each category. The premium payments for each category shall be used to pay the claims and costs allocated to that category. The rate of premium charged shall be a uniform percentage of net direct written premium in the preceding calendar year applicable to that category. The rate of premium charges to each member in the appropriate categories shall initially be based on the written premium of each insurer as shown in the latest year's annual financial statement on file with the commissioner. The initial premium shall be adjusted by applying the same rate of premium charge as initially used to each insurer's written premium as shown on the annual statement for the second year following the year in which the initial premium charge is made. The difference between the initial premium charge and the adjusted premium charge shall be charged or credited to each member insurer by the association as soon as practical after the filing of the annual statements of the member insurers with the commissioner for the year on which the adjusted premium is based. Any credit due in a specific category to a member insurer as a result of the adjusted premium calculation may be refunded to the member insurer at the discretion of the association if the member insurer has agreed with the commissioner to no longer write insurance in that category but has not withdrawn from the state and surrendered its certificate of authority. However, in the case of an insurer that was a member insurer when the initial premium charge was made and that paid the initial assessment but is no longer a member insurer at the time of the adjusted premium charge by reason of its insolvency or its withdrawal from the state and surrender of its certificate of authority to transact insurance in this state, any credit accruing to that insurer shall be refunded to it by the association. "Net direct written premiums" shall mean the amount of gross premiums, less return premiums, received in that calendar year upon business done in this state, other than premiums received for reinsurance. In cases of a dispute as to the amount of the net direct written premium between the association and one of its members the written decision of the commissioner shall be final. The premium charged to any member insurer for any of the three categories or a category established by the association shall not be more than 2 percent of the net direct premium written in that category in this state by that member per year, starting on January 1, 2003, until December 31, 2007, and thereafter shall be 1 percent per year. The association may exempt or defer, in whole or in part, the premium charge of any member insurer, if the premium charge would cause the member insurer's financial statement to reflect an amount of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer

is authorized to transact insurance. However, during the period of deferment, no dividends shall be paid to shareholders or policyholders by the company whose premium charge was deferred. Deferred premium charges shall be paid when the payment will not reduce capital or surplus below required minimums. These payments shall be credited against future premium charges to those companies receiving larger premium charges by virtue of the deferment. After all covered claims of the insolvent insurer and expenses of administration have been paid, any unused premiums and any reimbursements or claims dividends from the liquidator remaining in any category shall be retained by the association and applied to reduce future premium charges in the appropriate category. However, an insurer which ceases to be a member of the association, other than an insurer that has become insolvent or has withdrawn from the state and has surrendered its certificate of authority following an initial assessment that is entitled to a refund based upon an adjusted assessment as provided above in this section, shall have no right to a refund of any premium previously remitted to the association. The commissioner may suspend or revoke the certificate of authority to transact business in this state of a member insurer which fails to pay a premium when due and after demand has been made.

Interest at a rate equal to the current federal reserve discount rate plus 2 ½ percent per annum shall be added to the premium of any member insurer which fails to submit the premium requested by the association within 30 days after the mailing request. However, in no event shall the interest rate exceed the legal maximum.

SEC. 4.2. Section 1064.12 of the Insurance Code is amended to read:

1064.12. (a) This article may be referred to as the "Uniform Insurers Rehabilitation Act."

(b) The Uniform Insurers Rehabilitation Act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states that enact it. To the extent that its provisions, when applicable, conflict with Article 14 (commencing with Section 1010), the provisions of this article shall control. The provisions of Article 14 (commencing with Section 1010) not in conflict with this article shall be unaffected by it.

(c) This article does not apply in regard to insurers domiciled in any state that is not a reciprocal state, and to any insurer domiciled in a reciprocal state before that state appoints a domiciliary receiver for the insurer. All those insurers shall be governed by Article 14 (commencing with Section 1010). If a domiciliary receiver is appointed in a reciprocal state while a receivership is proceeding under Article 14 (commencing with Section 1010), the receiver under that article shall thereafter act as ancillary receiver under Section 1064.3.

(d) This article shall not apply to the State Compensation Insurance Fund.

SEC. 4.4. Section 1064.13 is added to the Insurance Code, to read:

1064.13. (a) Upon receipt of a notice of liquidation the commissioner shall cease imposing, billing or collecting fees and assessments against the subject company pursuant to this code.

(b) Upon receipt of a notice of conservation or administrative supervision the commissioner may cease to impose, bill, or collect fees against the subject company pursuant to this code. Following the date the order has been lifted the commissioner may once again impose, bill, or collect fees against the subject company.

(c) Upon receipt of a notice of liquidation all outstanding invoices, billings or assessments pursuant to this code prior to the date of the notice shall be cancelled.

(d) Upon issuance of a notice of conservation or administrative supervision, outstanding amounts due from the subject company imposed prior to the date of the conservation or administrative supervision, may be held in abeyance and remain unpaid until the conservation or administrative supervision is terminated. Late filing fees accrued pursuant to Section 12995 of this code shall not be imposed.

(e) If it is determined that an insurer is in any of the conditions enumerated in Section 1011, and it is determined that all available funds are needed to pay policyholders, the commissioner may suspend the imposition of fees or assessments until the condition of the insurer has improved to the extent where payment of fees or assessments will not harm policyholders.

SEC. 4.6. Section 1077.1 of the Insurance Code is amended to read:

1077.1. The provisions of the article shall apply to all of the following:

(a) All domestic life or disability insurers, except the State Compensation Insurance Fund.

(b) Any other life or disability insurer doing business in this state whose state of domicile has asked the commissioner to apply the provisions of this article as regards that insurer.

(c) Notwithstanding subdivision (a), the State Compensation Insurance Fund may give its consent to administrative supervision pursuant to paragraph (5) of subdivision (a) of Section 1077.2.

SEC. 5. Section 1215.13 of the Insurance Code is amended to read:

1215.13. (a) For the purposes of this article only, every foreign insurer, except an insurer described in Article 2 (commencing with Section 12350) of Chapter 1 of Part 6 of Division 2, that is authorized to do business in this state and that, during its three preceding fiscal years taken together, or during any lesser period of time if it has been

licensed to transact its business in California only for such lesser period of time, has written an average of more direct premiums in the State of California than it has written in its state of domicile during the same period, and those direct premiums written constitute 33 percent or more of its total direct premiums written everywhere in the United States for that three-year or lesser period, as reported in its three most recent annual statements, shall be deemed a "commercially domiciled insurer" within the State of California.

(b) The commissioner may exempt from the provisions of this article any commercially domiciled insurer made subject to this article by subdivision (a) if he or she determines that it has a sufficiently large amount of assets and the evidences of title thereto physically located in California, or that the ratio of those assets to its California policyholder liability is sufficiently large, as to justify the conclusion that there is no reasonable danger that the operations or conduct of the business of the insurer could present a danger of loss to California policyholders. The commissioner may also exempt from the provisions of this article any commercially domiciled insurer made subject to this article by subdivision (a) under the circumstances that he or she deems appropriate.

(c) This section does not exempt any foreign insurer that is authorized to do business in this state, including a commercially domiciled insurer, from the provisions of any other sections of this article that may be applicable to the insurer.

SEC. 5.5. Section 1656 of the Insurance Code is amended to read:

1656. Every applicant for an organizational license shall provide the names of all persons who may exercise the power and perform the duties under the license. Applicants for a nonresident organizational license must name at least one person from their home state who may exercise the power and perform the duties under their license. Additional persons endorsed to that license may be residents of another state, but may not be residents of California.

SEC. 6. Section 1676 of the Insurance Code is amended to read:

1676. (a) Except as set forth in Sections 1675 and 1679, the commissioner shall not issue a permanent license pursuant to this chapter to an applicant therefor unless the applicant has within the 12-month period next preceding the date of issue of the license taken and passed the qualifying examination for that license. This section shall not apply to a person licensed as a fire and casualty broker-agent who applies for a license as a personal lines broker-agent.

(b) An applicant for a personal lines license pursuant to Section 1625.5 who has been continually employed by an admitted insurer or licensed fire and casualty broker-agent in a full-time position for at least three years immediately prior to January 1, 2001, shall be exempted, at the

discretion of the commissioner, from having to take and pass an examination to obtain a personal lines license. An exempted applicant shall be required to comply with all other provisions of this article pertaining to the issuance and maintenance of a personal lines license. The curriculum board shall establish criteria, which shall be submitted to the commissioner for final approval, to allow experience or prior training to be substituted for prelicensing educational requirements for applicants applying for an exemption pursuant to this subdivision. A licensee exempted from examination pursuant to this subdivision shall remain subject to all continuing education requirements applicable to maintaining a personal lines license.

(c) An application for a personal lines license shall be submitted to the commissioner as provided for in Article 4 (commencing with Section 1652).

(d) The commissioner may deny any application for a personal lines license as provided in Article 6 (commencing with Section 1666).

(e) In addition to the application, any applicant for a personal lines license seeking exemption from the examination provisions of this chapter shall also submit, on a form prescribed by the commissioner, or if a form is not prescribed, in letter or resumé form, information that will permit the commissioner to determine whether the previous experience of the applicant for a personal lines license warrants an exemption from having to take an examination to obtain a license.

(f) The commissioner shall require an applicant for a personal lines license to take an examination to obtain a license if the commissioner determines that the applicant has failed to demonstrate that previous experience warrants an exemption from examination. In the absence of making that determination, the request for exemption from examination shall be granted.

(g) This section shall not be applicable to any applicant for a nonresident license pursuant to subdivision (b) of Section 1639.

(h) This section shall not be applicable to any applicant for a personal lines license who has been refused a license or has had a license suspended or revoked by the commissioner.

(i) An applicant for a personal lines license pursuant to Section 1625.5 who seeks an exemption from an examination to obtain a license shall submit a request to that effect to the commissioner. An applicant who does not submit an application on or before December 31, 2001, shall be required to take an examination to obtain a license.

(j) An applicant for a life agent license pursuant to Section 1626 who is limited by the terms of a written agreement with an insurer which has filed on that life agent's behalf a notice of appointment with the commissioner to transact only specific life insurance policies or annuities

having an initial face amount of fifteen thousand dollars ($15,000) or less that are designated by the purchaser for the payment of funeral and burial expenses, shall not be required to take the full life agent examination to obtain a license. The applicant shall be required to take an examination developed to test their knowledge of topics relevant to the type of policies that they are restricted to sell.

SEC. 6.5. Section 1679 of the Insurance Code is amended to read:

1679. (a) A nonresident applicant for a license shall be subject to the same qualifying examination as is required of a resident applicant. The examination may be administered to an eligible nonresident applicant through the insurance authority of the state, territory of the United States, or province of Canada of his or her residence; provided, however, that the commissioner may, in his or her discretion, enter into a reciprocal arrangement with the officer having supervision of the insurance business in any other state, territory of the United States, or province of Canada whose qualification standards for the applicant to be examined are substantially the same as or in excess of those of this state, to accept, in lieu of the examination of an applicant residing therein, a certificate of the officer to the effect that the applicant is licensed in that state, territory of the United States, or province of Canada in a capacity similar to that for which a license is sought in this state and has complied with its qualification standards in respect to the following:

(1) Experience or training,

(2) Reasonable familiarity with the broad principles of insurance licensing and regulatory laws and with the provisions, terms and conditions of the insurance which the applicant proposes to transact, and

(3) A fair and general understanding of the obligations and duties of a holder of the license sought.

(b) The provisions of this section shall not apply to a nonresident applicant who maintains a license in a jurisdiction that grants reciprocity to California residents in accordance with Section 1638.5.

(c) A nonresident applicant for an organizational license must name at least one person from their home state who may exercise the power and perform the duties under their license. Additional persons endorsed to that license may be residents of another state, but may not be residents of California.

SEC. 7. Section 1707 of the Insurance Code is amended to read:

1707. Except as otherwise provided in Section 1704.5, each notice of appointment or notice of termination of appointment filed pursuant to this article shall be filed on forms prescribed by the commissioner within 15 days of appointment or termination.

SEC. 8. Section 1733 of the Insurance Code is amended to read:

1733. All funds received by any person acting as an insurance agent, broker, or solicitor, life agent, life analyst, surplus line broker, special lines surplus line broker, motor club agent, bail agent, permittee, administrator as defined in Section 1759, or solicitor, as premium or return premium on or under any policy of insurance or undertaking of bail, are received and held by that person in his or her fiduciary capacity. Any such person who diverts or appropriates those fiduciary funds to his or her own use is guilty of theft and punishable for theft as provided by law. Any premium that a premium financer agrees to advance pursuant to the terms of a premium finance agreement shall constitute fiduciary funds as defined in this section only if actually received by a person licensed in one or more of the capacities herein specified.

SEC. 9. Section 1775.4 of the Insurance Code is amended to read:

1775.4. (a) The amount of the payment shall be 3 percent of the gross premiums less return premiums upon business done by the surplus line broker under the authority of his or her license during the calendar month ending two calendar months immediately preceding the due date of the payment, as specified in Section 1775.3, excluding gross premiums and return premiums paid by him or her upon business governed by the provisions of Section 1760.5. If during any calendar month those return premiums upon business done by a surplus line broker exceed the gross premiums upon the business done by him or her in that calendar month, then no payment shall be payable by him or her in respect to that calendar month, and he or she may carry forward that excess to the next succeeding calendar month or months and apply it in reduction of the taxable premiums on business done by him or her in that succeeding calendar month or months. Even though no payment shall be payable by the broker, he or she shall file a return showing that his or her return premiums exceeded his or her gross premiums.

(b) In determining the applicability of subdivision (a) of Section 1775.1 to a surplus line broker who has acquired the business of another surplus line broker, the amount of tax liability of the acquired broker for the immediately preceding calendar year shall be added to the amount of the tax liability of the acquiring broker for the immediately preceding calendar year.

(c) All amounts paid, other than penalties and interest, shall be allowed as a credit on the annual tax imposed by Section 1775.5.

(d) If the total amount of monthly installment payments for any calendar year exceeds the amount of annual tax for that year, the excess shall be treated as an overpayment of annual tax and be allowed as a credit or refund.

(e) A penalty of 10 percent of the amount of the monthly payment due shall be levied upon and paid by any surplus line broker who fails

to make the necessary payment within the time required, plus interest at the rate of 1 percent per calendar month or fraction thereof from the due date of the payment until the date payment is received by the commissioner, but not for any period after the due date of the annual tax. The penalty and interest shall be applied as prescribed in Section 12636.5 of the Revenue and Taxation Code. The commissioner may remit the penalty in a case where he or she finds, as a result of examination or otherwise, that the failure of, or delay in, payment arose out of excusable mistake or excusable inadvertence.

(f) For any part of a payment required that was not made within the time required by law, when the nonpayment or late payment was due to fraud on the part of the taxpayer, a penalty of 25 percent of the amount unpaid shall be added thereto, in addition to all other penalties otherwise imposed.

(g) The commissioner, upon a showing of good cause, may extend for not to exceed 10 days the time for making a monthly payment. The extension may be granted at any time, provided that a request therefor is filed with the commissioner within or prior to the period for which the extension may be granted. Any surplus line broker to whom an extension is granted shall, in addition to the monthly payment, pay interest at the rate of 1 percent per month, or fraction thereof, from the due date until the annual tax due date.

SEC. 10. Section 1808 of the Insurance Code is amended to read:

1808. (a) Annual notices of intention to keep licenses in force or applications for renewal of licenses, as the case may be, may be filed on or before June 30th of each year upon payment of the fees for filing specified in Section 1811.

(b) Upon failure to file such notice or application as provided in subdivision (a), the license shall expire on July 1st, but the holder may file an application for a new license. Until June 30th next succeeding the fee shall be twice that specified in Section 1811 for such filing.

(c) No notice or application shall be deemed filed within the meaning of this section unless the document itself has been actually delivered to, and the proper fee for its filing has been paid at, the office of the commissioner during office hours, or unless both such document and fee have been filed and remitted pursuant to Sections 11002 and 11003 of the Government Code.

SEC. 11. Section 11521.6 of the Insurance Code is amended to read:

11521.6. Nothing contained in Section 11521, 11521.1, 11521.2, 11521.4, 11523.6, or paragraph (6) of subdivision (a) of Section 11523 shall apply to any grants and annuities certificate holder that also holds a certificate of authority pursuant to Article 3 (commencing with Section 699) of Chapter 1 of Part 2 of Division 1. A grants and annuities

certificate holder subject to this section shall display clearly and conspicuously, and in the type specified, the disclosure required by paragraph (7) of subdivision (a) of Section 11523 in all agreements issued under this chapter.

SEC. 12. Section 11549 is added to the Insurance Code, to read:

11549. (a) Pursuant to this section, a mutual holding company may merge into a foreign mutual holding company that is domiciled in a state to which the converted insurer has transferred its domicile or will transfer its domicile concurrently with the merger. The merger shall be effected pursuant to an agreement of merger between the mutual holding company and the foreign mutual holding company in accordance with the General Corporation Law, to the extent not inconsistent with this section. The merger shall take effect upon filing the agreement of merger with the California Secretary of State after compliance with the following:

(1) Approval of the agreement of merger by a resolution of the majority of the board of directors of the mutual holding company and signing of the agreement of merger by the parties thereto.

(2) Approval of an amendment to the converted insurer's plan of conversion in accordance with Section 11547 by a resolution of the majority of the board of directors of the converted insurer in order to reflect appropriately the merger and transfer of domicile.

(3) Submission of the agreement of merger and the amendment to the commissioner for consent in writing.

(4) Approval of the agreement of merger by a majority of the members of the mutual holding company who vote at a meeting called for that purpose.

(5) Approval of the amendment by a majority of the members of the mutual holding company who were members of the converted insurer and were entitled to vote on the original plan of conversion approved pursuant to subdivision (c) of Section 11536 and who vote at a meeting called for the purpose.

(6) Filing of the agreement of merger in the office of the commissioner after having been consented to and approved as contemplated by paragraphs (2), (3), (4), and (5).

(b) The submission to the commissioner prescribed in paragraph (3) of subdivision (a) shall be accompanied by a filing fee of eight thousand one hundred dollars ($8,100), evidence that the foreign mutual holding company that will survive the merger is qualified as a foreign corporation under the General Corporation Law, and any other relevant information that the commissioner may require.

(c) The meetings of members prescribed in paragraphs (4) and (5) of subdivision (a) and shall be called by the board of directors, the chairperson of the board, or the president of the mutual holding company,

and may be combined at a single meeting with separate voting by those eligible to vote on the matters referred to in paragraphs (4) and (5) of subdivision (a). Notice of the meeting shall be given by mail to members entitled to vote at the meeting at least 30 days prior to the date set for the meeting. Voting shall be by ballot, in person, or by proxy. A quorum for each such matter consists of 5 percent of the members of the mutual holding company entitled to vote at the meeting on the matter.

(d) The commissioner shall consent to any proposed merger and amendment if he or she determines that the merger will be fair and equitable to the mutual holding company and its members.

SEC. 13. Section 11629.85 of the Insurance Code is amended to read:

11629.85. (a) On or before March 1 of each year, the commissioner shall prepare and propose a plan to the Senate Committee on Banking, Finance, and Insurance and the Assembly Committee on Insurance setting forth the methods the commissioner intends to implement to inform households eligible for the program about the availability of low-cost automobile insurance. To be eligible for funding through the budget process, the plan shall be reviewed by the Senate Committee on Banking, Finance, and Insurance and the Assembly Committee on Insurance. The information required under subdivision (c) shall also be provided to the Senate Committee on Transportation and Housing and the Assembly Committee on Transportation.

(b) The plan shall include, at a minimum, a brief description of methods proposed to be used, anticipated costs, sources of revenue, goals, targets, objectives, and a justification of the proposed methods. The plan shall also explain how the department proposes to work in cooperation with the California Automobile Assigned Risk Plan, the social service departments in eligible counties, the Department of Motor Vehicles, and community-based organizations in order to inform eligible households of the existence of the program.

(c) The plan shall also include all of the following:

(1) The commissioner's determination regarding whether the program has been successful, based on the criteria specified in subdivision (d), and an explanation regarding that success or lack thereof.

(2) In cooperation with the California Automobile Assigned Risk Plan, structural characteristics of the program that may require statutory revision in order for the program to succeed or to improve upon existing success.

(3) Impediments to success of the program that can reasonably be overcome by revision to the strategies adopted by the department.

(4) A detailed explanation of the department's use for the program of funds assessed pursuant to Section 1872.81.

(5) For the previous calendar year, a list of the total low-cost auto premium for each county in which the program was available.

(6) The most recent annual report to the Legislature on the status of the low-cost automobile insurance program from the California Automobile Assigned Risk Plan.

(d) The program is successful if the following occur:

(1) The program generated sufficient premiums to cover losses incurred under policies issued under the program, and expenses incurred by the program, as calculated pursuant to subdivision (c) of Section 11629.72.

(2) The program served the public purpose of offering access to automobile insurance to otherwise underserved communities in the program areas.

(3) The program offered access to automobile insurance to previously uninsured motorists seeking affordable coverage in the program areas.

(e) Any written or oral advertisements, including, but not limited to, paid or unpaid commercial or noncommercial advertising, by the department with reference to the low-cost automobile insurance program shall reference the department and shall not reference the commissioner by name or office, or include the commissioner's voice, image, or likeness. The department shall not participate with any nongovernmental entity that produces or intends to produce advertisements or educational material that include the name of the commissioner or his or her voice, image or likeness, and that are intended to make eligible households aware of the existence of low-cost automobile insurance.

SEC. 13.1. Section 11778 of the Insurance Code is amended to read:

11778. The fund may transact workers' compensation insurance required or authorized by law of this state to the same extent as any other insurer. The fund shall be subject to the powers and authority of the commissioner to the same extent as any other insurer transacting workers' compensation insurance, except where specifically exempted by reference. For purposes of Section 700, the fund shall be deemed admitted to transact this class of insurance.

SEC. 14. Section 12253 of the Revenue and Taxation Code is amended to read:

12253. Each insurer required to make prepayments shall remit them on or before each of the dates of April 1st, June 1st, September 1st and December 1st of the current calendar year. Remittances for prepayments shall be made payable to the Controller and shall be delivered to the office of the commissioner, accompanied by a prepayment form prescribed by the commissioner.

CHAPTER 741

An act to add Section 25201.17 to the Health and Safety Code, relating to hazardous waste.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 25201.17 is added to the Health and Safety Code, to read:

25201.17. (a) For purposes of this section, the following terms have the following meanings:

(1) "Pharmaceutical manufacturing or pharmaceutical process development activities" means activities conducted in North American Industry Classification System Code subgroups 325411 and 325412, to the extent they meet either of the following:

(A) Research, development, and production activities conducted in relation to an investigational new drug application or new drug application as set forth in Part 312 (commencing with Section 312.1) of, and Part 314 (commencing with Section 314.1) of, Subchapter D of Chapter 1 of Title 21 of the Code of Federal Regulations, that is filed with the United States Food and Drug Administration, or research and development activities conducted to support the future filing of an investigational new drug application or new drug application, or research, development, and production activities that are conducted in relation to a filing with a corresponding governmental authority in the European Union, Japan, or Canada that imposes similar requirements.

(B) The production of a pharmaceutical product, including starting materials, intermediates, and active pharmaceutical intermediates.

(2) "Pharmaceutical neutralization activities" means the deactivation of a material generated by, or used in, pharmaceutical manufacturing or pharmaceutical process development activities through the addition of a reagent, including, but not limited to, a caustic, before management of the material as a hazardous waste subject to this chapter.

(b) Pharmaceutical neutralization activities are exempt from any requirement imposed pursuant to this chapter, including any regulation adopted pursuant to this chapter, that relates to generators, tanks, and tank systems, and the requirement to obtain a hazardous waste facilities permit or other grant of authorization from the department, except as otherwise provided in subdivision (c), if all of the following conditions are met:

(1) A permit is not required to conduct neutralization under the federal act pursuant to Section 264.1(g)(5) of Title 40 of the Code of Federal Regulations.

(2) The pharmaceutical manufacturing or pharmaceutical process development activities are conducted in accordance with the United States Food and Drug Administration's current good manufacturing practices, as set forth in Part 210 (commencing with Section 210.1) of, and Part 211 (commencing with Section 211.1) of, Subchapter C of Chapter 1 of Title 21 of the Code of Federal Regulations.

(3) The pharmaceutical neutralization activity occurs within a unit that meets the standards of a totally enclosed treatment facility, as defined in Section 260.10 of Title 40 of the Code of Federal Regulations and Section 66260.10 of Title 22 of the California Code of Regulations, that is physically connected to the reactor or vessel where the material being neutralized is created.

(4) The pharmaceutical neutralization activity is integral to the manufacturing process and occurs within the manufacturing process area and prior to the transfer of the material to a dedicated hazardous waste storage or treatment unit.

(5) If the pharmaceutical neutralization activity occurs at greater than 15 pounds per square inch gauge pressure, it shall occur within a unit that meets applicable American Society of Mechanical Engineers (ASME) standards for pressure rated vessels, including the ASME requirements for automatic pressure relief in the event of a system failure, including pressure relief valves, burst discs, or equivalent devices.

(6) The pharmaceutical neutralization activities do not raise the temperature of the hazardous wastes to within 10 degrees Celsius of the boiling point or cause the release of hazardous gaseous emissions, using either constituent-specific concentration limits or calculations.

(7) The temperature of any unit 100 gallons or larger is automatically monitored, the unit is fitted with a high-temperature alarm system, and, for closed systems, the adding and mixing of in-process and neutralizing solutions are manually controlled.

(8) The pharmaceutical neutralization activity occurs within a facility that has design or engineering features, including, but not limited to, trenches, sumps, berming, sloping, or diking, designed to contain all liquid spills from pharmaceutical manufacturing process and neutralization units.

(c) An owner or operator of a pharmaceutical neutralization unit exempt under this section shall comply with all of the following requirements:

(1) The owner or operator shall successfully complete a program of classroom instruction or on-the-job training that includes, at a minimum,

instruction for responding effectively to emergencies by familiarizing personnel with emergency procedures, emergency equipment, and emergency systems, including, where applicable, procedures for using, inspecting, repairing, and replacing facility emergency and monitoring equipment, communications, or alarm systems.

(2) Within 10 days of commencing initial operation of the unit, or within any other time period that may be required by the CUPA, the owner or operator shall notify the CUPA of the commencement of the operation of the unit under the exemption made pursuant to this section. A CUPA is authorized to, and is required to, implement the requirements specified in this section. If the owner or operator is not under the jurisdiction of a CUPA, the notice shall be sent to the officer of the agency authorized, pursuant to subdivision (e) of Section 25404.3, to implement and enforce the requirements of this chapter listed in paragraph (2) of subdivision (c) of Section 25404.

(3) The owner or operator shall establish and maintain documentation to substantiate its compliance with all of the requirements and conditions of this section, and shall make the documentation available for inspection upon request of the department or the CUPA.

(d) Notwithstanding any other provision of law, all air emissions from a pharmaceutical neutralization unit shall be managed in accordance with the requirements of the local air pollution control district or air quality management district.

(e) All wastes generated as a result of pharmaceutical neutralization activities shall be managed as hazardous wastes in accordance with all applicable requirements of this chapter.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 742

An act to add Section 15814.40 to the Government Code, relating to state buildings.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 15814.40 is added to the Government Code, to read:

15814.40. (a) The Department of General Services shall define a life cycle cost analysis model that shall be used to evaluate the cost-effectiveness of state building design and construction decisions and their impact over a facility's life cycle, no later than July 1, 2007.

(b) (1) The State Energy Resources Conservation and Development Commission, in consultation with the Department of General Services and the Treasurer's office, shall identify and develop appropriate financing and project delivery mechanisms to facilitate state building energy and resource efficient projects. These mechanisms shall include the use of the life cycle cost analysis model as described in subdivision (a), and shall maximize the use of outside financing, including, but not limited to, loan programs, revenue bonds, municipal tax-exempt leases, and other financial instruments supported by project savings, and minimize the use of General Fund moneys for these purposes. In addition, the commission, in consultation with these entities and with representatives from the commercial building construction industry, shall do both of the following:

(A) Identify obstacles to private sector commercial building energy and resource efficient projects.

(B) Identify and recommend financial or other incentives to facilitate private sector commercial building energy and resource efficient projects.

(2) The commission shall report its findings and recommendations made pursuant to paragraph (1) to the Green Action Team by January 1, 2008.

(c) For purposes of this section, the "Green Action Team" means the interagency team established to further the goals of Executive Order S-20-04.

CHAPTER 743

An act to amend Section 52052 of the Education Code, relating to pupil achievement.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 52052 of the Education Code is amended to read:

52052. (a) (1) The Superintendent, with approval of the state board, shall develop an Academic Performance Index (API), to measure the performance of schools, especially the academic performance of pupils.

(2) A school shall demonstrate comparable improvement in academic achievement as measured by the API by all numerically significant pupil subgroups at the school, including:

(A) Ethnic subgroups.

(B) Socioeconomically disadvantaged pupils.

(C) English language learners.

(D) Pupils with disabilities.

(3) (A) For purposes of this section, a numerically significant pupil subgroup is one that meets both of the following criteria:

(i) The subgroup consists of at least 50 pupils each of whom has a valid test score.

(ii) The subgroup constitutes at least 15 percent of the total population of pupils at a school who have valid test scores.

(B) If a subgroup does not constitute 15 percent of the total population of pupils at a school who have valid test scores, the subgroup may constitute a numerically significant pupil subgroup if it has at least 100 valid test scores.

(C) For a school with an API score that is based on no fewer than 11 and no more than 99 pupils with valid test scores, numerically significant subgroups shall be defined by the Superintendent, with approval by the state board.

(4) The API shall consist of a variety of indicators currently reported to the department, including, but not limited to, the results of the achievement test administered pursuant to Section 60640, attendance rates for pupils in elementary schools, middle schools, and secondary schools, and the graduation rates for pupils in secondary schools.

(A) Graduation rates for pupils in secondary schools shall be calculated for the API as follows:

(i) The number of pupils who graduated on time for the current school year, which is considered to be three school years after the pupils entered 9th grade for the first time, divided by the total calculated in paragraph (2).

(ii) The number of pupils entering 9th grade for the first time in the school year three school years prior to the current school year, plus the number of pupils who transferred into the class graduating at the end of the current school year between the school year that was three school

years prior to the current school year and the date of graduation, less the number of pupils who transferred out of the school between the school year that was three school years prior to the current school year and the date of graduation who were members of the class that is graduating at the end of the current school year.

(B) The pupil data collected for the API that comes from the achievement test administered pursuant to Sections 60640 and 60644 and the high school exit examination administered pursuant to Section 60851, when fully implemented, shall be disaggregated by special education status, English language learners, socioeconomic status, gender and ethnic group. Only the test scores of pupils who were counted as part of the enrollment in the annual data collection of the California Basic Educational Data System for the current fiscal year and who were continuously enrolled during that year may be included in the test result reports in the API score of the school. Results of the achievement test and other tests specified in subdivision (b) shall constitute at least 60 percent of the value of the index.

(C) Before including high school graduation rates and attendance rates in the API, the Superintendent shall determine the extent to which the data are currently reported to the state and the accuracy of the data. Notwithstanding any other provision of law, graduation rates for pupils in dropout recovery high schools shall not be included in the API. For purposes of this subparagraph, "dropout recovery high school" means a high school in which 50 percent or more of its pupils have been designated as dropouts pursuant to the exit/withdrawal codes developed by the department.

(D) The Superintendent shall provide an annual report to the Legislature on the graduation and dropout rates in California and shall make the same report available to the public. The report shall be accompanied by the release of publicly accessible data for each school district and school in a manner that provides for disaggregation based upon socioeconomically disadvantaged pupils and numerically significant subgroups scoring below average on statewide standards aligned assessments. In addition, the data shall be made available in a manner that provides for comparisons of a minimum of three years of data.

(b) Pupil scores from the following tests, when available and when found to be valid and reliable for this purpose, shall be incorporated into the API:

(1) The assessment of the applied academic skills matrix test developed pursuant to Section 60604.

(2) The nationally normed test designated pursuant to Section 60642.

(3) The standards-based achievement tests provided for in Section 60642.5.

(4) The high school exit examination.

(c) Based on the API, the Superintendent shall develop, and the state board shall adopt, expected annual percentage growth targets for all schools based on their API baseline score from the previous year. Schools are expected to meet these growth targets through effective allocation of available resources. For schools below the statewide API performance target adopted by the state board pursuant to subdivision (d), the minimum annual percentage growth target shall be 5 percent of the difference between the actual API score of a school and the statewide API performance target, or one API point, whichever is greater. Schools at or above the statewide API performance target shall have, as their growth target, maintenance of their API score above the statewide API performance target. However, the state board may set differential growth targets based on grade level of instruction and may set higher growth targets for the lowest performing schools because they have the greatest room for improvement. To meet its growth target, a school shall demonstrate that the annual growth in its API is equal to or more than its schoolwide annual percentage growth target and that all numerically significant pupil subgroups, as defined in subdivision (a), are making comparable improvement.

(d) Upon adoption of state performance standards by the state board, the Superintendent shall recommend, and the state board shall adopt, a statewide API performance target that includes consideration of performance standards and represents the proficiency level required to meet the state performance target. When the API is fully developed, schools must, at a minimum, meet their annual API growth targets to be eligible for the Governor's Performance Award Program as set forth in Section 52057. The state board may establish additional criteria that schools must meet to be eligible for the Governor's Performance Award Program.

(e) The API shall be used for both of the following:

(1) Measuring the progress of schools selected for participation in the Immediate Intervention/Underperforming Schools Program pursuant to Section 52053.

(2) Ranking all public schools in the state for the purpose of the High Achieving/Improving Schools Program pursuant to Section 52056.

(f) (1) A school with 11 to 99 pupils with valid test scores shall receive an API score with an asterisk that indicates less statistical certainty than API scores based on 100 or more test scores.

(2) A school shall annually receive an API score, unless the Superintendent determines that an API score would be an invalid measure of the performance of the school for one or more of the following reasons:

(A) Irregularities in testing procedures occurred.

(B) The data used to calculate the API score of the school are not representative of the pupil population at the school.

(C) Significant demographic changes in the pupil population render year-to-year comparisons of pupil performance invalid.

(D) The department discovers or receives information indicating that the integrity of the API score has been compromised.

(E) Insufficient pupil participation in the assessments included in the API.

(3) If a school has less than 100 pupils with valid test scores, the calculation of the API or adequate yearly progress pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) and federal regulations may be calculated over more than one annual administration of the tests administered pursuant to Sections 60640 and 60644 and the high school exit examination administered pursuant to Section 60851, consistent with regulations adopted by the state board.

(g) Only schools with 100 or more test scores contributing to the API may be included in the API rankings.

(h) The Superintendent, with the approval of the state board, shall develop an alternative accountability system for schools under the jurisdiction of a county board of education or a county superintendent of schools, community day schools, nonpublic, nonsectarian schools pursuant to Section 56366, and alternative schools serving high-risk pupils, including continuation high schools and opportunity schools. Schools in the alternative accountability system may receive an API score, but shall not be included in the API rankings.

CHAPTER 744

An act to amend Section 977 of the Penal Code, relating to criminal procedure.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 977 of the Penal Code is amended to read:

977. (a) (1) In all cases in which the accused is charged with a misdemeanor only, he or she may appear by counsel only, except as provided in paragraphs (2) and (3). If the accused agrees, the initial court appearance, arraignment, and plea may be by video, as provided by subdivision (c).

(2) If the accused is charged with a misdemeanor offense involving domestic violence, as defined in Section 6211 of the Family Code, or a misdemeanor violation of Section 273.6, the accused shall be present for arraignment and sentencing, and at any time during the proceedings when ordered by the court for the purpose of being informed of the conditions of a protective order issued pursuant to Section 136.2.

(3) If the accused is charged with a misdemeanor offense involving driving under the influence, in an appropriate case, the court may order a defendant to be present for arraignment, at the time of plea, or at sentencing. For purposes of this paragraph, a misdemeanor offense involving driving under the influence shall include a misdemeanor violation of any of the following:

(A) Paragraph (3) of subdivision (c) of Section 192.

(B) Section 23103 as specified in Section 23103.5 of the Vehicle Code.

(C) Section 23152 of the Vehicle Code.

(D) Section 23153 of the Vehicle Code.

(b) (1) In all cases in which a felony is charged, the accused shall be present at the arraignment, at the time of plea, during the preliminary hearing, during those portions of the trial when evidence is taken before the trier of fact, and at the time of the imposition of sentence. The accused shall be personally present at all other proceedings unless he or she shall, with leave of court, execute in open court, a written waiver of his or her right to be personally present, as provided by paragraph (2). If the accused agrees, the initial court appearance, arraignment, and plea may be by video, as provided by subdivision (c).

(2) The accused may execute a written waiver of his or her right to be personally present, approved by his or her counsel, and the waiver shall be filed with the court. However, the court may specifically direct the defendant to be personally present at any particular proceeding or portion thereof. The waiver shall be substantially in the following form:

"Waiver of Defendant 's Personal Presence"

"The undersigned defendant, having been advised of his or her right to be present at all stages of the proceedings, including, but not limited to, presentation of and arguments on questions of fact and law, and to be confronted by and cross-examine all witnesses, hereby waives the right to be present at the hearing of any motion or other proceeding in this cause. The undersigned defendant hereby requests the court to proceed during every absence of the defendant that the court may permit pursuant to this waiver, and hereby agrees that his or her interest is represented at all times by the presence of his or her attorney the same

as if the defendant were personally present in court, and further agrees that notice to his or her attorney that his or her presence in court on a particular day at a particular time is required is notice to the defendant of the requirement of his or her appearance at that time and place."

(c) The court may permit the initial court appearance and arraignment in municipal or superior court of defendants held in any state, county, or local facility within the county on felony or misdemeanor charges, except for those defendants who were indicted by a grand jury, to be conducted by two-way electronic audiovideo communication between the defendant and the courtroom in lieu of the physical presence of the defendant in the courtroom. If the defendant is represented by counsel, the attorney shall be present with the defendant at the initial court appearance and arraignment, and may enter a plea during the arraignment. However, if the defendant is represented by counsel at an initial hearing in superior court in a felony case, and if the defendant does not plead guilty or nolo contendere to any charge, the attorney shall be present with the defendant or if the attorney is not present with the defendant, the attorney shall be present in court during the hearing. The defendant shall have the right to make his or her plea while physically present in the courtroom if he or she so requests. If the defendant decides not to exercise the right to be physically present in the courtroom, he or she shall execute a written waiver of that right. A judge may order a defendant's personal appearance in court for the initial court appearance and arraignment. In a misdemeanor case, a judge may, pursuant to this subdivision, accept a plea of guilty or no contest from a defendant who is not physically in the courtroom. In a felony case, a judge may, pursuant to this subdivision, accept a plea of guilty or no contest from a defendant who is not physically in the courtroom if the parties stipulate thereto.

(d) Notwithstanding subdivision (c), if the defendant is represented by counsel, the attorney shall be present with the defendant in any county exceeding 4,000,000 persons in population.

CHAPTER 745

An act to amend Section 13114 of the Health and Safety Code, relating to public safety, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 13114 of the Health and Safety Code is amended to read:

13114. (a) The State Fire Marshal, with the advice of the State Board of Fire Services, shall adopt regulations and standards as he or she may determine to be necessary to control the quality and installation of fire alarm systems and fire alarm devices marketed, distributed, offered for sale, or sold in this state.

(b) No person shall market, distribute, offer for sale, or sell any fire alarm system or fire alarm device in this state unless the system or device has been approved and listed by the State Fire Marshal.

(c) (1) The State Fire Marshal shall convene a working group to address the issues specified in paragraph (2), made up of the following representatives to the extent they are willing to participate:

(A) Representatives of at least four manufacturers of fire alarm devices or systems whose products are currently listed pursuant to this section and whose names are provided to the State Fire Marshal as manufacturer representatives by the National Electrical Manufacturers Association.

(B) A fire protection engineer who is not associated with the State Fire Marshal's Office.

(C) Staff from the State Fire Marshal's Office for consultation purposes, as determined by the State Fire Marshal.

(D) Representatives of four local fire marshals with experience in building plan checking and code compliance.

(E) A representative of a nationally recognized testing laboratory.

(F) The State Fire Marshal or his or her designee.

(2) (A) Giving due consideration to public safety issues, the working group shall develop a process for listing of fire alarms and safety devices by the State Fire Marshal. Listing shall be approved upon receipt of certification of the fire alarm by a State Fire Marshal approved nationally recognized testing laboratory. All appropriate fees associated with the building materials listing application must be received by the Office of the California State Fire Marshal prior to approval.

(B) Implementation of the process developed pursuant to subparagraph (A) of paragraph (2) of subdivision (c) shall be through administrative action or legislative action in the regular session commencing December 4, 2006 and shall go into effect no later than January 1, 2008.

(3) (A) The State Fire Marshal shall appoint the members of the working group no later than October 1, 2006, and shall convene the first meeting of the working group no later than November 1, 2006.

(B) The State Fire Marshal shall approve the revised process no later than March 30, 2007.

(C) Nothing in this section shall preclude the State Fire Marshal and members of the fire alarm safety devices from convening in an ad hoc working group in advance of the effective date of this statute.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are: The current listing process delays the installation of new and improved safety devises into California projects.

CHAPTER 746

An act to amend Section 1566.3 of the Health and Safety Code, relating to residential facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1566.3 of the Health and Safety Code is amended to read:

1566.3. (a) Whether or not unrelated persons are living together, a residential facility that serves six or fewer persons shall be considered a residential use of property for the purposes of this article. In addition, the residents and operators of such a facility shall be considered a family for the purposes of any law or zoning ordinance which relates to the residential use of property pursuant to this article.

(b) For the purpose of all local ordinances, a residential facility that serves six or fewer persons shall not be included within the definition of a boarding house, rooming house, institution or home for the care of minors, the aged, or the mentally infirm, foster care home, guest home, rest home, sanitarium, mental hygiene home, or other similar term which implies that the residential facility is a business run for profit or differs in any other way from a family dwelling.

(c) This section shall not be construed to prohibit any city, county, or other local public entity from placing restrictions on building heights, setback, lot dimensions, or placement of signs of a residential facility which serves six or fewer persons as long as such restrictions are identical to those applied to other family dwellings of the same type in the same zone.

(d) This section shall not be construed to prohibit the application to a residential care facility of any local ordinance that deals with health and safety, building standards, environmental impact standards, or any other matter within the jurisdiction of a local public entity if the ordinance does not distinguish residential care facilities which serve six or fewer persons from other family dwellings of the same type in the same zone and if the ordinance does not distinguish residents of the residential care facilities from persons who reside in other family dwellings of the same type in the same zone. Nothing in this section shall be construed to limit the ability of a local public entity to fully enforce a local ordinance, including, but not limited to, the imposition of fines and other penalties associated with violations of local ordinances covered by this section.

(e) No conditional use permit, zoning variance, or other zoning clearance shall be required of a residential facility which serves six or fewer persons which is not required of a family dwelling of the same type in the same zone.

(f) Use of a family dwelling for purposes of a residential facility serving six or fewer persons shall not constitute a change of occupancy for purposes of Part 1. 5 (commencing with Section 17910) of Division 13 or local building codes. However, nothing in this section is intended to supersede Section 13143 or 13143.6, to the extent such sections are applicable to residential facilities providing care for six or fewer residents.

(g) For the purposes of this section, "family dwelling," includes, but is not limited to, single-family dwellings, units in multifamily dwellings, including units in duplexes and units in apartment dwellings, mobilehomes, including mobilehomes located in mobilehome parks, units in cooperatives, units in condominiums, units in townhouses, and units in planned unit developments.

CHAPTER 747

An act to add Section 399.12.5 to the Public Utilities Code, relating to energy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 399.12.5 is added to the Public Utilities Code, immediately following Section 399.12, to read:

399.12.5. Notwithstanding Section 399.12, a small hydroelectric generation facility that satisfies the criteria for an eligible renewable energy resource pursuant to Section 399.12 shall not lose its eligibility if efficiency improvements undertaken after January 1, 2003, cause the generating capacity of the facility to exceed 30 megawatts, and the efficiency improvements do not result in a new or increased appropriation or diversion of water from a watercourse. The entire generating capacity of the facility shall be eligible.

CHAPTER 748

An act to amend Section 50909 of, to add Section 51050.1 to, and to add Chapter 6.3 (commencing with Section 51312) to Part 3 of Division 31 of, the Health and Safety Code, relating to housing and community development.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) There is a shortage of housing and related supportive services for persons with special needs, including persons with mental illnesses. These persons are at substantial risk of homelessness. Financing special needs housing is particularly difficult because this housing will not support large amounts of conventional long-term debt. The California Housing Finance Agency (CalHFA) has substantial expertise and experience in leveraging conventional financing with other secondary sources of financing, to facilitate the development of affordable housing.

(b) Financing special needs housing, as well as efficiently leveraging other funds available for this purpose, is complex and involves significant financial risks. CalHFA has the management, financial, and legal expertise to structure the transactions and to manage these risks over a long term. The ability of CalHFA to effectively and efficiently provide this special needs financing requires amendments to the agency's statutes, including clear authority for the agency to issue bonds to raise capital for tax-exempt and taxable loans to finance special needs projects.

(c) The provision of additional financing through CalHFA provides significant advantages to the state. CalHFA is financially independent from the State of California. Its bond obligations are not a debt or liability of the state, nor does it require a pledge of the full faith and credit of the

state. CalHFA is a self-supporting entity, and raises all of its capital from private investors through the issuance of bonds.

(d) CalHFA's high quality credit rating depends in significant part on ratings agency and investor confidence in the ability of the management of the agency. Credit ratings agencies evaluate the expertise and effectiveness of CalHFA management in connection with the agency's issuer credit rating. CalHFA's current issuer rating specifically recognizes that CalHFA has experienced significant difficulty in attracting and retaining key management personnel as a result of compensation that is significantly less than is offered by other comparable housing finance agencies. The continued ability of the agency to meet its duties to bondholders, to maintain its high credit rating, and to manage the risk of complex real estate finance transactions such as those contemplated in this act, depends substantially on the ability of the agency to attract and retain key executive management over the long term.

(e) CalHFA must operate as a professional, self-supporting financial institution. Each fiscal year, the CalHFA Board of Directors (board) of the agency enacts a business plan, including an operating budget containing salaries. This act enables the board to attract and retain key personnel by clarifying the board's authority to establish compensation for key executive and management positions. This compensation will be competitive with that of other comparable state and local housing finance entities, according to salary survey methodology reviewed by the Department of Personnel Administration.

SEC. 2. Section 50909 of the Health and Safety Code is amended to read:

50909. (a) Notwithstanding Sections 19816 and 19825 of the Government Code, the compensation of key exempt management, including the executive director, the chief deputy director, the general counsel, the director of financing, the director of homeownership programs, the director of multifamily programs, the director of insurance and the financial risk management director shall be established by the board in the agency's annual budget, in amounts which are reasonably necessary, in the discretion of the board, to attract and hold a person of superior qualifications.

(b) (1) To determine the compensation for the positions described in this section, the agency shall cause to be conducted, through the use of independent outside advisors, salary surveys of both of the following:

(A) Other state and local housing finance agencies that are most comparable to CalHFA.

(B) Other relevant labor pools.

(2) The salaries so set by the board shall not exceed the highest comparable salary for a position of that type, as determined by the survey.

(c) The Department of Personnel Administration shall review the methodology used in these salary surveys.

(d) Members of the board shall not receive a salary but shall be entitled to a per diem allowance of one hundred dollars ($100) for each day's attendance at a meeting of the board or a meeting of a committee of the board, not to exceed three hundred dollars ($300) in any month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

SEC. 3. Section 51050.1 is added to the Health and Safety Code, to read:

51050.1. The agency may make loans to finance affordable housing, including residential structures, housing developments, multifamily rental housing, special needs housing, and other forms of housing permitted by this part.

SEC. 4. Chapter 6.3 (commencing with Section 51312) is added to Part 3 of Division 31 of the Health and Safety Code, to read:

Chapter 6.3. Special Needs Housing

51312. (a) The primary purpose of this chapter is to provide an additional method of financing special needs housing.

(b) (1) For purposes of this chapter, "special needs housing" means any housing, including supportive housing, intended to benefit, in whole or in part, persons identified as having special needs relating to any of the following:

(A) Mental health.

(B) Physical disabilities.

(C) Developmental disabilities, including, but not limited to, mental retardation, cerebral palsy, epilepsy, and autism.

(D) The risk of homelessness.

(2) Special needs housing shall also mean housing intended to meet the housing needs of persons eligible for mental health services funded in whole or in part by the Mental Health Services Fund, created by Section 5890 of the Welfare and Institutions Code.

51313. The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of this state and for their health and welfare. Therefore, any bonds issued by the agency, pursuant to this chapter, their transfer, and the income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

51314. Subject only to the limitations of this chapter, the agency may, in addition to any other power conferred by this part, issue revenue bonds as provided in Chapter 7 (commencing with Section 51350) for

the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of special needs housing, and for the provision of capital improvements in connection with, and determined necessary to, such housing.

51315. Subject only to the limitations prescribed in this chapter, the agency, in addition to any other power conferred by this part with respect to housing, may make or undertake commitments to make loans to finance the acquisition, construction, rehabilitation, refinancing, or development of special needs housing. For this purpose, the agency may enter into regulatory contracts and other agreements with the owners or operators of that housing to ensure compliance with this chapter.

51316. Subject only to the limitations prescribed in this chapter, the agency, in addition to any other power conferred by this part, may purchase, or undertake, directly or indirectly through lending institutions, commitments to purchase, construction loans, mortgage loans, or other types of loans originated in accordance with a financing agreement with the agency to finance the acquisition, construction, rehabilitation, refinancing, or development of special needs housing, and for the provision of capital improvements in connection with, and determined necessary to, such housing.

51317. For the purposes of this chapter, the agency shall have the power to issue its bonds to defray, in whole or in part, the costs of studies and surveys, insurance premiums, underwriting fees, legal, accounting and marketing services incurred in connection with the issuance and sale of bonds, including bond and operating reserve accounts, trustee, custodian, and rating agency fees, and such other costs as are reasonably related to the foregoing.

51318. This chapter constitutes a complete, additional, and alternative method to issue bonds to finance the costs of special needs housing.

SEC. 5. (a) The California Housing Finance Agency (CalHFA), in consultation with the Department of Mental Health (DMH) and the Department of Housing and Community Development (DHCD), and other agencies and interested parties, shall prepare and present to the Legislature a plan for the development, acquisition, construction, and rehabilitation of supportive housing projects using up to seventy-five million dollars ($75,000,000) annually in funding from the Mental Health Services Act (MHSA), as provided under the Governor's Executive Order S-07-06. The plan shall include, but not be limited to, the following components:

(1) How funds will be distributed, including any criteria to evaluate projects.

(2) How funding for the supportive housing program will be administered and the level of administrative costs.

(3) How effective coordination among CalHFA, DMH, and DHCD will be assured for the duration of the program.

(4) The projected timetable for obtaining additional supportive housing units, and an explanation as to how state agencies will regularly monitor the activities of the program on an ongoing basis to ensure that the goal of establishing 10,000 additional supportive housing units is being met.

(5) How state agencies will regularly monitor and audit expenditures on an ongoing basis to ensure that the funding for the program is spent in a cost-effective manner.

(6) How state agencies will ensure that the design of any housing developed under the program meets the needs for special needs programs provided to its inhabitants.

(b) A copy of the plan shall be submitted to the Chair of the Joint Legislative Budget Committee, the chairs of the fiscal, housing, and health committees of each house of the Legislature, and the Legislative Analyst's Office.

(c) The Legislative Analyst's Office shall review and, to the extent it determines is warranted, comment on the plan. Any Legislative Analyst's Office comments shall be submitted to the parties specified in subdivision (b) and shall include, but shall not be limited to, the following aspects of the plan:

(1) Whether the plan is complete and consistent with the requirements of this section.

(2) Whether the plan for the development of 10,000 additional units of supportive housing is reasonable.

(d) The Executive Director of CalHFA is encouraged not to make a funding commitment for any supportive housing project proposed under the executive order prior to 30 days after the submission of the plan pursuant to subdivision (b), or any lesser time that the Chair of the Joint Legislative Budget Committee may determine.

CHAPTER 749

An act to add and repeal Section 395.5 of the Public Utilities Code, relating to electricity.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares both of the following:

(a) The donation of electric commodity service authorized by Section 395.5 of the Public Utilities Code is to be strictly limited to nonprofit charitable organizations serving the needs of the poor or elderly and shall not authorize or be precedent for any additional direct transactions.

(b) Nonprofit charitable organizations that receive free electric commodity service as a donation shall incur all nonbypassable charges and all other fees and costs, other than basic electric commodity costs, that are incurred by the bundled service customers of a load-serving entity.

SEC. 2. Section 395.5 is added to the Public Utilities Code, to read:

395.5. (a) For purposes of this section, the following terms have the following meanings:

(1) "Nonprofit charitable organization" means any charitable organization described in Section 501(c)(3) of the federal Internal Revenue Code that has as its primary purpose serving the needs of the poor or elderly.

(2) "Electric commodity" means electricity used by the customer or a supply of electricity available for use by the customer, and does not include services associated with the transmission and distribution of electricity.

(b) Notwithstanding Section 80110 of the Water Code, a nonprofit charitable organization may acquire electric commodity service through a direct transaction with an electric service provider if electric commodity service is donated free of charge without compensation.

(c) A nonprofit charitable organization that acquires donated electric commodity service through a direct transaction pursuant to this section shall be responsible for paying all of the following:

(1) Those charges and surcharges that would be imposed upon a retail end-use customer of a community aggregator pursuant to subdivisions (d), (e), (f), and (g) of Section 366.2.

(2) The transmission and distribution charges of an electrical corporation or a local publicly owned electric utility, as defined in Section 9604.

(3) A nonbypassable charge imposed pursuant to Article 7 (commencing with Section 381), Article 8 (commencing with Section 385), or Article 15 (commencing with Section 399).

(4) Costs imposed upon a load-serving entity pursuant to Section 380.

(d) Existing direct access rules and all service obligations otherwise applicable to electric service providers shall govern transactions under this section.

(e) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

CHAPTER 750

An act to amend Section 13167 of, and to repeal and add Section 13181 to, the Water Code, relating to water.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The Legislative Analyst's Office has concluded that ambient water quality monitoring is the foundation for much of the work of the State Water Resources Control Board, including basin planning, standards setting, and permitting.

(b) The Government Accounting Office has determined that the United States Environmental Protection Agency (EPA) and the states need comprehensive water quality monitoring and assessment information on environmental changes and conditions over time and that, in the absence of this information, it is difficult for the EPA and the states to establish priorities, evaluate the success of programs and activities, and report on accomplishments.

(c) The National Research Council has similarly recommended the development of a uniform, consistent approach to ambient water quality monitoring and data collection, increased resources for water monitoring, and improved coordination of monitoring.

(d) According to California's 2002 biennial monitoring report to the EPA, the state can only report on the health of 22 percent of its coastal shoreline, 34 percent of its lakes and reservoirs, and 15 percent of its rivers and streams due to a lack of monitoring data. There is no single place where the public can go to get a specific look at the health of water bodies in its own backyard, or even to get an overall picture of the health of the state's waters.

(e) State water board funding for ambient surface water monitoring has fluctuated significantly over the years, and is inadequate to ensure the assessment of all waters. The monitoring efforts that are underway could be enhanced significantly with increased coordination of the many separate monitoring activities that are going on at the local, state, and

federal levels. Historically, the use of different protocols and data management systems have typically precluded the full and effective use of available water quality monitoring data.

(f) The development of new programs to control agricultural and timber pollution, and the implementation of hundreds of new projects financed by bond funds to improve water quality, may produce water quality improvements that should be documented. The State of California cannot afford to waste the opportunities provided by these and other water quality improvement programs.

(g) Numerous water monitoring efforts are conducted by local, state, and federal agencies, regulated entities, and citizen monitoring groups. Many of these efforts are uncoordinated, and as a result funds and information are not being used as effectively as they could be. In addition, redundant monitoring activities can occur because of a lack of basic information relative to the scope of monitoring activities throughout the state. For example, there are 100 water quality monitoring efforts underway in the central valley alone, and coordination is minimal.

(h) Better coordination of ongoing monitoring efforts, and more targeted identification of specific monitoring needs, would place California in a better position to obtain additional needed monitoring funding, particularly federal funding. Additional support can be found through the savings provided by increased coordination and integration of existing monitoring efforts.

(i) Californians should be able to readily access basic information that already exists about the state's waters and how those waters are protected and restored. By their recent approval of a constitutional amendment (Proposition 59), California voters have indicated their strong support for open and transparent government. The "government" of state waters should be carried out in a similarly open manner. At a minimum, all information that is currently available to agencies should be made readily available to the public via the Internet.

SEC. 2. Section 13167 of the Water Code is amended to read:

13167. (a) The state board shall implement, with the assistance of the regional boards, a public information program on matters involving water quality, and shall place and maintain on its Internet Web site, in a format accessible to the general public, an information file on water quality monitoring, assessment, research, standards, regulation, enforcement, and other pertinent matters.

(b) The information file described in subdivision (a) shall include, but need not be limited to, copies of permits, waste discharge requirements, waivers, enforcement actions, and petitions for review of these actions pursuant to this division. The file shall include copies of water quality control plans and policies, including any relevant

management agency agreements pursuant to this chapter and Chapter 4 (commencing with Section 13200), and monitoring data and assessment information, or shall identify Internet links to that information. The state board, in consultation with the regional boards, shall ensure that the information is available in single locations, rather than separately by region, and that the information is presented in a manner easily understandable by the general public.

SEC. 3. Section 13181 of the Water Code is repealed.

SEC. 4. Section 13181 is added to the Water Code, to read:

13181. (a) (1) On or before December 1, 2007, the California Environmental Protection Agency and the Resources Agency shall enter into a memorandum of understanding for the purposes of establishing the California Water Quality Monitoring Council, which shall be administered by the state board.

(2) As used in this section, "monitoring council" means the California Water Quality Monitoring Council established pursuant to this section.

(3) The monitoring council may include representatives from state entities and nonstate entities. The representatives from nonstate entities may include, but need not be limited to, representatives from federal and local government, institutions of higher education, the regulated community, citizen monitoring groups, and other interested parties.

(4) The monitoring council shall review existing water quality monitoring, assessment, and reporting efforts, and shall recommend specific actions and funding needs necessary to coordinate and enhance those efforts.

(5) (A) The recommendations shall be prepared for the ultimate development of a cost-effective, coordinated, integrated, and comprehensive statewide network for collecting and disseminating water quality information and ongoing assessments of the health of the state's waters and the effectiveness of programs to protect and improve the quality of those waters.

(B) For purposes of developing recommendations pursuant to this section, the monitoring council shall initially focus on the water quality monitoring efforts of state agencies, including, but not limited to, the state board, the regional boards, the department, the Department of Fish and Game, the California Coastal Commission, the State Lands Commission, the Department of Parks and Recreation, the Department of Forestry and Fire Protection, the Department of Pesticide Regulation, and the State Department of Health Services.

(C) In developing the recommendations, the monitoring council shall seek to build upon existing programs rather than create new programs.

(6) Among other things, the memorandum of understanding shall describe the means by which the monitoring council shall formulate recommendations to accomplish both of the following:

(A) Reduce redundancies, inefficiencies, and inadequacies in existing water quality monitoring and data management programs in order to improve the effective delivery of sound, comprehensive water quality information to the public and decisionmakers.

(B) Ensure that water quality improvement projects financed by the state provide specific information necessary to track project effectiveness with regard to achieving clean water and healthy ecosystems.

(b) The monitoring council shall report, on or before December 1, 2008, to the California Environmental Protection Agency and the Resources Agency with regard to its recommendations for maximizing the efficiency and effectiveness of existing water quality data collection and dissemination, and for ensuring that collected data are maintained and available for use by decisionmakers and the public. The monitoring council shall consult with the United States Environmental Protection Agency in preparing these recommendations. The monitoring council's recommendations, and any responses submitted by the California Environmental Protection Agency or the Resources Agency to those recommendations, shall be made available to decisionmakers and the public by means of the Internet.

(c) The monitoring council shall undertake and complete, on or before April 1, 2008, a survey of its members to develop an inventory of their existing water quality monitoring and data collection efforts statewide and shall make that information available to the public.

(d) All state agencies, including institutions of higher education to the extent permitted by law, that collect water quality data or information shall cooperate with the California Environmental Protection Agency and the Resources Agency in achieving the goals of the monitoring council as described in this section.

(e) In accordance with the requirements of the Clean Water Act (33 U.S.C. Sec. 1251 et seq.) and implementing guidance, the state board shall develop, in coordination with the monitoring council, all of the following:

(1) A comprehensive monitoring program strategy that utilizes and expands upon the state's existing statewide, regional, and other monitoring capabilities and describes how the state will develop an integrated monitoring program that will serve all of the state's water quality monitoring needs and address all of the state's waters over time. The strategy shall include a timeline not to exceed 10 years to complete implementation. The strategy shall be comprehensive in scope and identify specific technical, integration, and resource needs, and shall

recommend solutions for those needs so that the strategy may be implemented within the 10-year timeframe.

(2) Agreement, including agreement on a schedule, with regard to the comprehensive monitoring of statewide water quality protection indicators that provide a basic minimum understanding of the health of the state's waters. Indicators already developed pursuant to environmental protection indicators for statewide initiatives shall be given high priority as core indicators for purposes of the network described in subdivision (a).

(3) Quality management plans and quality assurance plans that ensure the validity and utility of the data collected.

(4) Methodology for compiling, analyzing, and integrating readily available information, to the maximum extent feasible, including, but not limited to, data acquired from discharge reports, volunteer monitoring groups, local, state, and federal agencies, and recipients of state-funded or federally funded water quality improvement or restoration projects.

(5) An accessible and user-friendly electronic data system with timely data entry and ready public access via the Internet. To the maximum extent possible, the geographic location of the areas monitored shall be included in the data system.

(6) Production of timely and complete water quality reports and lists that are required under Sections 303(d), 305(b), 314, and 319 of the Clean Water Act and Section 406 of the Beaches Environmental Assessment and Coastal Health Act of 2000, that include all available information from discharge reports, volunteer monitoring groups, and local, state, and federal agencies.

(7) An update of the state board's surface water ambient monitoring program needs assessment in light of the benefits of increased coordination and integration of information from other agencies and information sources. This update shall include identification of current and future resource needs required to fully implement the coordinated, comprehensive monitoring network, including, but not limited to, funding, staff, training, laboratory and other resources, and projected improvements in the network.

(f) The state board shall identify the full costs of implementation of the comprehensive monitoring program strategy developed pursuant to subdivision (e), and shall identify proposed sources of funding for the implementation of the strategy, including federal funds that may be expended for this purpose. Fees collected pursuant to paragraph (1) of subdivision (d) of Section 13260 may be used as a funding source for implementation of the strategy to the extent that the funding is consistent with subparagraph (B) of paragraph (1) of subdivision (d) of Section 13260.

(g) Data, summary information, and reports prepared pursuant to this section shall be made available to appropriate public agencies and the public by means of the Internet.

(h) (1) Commencing December 1, 2008, the Secretary of the California Environmental Protection Agency shall conduct a triennial audit of the effectiveness of the monitoring program strategy developed pursuant to subdivision (e). The audit shall include, but need not be limited to, an assessment of the following matters:

(A) The extent to which the strategy has been implemented.

(B) The effectiveness of the monitoring and assessment program and the monitoring council with regard to both of the following:

(i) Tracking improvements in water quality.

(ii) Evaluating the overall effectiveness of programs administered by the state board or a regional board and of state and federally funded water quality improvement projects.

(2) The Secretary of the California Environmental Protection Agency shall consult with the Secretary of the Resources Agency in preparing the audit, consistent with the memorandum of understanding entered into pursuant to subdivision (a).

(i) The state board shall prioritize the use of federal funding that may be applied to monitoring, including, but not limited to, funding under Section 106 of the Federal Water Pollution Control Act, for the purpose of implementing this section.

(j) The state board shall not use more than 5 percent of the funds made available to implement this section for the administrative costs of any contracts entered into for the purpose of implementing this section.

CHAPTER 751

An act to add Section 41207.1 to, and to add Article 3.7 (commencing with Section 52055.700) to Chapter 6.1 of Part 28 of, the Education Code, relating to public school finance, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

I am signing Senate Bill 1133, but reducing the amount provided to the State Department of Education as noted below.

The school community and I were able to work together to reach an amicable resolution to discharge the minimum state education funding requirement of Section 8 of Article XVI of the California Constitution and Chapter 213, Statutes of 2004 for the 2004-05 and 2005-06

fiscal years. I want to thank all the parties that came to the table and worked hard to accomplish this common goal.

While I agree that the State Department of Education will require resources to implement this program and perform the required evaluation, most of the activities required by this legislation will not be undertaken until the first year of program implementation in 2007-08. Further, in some instances, there are activities that will only occur at the beginning of the fifth year of program implementation and only if a school fails to meet the requirements specified in the bill.

For these reasons, I am reducing the augmentation for the State Department of Education from $1,117,000 to $350,000 and the number of authorized positions from 9.0 to 3.0 positions. I fully anticipate that the Department of Education will submit a request for additional funding to implement the program commencing with the 2007-08 fiscal year, which will be evaluated on a workload basis.

Schwarzenegger, Arnold

The people of the State of California do enact as follows:

SECTION 1. Section 41207.1 is added to the Education Code, to read:

41207.1. (a) Notwithstanding Section 41206, the minimum state educational funding guarantee for school districts and community college districts for the 2004-05 fiscal year, as determined pursuant to Chapter 213 of the Statutes of 2004, is forty-eight billion six hundred seventy-five million six hundred seventy-four thousand dollars ($48,675,674,000), creating an outstanding balance of one billion six hundred twenty million nine hundred twenty-eight thousand dollars ($1,620,928,000). The outstanding balance shall be appropriated and allocated pursuant to Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28.

(b) Notwithstanding Section 41206, the outstanding balance of the minimum state educational funding requirement for school districts and community college districts required by subdivision (b) of Section 8 of Article XVI of the California Constitution in the 2005–06 fiscal year shall be determined using actual data agreed to by the Superintendent and the Director of Finance no later than January 31, 2008. The Director of Finance shall provide a written notification to the Legislature within one month after completion of the determination, detailing the data of the determination. The outstanding balance shall be appropriated and allocated pursuant to Article 3.7 (commencing with Section 52055.700) of Chapter 6.1 of Part 28.

(c) When the amount determined to be owed for the 2004–05 and 2005–06 fiscal years pursuant to subdivision (a) or (b) is fully appropriated and allocated pursuant to Article 3.7 (commencing with

Section 52055.700) of Chapter 6.1 of Part 28, the data used in the computations made under subdivision (a) and (b) and the total amount owed by the state for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for those fiscal years, including as much of the maintenance factor for those fiscal years determined pursuant to subdivision (d) of Section 8 of Article XVI as has been allocated as required by subdivision (e) of Section 8 of Article XVI by virtue of the payments made under this section, shall be deemed certified for purposes of Section 41206.

SEC. 2. Article 3.7 (commencing with Section 52055.700) is added to Chapter 6.1 of Part 28 of the Education Code, to read:

Article 3.7. Quality Education Investment Act of 2006

52055.700. This article shall be known and may be cited as the Quality Education Investment Act of 2006.

52055.710. It is the intent of the Legislature in enacting this article to accomplish all of the following:

(a) Implement the terms of the proposed settlement agreement in California Teachers Association, et al. v. Arnold Schwarzenegger, et al. (Case Number 05CS01165 of the Superior Court for the County of Sacramento).

(b) Provide for the discharge of the minimum state educational funding requirement of Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years.

(c) Improve the quality of academic instruction and the level of pupil achievement in schools in which pupils have high levels of poverty and complex educational needs.

(d) Develop exemplary school district and school practices that will create the working conditions and classroom learning environments that will attract and retain well qualified teachers, administrators, and other staff.

(e) Focus school resources, including all categorical funds, solely on instructional improvement and services to pupils.

52055.720. (a) For purposes of this article, the following definitions apply:

(1) "Academic Performance Index" or "API" means the Academic Performance Index established under Section 52052.

(2) "CBEDS" means the California Basic Educational Data System.

(3) "Funded school" means a school that is within a school district or chartering authority, receives funds allocated under this article, and

complies with all applicable interim programs and alternative requirements described in this article.

(4) The "High Priority Schools Grant Program" or "HPSGP" means the High Priority Schools Grant Program established under Article 3.5 (commencing with Section 52055.600).

(5) "Secretary" means the Secretary for Education.

(6) "Superintendent" means the Superintendent of Public Instruction.

(b) Public schools and charter schools that are ranked in either decile 1 or 2 on the 2005 Academic Performance Index are eligible to receive funds under this article.

(c) A school that is funded under the High Priority Schools Grant Program, has not met the annual growth target requirements under Section 52055.650, and is designated as a state sanctioned school is eligible to be funded under this article if the school undergoes a rigorous review directed by the Superintendent.

(d) A school that is funded under the High Priority Schools Grant Program, and has met or is meeting the requirements of Section 52055.650, is eligible to receive funding under this article and the HPSGP if the school agrees to meet all accountability requirements of both programs.

(e) A school that is funded under this article and continues to meet the program and achievement requirements of this article shall be funded annually through the 2013–14 fiscal year.

(f) The funds appropriated pursuant to this article may be expended for any purpose identified under the schoolsite's Single Plan for Pupil Achievement established under Section 64001.

52055.730. (a) The Superintendent shall identify and invite schools districts and chartering authorities that have eligible schools to participate in the program established under this article.

(b) The Superintendent shall notify school districts and chartering authorities at the earliest possible date of all of the following:

(1) Schoolsites in the district or of a chartering authority that are eligible to receive funding pursuant to this article.

(2) The program and accountability requirements for schools that receive funding pursuant to this article.

(3) The deadlines for the submission of documents necessary to receive funding pursuant to this article.

(4) Any other information the Superintendent deems necessary to implement this article.

(c) The Superintendent shall specify the manner in which school districts and chartering authorities shall submit applications to receive funding pursuant to this article. It is the intent of the Legislature that this

submission process be as simple as possible, use easily available data, and include the requirements of this article.

(d) On or before June 30, 2007, the Superintendent, in consultation with interested parties, shall develop a uniform process that can be used to calculate average experience for purposes of reporting, analyzing, or evaluating the distribution of classroom teaching experience in grades, schoolsites, or subjects across the district. The uniform process shall include an index that uses the 2005–06 California Basic Educational Data System (CBEDS) Professional Assignment Information Form (PAIF), including any necessary corrections, as the base-reporting year to evaluate annual improvements of the funded schools toward balancing the index of teaching experience. The index shall be approved by the Superintendent. The uniform process shall designate teaching experience beyond 10 years as 10 years.

(e) The Superintendent shall make applications submitted pursuant to subdivision (c) available for review by the secretary. The Superintendent and the secretary shall review the applications and select the schools for recommendation to the state board within 30 days after the date the application is submitted to the Superintendent.

(f) After reviewing applications submitted pursuant to subdivision (c), the Superintendent and the secretary, jointly, shall submit their recommendations for schools to be funded to the state board for approval. The recommendations shall ensure a wide geographic distribution of funded schools across urban, rural, and suburban areas of the state. Schools selected should also represent a diverse distribution of grade levels. If the Superintendent and the secretary cannot complete the review and recommendation process in the time provided, the Superintendent shall submit recommendations to the board.

(g) To the maximum extent possible the Superintendent, the secretary, and the state board shall recommend and approve sufficient schools to use all available funds. A school selected in the first year shall continue in the program unless it is terminated pursuant to subdivision (c) of Section 52055.740, it declines to participate, or there is evidence of fraud or fiscal irregularities.

(h) In approving the recommendations for funding from the Superintendent and the secretary, the state board shall also verify that the funded schools represent the required balance, geographic distribution, and diverse distribution of grade levels.

(i) The Superintendent shall perform the duties of a county superintendent of schools pursuant to this article for funded schools in those counties in which a single school district operates. The Superintendent may delegate this responsibility to a county

superintendent of schools in the region in which the single district county is located.

(j) The Superintendent and the secretary may select not more than two county offices of education to provide regional technical support, document best practices, and provide information regarding those practices and other support information to schools, school districts, and chartering authorities. It is the intent of the Legislature that these activities be merged to the maximum extent feasible with other state and federally funded activities with similar requirements.

52055.740. (a) For each funded school, the county superintendent of schools for the county in which the school is located shall annually review the school and its data to determine if the school has met all of the following program requirements by the school by the end of the third full year of funding:

(1) Meet all of the following class size requirements:

(A) For kindergarten and grades 1 to 3, inclusive, no more than 20 pupils per class, as set forth in the Class Size Reduction Program (Chapter 6.10 (commencing with Section 52120)).

(B) For self-contained classrooms in grades 4 to 8, inclusive, an average classroom size that is the lesser of clause (i) or (ii), as follows:

(i) At least five pupils fewer per classroom than was the average in 2006–07.

(ii) An average of 25 pupils per classroom.

(iii) For purposes of this subparagraph, average classroom size shall be calculated at the grade level based on the number of self-contained classrooms in that grade at the schoolsite. If the self-contained classrooms at the school averaged fewer than 25 pupils per classroom during the 2005–06 school year, that lower average shall be used as the "average in 2006–07" for purposes of this subparagraph. A school that receives funding under this article shall not have a self-contained classroom in grades 4 to 8, inclusive, with more than 27 pupils regardless of its average classroom size.

(C) For classes in English language arts, reading, mathematics, science, or history and social science courses in grades 4 to 12, inclusive, an average classroom size that is the lesser of clause (i) or (ii), as follows:

(i) At least five pupils fewer per classroom than was the average in 2006–07.

(ii) An average of 25 pupils per classroom.

(iii) For purposes of this subparagraph, average classroom size shall be calculated at the grade level based on the number of subject-specific classrooms in that grade at the schoolsite. If the subject-specific classrooms at the school averaged fewer than 25 pupils per classroom during the 2005–06 school year, that lower average shall be used as the

"average in 2006–07" for purposes of this subparagraph. A school that receives funding under this article shall not have a class in English language arts, reading, mathematics, science, or history and social science in grades 4 to 12, inclusive, with more than 27 pupils regardless of its average classroom size.

(D) Not increase any other class sizes in the school above the size used during the 2005–06 school year. If a funded school has a low-enrollment innovative class, it may increase the number of pupils in that class to a number that does not exceed the schoolwide average.

(2) In high schools, have a pupil-to-counselor ratio of no more than 300 to 1. Each counselor shall hold a services credential with a specialization in pupil personnel services issued by the Commission on Teacher Credentialing.

(3) Ensure that each teacher in the school, including intern teachers, shall be highly qualified in accordance with the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(4) Using the index established under Section 52055.730, have an average experience of classroom teachers in the school equal to or exceeding the average for the school district for this type of school.

(5) Exceed the API growth target for the school averaged over the first three full years of funding. Beginning in the fifth year of participation, funded schools shall meet their annual API growth targets. If the school fails to meet its annual growth target, the school shall continue to receive funding pursuant to this article, but shall be subject to state review, assistance, and timeline requirements pursuant to the HPSGP under Section 52055.650. The schoolsite administrator shall not automatically be reassigned based solely on that failure.

(b) For each funded school, the county superintendent of schools for the county in which the school is located shall annually review the school and its data to determine if the school has met all of the following interim requirements:

(1) Be at least one-third of the way toward meeting each of the program requirements specified in paragraphs (1) to (5), inclusive, of subdivision (a) by the end of the first full year of funding.

(2) Be at least two-thirds of the way toward meeting each of the program requirements specified in paragraphs (1) to (5), inclusive, of subdivision (a) by the end of the second full year of funding, and achieve full implementation by the end of the third full year and for each year thereafter.

(3) Have provided professional development to at least one-third of teachers and instructional paraprofessionals in the school annually.

(4) Meet all of the requirements of the settlement agreement in Williams v. State of California (Case Number CGC-00-312236 of the

Superior Court for the County of San Francisco), including, among other things, the requirements regarding teachers, instructional materials, and school facilities, by the end of the first full year of funding, and in each year of funding thereafter.

(c) (1) If a county superintendent of schools determines that a funded school has not substantially met the requirements of subdivision (b) after the first or second full year of funding, or any alternative program requirements approved under Section 52055.760, he or she shall notify the Superintendent. If all of the interim and final requirements are not met by the end of any subsequent school year, the Superintendent shall terminate funding for that school.

(2) If the Superintendent terminates funding under this subdivision, the Superintendent shall provide advance notice to the district that is sufficient to allow the district a reasonable amount of time to make staff and other cost adjustments necessitated by the termination. The Superintendent shall provide the district with funds sufficient to cover the staff and other cost adjustments.

(d) A school district or chartering authority that includes a participating school or schools for which funding is terminated pursuant to subdivision (c) may appeal that action to the state board. The state board shall order the reinstatement of funding if, on appeal, the school district or chartering authority demonstrates that the data upon which the county superintendent of schools relied is in error and that the school in question can fully demonstrate its compliance with the applicable requirements.

52055.750. (a) A school district or chartering authority that receives funding pursuant to this article shall agree to do all of the following for each funded school within its jurisdiction:

(1) Comply with the program requirements of this article and require that each funded schoolsite complete and meet the criteria of an academic review process that includes the elements of the school assistance and intervention team review process described in Section 52055.51.

(2) Ensure that funded schools meet the requirements of this article.

(3) Ensure that each school administrator in a funded school is confirmed to have exemplary qualifications and experience by the end of the first full year of funding and in each year of funding thereafter. Those qualifications shall include the ability to support the success of all pupils by facilitating the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community as well as the ability to advocate, nurture, and sustain a school culture and instructional program that is conducive to pupils learning and staff professional growth. The school district or chartering authority shall provide for high quality professional

development for each administrator through leadership training, coaching, and mentoring and shall take all reasonable steps to maintain stable school leadership in schools that receive funding pursuant to this article. To the extent appropriate the professional development shall be similar in quality and rigor to that provided pursuant to the Administrator Training Program under Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(4) Provide all fiscal and evaluation data requested by the Superintendent for initial approval, annual reviews, and reports.

(5) Comply with subdivisions (a) to (c), inclusive, of Section 52055.630, and in the same manner consult with the exclusive representative of classified employees.

(6) Assist eligible schools in developing and carrying out a plan to implement the provisions of this article to ensure the district's plan supports the work of the school.

(7) Agree to focus on conditions that improve instruction and achievement in funded schools.

(8) Express its full understanding that not meeting annual and final program and academic achievement requirements under this article will result in the termination of funding.

(9) Ensure that the funds received on behalf of funded schools are expended on that school, except that during the first partial year of funding districts may use funding under this article for facilities necessary to meet the class size reduction requirements of this article, if all funds are spent on funded schools within the district.

(10) Use the uniform process recommended by the Superintendent pursuant to subdivision (d) of Section 52055.730 to ensure that the average teaching experience of the classroom teachers in funded schools is equal to or greater than the average teaching experience of classroom teachers in the school district as a whole.

(b) If not expressly prohibited by federal law, a school district or chartering authority on behalf of a funded school is exempt from requirements imposed on the use of state categorical or federal funds in the consolidated application, except those funds related to economic impact aid, if those funds are identified in the revised plan of Section 52055.755. Funded schools are exempt from all program requirements associated with funds in the consolidated application, except requirements regarding parent advisory committees, schoolsite councils, and special education. Funds provided under the economic aid program shall not be used to implement this program.

(c) Each funded school shall ensure that each teacher in a subject-specific classroom or teaching covered subjects participates in professional development that is made available by the district or the

schoolsite councils, is developed in a collaborative process with interested parties, and is articulated in an improvement plan. For purposes of this article, professional development activities may include collaboration time for teachers to develop new instructional lessons or analyze pupil data, mentoring projects for new teachers, or extra support for teachers to improve practice. At a minimum, appropriate professional development for the site shall be part of a coherent plan that combines school activities within the school, including, but not limited to, lesson study or coteaching, and external learning opportunities that meet all of the following criteria:

(1) Are related to the academic subjects taught.

(2) Provide time to meet and work with other teachers.

(3) Support instruction and pupil learning to improve instruction in a manner that is consistent with academic content standards.

(4) Include an average of 40 hours per teacher per year.

(d) At a minimum, professional development in a self-contained classroom shall include content regarding mathematics, science, English language arts, reading, and English language development. Professional development for teachers teaching subject specific courses shall include the specific subject and English language development. To the extent appropriate the professional development shall be similar in quality and rigor to the training provided under the Mathematics and Reading Professional Development Program in Article 3 (commencing with Section 99230) of Chapter 5 of Part 65.

(e) On or before the end of the first three years of full funding, funded schools shall do the following:

(1) Increase actual pupil attendance, as compared with monthly enrollment in the school.

(2) For secondary schools, increase graduation rates as described in Section 52055.640.

52055.755. With assistance from the school district or the chartering authority, or, where appropriate, with regional assistance provided under subdivision (j) of Section 52055.730, each funded school shall revise its plan adopted pursuant to Section 64001. The revised plan shall do all of the following:

(a) Include funds available pursuant to this article, including, but not limited to, the categorical funds described in subdivision (b) of Section 52055.750, unless expressly excluded under that section.

(b) Describe the manner in which the requirements of this act will be met.

(c) Focus on instructional improvement and improving instructional conditions.

52055.760. (a) A school district or chartering authority may apply for authority from the Superintendent to use alternative program requirements if the district or authority demonstrates that compliance with alternative program requirements would provide a higher level of academic achievement among pupils than compliance with the interim and program requirements of this article.

(b) Alternative program requirements may be used to serve no more than 15 percent of the pupils funded pursuant to this article. Alternative programs shall serve the entire school.

(c) A school district or chartering authority may use alternative program requirements at a funded school if all the following criteria are satisfied:

(1) The proposed alternative requirements are based on reliable data and are consistent with sound scientifically based research consistent with subdivision (j) of Section 44757.5 on effective practices.

(2) The costs of complying with the proposed alternative requirements do not exceed the amount of funding received by the school district or chartering authority pursuant to this article.

(3) Funded schools agree to comply with the alternative program requirements and be subject to the termination procedures specified in subdivision (c) of Section 52055.740. Funded schools with alternative programs shall also be required to exceed the API growth target for the school averaged over the first three fully funded years and annually thereafter.

(4) The Superintendent and the secretary have jointly reviewed the proposed alternative funded schools of the school district or chartering authority for purposes of this section and have recommended to the state board for its approval those schools, using the same process as for the regular program recommendations.

(d) The Superintendent shall give priority for approval of schools with alternative programs to any school serving any of grades 9 to 12, inclusive, that has demonstrated to the satisfaction of the Superintendent and the secretary that the school cannot decrease class sizes as required under this article due to extraordinary issues relating to facilities, or due to the adverse impact of the requirements of this program, if implemented in the school, on the eligibility of the school district for state school facility funding.

52055.765. (a) The department shall perform, or contract with an independent evaluator to perform, all of the following:

(1) Compose a progress report on or before January 1, 2010, and a second progress report on or before January 1, 2012, on the implementation of the program authorized under this article.

(2) On or before January 1, 2014, conduct a final evaluation of the implementation of the program authorized under this article.

(3) Provide a report to the Legislature and the Governor regarding the final evaluation completed under paragraph (2) and, in that report, make recommendations to continue, modify, or terminate the program by January 1, 2014, based upon the results in meeting the measurements described in subdivision (b).

(b) The evaluation of the effectiveness of the program shall be based on effectiveness of strategies used by schools to implement the program and meet its accountability requirements pursuant to this article.

(c) The reports shall include pupil achievement data, disaggregated by subgroups, as required by the Academic Performance Index.

(d) The department may use resources provided pursuant to subdivision (j) of Section 52055.770, or funds allocated in the annual Budget Act, for the purposes of carrying out the requirements of this section.

52055.770. (a) School districts and chartering authorities shall receive funding at the following rate, on behalf of funded schools:

(1) For kindergarten and grades 1 to 3, inclusive, five hundred dollars ($500) per enrolled pupil in funded schools.

(2) For grades 4 to 8, inclusive, nine hundred dollars ($900) per enrolled pupil in funded schools.

(3) For grades 9 to 12, inclusive, one thousand dollars ($1,000) per enrolled pupil in funded schools.

(b) For purposes of subdivision (a), enrollment of a pupil in a funded school in the prior fiscal year shall be based on data from the CBEDS. For the 2007–08 fiscal year, the funded rates shall be reduced to reflect the percentage difference in the total amounts appropriated for purposes of this section in that year compared to the amounts appropriated for purposes of this section in the 2008–09 fiscal year.

(c) The following amounts are hereby appropriated from the General Fund for the purposes set forth in subdivision (f):

(1) For the 2007–08 fiscal year, three hundred million dollars ($300,000,000), to be allocated as follows:

(A) Thirty-two million dollars ($32,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the Community Colleges to community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(B) Two hundred sixty-eight million dollars ($268,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(2) For each of the 2008–09 to 2013–14 fiscal years, inclusive, four hundred fifty million dollars ($450,000,000) per fiscal year, to be allocated as follows:

(A) Forty-eight million dollars ($48,000,000) for transfer by the Controller to Section B of the State School Fund for allocation by the Chancellor of the Community Colleges to community colleges as required under subdivision (e).

(B) Four hundred two million dollars ($402,000,000) for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent pursuant to this article.

(d) For the 2013–14 fiscal year the amounts appropriated under subdivision (c) shall be adjusted to reflect the total fiscal settlement agreed to by the parties in California Teachers Association, et al. v. Arnold Schwarzenegger (Case Number 05CS01165 of the Superior Court for the County of Sacramento) and the sum of all fiscal years of funding provided to fund this article shall not exceed the total funds agreed to by those parties. This annual appropriation shall continue to be made until the Director of Finance reports to the Legislature, along with all proposed adjustments to the Governor's Budget pursuant to Section 13308 of the Government Code, that the sum of appropriations made and allocated pursuant to subdivision (c) equals the total outstanding balance of the minimum state educational funding obligation to school districts and community college districts required by Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 and 2005–06 fiscal years, as determined in subdivision (a) or (b) of Section 41207.1.

(e) The sum transferred under subparagraph (A) of paragraph (2) of subdivision (c) shall be allocated by the Chancellor of the Community Colleges as follows:

(1) Thirty-eight million dollars ($38,000,000) to the community colleges for the purpose of providing funding to the community colleges to improve and expand career technical education in public secondary education and lower division public higher education pursuant to Section 88532, including the hiring of additional faculty to expand the number of career technical education programs and course offerings.

(2) Ten million dollars ($10,000,000) to the community colleges for the purpose of providing one-time block grants to community college districts to be used for one-time items of expenditure, including, but not limited to, the following purposes:

(A) Physical plant, scheduled maintenance, deferred maintenance, and special repairs.

(B) Instructional materials and support.

(C) Instructional equipment, including equipment related to career-technical education, with priority for nursing program equipment.

(D) Library materials.

(E) Technology infrastructure.

(F) Hazardous substances abatement, cleanup, and repair.

(G) Architectural barrier removal.

(H) State-mandated local programs.

(3) The Chancellor of the California Community Colleges shall allocate the amount allocated pursuant to paragraph (2) to community college districts on an equal amount per actual full-time equivalent student (FTES) reported for the prior fiscal year, except that each community college district shall be allocated an amount not less than fifty thousand dollars ($50,000), and the equal amount per unit of FTES shall be computed accordingly.

(4) Funds allocated under paragraph (2) shall supplement and not supplant existing expenditures and may not be counted as the district contribution for physical plant projects and instructional material purchases funded in Item 6870-101-0001 of Section 2.00 of the annual Budget Act.

(f) The appropriations made under subdivision (c) are for the purpose of discharging in full the minimum state educational funding obligation to school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution and Chapter 213 of the Statutes of 2004 for the 2004–05 fiscal year, and the outstanding maintenance factor for the 2005–06 fiscal year resulting from this additional payment of the Chapter 213 amount for the 2004–05 fiscal year.

(g) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, including computation of the state's minimum funding obligation to school districts and community college districts in subsequent fiscal years, the first one billion six hundred twenty million nine hundred twenty-eight thousand dollars ($1,620,928,000) in appropriations made pursuant to subdivision (c) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund Revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2004–05 fiscal year and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section

41202, for that fiscal year. The remaining appropriations made pursuant to subdivision (c) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 and "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202, for the 2005–06 fiscal year and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202, for that fiscal year.

(h) From funds appropriated under subdivision (c), the Superintendent shall provide both of the following:

(1) Not more than two million dollars ($2,000,000) annually to county superintendents of schools to carry out the requirements of this article, allocated in a manner similar to that created to carry out the new duties of those superintendents under the settlement agreement in the case of Williams v. California (Super. Ct. San Francisco, No. CGC-00-312236).

(2) Five million dollars ($5,000,000) in the 2007–08 fiscal year to support regional assistance under Section 52055.730. It is the intent of the Legislature that the Superintendent and the secretary, along with county offices of education, seek foundational and other financial support to sustain and expand these services. Funds provided under this paragraph that are not expended in the 2007–08 fiscal year shall be reappropriated for use in subsequent fiscal years for the same purpose.

(i) Notwithstanding any other provision of law, funds appropriated under subdivision (c) but not allocated to schools with kindergarten or grades 1 to 12, inclusive, in a fiscal year, due to program termination in any year or otherwise, shall be available for reappropriation only in furtherance of the purposes of this article. First priority for those amounts shall be to provide cost-of-living increases and enrollment growth adjustments to funded schools.

(j) The sum of one million one hundred seventeen thousand dollars ($1,117,000) is hereby appropriated from the General Fund to the State Department of Education to fund 9.0 positions to implement this article. Funding provided under this subdivision is not part of funds provided pursuant to subdivision (c).

SEC. 3. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 752

An act to amend Section 442256 of, and to add Section 44253.11 to, the Education Code, relating to teaching credentials.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 44225.6 of the Education Code is amended to read:

44225.6. (a) By April 15 of each year, the commission shall report to the Legislature and the Governor on the availability of teachers in California. This report shall include the following information:

(1) The number of individuals recommended for credentials by institutions of higher education and the type of credential or certificate, or both, for which they were recommended, including certificates issued pursuant to Sections 44253.3 and 44253.4.

(2) The number of individuals recommended by school districts operating district internship programs and the type of credential or certificate, or both, for which they were recommended, including certificates issued pursuant to Sections 44253.3 and 44253.4.

(3) The number of individuals receiving an initial credential based on a program completed outside of California and the type of credential or certificate, or both, for which they were recommended, including certificates issued pursuant to Sections 44253.3 and 44253.4.

(4) The number of individuals receiving an emergency permit, credential waiver, or other authorization that does not meet the definition of a highly qualified teacher under the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(5) The number of individuals receiving the certificate of completion of staff development in methods of specially designed content instruction delivered in English pursuant to subdivision (d) of Section 44253.10 and, separately, pursuant to paragraph (1) of subdivision (d) of Section 44253.11.

(6) Statewide, by county, and by school district, the number of individuals serving in the following capacities and as a percentage of the total number of individuals serving as teachers statewide, in the county, and in the school district:

(A) University internship.

(B) District internship.

(C) Preinternship.

(D) Emergency permit.

(E) Credential waiver.

(F) Preliminary or professional clear credential.

(G) An authorization, other than those listed in this paragraph, that does not meet the definition of a highly qualified teacher under the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) by category of authorization.

(H) Certificate issued pursuant to Section 44253.3.

(I) Certificates issued pursuant to Section 44253.3, 44253.4, 44253.10, or 44253.11, if available.

(J) The number of individuals serving English learner pupils in settings calling for English language development, in settings calling for specially designed academic instruction in English, or in primary language instruction, without the appropriate authorization under Section 44253.3, 44253.4, 44253.10, or 44253.11, or under another statute, if available. The Commission on Teacher Credentialing may utilize data from the department's Annual Language Census Survey to report the data required pursuant to this paragraph.

(7) The specific subjects and teaching areas in which there are a sufficient number of new holders of credentials to fill the positions currently held by individuals with emergency permits.

(b) The commission shall make this report available to school districts and county offices of education to assist them in the recruitment of credentialed teachers and shall make the report and supporting data publicly available on the commission's Web site.

(c) A common measure of whether teacher preparation programs are meeting the challenge of preparing increasing numbers of new teachers is the number of teaching credentials awarded. The number of teaching credentials recommended by these programs and awarded by the commission are indicators of the productivity of teacher preparation programs. The commission shall include in the report prepared for the Legislature and Governor pursuant to subdivision (a) the total number of teaching credentials recommended by all accredited teacher preparation programs authorized by the commission and the number recommended by each of the following:

(1) The University of California system.

(2) The California State University system.

(3) Independent colleges and universities that offer teacher preparation programs approved by the commission.

(4) Other institutions that offer teacher preparation programs approved by the commission.

SEC. 2. Section 44253.11 is added to the Education Code, to read:

44253.11. (a) A teacher with a designated subjects teaching credential or a service credential with a special class authorization may be assigned to provide specially designed content instruction delivered in English, as defined in subdivision (b) of Section 44253.2, to limited-English-proficient pupils if the teacher completes, or is enrolled in, a course of staff development in methods of specially designed content instruction delivered in English for not less than 45 clock hours.

(b) The commission, in consultation with the Superintendent, shall establish guidelines for the provision of staff development pursuant to this section that are at least as rigorous as the guidelines established pursuant to Section 44253.10. The commission and the Superintendent may designate guidelines established pursuant to Section 44253.10 in satisfaction of this subdivision. Staff development pursuant to this section shall be consistent with the commission's guidelines.

(1) To ensure the highest standards of program quality and effectiveness, the guidelines shall include quality standards applicable to persons who train others to perform staff development training, as well as for persons who provide the training.

(2) The guidelines shall require that staff development offered pursuant to this section be aligned with the teacher preparation that leads to the issuance of a certificate pursuant to Section 44253.3, and any amendments made to that section.

(3) The guidelines and standards established by the commission to implement this section shall comply with federal law.

(4) The commission shall review staff development programs in relation to the guidelines and standards established pursuant to this section. The review shall include all programs offered pursuant to this section. If the commission finds that a program meets the applicable guidelines and standards, the commission shall forward a report of its findings to the chief executive officer of the sponsoring school district, county office of education, or regionally accredited college or university. If the commission finds that a program does not meet the applicable guidelines or standards, or both, the report of the commission shall specify the areas of noncompliance and the time period in which a second review must occur. If a second review reveals a pattern of continued noncompliance with the applicable guidelines or standards, or both, the sponsoring agency shall be prohibited from continuing to offer the program to teachers.

(c) The staff development may be sponsored by any school district, county office of education, or regionally accredited college or university that meets the standards included in the guidelines established pursuant to this section or any organization that meets those standards and that is approved by the commission. An equivalent course may be taken by a

teacher at a regionally accredited college or university in order to satisfy the staff development requirement described in this section. Once the commission has made a determination that a college or university class is equivalent, no further review of the class shall be required.

(d) (1) A teacher who completes the staff development described in this section shall be awarded a certificate of completion in methods of specially designed content instruction delivered in English.

(2) A teacher who completes the staff development described in this section may provide specially designed content instruction delivered in English, as defined in subdivision (b) of Section 44253.2.

(3) A teacher who completes the staff development described in this section may not be assigned to provide content instruction delivered in the primary language of the pupil, as defined in subdivision (c) of Section 44253.2.

(e) A teacher who completes a staff development program in methods of specially designed content instruction delivered in English pursuant to this section shall receive a certificate of completion from the commission upon submitting an application, a staff development verification form to be furnished by the commission and payment of a fee, as determined by the commission, not to exceed forty-five dollars ($45).

(f) The certificate of completion is valid in all public schools. A teacher who has been issued a certificate of completion may be assigned indefinitely to provide the instructional services named on the certificate in any school district, county office of education, or school administered under the authority of the Superintendent.

(g) Teacher assignments made in accordance with this section shall be included in the reports required by Sections 44225.6 and 44258.9.

(h) The governing board of each school district shall make reasonable efforts to provide limited-English-proficient pupils in need of English language development instruction with teachers who hold appropriate credentials, language development specialist certificates, or cross-cultural language and academic development certificates that authorize English language development instruction. However, any teacher awarded a certificate or certificates of completion pursuant to this section shall be deemed certificated and competent to provide the services listed on that certificate of completion.

(i) Any teacher completing staff development pursuant to this section shall be credited with three semester units or four quarter units for each block of 45 clock hours completed for the purpose of meeting the requirements set forth in subdivision (b) of Section 44253.3.

CHAPTER 753

An act to amend Section 88551 of, and to add and repeal Section 88550.5 of, the Education Code, relating to postsecondary education.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 88550.5 is added to the Education Code, to read:

88550.5. (a) Prior to January 1, 2011, the chancellor shall contract for an independent evaluation of the effectiveness of the California Community Colleges Economic and Workforce Development Program in achieving the specific program goals and objectives set forth in this part. This performance evaluation shall include, but not necessarily be limited to, specific conclusions about the strengths and weaknesses of the program, as well as specific recommendations for strategies to improve the effectiveness of the program.

(b) It is the intent of the Legislature that funding for the performance evaluation required by this section shall be provided from the budget of the California Community Colleges Economic and Workforce Development Program for the 2010–11 fiscal year. The final draft of the report produced pursuant to the performance evaluation shall be submitted to the chairpersons of the appropriate legislative policy and fiscal committees, the Director of Finance, and the Legislative Analyst prior to February 1, 2012.

SEC. 2. Section 88551 of the Education Code is amended to read:

88551. This part shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

CHAPTER 754

An act to amend Sections 8625, 8636, and 8638 of, to repeal Section 8635 of, and to add Section 8632.5 to, the Family Code, relating to adoption.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature hereby finds and declares the following:

(1) The sharp rise in the number of adoptions, and a significant increase in adoption fees, has created an expanding industry for adoption facilitators in California.

(2) Adoption facilitators are not licensed as adoption agencies, but are adoption intermediaries who are required to hold a business license, be bonded in the amount of ten thousand dollars ($10,000), and are regulated by California law in the areas of disclosure and advertising.

(3) Recent accounts of fraudulent practices by adoption facilitators demonstrate that current regulations are not strict or extensive enough to safeguard birth parents and prospective adoptive parents from fraud.

(b) It is the intent of the Legislature to enact legislation that ensures the protection of birth parents and prospective adoptive parents in dealing with adoption facilitators.

SEC. 2. Section 8625 of the Family Code is amended to read:

8625. An adoption facilitator shall not:

(a) Mislead any person into believing, or imply by any document, including any form of advertising or by oral communications, that the adoption facilitator is a licensed adoption agency.

(b) Represent to any person that he or she is able to provide services for which the adoption facilitator is not properly licensed.

(c) Make use of photolisting to advertise minor children for placement in adoption.

(d) Post in any advertising specific information about particular minor children who are available for adoption placement.

SEC. 3. Section 8632.5 is added to the Family Code, to read:

8632.5. (a) The department shall establish and adopt regulations for a statewide registration process for adoption facilitators. The department shall also establish and adopt regulations to require adoption facilitators to post a bond as required by this section.

(b) The department may adapt the process it uses to register adoption service providers in order to provide a similar registration process for adoption facilitators. The process used by the department shall include a procedure for determining the status of bond compliance by adoption facilitators, a means for accepting or denying organizations seeking inclusion in the adoption facilitator registry, and an appeals process for those entities denied inclusion in the adoption facilitator registry. The department may deny inclusion in the registry for adoption facilitators to an applicant who has been convicted of any crime for which the department may deny a license to an adoption agency.

(c) Upon the establishment by the department of a registration process, all adoption facilitators that operate independently from a licensed public or private adoption agency or an adoption attorney in this state shall be required to register with the department.

(d) An adoption facilitator, when posting a bond, shall also file with the department a disclosure form containing the adoption facilitator's name, date of birth, residence address, business address, residence telephone number, business telephone number, and the number of adoptions facilitated for the previous year. Along with the disclosure form, the adoption facilitator shall provide all of the following information to the department:

(1) Proof that the facilitator and any member of the staff who provides direct adoption services has completed two years of college courses, with at least half of the units and hours focusing on social work or a related field.

(2) Proof that the facilitator and any member of staff who provides direct adoption services has a minimum of three years of experience employed by a public or private adoption agency, a registered adoption facilitator, or an adoption attorney who assists in bringing adopting persons and placing parents together for the purpose of adoption placement.

(A) An adoption facilitator and any member of the staff subject to this paragraph may waive the educational and experience requirements by satisfying all of the following requirements:

(i) He or she has over five years of work experience providing direct adoption services.

(ii) He or she has not been found liable of malfeasance in connection with providing adoption services.

(iii) He or she provides three separate letters of support attesting to his or her ethics and work providing direct adoption services from any of the following:

(I) A licensed public or private adoption agency.

(II) A member of the Academy of California Adoption Lawyers.

(III) The State Department of Social Services.

(B) An adoption facilitator who is registered with the department may also register staff members under the designation of "trainee." A trainee may provide direct adoption services without meeting the requirements of this paragraph. Any trainee registered with the department shall be directly supervised by an individual who meets all registration requirements.

(3) A valid business license.

(4) A valid, current, government-issued identification to determine the adoption facilitator's identity, such as a California driver's license,

identification card, passport, or other form of identification that is acceptable to the department.

(5) Fingerprint images for a background check to be used by the department for the purposes described in this section.

(e) The State Department of Social Services may submit fingerprint images of adoption facilitators to the Department of Justice for the purpose of obtaining criminal offender record information regarding state and federal level convictions and arrests, including arrests for which the Department of Justice establishes that the person is free on bail or on his or her recognizance pending trial or appeal.

(1) The Department of Justice shall forward to the Federal Bureau of Investigation requests for federal summary criminal history information received pursuant to this section. The Department of Justice shall review the information returned from the Federal Bureau of Investigation and compile and disseminate a response to the department.

(2) The Department of Justice shall provide a response to the department pursuant to subdivision (n) of Section 11105 of the Penal Code.

(3) The department shall request from the Department of Justice subsequent arrest notification service, as provided pursuant to Section 11105.2 of the Penal Code.

(4) The Department of Justice shall charge a fee sufficient to cover the cost of processing the request described in this section.

(f) The department may impose a fee upon applicants for each set of classifiable fingerprint cards that it processes pursuant to paragraph (5) of subdivision (d).

(g) The department shall post on its Internet Web site information that shows if an adoption facilitator is in compliance with the registration and bond requirements of this chapter. The department shall ensure that the information is current and shall update the information at least once every 30 days. However, pursuant to the provisions of Section 11142 of the Penal Code, neither the department nor any employee of the department shall reveal the state summary criminal history record or any information from the record to a member of the public.

(h) The department shall develop the disclosure form required pursuant to subdivision (d) and shall make it available to any adoption facilitator posting a bond.

(i) The department may charge adoption facilitators an annual filing fee to recover all costs associated with the requirements of this section and that fee shall be set by regulation.

(j) The department may create an Adoption Facilitator Account for deposit of fees received from registrants.

(k) On or before January 1, 2008, the department shall make recommendations for the registry program to the Legislature, including a recommendation on how to implement a department program to accept and compile complaints against registered adoption facilitators and to provide public access to those complaints, by specific facilitator, through the department's Internet Web site.

(*l*) The adoption facilitator registry established pursuant to this section shall become operative on the first day of the first month following an appropriation from the Adoption Facilitator Account to the State Department of Social Services for the startup costs and the costs of administration of the adoption facilitator registry.

SEC. 4. Section 8635 of the Family Code is repealed.

SEC. 5. Section 8636 of the Family Code is amended to read:

8636. (a) Prior to engaging in the business of, or acting in the capacity of, an adoption facilitator, any person shall (1) obtain a business license in the appropriate jurisdiction, and (2) post a bond in the amount of twenty-five thousand dollars ($25,000), executed by a corporate surety admitted to do business in this state, with the department in accordance with Section 8632.5.

(b) The surety bond required by subdivision (a) shall be in favor of, and payable to, the people of the State of California and shall be for the benefit of any person damaged by fraud, misstatement, misrepresentation, unlawful act or omission, or failure to provide the services of the adoption facilitator, or the agents, representatives, or employees of the adoption facilitator, while acting within the scope of that employment or agency.

(c) Whenever there is a recovery from a bond required by subdivision (a), the person shall replenish the bond or file a new bond if the former bond cannot be replenished in accordance with subdivision (a) before that person may conduct further business as an adoption facilitator.

(d) An adoption facilitator shall notify the department in writing within 30 days when a surety bond required by this section is renewed, and of any change of name, address, telephone number, or agent for service of process.

SEC. 6. Section 8638 of the Family Code is amended to read:

8638. (a) Any person aggrieved by any violation of this chapter may bring a civil action for damages, rescission, injunctive relief, or any other civil or equitable remedy.

(b) If the court finds that a person has violated this chapter, it shall award actual damages, plus an amount equal to treble the amount of the actual damages or one thousand dollars ($1,000) per violation, whichever is greater.

(c) In any civil action under this chapter, a prevailing party may recover reasonable attorney's fees and costs.

(d) The Attorney General, a district attorney, or a city attorney may bring a civil action for injunctive relief, restitution, or other equitable relief against the adoption facilitator in the name of the people of the State of California.

(e) Any other person who, based upon information or belief, claims a violation of this chapter has been committed may bring a civil action for injunctive relief on behalf of the general public.

SEC. 7. The repeal of Section 8635 of the Family Code by this act is not retroactive and does not apply to actions that are pending before January 1, 2007.

CHAPTER 755

An act to add Article 3 (commencing with Section 127400) to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, relating to hospitals.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 3 (commencing with Section 127400) is added to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, to read:

Article 3. Hospital Fair Pricing Policies

127400. As used in this article, the following terms have the following meanings:

(a) "Allowance for financially qualified patient" means, with respect to services rendered to a financially qualified patient, an allowance that is applied after the hospital's charges are imposed on the patient, due to the patient's determined financial inability to pay the charges.

(b) "Federal poverty level" means the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under authority of subsection (2) of Section 9902 of Title 42 of the United States Code.

(c) "Financially qualified patient" means a patient who is both of the following:

(1) A patient who is a self-pay patient, as defined in subdivision (f) or a patient with high medical costs, as defined in subdivision (g).

(2) A patient who has a family income that does not exceed 350 percent of the federal poverty level.

(d) "Hospital" means any facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250, except a facility operated by the State Department of Mental Health or the Department of Corrections.

(e) "Office" means the Office of Statewide Health Planning and Development.

(f) "Self–pay patient" means a patient who does not have third-party coverage from a health insurer, health care service plan, Medicare, or Medicaid, and whose injury is not a compensable injury for purposes of workers' compensation, automobile insurance, or other insurance as determined and documented by the hospital. Self-pay patients may include charity care patients.

(g) "A patient with high medical costs" means a person whose family income does not exceed 350 percent of the federal poverty level, as defined in subdivision (c), if that individual does not receive a discounted rate from the hospital as a result of his or her third-party coverage. For these purposes, "high medical costs" means any of the following:

(1) Annual out-of-pocket costs incurred by the individual at the hospital that exceed 10 percent of the patient's family income in the prior 12 months.

(2) Annual out-of-pocket expenses that exceed 10 percent of the patient's family income, if the patient provides documentation of the patient's medical expenses paid by the patient or the patient's family in the prior 12 months.

(3) A lower level determined by the hospital in accordance with the hospital's charity care policy.

(h) "Patient's family" means the following:

(1) For persons 18 years of age and older, spouse, domestic partner and dependent children under 21 years of age, whether living at home or not.

(2) For persons under 18 years of age, parent, caretaker relatives and other children under 21 years of age of the parent or caretaker relative.

127401. Each general acute care hospital licensed pursuant to subdivision (a) of Section 1250 shall comply with the provisions of this article as a condition of licensure. The State Department of Health Services shall be responsible for the enforcement of these provisions.

127405. (a) (1) Each hospital shall maintain an understandable written policy regarding discount payments for financially qualified patients as well as an understandable written charity care policy. Uninsured patients or patients with high medical costs who are at or below 350 percent of the federal poverty level, as defined in subdivision (c) of Section 127400, shall be eligible to apply for participation under

each hospital's charity care policy or discount payment policy. Notwithstanding any other provision of this act, a hospital may choose to grant eligibility for its discount payment policy or charity care policies to patients with incomes over 350 percent of the federal poverty level. Both the charity care policy and the discount payment policy shall state the process used by the hospital to determine whether a patient is eligible for charity care or discounted payment. In the event of a dispute, a patient may seek review from the business manager, chief financial officer, or other appropriate manager as designated in the charity care policy and the discount payment policy.

(2) Rural hospitals, as defined in Section 124840, may establish eligibility levels for financial assistance and charity care at less than 350 percent of the federal poverty level as appropriate to maintain their financial and operational integrity.

(b) Each hospital's discount payment policy shall clearly state eligibility criteria based upon income consistent with the application of the federal poverty level. The discount payment policy shall also include an extended payment plan to allow payment of the discounted price over time. The policy shall provide that the hospital and the patient may negotiate the terms of the payment plan.

(c) The charity care policy shall clearly state eligibility criteria for charity care. In determining eligibility under its charity care policy, a hospital may consider income and monetary assets of the patient. For purposes of this determination, monetary assets shall not include retirement or deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans. Furthermore, the first ten thousand dollars ($10,000) of a patient's monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's monetary assets over the first ten thousand dollars ($10,000) be counted in determining eligibility.

(d) Each hospital shall limit expected payment for services it provides to any patient at or below 350 percent of the federal poverty level, as defined in subdivision (b) of Section 124700, eligible under its discount payment policy to the amount of payment the hospital would receive for providing services from Medicare, Medi-Cal, Healthy Families, or any other government-sponsored health program of health benefits in which the hospital participates, whichever is greater. If the hospital provides a service for which there is no established payment by Medicare or any other government-sponsored program of health benefits in which the hospital participates, the hospital shall establish an appropriate discounted payment.

(e) Any patient, or patient's legal representative, who requests a discounted payment, charity care, or other assistance in meeting their

financial obligation to the hospital shall make every reasonable effort to provide the hospital with documentation of income and health benefits coverage. If the person requests charity care or a discounted payment and fails to provide information that is reasonable and necessary for the hospital to make a determination, the hospital may consider that failure in making its determination.

(1) For the purpose of determining eligibility for discounted payment, documentation of income shall be limited to recent pay stubs or income tax returns.

(2) For the purpose of determining eligibility for charity care, documentation of assets may include information on all monetary assets, but shall not include statements on retirement or deferred-compensation plans qualified under the Internal Revenue Code, or nonqualified deferred-compensation plans. A hospital may require waivers or releases from the patient or the patient's family, authorizing the hospital to obtain account information from financial or commercial institutions, or other entities that hold or maintain the monetary assets to verify their value. Information obtained pursuant to this paragraph regarding the assets of the patient or the patient's family shall not be used for collections activities.

(3) Eligibility for discounted payments or charity care may be determined at any time the hospital is in receipt of information specified in paragraph (1) or paragraph (2), respectively.

127410. (a) Each hospital shall provide patients with a written notice that and shall contain information about availability of the hospital's discount payment and charity care policies, including information about eligibility, as well as contact information for a hospital employee or office from which the person may obtain further information about these policies. This written notice shall be provided in addition to the estimate provided pursuant to Section 1339.585. The notice shall also be provided to patients who receive emergency or outpatient care and who may be billed for that care, but who were not admitted. The notice shall be provided in English, and in languages other than English. The languages to be provided shall be determined in a manner similar to that required pursuant to Section 12693.30 of the Insurance Code. Written correspondence to the patient required by this article shall also be in the language spoken by the patient, consistent with Section 12693.30 of the Insurance Code and applicable state and federal law.

(b) Notice of the hospital's policy for financially qualified and self-pay patients shall be clearly and conspicuously posted in locations that are visible to the public, including, but not limited to, all of the following:

(1) Emergency department, if any.

(2) Billing office.

(3) Admissions office.

(4) Other outpatient settings.

127420. (a) Each hospital shall make all reasonable efforts to obtain from the patient or his or her representative information about whether private or public health insurance or sponsorship may fully or partially cover the charges for care rendered by the hospital to a patient, including, but not limited to, any of the following:

(1) Private health insurance.

(2) Medicare.

(3) The Medi-Cal program, the Healthy Families Program, the California Childrens' Services Program, or other state-funded programs designed to provide health coverage.

(b) If a hospital bills a patient who has not provided proof of coverage by a third party at the time the care is provided or upon discharge, as a part of that billing, the hospital shall provide the patient with a clear and conspicuous notice that includes all of the following:

(1) A statement of charges for services rendered by the hospital.

(2) A request that the patient inform the hospital if the patient has health insurance coverage, Medicare, Healthy Families, Medi-Cal, or other coverage.

(3) A statement that if the consumer does not have health insurance coverage, the consumer may be eligible for Medicare, Healthy Families, Medi-Cal, California Childrens' Services Program, or charity care.

(4) A statement indicating how patients may obtain applications for the Medi-Cal program and the Healthy Families Program and that the hospital will provide these applications. If the patient does not indicate coverage by a third-party payer specified in subdivision (a), or requests a discounted price or charity care then the hospital shall provide an application for the Medi-Cal program, the Healthy Families Program or other governmental program to the patient. This application shall be provided prior to discharge if the patient has been admitted or to patients receiving emergency or outpatient care.

(5) Information regarding the financially qualified patient and charity care application, including the following:

(A) A statement that indicates that if the patient lacks, or has inadequate, insurance, and meets certain low- and moderate-income requirements, the patient may qualify for discounted payment or charity care.

(B) The name and telephone number of a hospital employee or office from whom or which the patient may obtain information about the hospital's discount payment and charity care policies, and how to apply for that assistance.

127425. (a) Each hospital shall have a written policy about when and under whose authority patient debt is advanced for collection, whether the collection activity is conducted by the hospital, an affiliate or subsidiary of the hospital, or by an external collection agency.

(b) Each hospital shall establish a written policy defining standards and practices for the collection of debt, and shall obtain a written agreement from any agency that collects hospital receivables that it will adhere to the hospital's standards and scope of practices. The policy shall not conflict with other applicable laws and shall not be construed to create a joint venture between the hospital and the external entity, or otherwise to allow hospital governance of an external entity that collects hospital receivables. In determining the amount of a debt a hospital may seek to recover from patients who are eligible under the hospital's charity care policy or discount payment policy, the hospital may consider only income and monetary assets as limited by Section 127405.

(c) At time of billing, each hospital shall provide a written summary consistent with Section 127410, which includes the same information concerning services and charges provided to all other patients who receive care at the hospital.

(d) For a patient that lacks coverage, or for a patient that provides information that he or she may be a patient with high medical costs, as defined in this article, a hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency, shall not report adverse information to a consumer credit reporting agency or commence civil action against the patient for nonpayment at any time prior to 150 days after initial billing.

(e) If a patient is attempting to qualify for eligibility under the hospital's charity care of discount payment policy and is attempting in good faith to settle an outstanding bill with the hospital by negotiating a reasonable payment plan or by making regular partial payments of a reasonable amount, the hospital shall not send the unpaid bill to any collection agency or other assignee, unless that entity has agreed to comply with this article.

(f) (1) The hospital or other assignee which is an affiliate or subsidiary of the hospital shall not, in dealing with patients eligible under the hospital's charity care or discount payment policies, use wage garnishments or liens on primary residences as a means of collecting unpaid hospital bills.

(2) A collection agency or other assignee that is not a subsidiary or affiliate of the hospital shall not, in dealing with any patient under the hospital's charity care or discount payment policies, use as a means of collecting unpaid hospital bills, any of the following:

(A) A wage garnishment, except by order of the court upon noticed motion, supported by a declaration file by the movant identifying the basis for which it believes that the patient has the ability to make payments on the judgment under the wage garnishment, which the court shall consider in light of the size of the judgment and additional information provided by the patient prior to, or at, the hearing concerning the patient's ability to pay, including information about probable future medical expenses based on the current condition of the patient and other obligations of the patient.

(B) Notice or conduct a sale of the patient's primary residence during the life of the patient or his or her spouse, or during the period a child of the patient is a minor, or a child of the patient who has attained the age of majority is unable to take care of himself or herself and resides in the dwelling as his or her primary residence. In the event a person protected by this paragraph owns more than one dwelling, the primary residence shall be the dwelling that is the patient's current homestead, as defined in Section 704.710 of the Code of Civil Procedure or was the patient's homestead at the time of the death of a person other than the patient is asserting the protections of this paragraph.

(3) This requirement does not preclude a hospital, collection agency, or other assignee from pursuing reimbursement and any enforcement remedy or remedies from third-party liability settlements, tortfeasors, or other legally responsible parties.

(g) Any extended payment plans offered by a hospital to assist patients eligible under the hospital's charity care policy, discount payment policy, or any other policy adopted by the hospital for assisting low-income patients with no insurance or high medical costs in settling outstanding past due hospital bills, shall be interest free.

(h) Nothing in this section shall be construed to diminish or eliminate any protections consumers have under existing federal and state debt collection laws, or any other consumer protections available under state or federal law. This subdivision does not limit or alter the obligation of the patient to make payments from the first date due on the obligation owing to the hospital pursuant to any contract or applicable statute, in the event that the patient fails to make payments for 90 days, or to renegotiate the payment plan.

127426. (a) The period described in Section 127425 shall be extended if the patient has a pending appeal for coverage of the services, until a final determination of that appeal is made, if the patient makes a reasonable effort to communicate with the hospital about the progress of any pending appeals.

(b) For purposes of this section, "pending appeal" includes any of the following:

(1) A grievance against a contracting health care service plan, as described in Chapter 2.2 (commencing with Section 1340) of Division 2, or against an insurer, as described in Chapter 1 (commencing with Section 10110) of Part 2 of Division 2 of the Insurance Code.

(2) An independent medical review, as described in Section 10145.3 or 10169 of the Insurance Code.

(3) A fair hearing for a review of a Medi-Cal claim pursuant to Section 10950 of the Welfare and Institutions Code.

(4) An appeal regarding Medicare coverage consistent with federal law and regulations.

127430. (a) Prior to commencing collection activities against a patient, the hospital, any assignee of the hospital, or other owner of the patient debt, including a collection agency, shall provide the patient with a clear and conspicuous written notice containing both of the following:

(1) A plain language summary of the patient's rights pursuant to this article, the Rosenthal Fair Debt Collection Practices Act (Title 1.6C (commencing with Section 1788) of Part 4 of Division 3 of the Civil Code), and the federal Fair Debt Collection Practices Act (Subchapter V (commencing with Section 1692) of Chapter 41 of Title 15 of the United States Code). The summary shall include a statement that the Federal Trade Commission enforces the federal act.

The summary shall be sufficient if it appears in substantially the following form: "State and federal law require debt collectors to treat you fairly and prohibit debt collectors from making false statements or threats of violence, using obscene or profane language, and making improper communications with third parties, including your employer. Except under unusual circumstances, debt collectors may not contact you before 8:00 a.m. or after 9:00 p.m. In general, a debt collector may not give information about your debt to another person, other than your attorney or spouse. A debt collector may contact another person to confirm your location or to enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission by telephone at 1-877-FTC-HELP (382-4357) or online at www.ftc.gov."

(2) A statement that nonprofit credit counseling services may be available in the area.

(b) The notice required by subdivision (a) shall also accompany any document indicating that the commencement of collection activities may occur.

(c) The requirements of this section shall apply to the entity engaged in the collection activities. If a hospital assigns or sells the debt to another entity, the obligations shall apply to the entity, including a collection agency, engaged in the debt collection activity.

127435. Each hospital shall provide to the office a copy of its discount payment policy, charity care policy, eligibility procedures for those policies, review process, and the application for charity care or discounted payment programs. The office may determine whether the information is to be provided electronically or in some other manner. The information shall be provided at least biennially on January 1, or when a significant change is made. If no significant change has been made by the hospital since the information was previously provided, notifying the office of the lack of change shall meet the requirements of this section. The office shall make this information available to the public.

127440. The hospital shall reimburse the patient or patients any amount actually paid in excess of the amount due under this article, including interest.

127443. The rights, remedies, and penalties established by this article are cumulative, and shall not supersede the rights, remedies, or penalties established under other laws.

127444. Nothing in this article shall be construed to prohibit a hospital from uniformly imposing charges from its established charge schedule or published rates, nor shall this article preclude the recognition of a hospital's established charge schedule or published rates for purposes of applying any payment limit, interim payment amount, or other payment calculation based upon a hospital's rates or charges under the Medi-Cal program, the Medicare Program, workers' compensation, or other federal, state, or local public program of health benefits.

127445. Notwithstanding any other provision of law, the amounts paid by parties for services resulting from reduced or waived charges under a hospital's discounted payment or charity care policy shall not constitute a hospital's uniform, published, prevailing, or customary charges, its usual fees to the general public, or its charges to non-Medi-Cal purchasers under comparable circumstances, and shall not be used to calculate a hospital's median non-Medicare or Medi-Cal charges, for purposes of any payment limit under the federal Medicare Program, the Medi-Cal program, or any other federal or state-financed health care program.

127446. To the extent that any requirement of Section 127400, 127401, or 127405 results in a federal determination that a hospital's established charge schedule or published rates are not the hospital's customary or prevailing charges for services, the requirement in question shall be inoperative for all general acute care hospitals, including, but not limited to, a hospital that is licensed to and operated by a county or a hospital authority established pursuant to Section 101850. The State Department of Health Services shall seek federal guidance regarding

modifications to the requirement in question. All other requirements of this article shall remain in effect.

CHAPTER 756

An act to amend Section 1367.18 of the Health and Safety Code, and to amend Section 10123.7 of the Insurance Code, relating to health care coverage.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 1367.18 of the Health and Safety Code is amended to read:

1367.18. (a) Every health care service plan, except a specialized health care service plan, that covers hospital, medical, or surgical expenses on a group basis shall offer coverage for orthotic and prosthetic devices and services under the terms and conditions that may be agreed upon between the group subscriber and the plan. Every plan shall communicate the availability of that coverage to all group contractholders and to all prospective group contractholders with whom they are negotiating. Any coverage for prosthetic devices shall include original and replacement devices, as prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license. Any coverage for orthotic devices shall provide for coverage when the device, including original and replacement devices, is prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license, or is ordered by a licensed health care provider acting within the scope of his or her license. Every plan shall have the right to conduct a utilization review to determine medical necessity prior to authorizing these services.

(b) Notwithstanding subdivision (a), on and after July 1, 2007, the amount of the benefit for orthotic and prosthetic devices and services shall be no less than the annual and lifetime benefit maximums applicable to the basic health care services required to be provided under Section 1367. If the contract does not include any annual or lifetime benefit maximums applicable to basic health care services, the amount of the benefit for orthotic and prosthetic devices and services shall not be subject to an annual or lifetime maximum benefit level. Any copayment, coinsurance, deductible, and maximum out-of-pocket amount applied

to the benefit for orthotic and prosthetic devices and services shall be no more than the most common amounts applied to the basic health care services required to be provided under Section 1367.

SEC. 2. Section 10123.7 of the Insurance Code is amended to read:

10123.7. (a) On or after January 1, 1986, every insurer issuing group health insurance shall offer coverage for orthotic and prosthetic devices and services under the terms and conditions that may be agreed upon between the group policyholder and the insurer. Every insurer shall communicate the availability of that coverage to all group policyholders and to all prospective group policyholders with whom they are negotiating. Any coverage for prosthetic devices shall include original and replacement devices, as prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license. Any coverage for orthotic devices shall provide for coverage when the device, including original and replacement devices, is prescribed by a physician and surgeon or doctor of podiatric medicine acting within the scope of his or her license, or is ordered by a licensed health care provider acting within the scope of his or her license. Every insurer shall have the right to conduct a utilization review to determine medical necessity prior to authorizing these services.

(b) Notwithstanding subdivision (a), on and after July 1, 2007, the amount of the benefit for orthotic and prosthetic devices and services shall be no less than the annual and lifetime benefit maximums applicable to all benefits in the policy. Any copayment, coinsurance, deductible, and maximum out-of-pocket amount applied to the benefit for orthotic and prosthetic devices and services shall be no more than the most common amounts contained in the policy.

(c) This section shall not apply to Medicare supplement, short-term limited duration health insurance, vision-only, dental-only, or CHAMPUS supplement insurance, or to hospital indemnity, hospital-only, accident-only, or specified disease insurance that does not pay benefits on a fixed benefit, cash payment only basis.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 757

An act to amend Section 47607 of the Education Code, relating to charter schools.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 47607 of the Education Code is amended to read:

47607. (a) (1) A charter may be granted pursuant to Sections 47605, 47605.5, and 47606 for a period not to exceed five years. A charter granted by a school district governing board, a county board of education or the state board, may be granted one or more subsequent renewals by that entity. Each renewal shall be for a period of five years. A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter. The authority that granted the charter may inspect or observe any part of the charter school at any time.

(2) Renewals and material revisions of charters are governed by the standards and criteria in Section 47605, and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

(b) Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever date occurs later, a charter school shall meet at least one of the following criteria prior to receiving a charter renewal pursuant to paragraph (1) of subdivision (a):

(1) Attained its Academic Performance Index (API) growth target in the prior year or in two of the last three years, or in the aggregate for the prior three years.

(2) Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.

(3) Ranked in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.

(4) (A) The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter

school is located, taking into account the composition of the pupil population that is served at the charter school.

(B) The determination made pursuant to this paragraph shall be based upon all of the following:

(i) Documented and clear and convincing data.

(ii) Pupil achievement data from assessments, including, but not limited to, the Standardized Testing and Reporting Program established by Article 4 (commencing with Section 60640) for demographically similar pupil populations in the comparison schools.

(iii) Information submitted by the charter school.

(C) A chartering authority shall submit to the Superintendent copies of supporting documentation and a written summary of the basis for any determination made pursuant to this paragraph. The Superintendent shall review the materials and make recommendations to the chartering authority based on that review. The review may be the basis for a recommendation made pursuant to Section 47604.5.

(D) A charter renewal may not be granted to a charter school prior to 30 days after that charter school submits materials pursuant to this paragraph.

(5) Has qualified for an alternative accountability system pursuant to subdivision (h) of Section 52052.

(c) A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following:

(1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.

(2) Failed to meet or pursue any of the pupil outcomes identified in the charter.

(3) Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.

(4) Violated any provision of law.

(d) Prior to revocation, the authority that granted the charter shall notify the charter public school of any violation of this section and give the school a reasonable opportunity to remedy the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils.

(e) Prior to revoking a charter for failure to remedy a violation pursuant to subdivision (d), and after expiration of the school's reasonable opportunity to remedy without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. No later than 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing, in the normal course

of business, on the issue of whether evidence exists to revoke the charter. No later than 30 days after the public hearing, the chartering authority shall issue a final decision to revoke or decline to revoke the charter, unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter, unless it makes written factual findings supported by substantial evidence, specific to the charter school, that support its findings.

(f) (1) If a school district is the chartering authority and it revokes a charter pursuant to this section, the charter school may appeal the revocation to the county board of education within 30 days following the final decision of the chartering authority.

(2) The county board may reverse the revocation decision if the county board determines that the findings made by the chartering authority under subdivision (e) are not supported by substantial evidence. The school district may appeal the reversal to the state board.

(3) If the county board does not issue a decision on the appeal within 90 days of receipt, or the county board upholds the revocation, the charter school may appeal the revocation to the state board.

(4) The state board may reverse the revocation decision if the state board determines that the findings made by the chartering authority under subdivision (e) are not supported by substantial evidence. The state board may uphold the revocation decision of the school district if the state board determines that the findings made by the chartering authority under subdivision (e) are supported by substantial evidence.

(g) (1) If a county office of education is the chartering authority and the county board revokes a charter pursuant to this section, the charter school may appeal the revocation to the state board within 30 days following the decision of the chartering authority.

(2) The state board may reverse the revocation decision if the state board determines that the findings made by the chartering authority under subdivision (e) are not supported by substantial evidence.

(h) If the revocation decision of the chartering authority is reversed on appeal, the agency that granted the charter shall continue to be regarded as the chartering authority.

(i) During the pendency of an appeal filed under this section, a charter school, whose revocation proceedings are based on paragraph (1) or (2) of subdivision (c), shall continue to qualify as a charter school for funding and for all other purposes of this part, and may continue to hold all existing grants, resources, and facilities, in order to ensure that the education of pupils enrolled in the school is not disrupted.

(j) Immediately following the decision of a county board to reverse a decision of a school district to revoke a charter, the following shall apply:

(1) The charter school shall qualify as a charter school for funding and for all other purposes of this part.

(2) The charter school may continue to hold all existing grants, resources, and facilities.

(3) Any funding, grants, resources, and facilities that had been withheld from the charter school, or that the charter school had otherwise been deprived of use, as a result of the revocation of the charter shall be immediately reinstated or returned.

(k) A final decision of a revocation or appeal of a revocation pursuant to subdivision (c) shall be reported to the chartering authority, the county board, and the department.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

CHAPTER 758

An act to add Section 22854 to the Government Code, to amend Section 1351 of, and to add Section 1351.3 to, the Health and Safety Code, to add Section 717.2 to the Insurance Code, and to add Article 2.99 (commencing with Section 14095) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 22854 is added to the Government Code, to read:

22854. (a) The board, in considering a contract with any entity that seeks to enter into a contract under this article for the provision of health care benefits or services, may consider all of the following:

(1) Whether the applicant is of reputable and responsible character. The board may consider any available information that the applicant has demonstrated a pattern and practice of violations of state or federal laws and regulations.

(2) Whether the applicant has the ability to provide, or arrange to provide for, health care benefits or services. The board may consider any of the following:

(A) Any prior history of providing, or arranging to provide for, health care services or benefits in this state, the applicant's history of substantial compliance with the requirements imposed under that license, and applicable federal laws, regulations, and requirements.

(B) Any prior history in this state or any other state, of providing, or arranging to provide for, health care services or benefits authorized to receive Medicare Program reimbursement or Medicaid Program reimbursement, the applicant's history of substantial compliance with that state's requirements, and applicable federal laws, regulations, and requirements.

(C) Any prior history of providing, or arranging to provide for, health services as a licensed health professional or an individual or entity contracting with a health care service plan or insurer, and the applicant's history of substantial compliance with state requirements, and applicable federal law, regulations, and requirements.

(b) The board may also require the entity described in subdivision (a) to furnish other information or documents for the purposes of this section.

SEC. 2. Section 1351 of the Health and Safety Code is amended to read:

1351. Each application for licensure as a health care service plan or specialized health care service plan under this chapter shall be verified by an authorized representative of the applicant, and shall be in a form prescribed by the department. This application shall be accompanied by the fee prescribed by subdivision (a) of Section 1356 and shall set forth or be accompanied by each and all of the following:

(a) The basic organizational documents of the applicant; such as, the articles of incorporation, articles of association, partnership agreement, trust agreement, or other applicable documents and all amendments thereto.

(b) A copy of the bylaws, rules and regulations, or similar documents regulating the conduct of the internal affairs of the applicant.

(c) A list of the names, addresses, and official positions of the persons who are to be responsible for the conduct of the affairs of the applicant, which shall include among others, all members of the board of directors, board of trustees, executive committee, or other governing board or committee, the principal officers, each shareholder with over 5-percent interest in the case of a corporation, and all partners or members in the case of a partnership or association, and each person who has loaned funds to the applicant for the operation of its business.

(d) A copy of any contract made, or to be made, between the applicant and any provider of health care services, or persons listed in subdivision (c), or any other person or organization agreeing to perform an administrative function or service for the plan. The director by rule may identify contracts excluded from this requirement and make provision for the submission of form contracts. The payment rendered or to be rendered to such provider of health care services shall be deemed confidential information that shall not be divulged by the director, except that such payment may be disclosed and become a public record in any legislative, administrative, or judicial proceeding or inquiry. The plan shall also submit the name and address of each physician employed by or contracting with the plan, together with his or her license number.

(e) A statement describing the plan, its method of providing for health care services and its physical facilities. If applicable, this statement shall include the health care delivery capabilities of the plan including the number of full-time and part-time primary physicians, the number of full-time and part-time and specialties of all nonprimary physicians; the numbers and types of licensed or state-certified health care support staff, the number of hospital beds contracted for, and the arrangements and the methods by which health care services will be provided. For purposes of this subdivision, primary physicians include general and family practitioners, internists, pediatricians, obstetricians, and gynecologists.

(f) A copy of the forms of evidence of coverage and of the disclosure forms or material which are to be issued to subscribers or enrollees of the plan.

(g) A copy of the form of the individual contract which is to be issued to individual subscribers and the form of group contract which is to be issued to any employers, unions, trustees, or other organizations.

(h) Financial statements accompanied by a report, certificate, or opinion of an independent certified public accountant. However, financial statements from public entities or political subdivisions of the state need not include a report, certificate, or opinion by an independent certified public accountant if the financial statement complies with such requirements as may be established by regulation of the director.

(i) A description of the proposed method of marketing the plan and a copy of any contract made with any person to solicit on behalf of the plan or a copy of the form of agreement used and a list of the contracting parties.

(j) A power of attorney duly executed by any applicant, not domiciled in this state, appointing the director the true and lawful attorney in fact of such applicant in this state for the purposes of service of all lawful process in any legal action or proceeding against the plan on a cause of action arising in this state.

(k) A statement describing the service area or areas to be served, including the service location for each provider rendering professional services on behalf of the plan and the location of any other plan facilities where required by the director.

(*l*) A description of enrollee-subscriber grievance procedures to be utilized as required by this chapter, and a copy of the form specified by subdivision (c) of Section 1368.

(m) A description of the procedures and programs for internal review of the quality of health care pursuant to the requirements set forth in this chapter.

(n) A description of the mechanism by which enrollees and subscribers will be afforded an opportunity to express their views on matters relating to the policy and operation of the plan.

(o) Evidence of adequate insurance coverage or self-insurance to respond to claims for damages arising out of the furnishing of health care services.

(p) Evidence of adequate insurance coverage or self-insurance to protect against losses of facilities where required by the director.

(q) If required by the director by rule pursuant to Section 1376, a fidelity bond or a surety bond in the amount prescribed.

(r) Evidence of adequate workmen's compensation insurance coverage to protect against claims arising out of work-related injuries that might be brought by the employees and staff of a plan against the plan.

(s) All relevant information known to the applicant concerning whether the plan, its management company, or any other affiliate of the plan, or any controlling person, officer, director, or other person occupying a principal management or supervisory position in the plan, management company, or other affiliate, has any of the following:

(1) Any history of noncompliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits in this state or any other state.

(2) Any history of noncompliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging to provide for, health care services or benefits authorized for reimbursement under the federal Medicare or Medicaid Program.

(3) Any history of noncompliance with applicable state or federal laws, regulations, or requirements related to providing, or arranging for the provision of, health care services as a licensed health professional or an individual or entity contracting with a health care service plan or insurer in this state or any other state.

(t) Such other information as the director may reasonably require.

SEC. 3. Section 1351.3 is added to the Health and Safety Code, to read:

1351.3. On and after January 1, 2007, the department, in considering an application for an initial license for any entity under this chapter, shall consider any information provided concerning whether the plan, its management company, or any other affiliate of the plan, or any controlling person, officer, director, or other person occupying a principal management or supervisory position in the plan, management company, or affiliate has any history of noncompliance, as described in subdivision (s) of Section 1351, and any other relevant information concerning misconduct.

SEC. 4. Section 717.2 is added to the Insurance Code, to read:

717.2. (a) On and after January 1, 2007, for purposes of Section 717, the commissioner shall consider, with respect to any application for a certificate of authority or amended certificate of authority to transact health insurance, as defined in subdivision (b) of Section 106, in this state, any available evidence regarding any one or more of the following:

(1) Any prior history of providing, or arranging to provide for, health care coverage, services, or benefits in this state and the applicant's history of substantial compliance with applicable state and federal laws, regulations, and requirements.

(2) Any prior history in this state or any other state, of providing, or arranging to provide for, health care coverage, services, or benefits for which the applicant is authorized to receive Medicare Program reimbursement or Medicaid Program reimbursement, and the applicant's history of substantial compliance with applicable state and federal laws, regulations, and requirements.

(3) Any prior history on the part of the applicant's management of providing, or arranging to provide for, health services as a licensed health professional or an individual or entity contracting with a health care service plan or insurer, and the applicant's history of substantial compliance with state requirements, and applicable federal law, regulations, and requirements.

(b) The commissioner may also require the applicant to provide information or documents for the purposes of this section. The commissioner shall consider any other relevant information concerning misconduct.

SEC. 5. Article 2.99 (commencing with Section 14095) is added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, to read:

Article 2.99. Provider Contract Considerations

14095. (a) For any entity or program that seeks to contract with the department to provide, or arrange for the provision of, managed health care services, disease management, or other health services contracted for on a basis other than fee-for-service, the department may consider, but shall not be limited to considering, all of the following:

(1) Whether the applicant is of reputable and responsible character. The department may consider any available information that the applicant has demonstrated a pattern and practice of violations of state or federal laws and regulations.

(2) Whether the applicant has the ability to provide, or arrange for the provision of, health care benefits or services. The department may consider evidence that may include all of the following:

(A) Any prior history of providing, or arranging for the provision of, health care services or benefits in this state, the applicant's history of substantial compliance with the requirements imposed under that license, and applicable federal laws, regulations, and requirements.

(B) Any prior history in this state or any other state, of providing, or arranging for the provision of, health care services or benefits authorized to receive Medicare Program reimbursement or Medicaid Program reimbursement, the applicant's history of substantial compliance with that state's requirements, and applicable federal laws, regulations, and requirements.

(C) Any prior history of providing, or arranging for the provision of, health services as a licensed health professional or an individual or entity contracting with a health care service plan or insurer, and the applicant's history of substantial compliance with state requirements, and applicable federal law, regulations, and requirements.

(b) The department may also require the entity described in subdivision (a) to furnish other information or documents for the proper administration and enforcement of the licensing laws.

(c) For purposes of paragraph (1) of subdivision (a), "applicant" shall include the applicant's management company, any affiliate of the applicant, and any controlling person, officer, director, or other person occupying a principal management or supervisory position for the applicant, its management company, or an affiliate of the applicant.

(d) Nothing in this section shall be construed to restrict or limit the department in any way from considering any other factor required by law, or determined by the department to be necessary for consideration,

prior to entering into a contract for the provision of managed health care services.

CHAPTER 759

An act to amend Sections 66907.4 and 66907.9 of the Government Code, relating to the California Tahoe Conservancy.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 66907.4 of the Government Code is amended to read:

66907.4. (a) Acquisition of real property or interests therein under this title, when the value is in excess of five hundred fifty thousand dollars ($550,000) per lot or parcel, is subject to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2).

(b) Except as set forth in subdivision (a), acquisition of real property or interests under this title is not subject to the Property Acquisition Law. However, the conservancy may request the State Public Works Board to review and approve specific acquisitions.

SEC. 2. Section 66907.9 of the Government Code is amended to read:

66907.9. The conservancy shall take whatever actions are reasonably necessary and incidental to the management of lands and facilities under its ownership or control. In order to carry out the purposes of this title, the conservancy may do all of the following:

(a) Adopt and enforce regulations governing the use of those lands and facilities.

(b) Initiate, negotiate, and participate in agreements for the management of those lands and facilities with a public agency, a corporate entity, an individual, a partnership, or other entity.

(c) Enter into any other agreement authorized by state or federal law.

CHAPTER 760

An act to amend Sections 6731.1, 7581.2, 7588, 8726, 8771, 9882, 9884.7, 10232, 10232.4, 22351.5, and 22355 of, to amend, repeal, and

add Section 19161 of, to add Section 7574.4 to, and to repeal Sections 7612 and 9610 of, the Business and Professions Code, and to amend Sections 44024.5 and 44062.1 of the Health and Safety Code, relating to professions and vocations.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 6731.1 of the Business and Professions Code is amended to read:

6731.1. Civil engineering also includes the practice or offer to practice, either in a public or private capacity, all of the following:

(a) Locates, relocates, establishes, reestablishes, or retraces the alignment or elevation for any of the fixed works embraced within the practice of civil engineering, as described in Section 6731.

(b) Determines the configuration or contour of the earth's surface or the position of fixed objects above, on, or below the surface of earth by applying the principles of trigonometry or photogrammetry.

(c) Creates, prepares, or modifies electronic or computerized data in the performance of the activities described in subdivisions (a) and (b).

(d) Renders a statement regarding the accuracy of maps or measured survey data pursuant to subdivisions (a), (b), and (c).

SEC. 2. Section 7574.4 is added to the Business and Professions Code, to read:

7574.4. (a) A person registered with the department under this chapter may request a review by the private security disciplinary review committee, as established in Section 7581.1, to contest the assessment of an administrative fine or to appeal a denial, revocation, or suspension of a registration unless the denial, revocation, or suspension is ordered by the director in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

A request for a review shall be by written notice to the department within 30 days of the issuance of the citation and assessment, denial, revocation, or suspension.

Following a review by a disciplinary review committee, the appellant shall be notified within 30 days, in writing, by regular mail, of the committee's decision.

If the appellant disagrees with the decision made by a disciplinary review committee, he or she may request a hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. A request for a hearing following a

decision by a disciplinary review committee shall be by written notice to the department within 30 days following notice of the committee's decision.

If the appellant does not request a hearing within 30 days, the review committee's decision shall become final.

(b) Notwithstanding subdivision (a), where a hearing is held under this chapter to determine whether an application for registration should be granted, the proceedings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director shall have all of the powers granted therein.

SEC. 3. Section 7581.2 of the Business and Professions Code is amended to read:

7581.2. Each disciplinary review committee shall perform the following functions as they pertain to private patrol operators, security guards, firearm qualification cardholders, firearm training facilities, firearm training instructors, baton training facilities, and baton training instructors, as licensed, certified, or registered by the bureau under this chapter, and proprietary security officers, as registered by the bureau under Chapter 11.4 (commencing with Section 7574):

(a) Affirm, rescind, or modify all appealed decisions which concern administrative fines assessed by the director.

(b) Affirm, rescind, or modify all appealed decisions which concern denials, revocations, or suspensions of a license, certificate, or registration except denials, revocations, or suspensions ordered by the director in accordance with Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code.

SEC. 4. Section 7588 of the Business and Professions Code is amended to read:

7588. The fees prescribed by this chapter are as follows:

(a) The application and examination fee for an original license for a private patrol operator may not exceed five hundred dollars ($500).

(b) The application fee for an original branch office certificate for a private patrol operator may not exceed two hundred fifty dollars ($250).

(c) The fee for an original license for a private patrol operator may not exceed seven hundred dollars ($700).

(d) The renewal fee is as follows:

(1) For a license as a private patrol operator, the fee may not exceed seven hundred dollars ($700).

(2) For a combination license as a private investigator under Chapter 11.3 (commencing with Section 7512) and private patrol operator, AC or DC prefix, the fee may not exceed six hundred dollars ($600).

(3) For a branch office certificate for a combination private investigator under Chapter 11.3 (commencing with Section 7512) and private patrol operator, the fee may not exceed forty dollars ($40), and for a private patrol operator, the fee may not exceed seventy-five dollars ($75).

(e) The delinquency fee is 50 percent of the renewal fee in effect on the date of expiration.

(f) A reinstatement fee is equal to the amount of the renewal fee plus the regular delinquency fee.

(g) The fee for reexamination of an applicant or his or her manager shall be the actual cost to the bureau for developing, purchasing, grading, and administering each examination.

(h) Registration fees pursuant to this chapter are as follows:

(1) A registration fee for a security guard shall not exceed fifty dollars ($50).

(2) A security guard registration renewal fee shall not exceed thirty-five dollars ($35).

(i) Fees to carry out other provisions of this chapter are as follows:

(1) A firearms qualification fee may not exceed eighty dollars ($80).

(2) A firearms requalification fee may not exceed sixty dollars ($60).

(3) An initial baton certification fee may not exceed fifty dollars ($50).

(4) An application fee and renewal fee for certification as a firearms training facility or a baton training facility may not exceed five hundred dollars ($500).

(5) An application fee and renewal fee for certification as a firearms training instructor or a baton training instructor may not exceed two hundred fifty dollars ($250).

SEC. 5. Section 7612 of the Business and Professions Code is repealed.

SEC. 6. Section 8726 of the Business and Professions Code is amended to read:

8726. A person, including any person employed by the state or by a city, county, or city and county within the state, practices land surveying within the meaning of this chapter who, either in a public or private capacity, does or offers to do any one or more of the following:

(a) Locates, relocates, establishes, reestablishes, or retraces the alignment or elevation for any of the fixed works embraced within the practice of civil engineering, as described in Section 6731.

(b) Determines the configuration or contour of the earth's surface, or the position of fixed objects above, on, or below the surface of the earth by applying the principles of mathematics or photogrammetry.

(c) Locates, relocates, establishes, reestablishes, or retraces any property line or boundary of any parcel of land, right-of-way, easement, or alignment of those lines or boundaries.

(d) Makes any survey for the subdivision or resubdivision of any tract of land. For the purposes of this subdivision, the term "subdivision" or "resubdivision" shall be defined to include, but not be limited to, the definition in the Subdivision Map Act (Division 2 (commencing with Section 66410) of Title 7 of the Government Code) or the Subdivided Lands Law (Chapter 1 (commencing with Section 11000) of Part 2 of Division 4 of this code).

(e) By the use of the principles of land surveying determines the position for any monument or reference point which marks a property line, boundary, or corner, or sets, resets, or replaces any monument or reference point.

(f) Geodetic or cadastral surveying. As used in this chapter, geodetic surveying means performing surveys, in which account is taken of the figure and size of the earth to determine or predetermine the horizontal or vertical positions of fixed objects thereon or related thereto, geodetic control points, monuments, or stations for use in the practice of land surveying or for stating the position of fixed objects, geodetic control points, monuments, or stations by California Coordinate System coordinates.

(g) Determines the information shown or to be shown on any map or document prepared or furnished in connection with any one or more of the functions described in subdivisions (a), (b), (c), (d), (e), and (f).

(h) Indicates, in any capacity or in any manner, by the use of the title "land surveyor" or by any other title or by any other representation that he or she practices or offers to practice land surveying in any of its branches.

(i) Procures or offers to procure land surveying work for himself, herself, or others.

(j) Manages, or conducts as manager, proprietor, or agent, any place of business from which land surveying work is solicited, performed, or practiced.

(k) Coordinates the work of professional, technical, or special consultants in connection with the activities authorized by this chapter.

(*l*) Determines the information shown or to be shown within the description of any deed, trust deed, or other title document prepared for the purpose of describing the limit of real property in connection with any one or more of the functions described in subdivisions (a) to (f), inclusive.

(m) Creates, prepares, or modifies electronic or computerized data in the performance of the activities described in subdivisions (a), (b), (c), (d), (e), (f), (k), and (*l*).

(n) Renders a statement regarding the accuracy of maps or measured survey data.

Any department or agency of the state or any city, county, or city and county that has an unregistered person in responsible charge of land surveying work on January 1, 1986, shall be exempt from the requirement that the person be licensed as a land surveyor until the person currently in responsible charge is replaced.

The review, approval, or examination by a governmental entity of documents prepared or performed pursuant to this section shall be done by, or under the direct supervision of, a person authorized to practice land surveying.

SEC. 7. Section 8771 of the Business and Professions Code is amended to read:

8771. (a) Monuments set shall be sufficient in number and durability and efficiently placed so as not to be readily disturbed, to assure, together with monuments already existing, the perpetuation or facile reestablishment of any point or line of the survey.

(b) When monuments exist that control the location of subdivisions, tracts, boundaries, roads, streets, or highways, or provide horizontal or vertical survey control, the monuments shall be located and referenced by or under the direction of a licensed land surveyor or registered civil engineer prior to the time when any streets, highways, other rights-of-way, or easements are improved, constructed, reconstructed, maintained, resurfaced, or relocated, and a corner record or record of survey of the references shall be filed with the county surveyor. They shall be reset in the surface of the new construction, a suitable monument box placed thereon, or permanent witness monuments set to perpetuate their location if any monument could be destroyed, damaged, covered, or otherwise obliterated, and a corner record or record of survey filed with the county surveyor prior to the recording of a certificate of completion for the project. Sufficient controlling monuments shall be retained or replaced in their original positions to enable property, right-of-way and easement lines, property corners, and subdivision and tract boundaries to be reestablished without devious surveys necessarily originating on monuments differing from those that currently control the area. It shall be the responsibility of the governmental agency or others performing construction work to provide for the monumentation required by this section. It shall be the duty of every land surveyor or civil engineer to cooperate with the governmental agency in matters of maps, field notes, and other pertinent records. Monuments set to mark

the limiting lines of highways, roads, streets or right-of-way or easement lines shall not be deemed adequate for this purpose unless specifically noted on the corner record or record of survey of the improvement works with direct ties in bearing or azimuth and distance between these and other monuments of record.

(c) The decision to file either the required corner record or a record of survey pursuant to subdivision (b) shall be at the election of the licensed land surveyor or registered civil engineer submitting the document.

SEC. 8. Section 9610 of the Business and Professions Code is repealed.

SEC. 9. Section 9882 of the Business and Professions Code is amended to read:

9882. (a) There is in the Department of Consumer Affairs a Bureau of Automotive Repair under the supervision and control of the director. The duty of enforcing and administering this chapter is vested in the chief who is responsible to the director. The director may adopt and enforce those rules and regulations that he or she determines are reasonably necessary to carry out the purposes of this chapter and declaring the policy of the bureau, including a system for the issuance of citations for violations of this chapter as specified in Section 125.9. These rules and regulations shall be adopted pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) In 2003 and every four years thereafter, the Joint Committee on Boards, Commissions, and Consumer Protection shall hold a public hearing to receive testimony from the Director of Consumer Affairs and the bureau. In those hearings, the bureau shall have the burden of demonstrating a compelling public need for the continued existence of the bureau and its regulatory program, and that its function is the least restrictive regulation consistent with the public health, safety, and welfare. The committee shall evaluate and review the effectiveness and efficiency of the bureau based on factors and minimum standards of performance that are specified in Section 473.4. The committee shall report its findings and recommendations as specified in Section 473.5. The bureau shall prepare an analysis and submit a report to the committee as specified in Section 473.2.

SEC. 10. Section 9884.7 of the Business and Professions Code is amended to read:

9884.7. (a) The director, where the automotive repair dealer cannot show there was a bona fide error, may refuse to validate, or may invalidate temporarily or permanently, the registration of an automotive repair dealer for any of the following acts or omissions related to the

conduct of the business of the automotive repair dealer, which are done by the automotive repair dealer or any automotive technician, employee, partner, officer, or member of the automotive repair dealer.

(1) Making or authorizing in any manner or by any means whatever any statement written or oral which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading.

(2) Causing or allowing a customer to sign any work order that does not state the repairs requested by the customer or the automobile's odometer reading at the time of repair.

(3) Failing or refusing to give to a customer a copy of any document requiring his or her signature, as soon as the customer signs the document.

(4) Any other conduct which constitutes fraud.

(5) Conduct constituting gross negligence.

(6) Failure in any material respect to comply with the provisions of this chapter or regulations adopted pursuant to it.

(7) Any willful departure from or disregard of accepted trade standards for good and workmanlike repair in any material respect, which is prejudicial to another without consent of the owner or his or her duly authorized representative.

(8) Making false promises of a character likely to influence, persuade, or induce a customer to authorize the repair, service, or maintenance of automobiles.

(9) Having repair work done by someone other than the dealer or his or her employees without the knowledge or consent of the customer unless the dealer can demonstrate that the customer could not reasonably have been notified.

(10) Conviction of a violation of Section 551 of the Penal Code.

Upon refusal to validate a registration, the director shall notify the applicant thereof, in writing, by personal service or mail addressed to the address of the applicant set forth in the application, and the applicant shall be given a hearing under Section 9884.12 if, within 30 days thereafter, he or she files with the bureau a written request for hearing, otherwise the refusal is deemed affirmed.

(b) Except as provided for in subdivision (c), if an automotive repair dealer operates more than one place of business in this state, the director pursuant to subdivision (a) shall only invalidate temporarily or permanently the registration of the specific place of business which has violated any of the provisions of this chapter. This violation, or action by the director, shall not affect in any manner the right of the automotive repair dealer to operate his or her other places of business.

(c) Notwithstanding subdivision (b), the director may invalidate temporarily or permanently, the registration for all places of business

operated in this state by an automotive repair dealer upon a finding that the automotive repair dealer has, or is, engaged in a course of repeated and willful violations of this chapter, or regulations adopted pursuant to it.

SEC. 11. Section 10232 of the Business and Professions Code is amended to read:

10232. (a) Except as otherwise expressly provided, Sections 10232.2, 10232.25, 10233, and 10236.6 are applicable to every real estate broker who intends or reasonably expects in a successive 12 months to do any of the following:

(1) Negotiate a combination of 10 or more of the following transactions pursuant to subdivision (d) or (e) of Section 10131 or Section 10131.1 in an aggregate amount of more than one million dollars ($1,000,000):

(A) Loans secured directly or collaterally by liens on real property or on business opportunities as agent for another or others.

(B) Sales or exchanges of real property sales contracts or promissory notes secured directly or collaterally by liens on real property or on business opportunities as agent for another or others.

(C) Sales or exchanges of real property sales contracts or promissory notes secured directly or collaterally by liens on real property as the owner of those notes or contracts.

(2) Make collections of payments in an aggregate amount of two hundred fifty thousand dollars ($250,000) or more on behalf of owners of promissory notes secured directly or collaterally by liens on real property, owners of real property sales contracts, or both.

(3) Make collections of payments in an aggregate amount of two hundred fifty thousand dollars ($250,000) or more on behalf of obligors of promissory notes secured directly or collaterally by liens on real property, lenders of real property sales contracts, or both.

Persons under common management, direction, or control in conducting the activities enumerated above shall be considered as one person for the purpose of applying the above criteria.

(b) The negotiation of a combination of two or more new loans and sales or exchanges of existing promissory notes and real property sales contracts of an aggregate amount of more than two hundred fifty thousand dollars ($250,000) in any three successive months or a combination of five or more new loans and sales or exchanges of existing promissory notes and real property sales contracts of an aggregate amount of more than five hundred thousand dollars ($500,000) in any successive six months shall create a rebuttable presumption that the broker intends to negotiate new loans and sales and exchanges of an aggregate amount that will meet the criteria of subdivision (a).

(c) In determining the applicability of Sections 10232.2, 10232.25, 10233, and 10236.6, loans or sales negotiated by a broker, or for which a broker collects payments or provides other servicing for the owner of the note or contract, shall not be counted in determining whether the broker meets the criteria of subdivisions (a) and (b) if any of the following apply:

(1) The lender or purchaser is any of the following:

(A) The Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the United States Department of Veterans Affairs.

(B) A bank or subsidiary thereof, bank holding company or subsidiary thereof, trust company, savings bank or savings and loan association or subsidiary thereof, savings bank or savings association holding company or subsidiary thereof, credit union, industrial bank or industrial loan company, finance lender, or insurer doing business under the authority of, and in accordance with, the laws of this state, any other state, or the United States relating to banks, trust companies, savings banks or savings associations, credit unions, industrial banks or industrial loan companies, commercial finance lenders, or insurers, as evidenced by a license, certificate, or charter issued by the United States or a state, district, territory, or commonwealth of the United States.

(C) Trustees of a pension, profit-sharing, or welfare fund, if the pension, profit-sharing, or welfare fund has a net worth of not less than fifteen million dollars ($15,000,000).

(D) A corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or a wholly owned subsidiary of that corporation.

(E) A syndication or other combination of any of the entities specified in subparagraph (A), (B), (C), or (D) that is organized to purchase the promissory note.

(F) The California Housing Finance Agency or a local housing finance agency organized under the Health and Safety Code.

(G) A licensed residential mortgage lender or servicer acting under the authority of that license.

(H) An institutional investor that issues mortgage-backed securities, as specified in paragraph (11) of subdivision (i) of Section 50003 of the Financial Code.

(I) A licensed real estate broker selling all or part of the loan, the note, or the contract to a lender or purchaser specified in subparagraphs (A) to (H), inclusive.

(2) The loan or sale is negotiated, or the loan or contract is being serviced for the owner, under authority of a permit issued pursuant to

applicable provisions of the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code).

(3) The transaction is subject to the requirements of Article 3 (commencing with Section 2956) of Chapter 2 of Title 14 of Part 4 of Division 3 of the Civil Code.

(d) If two or more real estate brokers who are not under common management, direction, or control cooperate in the negotiation of a loan or the sale or exchange of a promissory note or real property sales contract and share in the compensation for their services, the dollar amount of the transaction shall be allocated according to the ratio that the compensation received by each broker bears to the total compensation received by all brokers for their services in negotiating the loan or sale or exchange.

(e) A real estate broker who meets any of the criteria of subdivision (a) or (b) shall notify the department in writing within 30 days after that determination is made.

SEC. 12. Section 10232.4 of the Business and Professions Code is amended to read:

10232.4. (a) In making a solicitation to a particular person and in negotiating with that person to make a loan secured by real property or to purchase a real property sales contract or a note secured by a deed of trust, a real estate broker shall deliver to the person solicited the applicable completed statement described in Section 10232.5 as early as practicable before he or she becomes obligated to make the loan or purchase and, except as provided in subdivision (c), before the receipt by or on behalf of the broker of any funds from that person. The statement shall be signed by the prospective lender or purchaser and by the real estate broker, or by a real estate salesperson licensed to the broker, on the broker's behalf. When so executed, an exact copy shall be given to the prospective lender or purchaser, and the broker shall retain a true copy of the executed statement for a period of three years.

(b) The requirement of delivery of a disclosure statement pursuant to subdivision (a) shall not apply with respect to the following persons:

(1) The prospective purchaser of a security offered under authority of a permit issued pursuant to applicable provisions of the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000) of Title 4 of the Corporations Code) that require that each prospective purchaser of a security be given a prospectus or other form of disclosure statement approved by the department issuing the permit.

(2) The seller of real property who agrees to take back a promissory note of the purchaser as a method of financing all or a part of the purchase of the property.

(3) The prospective purchaser of a security offered pursuant to and in accordance with a regulation duly adopted by the Commissioner of Corporations granting an exemption from qualification under the Corporate Securities Law of 1968 for the offering if one of the conditions of the exemption is that each prospective purchaser of the security be given a disclosure statement prescribed by the regulation before the prospective purchaser becomes obligated to purchase the security.

(4) A prospective lender or purchaser, if that lender or purchaser is any of the following:

(A) The United States or any state, district, territory, or commonwealth thereof, or any city, county, city and county, public district, public authority, public corporation, public entity, or political subdivision of a state, district, territory, or commonwealth of the United States, or any agency or corporate or other instrumentality of any one or more of the foregoing, including the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, and the Veteran's Administration.

(B) Any bank or subsidiary thereof, bank holding company or subsidiary thereof, trust company, savings bank or savings and loan association or subsidiary thereof, savings bank or savings association holding company or subsidiary thereof, credit union, industrial bank or industrial loan company, finance lender, or insurance company doing business under the authority of, and in accordance with, the laws of this state, any other state, or of the United States relating to banks, trust companies, savings banks or savings associations, credit unions, industrial banks or industrial loan companies, commercial finance lenders, or insurance companies, as evidenced by a license, certificate, or charter issued by the United States or any state, district, territory, or commonwealth of the United States.

(C) Trustees of pension, profitsharing, or welfare fund, if the pension, profitsharing, or welfare fund has a net worth of not less than fifteen million dollars ($15,000,000).

(D) Any corporation with outstanding securities registered under Section 12 of the Securities Exchange Act of 1934 or any wholly owned subsidiary of that corporation.

(E) Any syndication or other combination of any of the entities specified in subparagraph (A), (B), (C), or (D) which is organized to purchase the promissory note.

(F) A licensed real estate broker engaging in the business of selling all or part of the loan, note, or contract to a lender or purchaser to whom no disclosure is required pursuant to this subdivision.

(G) A licensed residential mortgage lender or servicer when acting under the authority of that license.

(c) When the broker has custody of funds of a prospective lender or purchaser which were received and are being maintained with the express permission of the owner and in accordance with law, and the broker retains the funds in an escrow depository or a trust fund account pending receipt of the owner's express written instructions to disburse the funds for a loan or purchase, the broker shall cause the disclosure statement to be delivered to the owner and shall obtain the owner's written consent to the proposed disbursement before making the disbursement. Unless the broker has a written agreement with the owner as provided in Section 10231.1, the broker shall transmit to the owner not later than 25 days after receipt, all funds then in the broker's custody for which the owner has not given written instructions authorizing disbursement.

SEC. 13. Section 19161 of the Business and Professions Code is amended to read:

19161. (a) All mattresses and mattress sets manufactured for sale in this state shall be fire retardant. The bureau shall adopt regulations no later than January 1, 2004, requiring that fire retardant mattresses and mattress sets meet a resistance to open-flame test that uses a pass or fail performance criteria based on a test method developed by the bureau or that is based on ASTME 1590. If the bureau concludes that other bedding contributes to mattress fires, the regulations shall require the other bedding to be flame retardant under the resistance to open-flame test. If feasible, the bureau's regulations shall permit a manufacturer to comply with the resistance to open-flame test by testing a small scale version of its product. In developing these regulations, the bureau may contract, cooperate, or otherwise share resources with other government agencies, private organizations, or independent contractors that it considers appropriate for purposes of reviewing test criteria and methods, equipment specifications, and other relevant subjects. These regulations shall become inoperative upon the effective date of any federal law or regulation establishing an open-flame resistance standard for these products. The bureau shall submit a report to the Legislature on or before January 1, 2004, summarizing its regulatory findings.

(b) Requirements for flame resistant mattresses, mattress sets, or other bedding products shall not apply to any hotel, motel, bed and breakfast, inn, or similar transient lodging establishment that has an automatic fire extinguishing system that conforms to the specifications established in Section 904.1 of Title 24 of the California Code of Regulations.

(c) All seating furniture sold or offered for sale by an importer, manufacturer, or wholesaler for use in this state, including any seating furniture sold to or offered for sale for use in a hotel, motel, or other

place of public accommodation in this state, and reupholstered furniture to which filling materials are added, shall be fire retardant and shall be labeled in a manner specified by the bureau.

(d) "Fire retardant," as used in this section, means a product that meets the regulations adopted by the bureau. This does not include furniture used exclusively for the purpose of physical fitness and exercise.

(e) This section shall become inoperative on July 1, 2007, and, as of January 1, 2008, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2008, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 14. Section 19161 is added to the Business and Professions Code, to read:

19161. (a) All mattresses and mattress sets manufactured for sale in this state shall be fire retardant. "Fire retardant," as used in this section, means a product that meets the standards for resistance to open-flame test adopted by the United States Consumer Product Safety Commission and set forth in Section 1633 and following of Title 16 of the Code of Federal Regulations. The bureau may adopt regulations it deems necessary to implement those standards.

(b) All other bedding products that the bureau determines contribute to mattress bedding fires shall comply with regulations adopted by the bureau specifying that those products be resistant to open-flame ignition.

(c) All seating furniture sold or offered for sale by an importer, manufacturer, or wholesaler for use in this state, including any seating furniture sold to or offered for sale for use in a hotel, motel, or other place of public accommodation in this state, and reupholstered furniture to which filling materials are added, shall be fire retardant and shall be labeled in a manner specified by the bureau. This does not include furniture used exclusively for the purpose of physical fitness and exercise.

(d) Regulations adopted by the bureau for other bedding products shall not apply to any hotel, motel, bed and breakfast, inn, or similar transient lodging establishment that has an automatic fire extinguishing system that conforms to the specifications established in Section 904.1 of Title 24 of the California Code of Regulations.

(e) This section shall become operative on July 1, 2007.

SEC. 15. Section 22351.5 of the Business and Professions Code is amended to read:

22351.5. (a) At the time of filing the initial certificate of registration, the registrant shall also submit a completed Request for Live Scan form confirming fingerprint submission to the Department of Justice and the Federal Bureau of Investigation, in order to verify that the registrant has not been convicted of a felony. The clerk shall utilize the Subsequent

Arrest Notification Contract provided by the Department of Justice for notifications subsequent to the initial certificate of registration.

(b) If, after receiving the results of the Request for Live Scan, the clerk is advised that the registrant has been convicted of a felony, the presiding judge of the superior court of the county in which the certificate of registration is maintained is authorized to review the criminal record and, unless the registrant is able to produce a copy of a certificate of rehabilitation, expungement, or pardon, as specified in paragraph (2) of subdivision (a) of Section 22351, notify the registrant that the registration is revoked. An order to show cause for contempt may be issued and served upon any person who fails to surrender a registered process server identification card after a notice of revocation.

SEC. 16. Section 22355 of the Business and Professions Code is amended to read:

22355. (a) The county clerk shall maintain a register of process servers and assign a number and issue an identification card to each process server. The county clerk shall issue a temporary identification card, for no additional fee, to applicants who are required to submit Request for Live Scan forms for background checks to the Federal Bureau of Investigation and the Department of Justice. This card shall be valid for 120 days. If clearance is received from the Federal Bureau of Investigation and the Department of Justice within 120 days, the county clerk shall immediately issue a permanent identification card to the applicant. Upon request of the applicant, the permanent identification card shall be mailed to the applicant at his or her address of record. Upon renewal of a certificate of registration, the same number shall be assigned, provided there is no lapse in the period of registration.

(b) The temporary and permanent identification cards shall be $3\frac{3}{8}$ inches by $2\frac{1}{4}$ inches and shall contain at the top the title, "Registered Process Server," followed by the registrant's name, address, registration number, date of expiration, and county of registration. In the case of a natural person, it shall also contain a photograph of the registrant in the lower left corner.

SEC. 17. Section 44024.5 of the Health and Safety Code is amended to read:

44024.5. (a) The department shall compile and maintain statistical and emissions profiles of motor vehicles that are subject to the motor vehicle inspection program. The department may use data from any source, including remote sensing data and other motor vehicle inspection program data, to develop and confirm the validity of the profiles.

(b) The department, in cooperation with the state board, shall perform periodic analyses of the statistical and emissions profiles created pursuant to subdivision (a). The department and the state board, in consultation

with the Inspection and Maintenance Review Committee, may determine that, in addition to the vehicles excepted pursuant to Section 44011, certain other motor vehicles may be excepted from the biennial certification requirements of this chapter without significantly compromising the emission reduction objectives set forth in the State Implementation Plan (SIP).

(c) The department may conduct a pilot program to except from the biennial certification requirement those vehicles that may be jointly determined by the department and the state board, after consultation with the Inspection and Maintenance Review Committee, to warrant exception. The department shall provide written notification to the Legislature specifying the number of vehicles to be exempted as well as the geographic location and duration of the pilot program not less than 30 days prior to the implementation of the pilot program. The department shall submit the results of the pilot program to the state board and the Inspection and Maintenance Review Committee for review. Subject to the approval of the United States Environmental Protection Agency as an amendment to the SIP, the department may establish the exception program as a permanent program.

(d) For vehicles four model years old or less, the department shall use test data generated pursuant to Section 44014.7 to develop statistical and emissions profiles. The department may use data from any source, including remote sensing data, warranty repair and recall data, and other motor vehicle inspection program data, to develop and confirm the validity of the data. If the department and state board jointly determine that the emissions from a class of motor vehicles would potentially compromise the emission reduction objectives set forth in the SIP, the state board shall consider appropriate corrective action, including, but not limited to, recall pursuant to Section 43105.

SEC. 18. Section 44062.1 of the Health and Safety Code is amended to read:

44062.1. (a) The department shall offer a repair assistance program through entities authorized to perform referee functions.

(b) (1) The repair assistance program shall be available to the following eligible individuals:

(A) An individual who has a maximum income level of 200 percent of the federal poverty level, as published quarterly in the Federal Register by the Department of Health and Human Services, and who is either or both of the following:

(i) The owner of a motor vehicle that has failed a smog check inspection.

(ii) The owner of a motor vehicle who was issued a notice to correct for an alleged violation of Section 27153 or 27153.5 of the Vehicle Code

involving that vehicle, if the vehicle subject to that notice has failed a smog check inspection subsequent to receiving the notice.

On and after January 1, 2009, the maximum income level prescribed for this subparagraph shall be set at 185 percent of the federal poverty level, as published quarterly in the Federal Register by the United States Department of Health and Human Services.

(B) An individual who is the owner of a motor vehicle that has failed a smog check inspection and is directed to a test-only facility pursuant to Section 44010.5 or 44014.7. If the department determines that applications for repair assistance exceed the amount of funds available, to the maximum extent possible, applications from low-income motor vehicle owners shall be given priority over other applications.

(2) The department shall offer repair cost assistance, funded by the High Polluter Repair or Removal Account in the Vehicle Inspection and Repair Fund created pursuant to subdivision (a) of Section 44091, to individuals based on the cost-effectiveness and air quality benefit of the needed repair. Repair assistance may include retesting costs and the costs of repairs to remedy the violation of Section 27153 or 27153.5 of the Vehicle Code.

(3) An applicant for repair assistance shall file an application on a form prescribed by the department and shall certify under penalty of perjury that the applicant meets the applicable eligibility standards.

(4) Verification of income eligibility shall be based on at least one form of documentation, as determined by the department, including, but not limited to, (A) an income tax return, (B) an employment warrant, or (C) a form of public assistance verification.

(c) The repair assistance program shall be funded by the High Polluter Repair or Removal Account.

(d) Repairs to motor vehicles that fail smog check inspections and are subsidized by the state through the program shall be performed at a repair station licensed and certified pursuant to Sections 44014 and 44014.2. Repair shall be based upon a preapproved list of repairs for cost-effective emission reductions or repairs to remedy a violation of Section 27153 or 27153.5 of the Vehicle Code.

(e) The qualified low-income motor vehicle owner receiving repair assistance pursuant to this section shall contribute a copayment, as determined by the department as specified in Section 44017.1, either in cash, or in emissions-related partial repairs as verified by a test-only station pursuant to paragraph (2) of subdivision (c) of Section 44015, or a combination thereof. For an owner of a motor vehicle described in subparagraph (B) of paragraph (1) of subdivision (b), the department shall impose a copayment at least equivalent to the amount imposed on a low-income individual receiving assistance under this section. If the

repair cost exceeds the applicable repair cost limit, the department shall inform a motor vehicle owner of all options for compliance at the time of testing and repair.

(f) The department may increase its contribution toward the repair of a motor vehicle under this program in excess of the amount authorized for the repair of a high-polluter pursuant to paragraph (1) of subdivision (b) of Section 44094, if the department determines that the expenditure is cost effective.

(g) Notwithstanding subparagraph (A) of subdivision (b), the department may increase the maximum income level of a low-income motor vehicle owner under this program from the amount specified in this section, not to exceed 225 percent of the federal poverty level, if the department determines that the increase is capable of being supported within existing budget allocations.

(h) The department shall collect data from the program to provide information on how to improve the program. Data collection shall include all of the following:

(1) The number of motor vehicle owners that are eligible for repair assistance.

(2) The number of eligible motor vehicle owners that use repair assistance funds.

(3) The potential for fraud.

(4) The average repair bills.

(5) The types of repairs being done.

(6) The amount of partial repairs done prior to receipt of repair assistance.

(7) The emissions benefits of providing repair assistance.

(i) For purposes of this section, "low-income motor vehicle owner" means a person whose income does not exceed 200 percent of the federal poverty level.

SEC. 18.5. Section 44062.1 of the Health and Safety Code is amended to read:

44062.1. (a) The department shall offer a repair assistance program through entities authorized to perform referee functions.

(b) (1) The repair assistance program shall be available to

an individual who has a maximum income level of 200 percent of the federal poverty level, as published quarterly in the Federal Register by the Department of Health and Human Services, and who is either or both of the following:

(A) The owner of a motor vehicle that has failed a smog check inspection.

(B) The owner of a motor vehicle who was issued a notice to correct for an alleged violation of Section 27153 or 27153.5 of the Vehicle Code

involving that vehicle, if the vehicle subject to that notice has failed a smog check inspection subsequent to receiving the notice.

On and after January 1, 2009, the maximum income level prescribed for this paragraph shall be set at 185 percent of the federal poverty level, as published quarterly in the Federal Register by the United States Department of Health and Human Services.

(2) The department shall offer repair cost assistance, funded by the High Polluter Repair or Removal Account in the Vehicle Inspection and Repair Fund created pursuant to subdivision (a) of Section 44091, to individuals based on the cost-effectiveness and air quality benefit of the needed repair. Repair assistance may include retesting costs and the costs of repairs to remedy the violation of Section 27153 or 27153.5 of the Vehicle Code.

(3) An applicant for repair assistance shall file an application on a form prescribed by the department and shall certify under penalty of perjury that the applicant meets the applicable eligibility standards.

(4) Verification of income eligibility shall be based on at least one form of documentation, as determined by the department, including, but not limited to, (A) an income tax return, (B) an employment warrant, or (C) a form of public assistance verification.

(c) The repair assistance program shall be funded by the High Polluter Repair or Removal Account.

(d) Repairs to motor vehicles that fail smog check inspections and are subsidized by the state through the program shall be performed at a repair station licensed and certified pursuant to Sections 44014 and 44014.2. Repair shall be based upon a preapproved list of repairs for cost-effective emission reductions or repairs to remedy a violation of Section 27153 or 27153.5 of the Vehicle Code.

(e) The qualified low-income motor vehicle owner receiving repair assistance pursuant to this section shall contribute a copayment, as determined by the department as specified in Section 44017.1, either in cash, or in emissions-related partial repairs as verified by a test-only station pursuant to paragraph (2) of subdivision (c) of Section 44015, or a combination thereof. If the repair cost exceeds the applicable repair cost limit, the department shall inform a motor vehicle owner of all options for compliance at the time of testing and repair.

(f) The department may increase its contribution toward the repair of a motor vehicle under this program in excess of the amount authorized for the repair of a high-polluter pursuant to paragraph (1) of subdivision (b) of Section 44094, if the department determines that the expenditure is cost effective.

(g) (1) For the repair of a motor vehicle that has failed the visible smoke test component of a smog check inspection, the department may

pay up to 90 percent of the total cost of repair, as determined by the department, but the payment shall not exceed one thousand five hundred dollars ($1,500).

(2) If the total estimated cost of repair of a motor vehicle that has failed the visible smoke test component of a smog check inspection is greater than its fair market value, as determined by the department, the department shall pay at least 50 percent, but not more than 90 percent, of the total cost of repair, but in no case more than one thousand five hundred dollars ($1,500).

(h) Notwithstanding paragraph (1) of subdivision (b), the department may increase the maximum income level of a low-income motor vehicle owner under this program from the amount specified in this section, not to exceed 225 percent of the federal poverty level, if the department determines that the increase is capable of being supported within existing budget allocations.

(i) The department shall collect data from the program to provide information on how to improve the program. Data collection shall include all of the following:

(1) The number of motor vehicle owners that are eligible for repair assistance.

(2) The number of eligible motor vehicle owners that use repair assistance funds.

(3) The potential for fraud.

(4) The average repair bills.

(5) The types of repairs being done.

(6) The amount of partial repairs done prior to receipt of repair assistance.

(7) The emissions benefits of providing repair assistance.

(j) For purposes of this section, "low-income motor vehicle owner" means a person whose income does not exceed 200 percent of the federal poverty level.

SEC. 19. Section 18.5 of this bill incorporates amendments to Section 44062.1 of the Health and Safety Code proposed by both this bill and AB 1870. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 44062.1 of the Health and Safety Code, and (3) this bill is enacted after AB 1870, in which case Section 18 of this bill shall not become operative.

SEC. 20. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction,

within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 761

An act to amend Sections 44017, 44021, 44062.1, and 44094 of, and to add Sections 44012.1 and 44062.3 to, the Health and Safety Code, relating to air pollution.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 44012.1 is added to the Health and Safety Code, to read:

44012.1. (a) The department shall incorporate a visible smoke test into the motor vehicle inspection and maintenance program by January 1, 2008. Any visible smoke from the tailpipe or crankcase of a motor vehicle during an inspection constitutes a failure. Steam from condensation by itself shall not lead to an inspection failure.

(b) If an owner of a motor vehicle disputes the failure of a visible smoke test, the owner may seek resolution of the dispute from the state-designated referee.

(c) The department, in consultation with the state board and interested parties, shall adopt regulations to implement this section. No new equipment shall be required to implement the visible smoke test.

(d) If the implementation of the visible smoke test required by subdivision (a) requires modification of the Emission Inspection System software or Vehicle Information Database, that modification shall be performed as part of the ordinary, periodic upgrade to these systems.

SEC. 2. Section 44017 of the Health and Safety Code is amended to read:

44017. (a) Except as otherwise provided in this section or Section 44017.1, a motor vehicle owner shall qualify for a repair cost waiver only after expenditure of not less than four hundred fifty dollars ($450) for repairs, including parts and labor.

(b) The limit established pursuant to subdivision (a) shall not become operative until the department issues a public notice declaring that the program established pursuant to Section 44010.5 is operational in the relevant geographical areas of the state, or until the date that testing in

those geographic areas is operative using loaded mode test equipment, as defined in this article, whichever occurs first. Prior to that time, the following cost limits shall remain in effect:

(1) For motor vehicles of 1971 and earlier model years, fifty dollars ($50).

(2) For motor vehicles of 1972 to 1974, inclusive, model years, ninety dollars ($90).

(3) For motor vehicles of 1975 to 1979, inclusive, model years, one hundred twenty-five dollars ($125).

(4) For motor vehicles of 1980 to 1989, inclusive, model years, one hundred seventy-five dollars ($175).

(5) For motor vehicles of 1990 to 1995, inclusive, model years, three hundred dollars ($300).

(6) For motor vehicles of 1996 and later model years, four hundred fifty dollars ($450).

(c) The department shall periodically revise the repair cost limits specified in subdivisions (a) and (b) in accordance with changes in the Consumer Price Index, as published by the United States Bureau of Labor Statistics.

(d) No repair cost limit shall be imposed in those cases where emissions control equipment is missing or is partially or totally inoperative as a result of being tampered with.

(e) (1) No repair cost waiver shall be issued where a motor vehicle has failed the visible smoke test created by the department pursuant to Section 44012.1, unless paragraph (2) applies, or the vehicle is owned by a low-income person, as defined in Section 44062.1 in which case the repair cost limit applicable pursuant to subdivision (b) of Section 44017.1 shall apply.

(2) By January 1, 2008, the department shall adopt regulations allowing a repair cost waiver, with the repair cost limit specified in subdivision (a), where a motor vehicle has failed the visible smoke test component of a smog check inspection, for individuals under economic hardship but who do not meet the definition of low-income person, as defined in Section 44062.1. The regulations shall make eligible for the waiver those individuals whose household means fall below the level necessary to achieve a modest standard of living without assistance from public programs. The department shall consult authoritative information sources including, but not limited to, the United States Census Bureau, the Department of Finance, and the California Budget Project.

SEC. 3. Section 44021 of the Health and Safety Code is amended to read:

44021. (a) (1) The Inspection and Maintenance Review Committee is hereby created to analyze the effect of the improved inspection and

maintenance program established by this chapter on motor vehicle emissions and air quality. The functions of the review committee shall be advisory in nature and primarily pertain to the gathering, analysis, and evaluation of information.

(2) The members of the review committee shall receive no compensation, but shall be reimbursed by the department for their reasonable expenses in performing committee duties. The state board and the department shall provide the review committee with any necessary technical and clerical support in its evaluation and study.

(3) (A) The review committee shall consist of 13 members, nine to be appointed by the Governor, two by the Senate Committee on Rules, and two by the Speaker of the Assembly. All members shall be appointed to four-year terms, and the Governor shall appoint from among his or her appointees the chairperson of the review committee.

(B) The appointees of the Governor shall include an air pollution control officer from an enhanced program nonattainment area, three public members, an expert in air quality, an economist, a social scientist, a representative of the inspection and maintenance industry, and a representative of stationary source emissions organizations.

(C) The appointees of the Senate Committee on Rules shall include an environmental member with expertise in air quality, and a representative from the inspection and maintenance industry.

(D) The appointees of the Speaker of the Assembly shall include an environmental member with expertise in air quality, and a representative of a local law enforcement agency charged with prosecuting violations of this chapter in an enhanced program nonattainment area.

(4) In preparing its evaluations of program effectiveness as provided in paragraph (1), the review committee shall consult with the Department of the California Highway Patrol, the Department of Motor Vehicles, and any other appropriate agencies, as well as the department and the state board, shall schedule and conduct periodic meetings in the performance of its duties, and shall meet and consult with local, state, and federal officials involved in the evaluation of motor vehicle inspection and maintenance programs. At the request of the committee, the department or the state board may, on behalf of the committee, contract with independent entities to assist in the committee's evaluations.

(b) The review committee shall submit periodic written reports to the Legislature and the Governor on the performance of the program and make recommendations on program improvements at least every 12 months. The periodic reports shall quantify the reduction in emissions and improvement in air quality attributed to the program. On or before July 1, 2010, the review committee shall, in consultation with the department and the state board, include a discussion of the effectiveness

of the visible smoke test component of the inspection and maintenance program, including the impact of the visible smoke test on the smog check industry and vehicle owners who fail the test, and an estimate of the reduction in particulate emissions, in the periodic reports required by this subdivision. Any reports, other than those required by this section, that the review committee is required to provide pursuant to this chapter shall also be transmitted to the Secretary for Environmental Protection and the Secretary for State and Consumer Services.

(c) The review committee shall work closely with all interested parties in preparing the information required by subdivisions (a) and (b) and shall consider the reports provided pursuant to subdivision (e). The review committee shall hold at least one public hearing on its findings and recommendations prior to submitting its reports. The reports shall include statutory language to implement its recommendations, and shall recommend the timeframe for making any changes to the program. The review committee shall seek comments from the department, the Department of Motor Vehicles, the Department of the California Highway Patrol, and the state board prior to submitting its reports, and those comments shall be published as an appendix to the report.

(d) The review committee shall participate in the demonstration program authorized by Section 44081.6, as provided by that section.

(e) The state board, in cooperation with the department, shall periodically submit reports to the review committee. The reports shall include an assessment of the impact on emissions of continuing the exemption from inspection of motor vehicles newer than five years old; a comparison of the actual mass emissions reductions being achieved by the enhanced program to those required by the State Implementation Plan; and recommendations to improve the effectiveness and cost-effectiveness of the program, including specific recommendations addressing any discrepancy between emissions achieved and those in the State Implementation Plan. The first report shall be submitted not later than January 1, 2000, and reports shall be submitted triennially thereafter. In preparing the reports, the state board shall use data collected during inspections and repairs, and data collected using roadside measurements, and may conduct additional testing, as determined to be necessary, to accurately quantify the mass emissions reduced.

SEC. 4. Section 44062.1 of the Health and Safety Code is amended to read:

44062.1. (a) The department shall offer a repair assistance program through entities authorized to perform referee functions.

(b) (1) The repair assistance program shall be available to the following eligible individuals:

(A) An individual who has a maximum income level of 200 percent of the federal poverty level, as published quarterly in the Federal Register by the Department of Health and Human Services, and who is either or both of the following:

(i) The owner of a motor vehicle that has failed a smog check inspection.

(ii) The owner of a motor vehicle who was issued a notice to correct for an alleged violation of Section 27153 or 27153.5 of the Vehicle Code involving that vehicle, if the vehicle subject to that notice has failed a smog check inspection subsequent to receiving the notice.

On and after January 1, 2009, the maximum income level prescribed for this subparagraph shall be set at 185 percent of the federal poverty level, as published quarterly in the Federal Register by the United States Department of Health and Human Services.

(B) An individual who is the owner of a motor vehicle that has failed a smog check inspection and is directed to a test-only facility pursuant to Section 44010.5 or 44014.7. If the department determines that applications for repair assistance exceed the amount of funds available, to the maximum extent possible, applications from low-income motor vehicle owners shall be given priority over other applications.

(2) The department shall offer repair cost assistance, funded by the High Polluter Repair or Removal Account in the Vehicle Inspection and Repair Fund created pursuant to subdivision (a) of Section 44091, to individuals based on the cost-effectiveness and air quality benefit of the needed repair. Repair assistance may include retesting costs and the costs of repairs to remedy the violation of Section 27153 or 27153.5 of the Vehicle Code.

(3) An applicant for repair assistance shall file an application on a form prescribed by the department and shall certify under penalty of perjury that the applicant meets the applicable eligibility standards.

(4) Verification of income eligibility shall be based on at least one form of documentation, as determined by the department, including, but not limited to, (A) an income tax return, (B) an employment warrant, or (C) a form of public assistance verification.

(c) The repair assistance program shall be funded by the High Polluter Repair or Removal Account.

(d) Repairs to motor vehicles that fail smog check inspections and are subsidized by the state through the program shall be performed at a repair station licensed and certified pursuant to Sections 44014 and 44014.2. Repair shall be based upon a preapproved list of repairs for cost-effective emission reductions or repairs to remedy a violation of Section 27153 or 27153.5 of the Vehicle Code.

(e) The qualified low-income motor vehicle owner receiving repair assistance pursuant to this section shall contribute a copayment, as determined by the department as specified in Section 44017.1, either in cash, or in emissions-related partial repairs as verified by a test-only station pursuant to paragraph (2) of subdivision (c) of Section 44015, or a combination thereof. For an owner of a motor vehicle described in subparagraph (B) of paragraph (1) of subdivision (b), the department shall impose a copayment at least equivalent to the amount imposed on a low-income individual receiving assistance under this section. If the repair cost exceeds the applicable repair cost limit, the department shall inform a motor vehicle owner of all options for compliance at the time of testing and repair.

(f) The department may increase its contribution toward the repair of a motor vehicle under this program in excess of the amount authorized for the repair of a high-polluter pursuant to paragraph (1) of subdivision (b) of Section 44094, if the department determines that the expenditure is cost-effective. In determining the cost effectiveness of the expenditure, the department shall consider a failure of the visible smoke test, pursuant to Section 44012.1, and the costs associated with repairing a smoking vehicle.

(g) Notwithstanding subparagraph (A) of paragraph (1) of subdivision (b), the department may increase the maximum income level of a low-income motor vehicle owner under this program from the amount specified in this section, not to exceed 225 percent of the federal poverty level, if the department determines that the increase is capable of being supported within existing budget allocations.

(h) The department shall collect data from the program to provide information on how to improve the program. Data collection shall include all of the following:

(1) The number of motor vehicle owners that are eligible for repair assistance.

(2) The number of eligible motor vehicle owners that use repair assistance funds.

(3) The potential for fraud.

(4) The average repair bills.

(5) The types of repairs being done.

(6) The amount of partial repairs done prior to receipt of repair assistance.

(7) The emissions benefits of providing repair assistance.

(i) For purposes of this section, "low-income motor vehicle owner" means a person whose income does not exceed 200 percent of the federal poverty level.

SEC. 5. Section 44062.3 is added to the Health and Safety Code, to read:

44062.3. The owner of a motor vehicle that has failed its most recent smog check inspection may retire the vehicle from operation at a dismantler under contract with the Bureau of Automotive Repair. The department shall pay a person who retires his or her vehicle under this section up to one thousand five hundred dollars ($1,500). The department may pay an owner of a motor vehicle who elects to retire the vehicle more than one thousand five hundred dollars ($1,500), if the department determines that this payment is cost effective.

SEC. 6. Section 44094 of the Health and Safety Code is amended to read:

44094. (a) Participation in the high polluter repair or removal program specified in this article and Article 10 (commencing with Section 44100) shall be voluntary and shall be available to the owners of high polluters that are registered in an area that is subject to an inspection and maintenance program, have been registered for at least 24 months in the district where the credits are to be applied and, are presently operational, and meet other criteria, as determined by the department.

(b) The program shall provide for both of the following:

(1) As to the repair of a high polluter, payment to the owner of up to 80 percent of the total cost of repair, as determined by the department, but the payment shall not exceed four hundred fifty dollars ($450).

(2) As to the removal of a high polluter, the program shall be subject to Article 10 (commencing with Section 44100).

(c) Except as provided in Section 44062.3, the department may specify the amount of money that may be paid to an owner of a high-polluting motor vehicle who voluntarily retires the vehicle. The amount paid by the department shall be based on the cost-effectiveness and the air quality benefit of retiring the vehicle, as determined by the department.

(d) The department may authorize participation in the program based on a reasonable estimate of the future revenues that will be available to the program.

CHAPTER 762

An act to amend Sections 48020, 48021, and 48023 of the Public Resources Code, relating to solid waste, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 48020 of the Public Resources Code is amended to read:

48020. (a) For purposes of this article, the following terms have the following meaning:

(1) "Codisposal site" means a hazardous substance release site listed pursuant to Section 25356 of the Health and Safety Code, where the disposal of hazardous substances, hazardous waste, and solid waste has occurred.

(2) "Trust fund" means the Solid Waste Disposal Site Cleanup Trust Fund created pursuant to Section 48027.

(b) The board shall, on January 1, 1994, initiate a program for the cleanup of solid waste disposal sites and for the cleanup of solid waste at codisposal sites where the responsible party either cannot be identified or is unable or unwilling to pay for timely remediation, and where cleanup is needed to protect public health and safety or the environment.

(c) The board shall not expend more than 5 percent of the funds appropriated for the purpose of the program by a statute other than the Budget Act to administer that program, unless a different amount is otherwise appropriated to administer the program in the annual Budget Act. If a different amount is appropriated to administer the program in the annual Budget Act, it shall be set forth in a separate line item. All remaining funds appropriated for the purposes of the program shall be expended on direct cleanup pursuant to subdivision (b) or emergency actions at solid waste facilities, disposal sites, sites involving solid waste handling, and for solid waste at codisposal sites.

SEC. 2. Section 48021 of the Public Resources Code is amended to read:

48021. (a) In prioritizing the sites for cleanup pursuant to Section 48020, the board shall consider the degree of risk to public health and safety and the environment posed by conditions at a site, the ability of the site owner to clean up the site without monetary assistance, the ability of the board to clean up the site adequately with available funds, maximizing the use of available funds, and other factors as determined by the board.

(b) (1) In administering the program authorized by Section 48020, the board may expend funds directly for cleanup, provide loans to parties who demonstrate the ability to repay state funds, and provide partial grants to public entities, to assist in site cleanup.

(2) The board may expend funds directly for the cleanup of a publicly owned site only if the board determines that the public entity lacks resources or expertise to timely manage the cleanup itself.

(3) In addition to the criteria specified in subdivision (a), in considering partial grants that provide greater than 50 percent of the funds directly for cleanup, the board shall consider the amount of contributions of moneys or in-kind services from the applicant; the availability of other appropriate funding sources to remediate the site; the degree of public benefit; the presence of innovative and cost-effective programs to abate or prevent solid waste problems to be addressed by the grants; and other factors as determined by the board.

(c) (1) In addition to the expenditures specified in subdivision (b), the board may expend a portion of the funds appropriated for the program to abate illegal disposal sites.

(2) For the purposes of this subdivision, the board may provide grants to public entities.

(3) Where funds are provided by the board to address illegal disposal sites within a jurisdiction, the local enforcement agency shall provide ongoing enforcement to prevent recurring illegal disposal at the site.

(4) For the purposes of this subdivision, an activity to remove or abate solid waste disposed into a municipal storm sewer is eligible to receive a partial grant, if the grant is used for solid waste cleanup, solid waste abatement, or any other activity that mitigates the impact of solid waste, and an ongoing program is established to prevent recurring solid waste disposal into the municipal storm sewer.

(d) In developing and implementing the program, the board shall consult with certified local enforcement agencies and the regional water boards.

SEC. 3. Section 48023 of the Public Resources Code is amended to read:

48023. If the board expends any funds pursuant to this article, the board shall, to the extent feasible, seek repayment from responsible parties in an amount equal to the amount expended, a reasonable amount for the board's cost of contract administration, and an amount equal to the interest that would have been earned on the expended funds.

(b) In implementing this article, the board is vested, in addition to its other powers, with all the powers of an enforcement agency under this division.

(c) The amount of any cost incurred by the board pursuant to this article shall be recoverable from responsible parties in a civil action brought by the board or, upon the request of the board, by the Attorney General pursuant to Section 40432.

CHAPTER 763

An act to amend Sections 5133, 5134, 5142, 5258, and 5285 of, and to add Section 5192 to, the Public Utilities Code, relating to public utilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 5133 of the Public Utilities Code is amended to read:

5133. (a) No household goods carrier shall engage, or attempt to engage, in the business of the transportation of used household goods and personal effects, by motor vehicle over any public highway in this state, including advertising, soliciting, offering, or entering into an agreement regarding the transportation of used household goods and personal effects, unless both of the following are satisfied:

(1) For transportation of household goods and personal effects entirely within this state, there is in force a permit issued by the commission authorizing those operations.

(2) For transportation of household goods and personal effects from this state to another state or from another state to this state, there is in force a valid operating authority issued by the Federal Motor Carrier Safety Administration.

(b) A household goods carrier that engages, or attempts to engage, in the business of the transportation of used household goods and personal effects in violation of subdivision (a) may not enforce any security interest or bring or maintain any action in law or equity to recover any money or property or obtain any other relief from any consignor, consignee, or owner of household goods or personal effects in connection with an agreement to transport, or the transportation of, household goods and personal effects or any related services. A person who utilizes the services of a household goods carrier operating in violation of subdivision (a) may bring an action in any court of competent jurisdiction in this state to recover all compensation paid to that household goods carrier.

(c) The operation of a motor vehicle used in the business of transporting household goods and personal effects by a household goods carrier that does not possess a valid permit or operating authority, as required by subdivision (a), constitutes a public nuisance. Any peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, may remove any motor vehicle

located within the territorial limits in which the officer may act, when the vehicle is found upon a highway and is being used in a manner constituting a public nuisance. At the request of the commission, the Attorney General, district attorney, city attorney, or county counsel, the law enforcement agency may impound the vehicle for a period not to exceed 72 hours to enable the requesting agency to abate the public nuisance, to obtain an order from the superior court of the county in which the vehicle has been impounded to prevent the use of the motor vehicle in violation of law, and to obtain any other remedy available under law as permitted by Section 5316.

(d) Any person having possession or control of used household goods or personal effects, who knows, or through the exercise of reasonable care should know, that a household goods carrier transported those household goods or personal effects in violation of subdivision (a), shall release the household goods and personal effects to the consignor or consignee, as defined in Section 5142, upon the request of the consignor or consignee. If that person fails to release the household goods and personal effects, any peace officer, as defined in subdivision (c), may take custody of the household goods and personal effects and release them to the consignor or consignee.

SEC. 2. Section 5134 of the Public Utilities Code is amended to read:

5134. Application for a permit shall be in writing, verified under oath, and shall be in a form, contain information, and be accompanied by proof of service upon those interested parties, as required by the commission. The commission shall require the applicant to attest in the application to facts demonstrating that the applicant is not barred by law or court order from acting as a household goods carrier.

SEC. 3. Section 5142 of the Public Utilities Code is amended to read:

5142. (a) Except as provided in Section 5133, a household goods carrier in compliance with this chapter has a lien on used household goods and personal effects to secure payment of the amount specified in subdivision (b) for transportation and additional services ordered by the consignor. No lien attaches to food, medicine, or medical devices, items used to treat or assist an individual with a disability, or items used for the care of a minor child.

(b) (1) The amount secured by the lien is the maximum total dollar amount for the transportation of the household goods and personal effects and any additional services (including any bona fide change order permitted under the commission's tariffs) that is set forth clearly and conspicuously in writing adjacent to the space reserved for the signature of the consignor and that is agreed to by the consignor before any goods or personal effects are moved from their location or any additional services are performed.

(2) The dollar amount for the transportation of household goods and personal effects and additional services may not be preprinted on any form, shall be just and reasonable, and shall be established in good faith by the household goods carrier based on the specific circumstances of the services to be performed.

(c) Upon tender to the household goods carrier of the amount specified in subdivision (b), the lien is extinguished, and the household goods carrier shall release all household goods and personal effects to the consignee.

(d) A household goods carrier may enforce the lien on household goods and personal effects provided in this section except as to any goods that the carrier voluntarily delivers or unjustifiably refuses to deliver. The lien shall be enforced in the manner provided in this section and Chapter 6 (commencing with Section 9601) of Division 9 of the Commercial Code for the enforcement of a security interest in consumer goods in a consumer transaction. To the extent of any conflict between this section and that Chapter 6, this section shall prevail. Every act required in connection with enforcing the lien shall be performed in good faith and in a commercially reasonable manner.

(e) The household goods carrier shall provide a notification of disposition at least 30 days prior to any disposition to each consignor and consignee by personal delivery, or in the alternative, by first-class and certified mail, postage prepaid and return receipt requested, at the address last known by the carrier and at the destination address, and by electronic mail if an electronic mail address is known to the carrier. If any of the required recipients of notice are married to each other, and according to the carrier's records, reside at the same address, one notice addressed to both shall be sufficient. Within 14 days after a disposition, the carrier shall provide to the consignors any surplus funds from the disposition and an accounting, without charge, of the proceeds of the disposition.

(f) Any person having possession or control of household goods or personal effects, who knows, or through the exercise of reasonable care should know, that the household goods carrier has been tendered the amount specified in subdivision (b), shall release the household goods and personal effects to the consignor or consignee, upon the request of the consignor or consignee. If the person fails to release the household goods and personal effects to the consignor or consignee, any peace officer, as defined in subdivision (c) of Section 5133, may take custody of the household goods and personal effects and release them to the consignor or consignee.

(g) Nothing in this section affects any rights, if any, of a household goods carrier to claim additional amounts, on an unsecured basis, or of

a consignor or consignee to make or contest any claim, and tender of payment of the amount specified in subdivision (b) is not a waiver of claims by the consignor or consignee.

(h) Any person injured by a violation of this section may bring an action for the recovery of the greater of one thousand dollars ($1,000) or actual damages, injunctive or other equitable relief, reasonable attorney's fees and costs, and exemplary damages of not less than three times the amount of actual damages for a willful violation.

(i) Any waiver of this section shall be void and unenforceable.

(j) Notwithstanding any other law, this section exclusively establishes and provides for a household goods carrier's lien on used household goods and personal effects to secure payment for transportation and additional services ordered by the consignor.

(k) For purposes of this section, the following terms have the following meaning:

(1) "Consignor" means the person named in the bill of lading as the person from whom the household goods and personal effects have been received for shipment and that person's agent.

(2) "Consignee" means the person named in the bill of lading to whom or to whose order the household goods carrier is required to make delivery as provided in the bill of lading and that person's agent.

SEC. 4. Section 5192 is added to the Public Utilities Code, to read:

5192. A household goods carrier shall not advertise, quote, or charge a rate or an amount for the transportation of used household goods and personal effects that is based on the amount of cubic feet or other volumetric unit measurement of those household goods and effects. In addition to any other remedy, a household goods carrier that violates this section shall not be entitled to any compensation for the transportation of the household goods and effects and shall make restitution to the shipper of any compensation collected.

SEC. 5. Section 5258 of the Public Utilities Code is amended to read:

5258. No person shall be excused from attending and testifying or from producing any book, document, paper, or account in any investigation or inquiry by or hearing before the commission or any commissioner or examiner, or in obedience to the subpoena of the commission, or in any cause or proceeding, criminal or otherwise, based upon or growing out of any alleged violation of any of the provisions of this chapter, when ordered to do so, upon the ground of that person's privilege against self-incrimination, but if the privilege applies and the person claiming the privilege has properly asserted it, no information disclosed or any evidence derived from that information shall be used against that person in any criminal proceeding. No person so testifying

shall be exempt from prosecution or punishment for any perjury committed by that person in his or her testimony.

SEC. 6. Section 5285 of the Public Utilities Code is amended to read:

5285. (a) The commission may suspend the permit of any household goods carrier after notice and an opportunity to be heard, if the carrier knowingly and willfully files a false report that understates revenues and fees.

(b) The commission may amend or revoke, in whole or in part, the permit of any household goods carrier, upon application of the permitholder or may suspend, change, or revoke, in whole or in part, such a permit, upon complaint or on the commission's own initiative, after notice and opportunity to be heard for providing false or misleading information on an application for a permit or for failure to comply with this chapter or with any order, rule, or regulation of the commission or with any term, condition, or limitation of the permit. A household goods carrier that requests a hearing within 30 days after the date of receiving the notice and opportunity to be heard shall be granted a hearing. The commission may suspend the right to operate under any household goods carrier permit, upon reasonable notice of not less than 15 days to the holder without hearing or other proceedings, for failure to comply, and until compliance, with Section 5161 or with any order, rule, or regulation of the commission.

(c) As an alternative to the cancellation, revocation, or suspension of an operating permit or permits, the commission may impose upon the holder of the permit or permits a fine of not more than thirty thousand dollars ($30,000). All fines collected shall be deposited at least once each month in the State Treasury to the credit of the General Fund.

(d) The commission may cancel, suspend, or revoke the permit of any carrier upon the conviction of the carrier of any misdemeanor under this chapter while holding operating authority issued by the commission, or the conviction of the carrier or any of its officers of a felony while holding operating authority issued by the commission, limited to robbery, burglary, any form of theft, any form of fraud, extortion, embezzlement, money laundering, forgery, false statements, an attempt to commit any of the offenses described in this subdivision, aiding and abetting or conspiring to commit any of the offenses described in this subdivision, or intentional dishonesty for personal gain.

(e) (1) As used in this subdivision, "convicted of a prescribed felony" means a plea or verdict of guilty or a conviction following a plea of nolo contendere for any felony described in subdivision (d), or for an attempt to commit, aiding and abetting, or conspiring to commit any felony described in subdivision (d), that is committed in connection with, or

arising from, a transaction for the transportation of used household goods or personal effects.

(2) If a carrier is convicted of a prescribed felony, the permit of the carrier shall be deemed automatically revoked.

(3) If an officer, director, or managing agent of the carrier is convicted of a prescribed felony, the permit of the carrier shall be deemed automatically suspended for a period of five years. If the commission determines that the carrier did not have knowledge of, participate in, direct, aid and abet, authorize, or ratify the conduct of the person convicted and did not in any manner benefit from that conduct, the commission may reinstate the permit on terms the commission determines to be appropriate in the interest of justice and to ensure the protection of the public. The commission may also extend the suspension or revoke the permit as provided in subdivision (d).

(4) If an officer, director, managing agent, or employee of the carrier is convicted of a prescribed felony, the person may not be an officer, director, managing agent, or employee or serve in any other capacity with a carrier.

(5) It is a violation of this chapter for a carrier that knows or should know that a person has been convicted of a prescribed felony to hire, retain, or otherwise allow that person to serve as an officer, director, managing agent, or employee or in any other capacity with the carrier.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 764

An act to add Section 8593.6 to the Government Code, relating to emergency services information, and making an appropriation therefor.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares the following, as also set forth in the Governor's Executive Order S-04-06:

(1) California has successfully responded to earthquakes, floods, fires, freezes, outbreaks of infectious disease, droughts, pestilence, civil unrest, mudslides, chemical spills, and the threat of terrorist action, including 19 major disasters between 1989 and 2006, and more than 1,200 proclaimed states of emergency between 1950 and 2006, affecting every county in the state.

(2) State government and many local governments, nonprofit organizations, and businesses have already taken proactive steps to prepare for disasters in California.

(3) California is a recognized leader in emergency management, and the federal government has now adopted California's Standardized Emergency Management System as the core of their emergency response system.

(4) State and local government agencies must continue to strengthen efforts to prepare for catastrophic disasters.

(5) Public-private partnerships are essential to preparing for, responding to, and recovering from disasters.

(6) More needs to be done to educate Californians about what they can do to be better prepared for the next disaster.

(7) The efficient mobilization of federal, private sector, and nonprofit resources is critical to effectively prepare for, respond to, and recover from disasters.

(b) The Legislature further recognizes the federal policy set forth in the President's Executive Order of June 26, 2006: "Public Alert and Warning System," to have an effective, integrated, flexible, and comprehensive warning system that takes appropriate account of the functions, capabilities, and needs of the private sector and all levels of government, and to that end establish or adopt common alerting and warning protocols, standards, terminology, and operating procedures for that system.

(c) It is the intent of the Legislature in enacting this act to provide for a working group under the direction of the Director of the Office of Emergency Services, to develop policies and procedures that will provide a framework for instituting a public-private partnership with providers of mass communications systems to enhance public access to emergency alerts.

SEC. 2. Section 8593.6 is added to the Government Code, to read:

8593.6. (a) No later than six months after securing funding for the purposes of this section, the Director of the Office of Emergency Services

shall convene a working group for the purpose of assessing existing and future technologies available in the public and private sectors for the expansion of transmission of emergency alerts to the public through a public-private partnership. The working group shall advise the director and assist in the development of policies, procedures, and protocols that will lay the framework for an improved warning system for the public.

(b) (1) The working group shall consist of the following membership, to be appointed by the director:

(A) A representative of the Office of Homeland Security.

(B) A representative of the Attorney General's office.

(C) A representative of the State Department of Health Services.

(D) A representative of the State Emergency Communications Committee.

(E) A representative of the Los Angeles County Office of Emergency Management, at the option of that agency.

(F) A representative or representatives of local government, at the option of the local government or governments.

(G) Representatives of the private sector who possess technology, experience, or insight that will aid in the development of a public-private partnership to expand an alert system to the public, including, but not limited to, representatives of providers of mass communication systems, first responders, and broadcasters.

(H) Additional representatives of any public or private entity as deemed appropriate by the Director of the Office of Emergency Services.

(2) In performing its duties, the working group shall consult with the Federal Communications Commission, and with respect to grants and fiscal matters, the Office of Homeland Security.

(c) The working group shall consider and make recommendations with respect to all of the following:

(1) Private and public programs, including pilot projects that attempt to integrate a public-private partnership to expand an alert system.

(2) Protocols, including formats, source or originator identification, threat severity, hazard description, and response requirements or recommendations, for alerts to be transmitted via an alert system that ensures that alerts are capable of being utilized across the broadest variety of communication technologies, at state and local levels.

(3) Protocols and guidelines to prioritize assurance of the greatest level of interoperability for first responders and families of first responders.

(4) Procedures for verifying, initiating, modifying, and canceling alerts transmitted via an alert system.

(5) Guidelines for the technical capabilities of an alert system.

(6) Guidelines for technical capability that provides for the priority transmission of alerts.

(7) Guidelines for other capabilities of an alert system.

(8) Standards for equipment and technologies used by an alert system.

(9) Cost estimates.

(10) Standards and protocols in accordance with, or in anticipation of, Federal Communications Commission requirements and federal statutes or regulations.

(11) Liability issues.

(d) The director shall report the findings and recommendations of the working group to the Legislature no later than one year from the date the working group is convened.

(e) The director may accept private monetary or in-kind donations for the purposes of this section.

SEC. 3. To the extent permitted by federal law, the sum of one hundred fifty thousand dollars ($150,000) is hereby appropriated for the term of the 2006–07 and 2007–08 fiscal years from the Federal Trust Fund, from funds received from the federal government for implementation of homeland security programs, to the Office ofEmergency Services for the purposes of emergency response and preparedness.

CHAPTER 765

An act to add Section 23112.7 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 23112.7 is added to the Vehicle Code, to read:

23112.7. (a) (1) A motor vehicle used for illegal dumping of waste matter on public or private property is subject to impoundment pursuant to subdivision (c).

(2) A motor vehicle used for illegal dumping of harmful waste matter on public or private property is subject to impoundment and civil forfeiture pursuant to subdivision (d).

(b) For the purposes of this section, the following terms have the following meanings:

(1) “Illegal dumping” means the willful or intentional depositing, dropping, dumping, placing, or throwing of any waste matter onto public

or private property that is not expressly designated for the purpose of disposal of waste matter. "Illegal dumping" does not include the discarding of small quantities of waste matter related to consumer goods and that are reasonably understood to be ordinarily carried on or about the body of a living person, including, but not limited to, beverage containers and closures, packaging, wrappers, wastepaper, newspaper, magazines, or other similar waste matter that escapes or is allowed to escape from a container, receptacle, or package.

(2) "Waste matter" means any form of tangible matter described by any of the following:

(A) All forms of garbage, refuse, rubbish, recyclable materials, and solid waste.

(B) Dirt, soil, rock, decomposed rock, gravel, sand, or other aggregate material dumped or deposited as refuse.

(C) Abandoned or discarded furniture; or commercial, industrial, or agricultural machinery, apparatus, structure, or other container; or a piece, portion, or part of these items.

(D) All forms of liquid waste not otherwise defined in or deemed to fall within the purview of Section 25117 of the Health and Safety Code, including, but not limited to, water-based or oil-based paints, chemical solutions, water contaminated with any substance rendering it unusable for irrigation or construction, oils, fuels, and other petroleum distillates or byproducts.

(E) Any form of biological waste not otherwise designated by law as hazardous waste, including, but not limited to, body parts, carcasses, and any associated container, enclosure, or wrapping material used to dispose these matters.

(F) A physical substance used as an ingredient in any process, now known or hereafter developed or devised, to manufacture a controlled substance specified in Section 11054, 11055, 11056, 11057, or 11058 of the Health and Safety Code, or that is a byproduct or result of the manufacturing process of the controlled substance.

(3) "Harmful waste matter" is a hazardous substance as defined in Section 374.8 of the Penal Code; a hazardous waste as defined in Section 25117 of the Health and Safety Code; waste that, pursuant to Division 30 (commencing with Section 40000) of the Public Resources Code, cannot be disposed in a municipal solid waste landfill without special handling, processing, or treatment; or waste matter in excess of one cubic yard.

(c) (1) Whenever a person, who has one or more prior convictions of Section 374.3 or 374.8 of the Penal Code that are not infractions, is convicted of a misdemeanor violation of Section 374.3 of the Penal Code, or of a violation of Section 374.8 of the Penal Code, for illegally

dumping waste matter or harmful waste matter that is committed while driving a motor vehicle of which he or she is the registered owner of the vehicle, or is the registered owner's agent or employee, the court at the time of sentencing may order the motor vehicle impounded for a period of not more than six months.

(2) In determining the impoundment period imposed pursuant to paragraph (1), the court shall consider both of the following factors:

(A) The size and nature of the waste matter dumped.

(B) Whether the dumping occurred for a business purpose.

(3) The cost of keeping the vehicle is a lien on the vehicle pursuant to Chapter 6.5 (commencing with Section 3067) of Title 14 of Part 4 of Division 3 of the Civil Code.

(4) Notwithstanding paragraph (1), a vehicle impounded pursuant to this subdivision shall be released to the legal owner or his or her agent pursuant to subdivision (b) of Section 23592.

(5) The impounding agency shall not be liable to the registered owner for the release of the vehicle to the legal owner or his or her agent when made in compliance with paragraph (4).

(6) This subdivision does not apply if there is a community property interest in the vehicle that is owned by a person other than the defendant and the vehicle is the only vehicle available to the defendant's immediate family that may be operated on the highway with a class A, class B, or class C driver's license.

(d) (1) Notwithstanding Section 86 of the Code of Civil Procedure and any other provision of law otherwise prescribing the jurisdiction of the court based upon the value of the property involved, whenever a person, who has two or more prior convictions of Section 374.3 or 374.8 of the Penal Code that are not infractions, is charged with a misdemeanor violation of Section 374.3 of the Penal Code, or of a violation of Section 374.8 of the Penal Code, for illegally dumping harmful waste matter, the court with jurisdiction over the offense may, upon a motion of the prosecutor or the county counsel in a criminal action, declare a motor vehicle if used by the defendant in the commission of the violation, to be a nuisance, and upon conviction order the vehicle sold pursuant to Section 23596, if the person is the registered owner of the vehicle or the registered owner's employee or agent.

(2) The proceeds of the sale of the vehicle pursuant to this subdivision shall be distributed and used in decreasing order of priority, as follows:

(A) To satisfy all costs of the sale, including costs incurred with respect to the taking and keeping of the vehicle pending sale.

(B) To the legal owner in an amount to satisfy the indebtedness owed to the legal owner remaining as of the date of the sale, including accrued interest or finance charges and delinquency charges.

(C) To recover the costs made, incurred, or associated with the enforcement of this section, the abatement of waste matter, and the deterrence of illegal dumping.

(3) A vehicle shall not be sold pursuant to this subdivision in either of the following circumstances:

(A) The vehicle is owned by the employer or principal of the defendant and the use of the vehicle was made without the employer's or principal's knowledge and consent, and did not provide a direct benefit to the employer's or principal's business.

(B) There is a community property interest in the vehicle that is owned by a person other than the defendant and the vehicle is the only vehicle available to the defendant's immediate family that may be operated on the highway with a class A, class B, or class C driver's license.

CHAPTER 766

An act to amend Sections 24216, 52055.5, 52055.55, 52055.600, 52055.620, 52055.625, 52055.640, and 52055.661 of, and to repeal and add Sections 52055.605, 52055.610, and 52055.650 of, the Education Code, relating to educational programs.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 24216 of the Education Code is amended to read:

24216. (a) (1) A member retired for service under this part who is appointed as a trustee or administrator by the Superintendent pursuant to Section 41320.1, or who is appointed as a trustee pursuant to the Immediate Intervention/Underperforming Schools Program (Article 3 (commencing with Section 52053) of Chapter 6.1 of Part 28) or the High Priority Schools Grant Program (Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28), or a member retired for service who is assigned by a county superintendent of schools pursuant to Article 2 (commencing with Section 42122) of Chapter 6 of Part 24, shall be exempt from subdivisions (d) and (f) of Section 24214 for a maximum period of two years.

(2) The period of exemption shall commence on the date the member retired for service is appointed or assigned and shall end no more than

two calendar years from that date, after which the limitation specified in subdivisions (d) and (f) of Section 24214 shall apply.

(3) An exemption under this subdivision shall be granted by the system providing that the Superintendent or the county superintendent of schools submits documentation required by the system to substantiate the eligibility of the member retired for service for an exemption under this subdivision.

(b) (1) A member retired for service under this part who is employed by an employer to perform creditable service in an emergency situation to fill a vacant administrative position requiring highly specialized skills shall be exempt from the provisions of subdivisions (d) and (f) of Section 24214 for creditable service performed up to one-half of the full-time position, if the vacancy occurred due to circumstances beyond the control of the employer.

(2) The period of exemption shall commence on the date the member retired for service is appointed or assigned and shall end no more than two calendar years from that date, after which the limitation specified in subdivisions (d) and (f) of Section 24214 shall apply.

(3) An exemption under this subdivision shall be granted by the system subject to the following conditions:

(A) The recruitment process to fill the vacancy on a permanent basis is expected to extend over several months.

(B) The employment is reported in a public meeting of the governing body of the employer.

(C) The employer submits documentation required by the system to substantiate the eligibility of the member retired for service for an exemption under this subdivision.

(c) This section does not apply to any person who has received additional service credit pursuant to Section 22715 or 22716.

(d) A person who has received additional service credit pursuant to Section 22714 or 22714.5 shall be ineligible for one year from the effective date of retirement for the exemption provided in this section for service performed in any school district, community college district, or county office of education in the state.

(e) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, which is enacted before January 1, 2008, deletes or extends that date.

SEC. 2. Section 52055.5 of the Education Code is amended to read:

52055.5. (a) Twenty-four months after receipt of funding pursuant to Section 52054.5, a school that has not met its growth targets each year, but demonstrates significant growth, as determined by the state board, shall continue to participate in the program for an additional year and to receive funding in the amount specified in Section 52054.5.

Thirty-six months after receipt of funds pursuant to Section 52054.5, a school is no longer eligible to receive funding pursuant to that section.

(b) Twenty-four months after receipt of funding pursuant to Section 52054.5, a school that has not met its growth targets each year and has failed to show significant growth, as determined by the state board, shall be deemed a state-monitored school.

(1) The state board shall make its final determination regarding whether or not a school shows significant growth no later than 30 days after the public release of a school's growth in API results or the next regularly scheduled meeting of the state board following the expiration of the 30 days if meeting the 30-day time limit would not provide the state board with sufficient time to comply with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Division 3 of Title 2 of the Government Code).

(2) Notwithstanding any other provision of law, within 90 days after the public release of a state-monitored school's growth in API results, the Superintendent, in consultation with the state board, shall do the following:

(A) Assume all the legal rights, duties, and powers of the governing board with respect to that school, subject to the provisions of paragraphs (1) and (7) of subdivision (e) and except as provided by Section 52055.51.

(B) Reassign the principal of that school, subject to the findings in subdivision (g).

(3) In addition to the actions specified in paragraph (2), the Superintendent, after consultation with the state board, shall do one or more of the following with respect to a state-monitored school:

(A) Revise attendance options for pupils to allow them to attend any public school in which space is available. If additional attendance options are made available, nothing in this option shall be construed to require either the sending or receiving school district to incur additional transportation costs.

(B) Allow parents to apply directly to the state board for the establishment of a charter school and allow parents to establish the charter school at the existing schoolsite.

(C) Under the supervision of the Superintendent, assign the management of the school to a college, university, county office of education, or other appropriate educational institution, excluding for-profit organizations. The entity chosen to assume management of the school shall possess the qualifications specified in subdivision (b) of Section 52055.51. Consistent with paragraph (6) of subdivision (e), the involvement of the school district during the sanctions process shall be established by contract. The costs of the entity to manage the school shall be established by contract and shall be paid by the school district.

However, the Superintendent may not assume the management of the school.

(D) Reassign other certificated employees of the school.

(E) Renegotiate a new collective bargaining agreement at the expiration of the existing collective bargaining agreement, pursuant to Section 3543.2 of the Government Code.

(F) Reorganize the school.

(G) Close the school.

(H) (i) Place a trustee at the school, for a period not to exceed three years, who shall monitor and review the operation of the school. The trustee shall possess the qualifications specified in subdivision (b) of Section 52055.51, shall compile an initial report in accordance with the requirements of subdivision (d) of Section 52055.51, and shall receive reports from the school district and schoolsite no less than three times during the year on the progress towards meeting the goals established in the initial report. During the period of his or her service, the trustee may stay or rescind those actions of the governing board of the school district or schoolsite principal that, in the judgment of the trustee, may detrimentally affect the conditions of the state-monitored school to which the trustee is assigned. The salary and benefits of the trustee shall be established by the Superintendent, in consultation with the state board, and shall be paid by the school district.

(ii) For the purposes of this section, in order to facilitate the appointment of the trustee and the employment of any necessary staff, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(iii) Notwithstanding any other provision of law, if the Superintendent appoints an employee of the department to act as trustee pursuant to this section, the salary and benefits of that employee shall be established by the Superintendent and paid by the school district. During the time of appointment, the employee is an employee of the school district, but shall remain in the same retirement system and under the same plan as if the employee had remained in the department. Upon the expiration or termination of the appointment, the employee shall have the right to return to his or her former position, or to a position at substantially the same level as that position, with the department. The time served in the appointment shall be counted for all purposes as if the employee had served that time in his or her former position with the department.

(c) When a school is deemed to be a state-monitored school, the governing board of the school district shall, at a regularly scheduled public meeting, inform the parents and guardians of pupils enrolled at

the schoolsite that the school is a state-monitored school and that as a result of this determination the corrective actions set forth in subdivision (b) may occur.

(d) In addition to the actions taken pursuant to subdivision (b), the governing board of the school district and the district superintendent shall be included in discussions regarding the governance of the state-monitored schoolsite and the actions that shall be taken in order for the schoolsite to succeed. During the discussions, the participants shall clearly delineate the role that the governing board of the school district and the district superintendent will play during the sanctions period and shall report this delineation to the Superintendent. The role to be played by the governing board of the school district and the district superintendent as delineated during the discussions regarding the governance of the state-monitored schoolsite shall be in addition to those actions set forth in subdivision (e).

(e) After a school is deemed to be a state-monitored school pursuant to subdivision (b), the governing board of the school district shall do all of the following:

(1) (A) Make the same fiscal, human, and educational resources, at a minimum, available to the schoolsite as were available before the action taken pursuant to subdivision (b) excluding state or federal funding provided pursuant to Sections 52054.5 and 52055.600. If the total amount of resources available to the school district differs from one year to another, it shall make the same proportion of resources available to the schoolsite as was available before the action taken pursuant to subdivision (b).

(B) The entity selected to manage a school pursuant to subparagraph (C) of paragraph (3) of subdivision (b) shall review the resources allocated to the schoolsite and determine if additional resources should be made available from district funds to reasonably support the schoolsite without detriment to the other schools and pupils of the district.

(C) If the school does not have a management team pursuant to subparagraph (C) of paragraph (3) of subdivision (b), the Superintendent, in consultation with the state board, shall designate an entity to review the resources allocated to the schoolsite and determine if additional resources should be made available from district funds to reasonably support the schoolsite without detriment to the other schools and pupils of the district.

(D) If the entity selected to manage a school pursuant to subparagraph (C) of paragraph (3) of subdivision (b) or the entity chosen by the Superintendent pursuant to subparagraph (C) of paragraph (1) is unable to obtain the information necessary to make this determination, the entity

may request that the Superintendent and state board intervene to obtain the necessary documents.

(E) Any dispute between the entity selected to manage a school pursuant to subparagraph (C) of paragraph (3) of subdivision (b) or the entity chosen by the Superintendent pursuant to subparagraph (C) of paragraph (1) and the school district over resource allocations shall be resolved by the Superintendent, in consultation with the state board.

(2) Continue its current ownership status with respect to the schoolsite.

(3) Continue to provide the same insurance coverage as before the action taken pursuant to subdivision (b) with respect to property, liability, error and omissions, and other regularly provided policies.

(4) Name the Superintendent and the department as additional insureds upon transfer of legal rights, duties, and responsibilities to the Superintendent.

(5) Continue to provide facilities support, including maintenance if appropriate to the management arrangement, and full schoolsite participation in bond financing.

(6) Remain involved with the school throughout the sanction period.

(7) If the state board approves, the governing board of the school district may retain its legal rights, duties, and responsibilities with respect to that school.

(f) In addition to the actions listed in subdivision (b), the Superintendent, in consultation with the state board, may take any other action considered necessary or desirable against the school district or the school district governing board, including appointment of a new superintendent or suspension of the authority of the governing board with respect to the school or schools identified pursuant to subdivision (b).

(g) (1) Before the Superintendent may take any action against a principal pursuant to subdivision (b), the Superintendent or a designee of the superintendent, which may be a panel consisting of the county superintendent of schools of the county in which the school is located or an adjoining county, one principal with experience in a similar type of school, and the superintendent of the school district in which the state-monitored school is located, shall do the following:

(A) Hold an informal hearing to determine whether there are sufficient issues to proceed to a formal hearing. The informal hearing shall be held in a closed session. The principal, and his or her representative, and a school district representative may be present at the informal hearing. The decision on whether to proceed to a formal hearing shall be posted and presented at a regularly scheduled public meeting of the governing board of the school district. If the decision is not to proceed to a formal

hearing, the posting and presentation shall explain the rationale for this decision. This item may not be a consent item on the agenda.

(B) Hold a formal hearing on the matter in the school district and make both of the following findings:

(i) A finding that the principal had the authority to take specific enumerated actions that would have helped the school meet its performance goals.

(ii) A finding that the principal failed to take specific enumerated actions pursuant to paragraph (1).

(2) Evidence to support the findings made at a formal hearing held pursuant to subparagraph (B) of paragraph (1) shall be presented and discussed in a closed session. The principal, or his or her representative, and a school district representative may be present in the closed session. The findings shall be posted and presented at a regularly scheduled public meeting of the governing board of the school district. This item may not be a consent item on the agenda. The governing board shall give adequate time for public input and response to findings.

(3) The Superintendent may not take any action against a principal pursuant to subdivision (b) if the principal is assigned to the school for one academic year or less.

(h) A school that has not met its growth targets within 36 months of receiving funding pursuant to Section 52054.5, but has shown significant growth, as determined by the state board, shall continue to be monitored by the Superintendent until it meets its annual growth target or the statewide performance target. If, in any year between the third year of implementation funding and the first year the school meets its growth target, the school fails to make significant growth, as determined by the state board, that school shall be deemed a state-monitored school and subject to the provisions of paragraphs (1) to (10), inclusive, of subdivision (b).

(i) An action taken pursuant to subdivision (b), (c), (d), (e), or (f) shall be conducted from funds provided for that purpose in the annual Budget Act and shall not require reimbursement by the Commission on State Mandates.

(j) An action taken pursuant to subdivision (b), (e), or (f) shall be accompanied by specific findings by the Superintendent and the state board that the action is directly related to the identified causes for continued failure by a school to meet its performance goals. These findings shall be made public and discussed at a regularly scheduled meeting of the governing board of the school district before the enactment of any action taken pursuant to subdivision (b), (c), or (d).

SEC. 3. Section 52055.55 of the Education Code is amended to read:

52055.55. (a) Thirty-six months after the Superintendent assigns a management team, trustee, or a school assistance and intervention team to a schoolsite, if the school makes significant growth on the Academic Performance Index (API), as determined by the state board, in two consecutive years, the school shall exit the Immediate Intervention/Underperforming Schools Program and is no longer subject to the requirements of the program.

(b) Thirty-six months after the Superintendent assigns a management team, trustee, or a school assistance and intervention team to a schoolsite, if the management team, trustee, or school assistance and intervention team fails to assist the school in making significant growth on the API, as determined by the state board, the Superintendent shall remove the management team, trustee, or school assistance and intervention team from providing services at the schoolsite. Additionally, the Superintendent shall do at least one of the following:

(1) Require the school district to ensure, using available federal funds, that 100 percent of the teachers at the schoolsite are highly qualified, as defined by the state for the purposes of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(2) Require the school to contract, using available federal, state, and local funds, with an outside entity to provide supplemental instruction to high-priority pupils and assign a management team, trustee, or school assistance and intervention team that has demonstrated success with other state-monitored schools. During the period of his or her service, the trustee may stay or rescind those actions of the governing board of the school district or principal that, in the judgment of the trustee, may detrimentally affect the conditions of the state-monitored school to which the trustee is assigned.

(A) For the purposes of this section, in order to facilitate the appointment of the trustee and the employment of any necessary staff, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(B) Notwithstanding any other provision of law, if the Superintendent appoints an employee of the department to act as trustee pursuant to this section, the salary and benefits of that employee shall be established by the Superintendent and paid by the school district. During the time of appointment, the employee is an employee of the school district, but shall remain in the same retirement system and under the same plan as if the employee had remained in the department. Upon the expiration or termination of the appointment, the employee shall have the right to return to his or her former position, or to a position at substantially the

same level as that position, with the department. The time served in the appointment shall be counted for all purposes as if the employee had served that time in his or her former position with the department.

(C) Following the assignment of a management team, trustee, or school assistance and intervention team pursuant to subdivision (b), if the school makes significant growth on the API, as determined by the state board, in two consecutive years, the school shall exit the Immediate Intervention/Underperforming Schools Program and is no longer subject to the requirements of the program.

(3) Allow parents of pupils enrolled at the school to apply directly to the state board to establish a charter school at the existing schoolsite.

(4) Close the school.

SEC. 4. Section 52055.600 of the Education Code is amended to read:

52055.600. (a) The High Priority Schools Grant Program is hereby established. Participation in this program is voluntary.

(b) From funds made available for purposes of this article, the Superintendent shall allocate a total of four hundred dollars ($400) per pupil to schools meeting eligibility requirements pursuant to Section 52055.605, for implementation of a school action plan approved pursuant to this article, in accordance with all of the following:

(1) In the first year of participation, a total of fifty thousand dollars ($50,000) for planning purposes.

(2) In each subsequent year of participation, a total of four hundred dollars ($400) per pupil, or a total of twenty-five thousand dollars ($25,000), whichever amount is greater.

(c) For schools receiving implementation funding for the federal Comprehensive School Reform Program (20 U.S.C. Sec. 6511 et seq.) in the 2005–06 fiscal year that meet criteria set forth in subdivision (c) of Section 52055.605, the Superintendent may allocate funding for continued implementation of current school improvement plans from funds made available for purposes of this article, in accordance with all of the following:

(1) Beginning in the 2006–07 fiscal year, a total of four hundred dollars ($400) per pupil based on the school's 2002–03 enrollment under the federal program, or a total of twenty-five thousand dollars ($25,000), whichever amount is greater.

(2) Funding provided pursuant to the federal program shall supplement, not supplant, funding received pursuant to this article.

(3) Notwithstanding subdivisions (e) and (f) of Section 52055.650, 36 months after the receipt of funding to implement a school action plan, schools that are not subject to state monitoring pursuant to subdivision (h) of Section 52055.650 are eligible for an allocation of four hundred

dollars ($400) per pupil based on the school's 2002–03 enrollment under the federal program, or a total allocation of twenty-five thousand dollars ($25,000), whichever amount is greater, in the 2007–08 fiscal year.

(d) Funds received pursuant to this article may not be used to match funds received pursuant to Article 3 (commencing with Section 52053).

(e) The school district shall keep fiscal records available for inspection that affirm allocation to schoolsites in accordance with this section and shall allocate resources in a manner that does not delay their use.

SEC. 5. Section 52055.605 of the Education Code is repealed.

SEC. 6. Section 52055.605 is added to the Education Code, to read:

52055.605. (a) The Superintendent, with the approval of the state board, shall identify schools ranked in deciles 1 to 5, inclusive, of the Academic Performance Index (API).

(b) (1) Notwithstanding any other provision of law, and if funds are available for this purpose, the Superintendent shall invite a second cohort of schools identified pursuant to subdivision (a) to participate in the High Priority Schools Grant Program beginning in the 2005–06 fiscal year. Schools that are receiving or have received funding pursuant to Section 52053, 52054.5, or 52055.600, and schools participating in the federal Comprehensive School Reform Program (20 U.S.C. Sec. 6511 et seq.) that did not receive funding under that federal program in the 2005–06 fiscal year are ineligible to participate in a second cohort of schools funded pursuant to subdivision (c). Schools that received funding pursuant to Section 52053 and are ineligible to participate under this subdivision may be eligible to participate in subsequent cohorts of the grant program. All schools receiving funding pursuant to paragraph (2) of subdivision (b) of Section 52055.600 are subject to all terms and conditions applicable to the second cohort of the High Priority Schools Grant Program.

(2) Notwithstanding any other provision of law, schools eligible for funding under paragraph (2) of subdivision (b) of, or paragraph (1) of subdivision (c) of, Section 52055.600 shall not receive funds pursuant to more than one of those subdivisions.

(c) First priority for participation in the High Priority Schools Grant Program shall be given to schools with a valid base API ranked in decile 1. Second priority shall be given to schools with a valid base API ranked in decile 2. Third priority shall be given to schools with a valid base API ranked in decile 3. Fourth priority shall be given to schools with a valid base API ranked in decile 4. Fifth priority shall be given to schools with a valid base API ranked in decile 5. Within each decile, priority shall be given to the lowest ranked schools on the most recent base API.

(d) Notwithstanding subdivision (c), schools deemed state monitored pursuant to subdivision (h) of Section 52055.650, subdivision (b) of

Section 52055.5, or Section 52055.51 that have not exited state monitoring are not eligible to participate in the second cohort of the grant program.

SEC. 7. Section 52055.610 of the Education Code is repealed.

SEC. 8. Section 52055.610 is added to the Education Code, to read:

52055.610. (a) The Superintendent shall establish a procedure that is consistent with this article for the approval of applications and school action plans.

(b) Notwithstanding the existing application process established pursuant to Article 3 (commencing with Section 52053), in developing an action plan to be submitted with the application for funding pursuant to subdivision (b) of Section 52055.600, a school may choose from the following options:

(1) A school district on behalf of an eligible school under its jurisdiction may elect to receive fifty thousand dollars ($50,000) as a planning grant from funds appropriated for purposes of this article. These planning grant funds shall be used for technical assistance in the development of the school action plan. Technical assistance includes assistance provided by school district personnel, county offices of education, universities, a state-approved external evaluator, or any other entity that has proven successful expertise specific to the challenges inherent in high-priority schools. If the school action plan is approved, the Superintendent shall provide funding for its implementation. Planning funds, as well as other funds available to school districts pursuant to this article, may be used for ongoing technical assistance throughout the implementation of the action plan and continued participation in the program established pursuant to Article 3 (commencing with Section 52053) and the program established pursuant to this article.

(2) A school district, on behalf of an eligible school under its jurisdiction, may elect to forego the fifty thousand dollar ($50,000) planning grant and immediately submit its application and school action plan. If a school chooses this option, the Superintendent shall take one of the following actions:

(A) Recommend approval of the application and action plan by the state board and provide funding for implementation of the school action plan.

(B) Request additional clarification and technical changes, after which the school and district shall resubmit the application and school action plan with the clarifications and changes for approval. If the application and school action plan are approved, the Superintendent shall provide funding for implementation of the school action plan.

(c) For schools receiving funds pursuant to subdivision (c) of Section 52055.600, the Superintendent shall establish a process whereby these

schools verify that their current school action plans conform to requirements established pursuant to subdivision (a) of Section 52055.620.

(d) The following deadlines apply to the first cohort of schools in the 2001–02 fiscal year:

(1) A school district on behalf of an eligible school under its jurisdiction shall submit the application and school action plan to the Superintendent for review and approval by May 15, 2002.

(2) The Superintendent shall make a recommendation to the state board regarding approval or disapproval of applications and school action plans by June 15, 2002. The state board shall approve or disapprove the application and action plan by June 30, 2002. Upon approval by the state board, the department shall allocate funding to schools for the implementation of the action plan. If the state board fails to approve or disapprove the application and school action plan by June 30, 2002, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the action plan shall be allocated.

(3) If the Superintendent takes the action specified in subparagraph (B) of paragraph (2) of subdivision (b), the school and school district shall resubmit the application and school action plan with the clarifications and changes for approval by August 1, 2002, and the Superintendent shall make a recommendation to the state board regarding approval or disapproval by September 1, 2002. The state board shall approve or disapprove the application and action plan by September 30, 2002. If the action plan is approved, the department shall allocate funding to the school district on behalf of an eligible school under its jurisdiction for implementation of the action plan. If the state board fails to approve or disapprove the application and school action plan by September 30, 2002, the recommendation of the Superintendent shall be deemed to be adopted and funding for implementation of the action plan shall be allocated.

(4) A school district may request, and the state board may waive, the deadlines set forth in this subdivision.

(e) The following deadlines apply to the second cohort of schools in the 2005–06 fiscal year invited for participation pursuant to subdivisions (b) and (c) of Section 52055.600:

(1) A school district, on behalf of an eligible school under its jurisdiction shall submit a statement of intent to apply to the High Priority Schools Grant Program by June 30, 2006.

(2) School districts submitting the statement of intent to apply on behalf of eligible schools and electing to receive funds for planning shall receive a one-time allocation of fifty thousand dollars ($50,000), for each eligible school.

(3) A school district, on behalf of an eligible school under its jurisdiction, shall submit the application and school action plan to the Superintendent for review and approval by January 15, 2007.

(4) After review of applications and school action plans pursuant to paragraph (3), the Superintendent shall take one of the following actions applicable to each applicant:

(A) Make a recommendation to the state board regarding approval or disapproval of applications and school action plans by March 31, 2007.

(B) Request additional clarification and technical changes, after which the school and district shall resubmit the application and school action plan with the clarifications and changes for approval.

(5) If the Superintendent takes the action specified in subparagraph (A) of paragraph (4), the state board shall approve or disapprove the application and action plan by March 31, 2007. Upon approval by the state board, the department shall allocate funding to schools for the implementation of the school action plan. If the state board fails to approve or disapprove the application and school action plan by July 31, 2007, the recommendation of the Superintendent shall be deemed to be adopted.

(6) If the Superintendent takes the action specified in subparagraph (B) of paragraph (4), the state board shall approve or disapprove the application and action plan by July 31, 2007. Upon approval by the state board, the department shall allocate funding to schools for the implementation of the school action plan. If the state board fails to approve or disapprove the application and school action plan by July 31, 2007, the recommendation of the Superintendent shall be deemed to be adopted.

(7) If the Superintendent takes the action specified in subparagraph (B) of paragraph (2) of subdivision (b), the school and school district shall resubmit the application and school action plan with the clarifications and changes for approval by January 12, 2007, and the Superintendent shall make a recommendation to the state board regarding approval or disapproval by March 31, 2007. The state board shall approve or disapprove the application and the school action plan by March 31, 2007. If the school action plan is approved, the department shall allocate funding to the school district on behalf of an eligible school under its jurisdiction for implementation of the school action plan. If the state board fails to approve or disapprove the application and school action plan by July 31, 2007, the recommendation of the Superintendent shall be deemed to be adopted.

(8) The department shall begin to allocate implementation funding by June 30, 2007, to schools that have an approved application and action plan under this section.

(9) If the district, on behalf of an eligible school under its jurisdiction, fails to submit an approvable plan by July 31, 2007, no further funding shall be made available under Section 52055.600.

(10) A school district that fails to submit an approvable plan shall conduct a hearing at a regularly scheduled board meeting to explain why no approvable plan was submitted.

SEC. 9. Section 52055.620 of the Education Code is amended to read:

52055.620. (a) As a condition of the receipt of funds under subdivisions (b) and (c) of Section 52055.600, a school action plan shall be based upon the following:

(1) It shall be based on scientifically based research and effective practices and be data driven.

(2) It shall include ongoing data gathering for purposes of this program, so that progress can be measured and verified and the plan can be modified based on the data.

(3) It shall be grounded in the findings from an initial needs assessment.

(4) It shall evidence a commitment by the school community to implement the plan. The plan shall describe how this commitment will be evidenced.

(5) It shall make clear that there is a heightening of expectations on the part of all personnel associated with the schoolsite that all children can learn and every school can succeed.

(6) It shall ensure that an environment that is conducive to teaching and learning is provided at the schoolsite.

(7) It shall identify additional human, financial, and other resources available to the school to be used in the implementation of the school action plan.

(b) (1) The action plan shall be developed, in partnership with the school district, by the schoolsite council, as defined in Section 52852, or if the school does not have a schoolsite council, by a schoolwide advisory group or school support group that conforms to the requirements of Section 52852 and whose members are self-selected.

(2) Notwithstanding paragraph (1), a school participating in the Immediate Intervention/Underperforming Schools Program prior to October 12, 2001, may continue using its school action team for purposes of developing an action plan pursuant to this article.

(c) In developing a school action plan, the school and school district shall use the technical assistance from school district personnel, county offices of education, universities, a state-approved external evaluator, or any other person or entity that has proven successful expertise specific to the challenges inherent in high-priority schools. In addition, the school

and district may include an individual to facilitate the activities related to the development of this plan.

(d) The action plan shall include a strategy, jointly developed by the school district and the exclusive bargaining representative of the certificated employees of the district, for addressing the distribution of experienced credentialed teachers throughout the district, including an agreement by the district and the exclusive bargaining representative of the certificated staff on how they are going to achieve a balance in that distribution. This collaboration shall take place outside of collective bargaining and shall strive to develop a strategy that will attract and retain equal ratios of credentialed teachers at each school in the district. This collaboration shall include discussions on ways to maximize current options to recruit credentialed teachers to the district, use of regional recruitment centers, ensuring that newly hired credentialed teachers are assigned in alignment with the goal of even distribution of credentialed teachers, and ensuring that high-priority schools provide a necessary teaching and learning environment to retain a fully credentialed teaching staff.

(e) The action plan may include any existing plan a school may have developed for another program, that may include existing strategies that meet the requirements of the essential components of a school action plan specified in Section 52055.625.

SEC. 10. Section 52055.625 of the Education Code is amended to read:

52055.625. (a) It is the intent of the Legislature that the lists contained in paragraph (2) of subdivisions (c), (d), (e), and (f) be considered options that may be considered by a school in the development of its school action plan and that a school not be required to adopt all of the listed options as a condition of funding under the terms of this section. Instead, this listing of options is intended to provide the opportunity for focus and strategic planning as schools plan to address the needs of high-priority pupils.

(b) (1) As a condition of the receipt of funds, a school action plan shall include each of the following essential components:

(A) Pupil literacy and achievement.

(B) Quality of staff.

(C) Parental involvement.

(D) Facilities, curriculum, instructional materials, and support services.

(2) As a condition of the receipt of funds, a school action plan for a school initially applying to participate in the program during or after the 2004–05 fiscal year, shall include each of the following essential components:

(A) Pupil literacy and achievement.

(B) Quality of staff, including highly qualified teachers, as required by the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and appropriately credentialed teachers for English learners.

(C) Parental involvement.

(D) Facilities maintained in good repair as specified in Sections 17014, 17032.5, 17070.75, and 17089, curriculum, instructional materials that are, at a minimum, consistent with the requirements of Section 60119, and support services.

(c) (1) The pupil literacy and achievement component shall contain a strategy to focus on increasing pupil literacy and achievement, with necessary attention to the needs of English language learners. At a minimum, this strategy shall include a plan to achieve the following goals:

(A) Each pupil at the school will be provided appropriate instructional materials aligned with the academic content and performance standards adopted by the state board as required by law.

(B) Each significant subgroup at the school will demonstrate increased achievement based on Academic Performance Index (API) results by the end of the implementation period.

(C) English language learners at the school will demonstrate increased performance based on the English language development test required by Section 60810 and the achievement tests required pursuant to Section 60640.

(2) To achieve the goals in paragraph (1), a school, in its action plan, may include, among other things, any of the following options:

(A) Selective class size reduction in key curricular areas, provided this does not result in a decrease in the proportion of experienced credentialed teachers at the schoolsite.

(B) Increased learning time in key curricular areas identified as needing attention, including mathematics.

(C) Targeted intensive reading instruction utilizing reading capacity-level materials that may include, but are not limited to, the following strategies:

(i) The development of a reading competency program for pupils in grades 5 to 8, inclusive, whose reading scores are at or below the 40th percentile or in the two lowest performance levels, as adopted by the state board, on the reading portion of the achievement test authorized by Section 60640. This program may include direct instruction in reading at grade level utilizing the English language arts content standards adopted pursuant to Section 60605. Additionally, this program may offer specialized intervention that utilizes state-approved instructional materials adopted pursuant to Section 60200. It is the intent of the Legislature, as a recommendation, that this curriculum consist of at least one class period

during the regular schoolday taught by a teacher trained in the English language arts content and performance standards pursuant to Section 60605. It is also the intent of the Legislature, as a recommendation, that periodic assessments throughout the year be conducted to monitor the progress of the pupils involved.

(ii) The use of a library media teacher to work cooperatively with every teacher and principal at the schoolsite to develop and implement an independent and free reading program, help teachers determine a pupil's reading level, order books that have been determined to meet the needs of pupils, help choose books at pupils' independent reading levels, and assure that pupils read a variety of genres across all academic content areas. For purposes of this article, "library media teacher" means a classroom teacher who possesses or is in the process of obtaining a library media teacher services credential consistent with Section 44868.

(D) Mentoring programs for pupils.

(E) Community, business, or university partnerships with the school.

(d) (1) The quality of staff component shall contain a strategy to attract, retain, and fairly distribute the highest quality staff at the school, including teachers, administrators, and support staff. At a minimum, this strategy shall include a plan to achieve the following goals:

(A) An increase in the number of credentialed teachers working at that schoolsite.

(B) An increase in or targeting of professional development opportunities for teachers related to the goals of the action plan and English language development standards adopted by the state board aligned with the academic content and performance standards, including, but not limited to, participation in professional development institutes established pursuant to Article 2 (commencing with Section 99220) of Chapter 5 of Part 65.

(C) By the end of the implementation period, successful completion by the schoolsite administrators of a program designed to maximize leadership skills.

(2) To achieve the goals in paragraph (1), a school may include in its action plan, among others, any of the following options:

(A) Incentives to attract credentialed teachers and quality administrators to the schoolsite, including, but not limited to, additional compensation strategies similar to those authorized pursuant to Section 44735.

(B) A school district preintern or intern program within which eligible emergency permit teachers located at the schoolsite would be required to participate, unless those individuals are already participating in another teacher preparation program that leads to the attainment of a valid California teaching credential.

(C) Common planning time for teachers, administrators, and support staff focused on improving pupil achievement.

(D) Mentoring for site administrators, peer assistance for credentialed teachers, and support services for new teachers, including, but not limited to, the Beginning Teacher Support and Assessment System.

(E) Providing assistance and incentives to teachers for completion of professional certification programs and toward attaining BCLAD or CLAD certification.

(F) Increasing professional development in state academic content and performance standards, including English language development standards.

(e) (1) The parental involvement component shall contain a strategy to change the culture of the school community to recognize parents and guardians as partners in the education of their children and to prepare and educate parents and guardians in the learning and academic progress of their children. At a minimum, this strategy shall include a commitment to develop a school-parent compact as required by Section 51101 and a plan to achieve the goal of maintaining or increasing the number and frequency of personal parent and guardian contacts each year at the schoolsite and school-home communications designed to promote parent and guardian support for meeting state standards and core curriculum requirements.

(2) To achieve the goals in subdivision (a), a school may, in its action plan, include, among others, any of the following options:

(A) Parent and guardian homework support classes.

(B) A program of regular home visits.

(C) After school and evening opportunities for parents, guardians, and pupils to learn together.

(D) Training programs to educate parents and guardians about state standards and testing requirements, including the high school exit examination.

(E) Creation, maintenance, and support of parent centers located on schoolsites to educate parents and guardians regarding pupil expectations and provide support to parents and guardians in their efforts to help their children learn.

(F) Programs targeted at parents and guardians of special education pupils.

(G) Efforts to develop a culture at the schoolsite focused on college attendance, including programs to educate parents and guardians regarding college entrance requirements and options.

(H) Providing more bilingual personnel at the schoolsite and at school-related functions to communicate more effectively with parents and guardians who speak a language other than English.

(I) Providing an opportunity for parents to monitor online, if the technology is available, and in compliance with applicable state and federal privacy laws, the academic progress and attendance of their children.

(f) (1) The facilities, curriculum, instructional materials, and support services component shall contain a strategy to provide an environment that is conducive to teaching and learning and that includes the development of a high-quality curriculum and instruction aligned with the academic content and performance standards adopted pursuant to Section 60605 and the standards for English language development adopted pursuant to Section 60811 to measure progress made towards achieving English language proficiency. At a minimum, this strategy shall include the goal of providing adequate logistical support including, but not limited to, curriculum, quality instruction, instructional materials, support services, and supplies for every pupil.

(2) To achieve the goal specified in paragraph (1), a school, in its action plan, may include, among others, any of the following options:

(A) State and locally developed valid and reliable assessments based on state academic content standards.

(B) Increased learning time in key curricular areas identified as needing attention, including mathematics.

(C) The addition of more pupil support services staff, including, but not limited to, paraprofessionals, counselors, library media teachers, nurses, psychologists, social workers, speech therapists, audiologists, and speech pathologists.

(D) Pupil support centers for additional tutoring or homework assistance.

(E) Use of most current standards-aligned textbooks adopted by the state board, including materials for English language learners.

(F) For secondary schools, offering advanced placement courses and courses that meet the requirements for admission to the University of California or the California State University.

(g) A school action plan to improve pupil performance that is developed for participation in the program established pursuant to this article shall meet the requirements of subdivisions (d) and (e) of Section 52054 and this article.

(h) Participants under subdivision (d) of Section 52055.600 shall develop a series of schoolwide systemic support activities that provide pupils with the opportunity to meet the same state and local standards in core academic areas expected of all other pupils. Participating schools shall provide enrichment activities designed to improve pupil academic achievement and performance; improve life skill accomplishments; transition to a regular program of instruction or higher education, or

both; access vocational training; or obtain employment. Individual pilot grant plans and systemic support activities shall comport with each respective program's statutory and regulatory requirements.

SEC. 11. Section 52055.640 of the Education Code is amended to read:

52055.640. (a) As a condition of the receipt of funds for the initial and each subsequent year of funding pursuant to this article and to ensure that the school is progressing towards meeting the goals of each of the essential components of its school action plan, each year the school district shall submit a report to the Superintendent that includes the following:

(1) The academic improvement of pupils within the participating school as measured by the tests under Section 60640 and the progress made towards achieving English language proficiency as measured by the English language development test administered pursuant to Section 60810.

(2) The improvement of distribution of experienced teachers holding a valid California teaching credential across the district. Commencing with the 2004–05 fiscal year, for a school district with a school initially applying to participate in the program on or after July 1, 2004, the report shall include whether at least 80 percent of the teachers assigned to the school are credentialed and the number of classes in which 20 percent or more pupils are English learners and assigned to teachers who do not possess a certificate issued pursuant to Section 44253.3, 44253.4, or 44253.7 or have not completed training pursuant to Section 44253.10, or are not otherwise authorized by statute to be assigned to those classes. This paragraph does not relieve a school district from complying with state or federal law regarding teachers of English learners.

(3) The availability of instructional materials in core content areas that are aligned with the academic content and performance standards, including textbooks, for each pupil, including English language learners. For a school district that initially applies to participate in the High Priority Schools Grant Program during the 2004–05 fiscal year, or any fiscal year thereafter, the definition of "sufficient textbooks or instructional materials" contained in subdivision (c) of Section 60119 applies to this paragraph.

(4) The number of parents and guardians presently involved at each participating schoolsite as compared to the number participating at the beginning of the program.

(5) The number of pupils attending after school, tutoring, or homework assistance programs.

(6) For participating secondary schools, the number of pupils who are enrolled in and successfully completing advanced placement courses,

by type, and requirements for admission to the University of California or the California State University, including courses in algebra, biology, and United States or world history.

(b) The report on the pupil literacy and achievement component shall be disaggregated by numerically significant subgroups, as defined in Section 52052, and English language learners and have a focus on improved scores in reading and mathematics as measured by the following:

(1) The Academic Performance Index, including the data collected pursuant to tests that are part of the Standardized Testing and Reporting Program and the writing sample that is part of that program.

(2) The results of the primary language test pursuant to Section 60640.

(3) Graduation rates, when the methodology for collecting this data has been confirmed to be valid and reliable.

(4) In addition, a school may use locally developed assessments to assist it in determining the pupil progress in academic literacy and achievement.

(c) The report on the quality of staff component shall include, but not be limited to, the following information:

(1) The number of teachers at the schoolsite holding a valid California teaching credential or district or university intern certificate or credential compared to those teachers at the same schoolsite holding a preintern certificate, emergency permit, or waiver.

(2) The number and ratio of teachers across the district holding a valid California teaching credential or district or university intern certificate or credential compared to those holding a preintern certificate, emergency permit, or waiver.

(3) The number of principals having completed training pursuant to Article 4.6 (commencing with Section 44510) of Chapter 3 of Part 25.

(4) The number of principals by credential type or years of experience and length of time at the schoolsite by years.

(d) The report on the parental involvement component shall include explicit involvement strategies being implemented at the schoolsite that are directly linked to activities supporting pupil academic achievement and verification that the schoolsite has developed a school-parent compact as required by Section 51101.

(e) All comparisons made in the reports required pursuant to this section shall be based on baseline data provided by the district and schoolsite in the action plan that is certified and submitted with the initial application.

(f) To the extent that data is already reported to the Superintendent, a school district need not include the data in the reports submitted pursuant to this section.

(g) Before submitting the reports required pursuant to this section, the school district, at a regularly scheduled public meeting of the governing board, shall review a participating school's progress towards achieving those goals.

SEC. 12. Section 52055.650 of the Education Code is repealed.

SEC. 13. Section 52055.650 is added to the Education Code, to read:

52055.650. (a) Section 52055.5 does not apply to a school participating in the High Priority Schools Grant Program.

(b) Twenty-four months after receipt of funding for implementation of the action plan pursuant to Sections 52054.5 and 52055.600, a school that has not met its growth targets each year shall be subject to review by the state board. This review shall include an examination of the school's progress relative to the components and reports made pursuant to Section 52055.640. The Superintendent, with the approval of the state board, may direct that the governing board of a school take appropriate action and adopt appropriate strategies to provide corrective assistance to the school in order to achieve the components and benchmarks established in the school's action plan.

(c) Thirty-six months after receipt of funding to implement a school action plan, a school that has met or exceeded its growth target each year shall receive a monetary or nonmonetary award, under the Governor's Performance Award Program, as set forth in Section 52057. Funds received pursuant to that section may be used at the school's discretion.

(d) Notwithstanding subdivisions (e) and (f), 36 months after the receipt of funding to implement a school action plan, all schools that are not subject to state monitoring are eligible for a fourth year of the funding specified in Section 52055.600.

(e) (1) Thirty-six months after receipt of funding pursuant to Section 52053 or 52055.600, and anytime thereafter, a school for which the most recent base Academic Performance Index (API) places the school in decile 6, 7, 8, 9, or 10 shall exit the grant program.

(2) Thirty-six months after receipt of implementation funding for the federal Comprehensive School Reform Program (20 U.S.C. Sec. 6511 et seq.), and anytime thereafter, a school receiving funding pursuant to Section 52053 or 52055.600 in the 2005–06 fiscal year for which the most recent base API places the school in decile 6, 7, 8, 9, or 10 shall exit the grant program.

(f) (1) A school that achieves positive growth in each year of the last three years of program implementation and achieves growth targets in two of those years shall exit the grant program.

(2) A school that receives implementation funding for the federal program beginning in the 2004–05 fiscal year and subsequently receives funding pursuant to subdivision (c) of Section 52055.600 in the 2006–07

fiscal year shall exit the grant program if it achieves positive growth in each year of the last three years of program implementation and achieves growth targets in two of those years.

(g) For schools receiving implementation funding pursuant to Section 52055.600, 36 months after receipt of initial funding for either the federal program or the grant program, a school that has not met its growth targets but has shown significant growth as determined by the state board, shall continue to be monitored by the Superintendent until it exits the grant program pursuant to subdivision (e) or (f) or is deemed state monitored pursuant to subdivision (h).

(h) Thirty-six months after receipt of initial implementation funding for the grant program or the federal program, a school that receives funding pursuant to Section 52055.600, does not meet its growth targets within the periods described in subdivision (c), and has failed to show significant growth, as determined by the state board, shall be deemed a state-monitored school, and, notwithstanding any other law, the Superintendent, with the approval of the state board, shall follow the course of action prescribed by paragraph (1) or (2) with respect to that school.

(1) Notwithstanding any other law, the Superintendent, with the approval of the state board, shall require the district to enter into a contract with a school assistance and intervention team no later than 30 days after the public release of the school's growth in API results or the next regularly scheduled meeting of the state board following the expiration of the 30 days, if meeting the 30-day time limit would not provide the state board with sufficient time to comply with the requirements of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Division 3 of Title 2 of the Government Code). With the approval of the state board, the governing board of the school district may retain its legal rights, duties, and responsibilities with respect to that school.

(A) Team members should possess a high degree of knowledge and skills in the areas of school leadership, curriculum, and instruction aligned to state academic content and performance standards, classroom management and discipline, academic assessment, parent-school relations, and evaluation- and research-based reform strategies, and have proven successful expertise specific to the challenges inherent in high-priority schools.

(B) The team shall provide intensive support and expertise to implement the school reform initiatives in the plan. Decisions about interventions shall be data driven. A school assistance and intervention team shall work with school staff, site planning teams, administrators, and district staff to improve pupil literacy and achievement by assessing

the degree of implementation of the current action plan, refining and revising the action plan, and making recommendations to maximize the use of fiscal resources and personnel in achieving the goals of the plan. The district shall provide support and assistance to enhance the work of the team at the targeted schoolsites.

(C) (i) Not later than 60 days after the assignment of the school assistance and intervention team, the team shall complete an initial report. The report shall include recommendations for corrective actions chosen from a range of interventions, including the reallocation of school district fiscal resources to ensure that appropriate resources are targeted to those specific interventions identified in the recommendations of the team for the targeted schools and other changes deemed appropriate to make progress toward meeting the school's growth target.

(ii) Not later than 90 days after the assignment of the school assistance and intervention team, the governing board of the school district shall adopt the team's recommendations at a regularly scheduled meeting of the governing board. Any subsequent recommendations proposed by the school assistance and intervention team shall be submitted to the governing board and shall be adopted by the governing board within 30 days of the submission. The governing board may not place the adoption on the consent calendar.

(iii) The report shall be submitted to the Superintendent and the state board.

(D) Following the governing board's adoption of the recommendations, the governing board may submit an appeal to the Superintendent for relief from one or more of the recommendations. The Superintendent, with approval of the state board, may grant relief from compliance with any of the school assistance and intervention team recommendations.

(E) If a school assistance and intervention team does not fulfill its legal obligations under this section or Section 52055.51, the governing board of the school district may seek permission from the Superintendent, with the approval of the state board, to contract with a different school assistance and intervention team. Upon finding that the school assistance and intervention team has not fulfilled its legal obligations under this section, the Superintendent, with the approval of the state board, may remove the school assistance and intervention team from the state list of eligible providers.

(F) A school assistance and intervention team assigned to a school pursuant to Section 52055.51 or this section may seek permission from the Superintendent, with the approval of the state board, to terminate its contract with a state-monitored school if the school is failing to implement the recommendations listed in the report of findings and

corrective actions. The Superintendent, with approval of the state board, may grant permission to the school assistance and intervention team to terminate its contract with the state-monitored school if the Superintendent determines that the school is not implementing the identified corrective actions.

(G) No less than three times during the year, the school district and schoolsite shall present the team with data regarding progress toward the goals established by the team's initial assessment. The data shall be presented to the governing board of the school district at a regularly scheduled meeting. The team, to the extent possible, shall utilize existing site data. The data also shall be provided to the Superintendent and the state board. Every effort shall be made to report this data in a manner that minimizes the length and complexity of the reporting requirement in order to maximize the focus on improving pupil literacy and achievement.

(H) An action taken pursuant to this paragraph shall not increase local costs or require reimbursement by the Commission on State Mandates.

(2) The Superintendent shall assume all the legal rights, duties, and powers of the governing board with respect to the school. The Superintendent, in consultation with the state board and the governing board of the school district, shall reassign the principal of that school subject to the findings in paragraph (2) of subdivision (q). In addition to reassigning the principal, the Superintendent, in consultation with the state board, and notwithstanding any other provision of law, shall do at least one of the following:

(A) Revise attendance options for pupils to allow them to attend any public school in which space is available. If an additional attendance option is made available, this option may not require either the sending or receiving school district to incur additional transportation costs.

(B) Allow parents or guardians to apply directly to the state board for the establishment of a charter school and allow parents or guardians to establish the charter school at the existing schoolsite.

(C) Under the supervision of the Superintendent, assign the management of the school to a college, university, county office of education, or other appropriate educational institution. The entity chosen to assume management of the school shall possess the qualifications specified in subparagraph (A) of paragraph (1). The involvement of the school district during the sanctions process shall be established by contract. The costs of the entity to manage the school shall be established by contract and shall be paid by the school district. However, the Superintendent may not assume the management of the school.

(D) Reassign other certificated employees of the school.

(E) Renegotiate a new collective bargaining agreement at the expiration of the existing collective bargaining agreement.

(F) Reorganize the school.

(G) Close the school.

(H) Place a trustee at the school, for a period not to exceed three years, who shall monitor and review the operation of the school. The trustee shall possess the qualifications specified in subparagraph (A) of paragraph (1), shall compile an initial report in accordance with the requirements of subparagraph (C) of paragraph (1), and shall receive reports from the school district and schoolsite no less than three times during the year on the progress towards meeting the goals established in the initial report. During the period of his or her service, the trustee may stay or rescind those actions of the governing board of the school district or schoolsite principal that, in the judgment of the trustee, may detrimentally affect the conditions of the state-monitored school to which the trustee is assigned. The salary and benefits of the trustee shall be established by the Superintendent, in consultation with the state board, and shall be paid by the school district.

(I) For the purposes of this section, in order to facilitate the appointment of the trustee and the employment of any necessary staff, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(J) Notwithstanding any other provision of law, if the Superintendent appoints an employee of the department to act as trustee pursuant to this section, the salary and benefits of that employee shall be established by the Superintendent and paid by the school district. During the time of appointment, the employee is an employee of the school district, but shall remain in the same retirement system and under the same plan as if the employee had remained in the department. Upon the expiration or termination of the appointment, the employee shall have the right to return to his or her former position, or to a position at substantially the same level as that position, with the department. The time served in the appointment shall be counted for all purposes as if the employee had served that time in his or her former position with the department.

(i) When a school is deemed to be a state-monitored school, the governing board of the school district, at a regularly scheduled public meeting, shall inform the parents and guardians of pupils enrolled at the schoolsite that the school is a state-monitored school and that as a result of this determination the corrective actions set forth in subdivision (h) may occur.

(j) In addition to the actions taken pursuant to subdivision (h), the governing board of the school district and the district superintendent shall be included in discussions regarding the governance of the state-monitored schoolsite and the actions that shall be taken in order for the schoolsite to succeed. During the discussions, the participants shall delineate clearly the role that the governing board of the school district and the district superintendent will play during the sanctions period and shall report this delineation to the Superintendent. The role to be played by the governing board of the school district and the district superintendent as delineated during the discussions regarding the governance of the state-monitored schoolsite shall be in addition to those actions set forth in subdivision (h).

(k) After a school is deemed to be a state-monitored school pursuant to subdivision (h), the governing board of the school district shall do all of the following:

(1) Make the same fiscal, human, and educational resources, at a minimum, available to the schoolsite as were available before the action taken pursuant to subdivision (h), excluding state or federal funding provided pursuant to Sections 52054.5 and 52055.600. If the total amount of resources available to the school district differs from one year to another, it shall make the same proportion of resources available to the schoolsite as was available before the action taken pursuant to subdivision (h).

(A) The entity selected to manage a school pursuant to subparagraph (C) of paragraph (2) of subdivision (h) shall review the resources allocated to the schoolsite and determine if additional resources should be made available from district funds to reasonably support the schoolsite without detriment to the other schools and pupils of the district.

(B) If the school does not have a management team pursuant to subparagraph (C) of paragraph (2) of subdivision (h), the Superintendent, in consultation with the state board, shall designate an entity to review the resources allocated to the schoolsite and determine if additional resources should be made available from district funds to reasonably support the schoolsite without detriment to the other schools and pupils of the district.

(C) If the entity selected to manage a school pursuant to subparagraph (C) or (H) of paragraph (2) of subdivision (h) or the entity chosen by the Superintendent pursuant to paragraph (1) of subdivision (h) is unable to obtain the information necessary to make this determination, the entity may request that the Superintendent and state board intervene to obtain the necessary documents.

(D) Any dispute between the entity selected to manage a school pursuant to subparagraph (C) or (H) of paragraph (2) of subdivision (h)

or the entity chosen by the Superintendent pursuant to paragraph (1) of subdivision (h) and the school district over resource allocations shall be resolved by the Superintendent, in consultation with the state board.

(2) Continue its current ownership status with respect to the schoolsite.

(3) Continue to provide the same insurance coverage as before the action taken pursuant to subdivision (b) with respect to property, liability, errors and omissions, and other regularly provided policies.

(4) Name the Superintendent and the department as additional insureds upon transfer of legal rights, duties, and responsibilities to the Superintendent.

(5) Continue to provide facilities support, including maintenance, if appropriate to the management arrangement, and full schoolsite participation in bond financing.

(6) Remain involved with the school throughout the sanctions period.

(*l*) If the state board approves, the governing board of the school district may retain its legal rights, duties, and responsibilities with respect to that school.

(m) A school deemed state monitored pursuant to subdivision (h) that achieves significant growth, as determined by the state board, after it has undergone state monitoring for two consecutive API reporting cycles shall exit state monitoring, as defined in subdivision (g). A school shall exit the program if it meets the requirements specified in subdivision (e) or (f).

(n) Thirty-six months after the Superintendent assigns a management team, trustee, or a school assistance and intervention team to a schoolsite, if the management team, trustee, or school assistance and intervention team fails to assist the school in making significant growth on the API, as determined by the state board, the Superintendent shall remove the management team, trustee, or school assistance and intervention team from providing services at the schoolsite. Additionally, the Superintendent shall do at least one of the following:

(1) Require the school district to ensure, using available federal funds, that 100 percent of the teachers at the schoolsite are highly qualified, as defined by the state for the purposes of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.).

(2) (A) Require the school district to contract, using available federal, state, and local funds, with an outside entity to provide supplemental instruction to high-priority pupils and assign a management team, trustee, or school assistance and intervention team that has demonstrated success with other state-monitored schools. During the period of his or her service, the trustee may stay or rescind those actions of the governing board of the school district or principal that, in the judgment of the

trustee, detrimentally may affect the conditions of the state-monitored school to which the trustee is assigned.

(B) For the purposes of this section, in order to facilitate the appointment of the trustee and the employment of any necessary staff, the Superintendent is exempt from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code and Part 2 (commencing with Section 10100) of the Public Contract Code.

(C) Notwithstanding any other provision of law, if the Superintendent appoints an employee of the department to act as trustee pursuant to this section, the salary and benefits of that employee shall be established by the Superintendent and paid by the school district. During the time of appointment, the employee is an employee of the school district, but shall remain in the same retirement system and under the same plan as if the employee had remained in the department. Upon the expiration or termination of the appointment, the employee shall have the right to return to his or her former position, or to a position at substantially the same level as that position, with the department. The time served in the appointment shall be counted for all purposes as if the employee had served that time in his or her former position with the department.

(D) Following the assignment of a management team, trustee, or school assistance and intervention team pursuant to this subdivision, if the school makes significant growth on the API, as determined by the state board, in two API reporting cycles, the school shall exit the Immediate Intervention/Underperforming Schools Program and is no longer subject to the requirements of the program.

(3) Allow parents of pupils enrolled at the school to apply directly to the state board to establish a charter school at the existing schoolsite.

(4) Close the school.

(o) If a school assistance and intervention team does not fulfill its legal obligations under this section, the governing board of the school district may seek permission from the Superintendent, with the approval of the state board, to contract with a different school assistance and intervention team. Upon a finding that the school assistance and intervention team has not fulfilled its legal obligations under this section, the Superintendent, with the approval of the state board, may remove the school assistance and intervention team from the state list of eligible providers.

(p) In addition to the actions listed in subdivision (h), the Superintendent, in consultation with the state board, may take any other action considered necessary or desirable against the school district or the school district governing board, including appointment of a new superintendent or suspension of the authority of the governing board

with respect to a school that does not meet its growth targets within the periods described in subdivision (c), and has failed to show significant growth, as determined by the state board.

(q) Before the Superintendent may take any action against a principal pursuant to subdivision (h), the Superintendent or a designee of the Superintendent, which may be a panel consisting of the county superintendent of schools of the county in which the school is located or an adjoining county, one principal with experience in a similar type of school, and the superintendent of the school district in which the state-monitored school is located, shall do the following:

(1) Hold an informal hearing to determine whether there are sufficient issues to proceed to a formal hearing. The informal hearing shall be held in a closed session. The principal, and his or her representative, and a school district representative may be present at the informal hearing. The decision on whether to proceed to a formal hearing shall be posted and presented at a regularly scheduled public meeting of the governing board of the school district. If the decision is not to proceed to a formal hearing, the posting and presentation shall explain the rationale for this decision. This item may not be a consent item on the agenda.

(2) Hold a formal hearing on the matter in the school district. Evidence to support the findings made at the formal hearing shall be presented and discussed in a closed session. The principal, or his or her representative, and a school district representative may be present in the closed session. The findings shall be posted and presented at a regularly scheduled public meeting of the governing board of the school district. This item may not be a consent item on the agenda. The governing board shall give adequate time for public input and response to findings. The purpose of the hearing shall be to make both of the following findings:

(A) Whether the principal had the authority to take specific enumerated actions that would have helped the school meet its performance goals.

(B) Whether the principal failed to take specific enumerated actions pursuant to subparagraph (A).

(r) An action taken pursuant to subdivision (h), (i), (j), or (k) shall not increase local costs or require reimbursement by the Commission on State Mandates.

(s) An action taken pursuant to subdivision (h), (i), (j), or (k) shall be accompanied by specific findings by the Superintendent and the state board that the action is directly related to the identified causes for continued failure by a school to meet its performance goals.

(t) (1) Notwithstanding subdivision (a), a school participating in the grant program that received a planning grant pursuant to subdivision (f)

of Section 52053 in the 1999–2000 fiscal year is eligible to receive funding pursuant to Section 52055.600 in the 2002–03 fiscal year only.

(2) Notwithstanding subdivision (a), a school participating in the grant program that received a planning grant pursuant to subdivision (*l*) of Section 52053 in the 2000–01 fiscal year is eligible to receive funding pursuant to Section 52055.600 in the 2002–03 and 2003–04 fiscal years only.

(3) Notwithstanding subdivision (a), a school participating in the grant program that received a planning grant pursuant to subdivision (*l*) of Section 52053 in the 2001–02 fiscal year is eligible to receive funding pursuant to Section 52055.600 in only the 2002–03, 2003–04, and 2004–05 fiscal years.

(u) Notwithstanding the growth target timelines set forth in subdivisions (b), (c), (e), and (f), a school that receives funds pursuant to Section 52055.600 during the 2002–03 or 2003–04 fiscal year shall meet the growth target specified in subdivision (b) no later than December 31, 2004, and the growth target specified in subdivisions (c), (e), and (f) no later than December 31, 2005.

(v) Notwithstanding the growth target timelines set forth in subdivisions (b), (c), (e), and (f), a school that receives funds pursuant to Section 52055.600 during the 2005–06 or 2006–07 fiscal year shall meet the growth target specified in subdivision (b) no later than December 31, 2009, and the growth target specified in subdivisions (c), (e), and (f) no later than December 31, 2010.

(w) Thirty-six months after allocating funding under subdivision (d) of Section 52055.600, the Superintendent shall provide the state board and the Legislature with recommendations regarding necessary modifications of the Education Code and procedures specific to the programs funded under subdivision (d) of Section 52055.600.

SEC. 14. Section 52055.661 of the Education Code is amended to read:

52055.661. (a) The amount of one hundred fifty dollars ($150) per pupil shall be allocated annually to a school district that is required to enter into a contract with a school assistance and intervention team pursuant to subdivision (a) of Section 52055.51 or paragraph (1) of subdivision (h) of Section 52055.650, for purposes of implementing any recommendations made by the school assistance and intervention team in the report prepared by the team pursuant to subdivision (a) of Section 52055.51 or subparagraph (C) of paragraph (1) of subdivision (h) of Section 52055.650. A school district that receives funds pursuant to this subdivision shall provide an in-kind match of services, or a match of school district funds in an amount equal to the amount received by the local educational agency pursuant to this subdivision.

(b) The amount of one hundred fifty dollars ($150) per pupil shall be allocated annually to a school district in accordance with subparagraph (C) of paragraph (3) of subdivision (b) of Section 52055.5 or paragraph (2) of subdivision (h) of Section 52055.650, for purposes of improving the academic performance of that school. School districts that receive funds pursuant to this subdivision shall provide an in-kind match of services, or a match of school district funds in an amount equal to the amount received by the school district pursuant to this subdivision.

(c) Funding for the support of each school assistance and intervention team that enters into a contract with a school district pursuant to subdivision (a) of Section 52055.51 or subdivision (h) of Section 52055.650 shall be allocated on a one-time basis as follows:

(1) Seventy-five thousand dollars ($75,000) for each school assistance and intervention team assigned to an elementary or middle school.

(2) One hundred thousand dollars ($100,000) for each school assistance and intervention team assigned to a high school.

(3) As a condition of receipt of funds, a school district shall provide an in-kind match of services, or a match of school district funds, in an amount equal to one dollar ($1) for every two dollars ($2) provided pursuant to subdivision (a).

(d) Thirty-six months after the Superintendent undertakes the action specified in paragraph (1) of subdivision (h) of Section 52055.650 or subdivision (a) of Section 52055.51, the school shall no longer be eligible to receive funding for purposes of this article.

(e) Notwithstanding subdivision (a), after the Superintendent undertakes the action specified in paragraph (1) of subdivision (h) of Section 52055.650 or subdivision (a) of Section 52055.51, a school that has exited state monitoring after two Academic Performance Index growth cycles shall not be eligible to receive a third year of funding for purposes of this section.

CHAPTER 767

An act to add Section 25722.7 to the Public Resources Code, relating to state purchases.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The United States dependence on foreign oil is becoming an increasing economic and national security problem.

(b) Raising the miles per gallon standard of cars by 2.7 miles would save enough oil to eliminate the United States oil imports from Iraq and Kuwait combined, and raising that standard to 7.6 miles per gallon would save enough oil to eliminate 100 percent of our gulf oil imports into this country.

(c) The average miles per gallon for 2004 model-year passenger vehicles and motor trucks is less than the average miles per gallon for new motor vehicles that were sold in the late 1980s.

(d) The automotive industry already produces a number of models of passenger vehicles that meet or exceed 40 miles per gallon.

(e) The State Energy Resources Conservation and Development Commission has recommended in its 2005 Integrated Energy Policy Report that the Department of General Services adopt a policy doubling the federal fuel economy standard by 2009.

SEC. 2. Section 25722.7 is added to the Public Resources Code, to read:

25722.7. (a) In order to further achieve the policy objectives set forth in Sections 25000.5, 25722, and 25722.5, on or before June 1, 2007, the Department of General Services in consultation with the State Energy Resources Conservation and Development Commission shall establish a minimum fuel economy standard that is above the standard, as it exists on January 1, 2007, established pursuant to Section 3620.1 of the State Administrative Manual, for the purchase of passenger vehicles and light duty trucks for the state fleet that are powered solely by internal combustion engines utilizing fossil fuels.

(b) On or after January 1, 2008, all new state fleet purchases of passenger vehicles and light duty trucks powered solely by internal combustion engines utilizing fossil fuels, by the Department of General Services and any other state entities shall meet the fuel economy standard established under subdivision (a).

(c) Authorized emergency vehicles, as defined in Section 165 of the Vehicle Code, and vehicles identified in paragraph (3) of subdivision (a) of Section 25722.5 are exempt from this section.

(d) Vehicles purchased, that are modified for the following purposes, are exempt from this section.

(1) To provide services by a state entity to an individual with a disability or a developmental disability, as defined under the statutes or regulations governing that state entity.

(2) As a reasonable accommodation for the known physical or mental disability, as defined in Section 12926 of the Government Code, of an employee.

(e) For purposes of this section, "state entities" includes all state departments, boards, commissions, programs, and other organizational units of the executive, legislative, and judicial branches of state government, the California Community Colleges, the California State University, and the University of California.

(f) No provision of this section shall apply to the University of California except to the extent that the Regents of the University of California, by appropriate resolution, make that provision applicable.

CHAPTER 768

An act to amend Section 76104.1 of the Government Code, and to amend Section 42007.5 of the Vehicle Code, relating to emergency medical services.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The County of Santa Barbara requires additional time to develop an appropriate local funding measure to fund the Level II Trauma Center in Santa Barbara County.

(b) The Legislature, in extending the repeal date of Section 76104.1 of the Government Code and Section 42007.5 of the Vehicle Code, expects that the County of Santa Barbara shall place an appropriate proposed tax ordinance as a county measure on the ballot for or before the November 2008 election that will ensure the collection of sufficient funds to fully support the trauma center.

SEC. 2. Section 76104.1 of the Government Code is amended to read:

76104.1. (a) Except as provided in subdivision (d), and notwithstanding any other provision of law, for purposes of supporting emergency medical services pursuant to Chapter 2.5 (commencing with Section 1797.98a) of Division 2.5 of the Health and Safety Code, in Santa Barbara County, a penalty of five dollars ($5.00) for every ten dollars ($10.00), or fraction thereof, shall be imposed on every fine, penalty, or forfeiture collected for criminal offenses, including all offenses involving a violation of the Vehicle Code or any local ordinance adopted pursuant to the Vehicle Code, except parking offenses subject to Article 3 (commencing with Section 40200) of Chapter 1 of Division

17 of the Vehicle Code. This penalty assessment shall be collected together with and in the same manner as the amount established by Section 1464 of the Penal Code.

(b) Notwithstanding any other provision of law, for the purposes of supporting emergency medical services pursuant to Chapter 2.5 (commencing with Section 1797.98a) of Division 2.5 of the Health and Safety Code, in Santa Barbara County, for every parking offense, as defined in subdivision (i) of Section 1463 of the Penal Code, where a parking penalty, fine, or forfeiture is imposed, an added penalty of two dollars and fifty cents ($2.50) shall be included in the total penalty, fine, or forfeiture, together with and in the same manner as the amount established pursuant to subdivision (b) of Section 76000.

(c) The moneys collected pursuant to this section shall be held by the county treasurer in the same manner, and shall be payable for the same purposes, described in subdivision (e) of Section 76104.

(d) (1) Notwithstanding any provision of law to the contrary, in the County of Santa Barbara, the distribution set forth in subparagraph (B) of paragraph (5) of subdivision (b) of Section 1797.98a shall, instead, be 42 percent of the fund to hospitals providing disproportionate trauma and emergency medical services to uninsured patients who do not make any payment for services.

(2) Notwithstanding any provision of law to the contrary, in the County of Santa Barbara, the 17 percent distribution set forth in subparagraph (C) of paragraph (5) of subdivision (b) of Section 1797.98a shall not apply.

(e) This section shall be implemented only if the Santa Barbara County Board of Supervisors adopts a resolution stating that implementation of this section is necessary to the county for purposes of providing payment for emergency medical services.

(f) This section shall remain in effect only until January 1, 2009, and as of that date is repealed.

SEC. 3. Section 42007.5 of the Vehicle Code is amended to read:

42007.5. (a) Notwithstanding paragraph (2) of subdivision (b) of Section 42007, in Santa Barbara County, upon the establishment of a Maddy Emergency Medical Services Fund pursuant to Section 1797.98a of the Health and Safety Code, the amount that would have been collected pursuant to Section 76104.1 of the Government Code shall be deposited in the Maddy Emergency Medical Services Fund established by the county pursuant to Section 1797.98a of the Health and Safety Code.

(b) The Board of Supervisors of the County of Santa Barbara shall report to the Legislature whether, and to the extent that, any actions are taken by the County of Santa Barbara to implement alternative local sources of funding.

(c) This section shall remain in effect only until January 1, 2009, and as of that date is repealed.

SEC. 4. The Legislature finds and declares that due to unique circumstances regarding emergency medical services in Santa Barbara County, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution. Therefore, the special legislation contained in Section 2 of this act is necessarily applicable only to Santa Barbara County.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

CHAPTER 769

An act to amend Section 7151 of the Fish and Game Code, relating to fishing.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 7151 of the Fish and Game Code is amended to read:

7151. (a) Upon application to the department, the following persons, if they have not been convicted of any violation of this code, shall be issued, free of any charge or fee, a sport fishing license, that authorizes the licensee to take any fish, reptile, or amphibian anywhere in this state for purposes other than profit:

(1) Any blind person upon presentation of proof of blindness. "Blind person" means a person with central visual acuity of 20/200 or less in the better eye, with the aid of the best possible correcting glasses, or central visual acuity better than 20/200 if the widest diameter of the remaining visual field is no greater than 20 degrees. Proof of blindness shall be by certification from a qualified licensed optometrist or ophthalmologist or by presentation of a license issued pursuant to this paragraph in any previous license year.

(2) Every resident Native American who, in the discretion of the department, is financially unable to pay the fee required for the license.

(3) Any developmentally disabled person, upon presentation of certification of that disability from a qualified licensed physician, or the director of a state regional center for the developmentally disabled.

(4) Any person who is a resident of the state and who is so severely physically disabled as to be permanently unable to move from place to place without the aid of a wheelchair, walker, forearm crutches, or a comparable mobility-related device. Proof of the disability shall be by certification from a licensed physician or surgeon or, by presentation of a license issued pursuant to this paragraph in any previous license year after 1996.

(b) Sport fishing licenses issued pursuant to paragraph (2) of subdivision (a) are valid for the calendar year of issue or, if issued after the beginning of the year, for the remainder thereof.

(c) Sport fishing licenses issued pursuant to paragraphs (1), (3), and (4) of subdivision (a) are valid for five calendar years, or if issued after the beginning of the first year, for the remainder thereof.

(d) Upon application to the department, the department may issue, free of any charge or fee, a sport fishing license to groups of mentally or physically handicapped persons under the care of a certified federal, state, county, city, or private licensed care center that is a community care facility as defined in subdivision (a) of Section 1502 of the Health and Safety Code, to organizations exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code, or to schools or school districts. Any organization that applies for a group fishing license shall provide evidence that it is a legitimate private licensed care center, tax-exempt organization, school, or school district. The license shall be issued to the person in charge of the group and shall be in his or her possession when the group is fishing. Employees of private licensed care centers, tax-exempt organizations, schools, or school districts are exempt from Section 7145 only while assisting physically or mentally disabled persons fishing under the authority of a valid license issued pursuant to this section. The license shall include the location where the activity will take place, the date or dates of the activity, and the maximum number of people in the group. The licenseholder shall notify the local department office before fishing and indicate where, when, and how long the group will fish.

(e) Upon application to the department, the department may issue, free of any charge or fee, a sport fishing license to a nonprofit organization for day-fishing trips that provide recreational rehabilitation therapy for active duty members of the United States military who are currently receiving inpatient care in a military or Veterans Administration

hospital and veterans with service-connected disabilities. The license shall be valid for the calendar year of issue or, if issued after the beginning of the year, for the remainder of that year. The license shall be issued to the person in charge of the group, and shall be in the licenseholder's possession when the group is fishing. The organization shall notify the local department office before fishing and indicate where, when, and how long the group will fish. To be eligible for a license under this subdivision, an organization shall be registered to do business in this state or exempt from taxation under Section 501(c) of the federal Internal Revenue Code.

(f) On January 15 of each year, the department shall determine the number of free sport fishing licenses in effect during the preceding year under subdivisions (a), (d), and (e).

(g) There shall be appropriated from the General Fund a sum equal to two dollars ($2) per free sport fishing license in effect during the preceding license year under subdivisions (a) and (d), as determined by the department pursuant to subdivision (f). That sum may be appropriated annually in the Budget Act for transfer to the Fish and Game Preservation Fund and appropriated in the Budget Act from the Fish and Game Preservation Fund to the department for the purposes of this part.

CHAPTER 770

An act to add Article 8 (commencing with Section 41985) to Chapter 3 of Part 4 of Division 26 of the Health and Safety Code, relating to air pollution.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Article 8 (commencing with Section 41985) is added to Chapter 3 of Part 4 of Division 26 of the Health and Safety Code, to read:

Article 8. Indoor Air Cleaning Devices

41985. The Legislature finds and declares all of the following:

(a) Ozone is a harmful air pollutant and lung irritant that has serious health impacts at current levels in outdoor air. The state board has determined that each year exposure to ozone results in significant

numbers of premature deaths, hospitalizations due to respiratory and cardiac illnesses, emergency room visits for asthma for children under 18 years of age, school absences, and restricted activity days.

(b) Ozone exposure poses a serious health hazard, whether exposure is from outdoor or indoor sources.

(c) Research has demonstrated that long-term exposure to ozone may permanently damage lung tissue and reduce a person's breathing ability.

(d) According to recent studies, ozone-generating air cleaning devices have produced harmful levels of ozone indoors, up to three times the state outdoor air quality standard of 90 parts per billion within an hour or two of operation.

(e) Ozone is not an effective cleaner for indoor air when operated at levels that are safe for human occupation. Independent studies cited by the United States Environmental Protection Agency and the Consumers Union have shown that ozone-generating air cleaning devices do not destroy microbes or reduce indoor air pollutants effectively enough to provide any measurable health benefits.

(f) The state board, the State Department of Health Services, and other governmental agencies have issued warnings to advise the public not to use devices that are specifically designed to generate ozone indoors and advertised or marketed as air cleaning devices.

(g) Ozone emitted from indoor air cleaning devices poses an unnecessary risk to public health, and, therefore, it is the intent of the Legislature that the state board establish regulations to promote improved public health by restricting ozone emissions generated by these devices.

41985.5. For purposes of this article, the following terms have the following meanings:

(a) "Federal ozone emissions limit for air cleaning devices" means the level of generation of ozone above which the device would be considered adulterated or misbranded pursuant to Section 801.415 of Title 21 of the Code of Federal Regulations, specifically the generation of ozone at a level in excess of 0.05 part per million by volume of air circulating through the device or causing an accumulation of ozone in excess of 0.05 part per million by volume of air when measured under standard conditions at 25 degrees Celsius (77 degrees Fahrenheit) and 760 millimeters of mercury in the atmosphere of enclosed space intended to be occupied by people for extended periods of time.

(b) "Medical device" means "device" as defined in subsection (h) of Section 321 of Title 21 of the United States Code.

41986. (a) On or before December 31, 2008, the state board shall develop and adopt regulations, consistent with federal law, to protect public health from ozone emitted by indoor air cleaning devices, including both medical and nonmedical devices, used in occupied spaces.

(b) The regulations shall include all of the following elements:

(1) An emission concentration standard for ozone emissions that is equivalent to the federal ozone emissions limit for air cleaning devices.

(2) Testing procedures for manufacturers to utilize to determine ozone emissions from devices. In developing the procedures, the state board shall consider existing and proposed testing methods, including, but not limited to, those developed by the American National Standards Institute and Underwriters Laboratory.

(3) Certification procedures that enable the state board to verify that an indoor air cleaning device meets the emission concentration standard for ozone emissions using the testing procedures adopted by the state board.

(4) (A) Package labeling requirements that indicate that an indoor air cleaning device is certified as meeting the emission concentration standard for ozone emissions.

(B) The state board shall consider recommendations of affected industries and the public in developing the labeling requirements.

(C) The label for an indoor air cleaning device that is not a medical device shall include the following statement: "This air cleaner complies with the federal ozone emissions limit."

(D) The label for an indoor air cleaning device that is a medical device shall be labeled in compliance with federal law, including Section 801.415 of Title 21 of the Code of Federal Regulations.

(c) The regulations may include any or all of the following elements:

(1) A ban on the sale of air cleaning devices that exceed the emission concentration standard for ozone emissions from indoor air cleaning devices adopted by the state board.

(2) Procedures for authorizing independent laboratories or other approved certification organizations to verify products as meeting the emission concentration standard for ozone emissions from indoor air cleaning devices adopted by the state board. Any authorization shall ensure that verification shall be conducted consistent with the testing procedures adopted by the state board.

(3) An exemption for indoor air cleaning devices that, by design, emit de minimis levels of ozone during their operation, as determined by the state board.

(4) Any other element the state board determines to be necessary to protect the public health from emissions of ozone from indoor air cleaning devices that exceed the emission concentration standard for ozone emissions from air cleaning devices and are used in occupied spaces.

(d) Devices verified by the state board or the United States Food and Drug Administration as meeting the emission concentration standard for

ozone emissions from indoor air cleaning devices and the labeling requirements adopted by the state board shall not be subject to further regulatory requirements for ozone pursuant to this article.

(e) It is the intent of the Legislature that this section be interpreted and applied in a manner that is consistent with federal law. The regulations adopted by the state board pursuant to this section shall be consistent with federal law. The state board may, to the extent a waiver is required, seek a preemption waiver from the federal government to authorize the state board to adopt regulations that are more stringent than federal law.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

CHAPTER 771

An act to amend Section 120582 of the Health and Safety Code, relating to public health.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Sexually transmitted diseases (STDs) in California have been increasing in recent years and newly reported in 2005 there were 130,700 infections of chlamydia, 34,400 infections of gonorrhea, 6,500 infections of human immunodeficiency virus (HIV), 3,300 cases of acquired immunodeficiency syndrome (AIDS), and 1,600 infections of syphilis.

(b) Public health officials employ a variety of methods to control STD infections, including preventing infections from occurring and treating patients after exposure to an STD.

(c) Patient-delivered therapy for chlamydia was authorized in California by Chapter 835 of the Statutes of 2000 (Senate Bill 648, Ortiz) and enables qualified medical practitioners to provide prescription

antibiotic drugs to a patient's sexual partner or partners without examination of that patient's partner or partners.

(d) Since enactment of patient-delivered therapy for chlamydia published studies have documented that the rate of persistent or recurrent infections of gonorrhea also can be reduced by utilizing patient-delivered therapy for sexual partners.

(e) Patient-delivered therapy for gonorrhea is safe and effective when provided with appropriate instruction, and has recently been recommended by the federal Centers for Disease Control and Prevention.

(f) It is the intent of the Legislature to authorize qualified medical practitioners to provide patient-delivered therapy to the sexual partners of patients diagnosed with gonorrhea in order to reduce persistent and recurrent infections.

SEC. 2. Section 120582 of the Health and Safety Code is amended to read:

120582. (a) Notwithstanding any other provision of law, a physician and surgeon who diagnoses a sexually transmitted chlamydia, gonorrhea, or other sexually transmitted infection, as determined by the department, in an individual patient may prescribe, dispense, furnish, or otherwise provide prescription antibiotic drugs to that patient's sexual partner or partners without examination of that patient's partner or partners. The department may adopt regulations to implement this section.

(b) Notwithstanding any other provision of law, a nurse practitioner pursuant to Section 2836.1 of the Business and Professions Code, a certified nurse-midwife pursuant to Section 2746.51 of the Business and Professions Code, and a physician assistant pursuant to Section 3502.1 of the Business and Professions Code may dispense, furnish, or otherwise provide prescription antibiotic drugs to the sexual partner or partners of a patient with a diagnosed sexually transmitted chlamydia, gonorrhea, or other sexually transmitted infection, as determined by the department, without examination of the patient's sexual partner or partners.

CHAPTER 772

An act to amend Section 650 of the Business and Professions Code, and to amend Section 14107.2 of the Welfare and Institutions Code, relating to health facilities.

[Approved by Governor September 29, 2006. Filed with Secretary of State September 29, 2006.]

The people of the State of California do enact as follows:

SECTION 1. Section 650 of the Business and Professions Code is amended to read:

650. Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code, the offer, delivery, receipt, or acceptance by any person licensed under this division or the Chiropractic Initiative Act of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom these patients, clients, or customers are referred is unlawful.

The payment or receipt of consideration for services other than the referral of patients which is based on a percentage of gross revenue or similar type of contractual arrangement shall not be unlawful if the consideration is commensurate with the value of the services furnished or with the fair rental value of any premises or equipment leased or provided by the recipient to the payer.

The offer, delivery, receipt, or acceptance of any consideration between a federally-qualified health center, as defined in Section 1396d(*l*)(2)(B) of Title 42 of the United States Code, and any individual or entity providing goods, items, services, donations, loans, or a combination thereof, to the health center entity pursuant to a contract, lease, grant, loan, or other agreement, if that agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center, shall be permitted only to the extent sanctioned or permitted by federal law.

Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful for any person licensed under this division to refer a person to any laboratory, pharmacy, clinic (including entities exempt from licensure pursuant to Section 1206 of the Health and Safety Code), or health care facility solely because the licensee has a proprietary interest or coownership in the laboratory, pharmacy, clinic, or health care facility; provided, however, that the licensee's return on investment for that proprietary interest or coownership shall be based upon the amount of the capital investment or proportional ownership of the licensee which ownership interest is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

"Health care facility" means a general acute care hospital, acute psychiatric hospital, skilled nursing facility, intermediate care facility, and any other health facility licensed by the State Department of Health Services under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

A violation of this section is a public offense and is punishable upon a first conviction by imprisonment in the county jail for not more than one year, or by imprisonment in the state prison, or by a fine not exceeding fifty thousand dollars ($50,000), or by both that imprisonment and fine. A second or subsequent conviction is punishable by imprisonment in the state prison or by imprisonment in the state prison and a fine of fifty thousand dollars ($50,000).

SEC. 1.5. Section 650 of the Business and Professions Code is amended to read:

650. (a) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code, the offer, delivery, receipt, or acceptance by any person licensed under this division or the Chiropractic Initiative Act of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom these patients, clients, or customers are referred is unlawful.

(b) The payment or receipt of consideration for services other than the referral of patients which is based on a percentage of gross revenue or similar type of contractual arrangement shall not be unlawful if the consideration is commensurate with the value of the services furnished or with the fair rental value of any premises or equipment leased or provided by the recipient to the payer.

(c) The offer, delivery, receipt, or acceptance of any consideration between a federally-qualified health center, as defined in Section 1396d(*l*)(2)(B) of Title 42 of the United States Code, and any individual or entity providing goods, items, services, donations, loans, or a combination thereof, to the health center entity pursuant to a contract, lease, grant, loan, or other agreement, if that agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center, shall be permitted only to the extent sanctioned or permitted by federal law.

(d) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful for any person licensed under this division to refer a person to any laboratory, pharmacy, clinic (including

entities exempt from licensure pursuant to Section 1206 of the Health and Safety Code), or health care facility solely because the licensee has a proprietary interest or coownership in the laboratory, pharmacy, clinic, or health care facility; provided, however, that the licensee's return on investment for that proprietary interest or coownership shall be based upon the amount of the capital investment or proportional ownership of the licensee which ownership interest is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

(e) (1) Except as provided in Chapter 2.3 (commencing with Section 1400) of Division 2 of the Health and Safety Code and in Sections 654.1 and 654.2, it shall not be unlawful to provide nonmonetary remuneration, in the form of hardware, software, or information technology and training services, necessary and used solely to receive and transmit electronic prescription information in accordance with the standards set forth in Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) in the following situations:

(A) In the case of a hospital, by the hospital to members of its medical staff.

(B) In the case of a group medical practice, by the practice to prescribing health care professionals that are members of the practice.

(C) In the case of Medicare prescription drug plan sponsors or Medicare Advantage organizations, by the sponsor or organization to pharmacists and pharmacies participating in the network of the sponsor or organization and to prescribing health care professionals.

(2) The exceptions set forth in this subdivision are adopted to conform state law with the provisions of Section 1860D-4(e)(6) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395w-104) and are limited to drugs covered under Part D of the federal Medicare Program that are prescribed to Part D eligible individuals (42 U.S.C. Sec. 1395w-101).

(3) The exceptions set forth in this subdivision shall not be operative until the regulations required to be adopted by the Secretary of the United States Department of Health and Human Services, pursuant to Section 1860D-4(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (42 U.S.C. Sec. 1395W-104) are effective. If the California Health and Human Services Agency determines that regulations are necessary to ensure that implementation of the provisions of paragraph (1) is consistent with the regulations adopted by the Secretary of the United States Department of Health and Human Services, it shall adopt emergency regulations to that effect.

(f) "Health care facility" means a general acute care hospital, acute psychiatric hospital, skilled nursing facility, intermediate care facility, and any other health facility licensed by the State Department of Health Services under Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code.

(g) A violation of this section is a public offense and is punishable upon a first conviction by imprisonment in the county jail for not more than one year, or by imprisonment in the state prison, or by a fine not exceeding fifty thousand dollars ($50,000), or by both that imprisonment and fine. A second or subsequent conviction is punishable by imprisonment in the state prison or by imprisonment in the state prison and a fine of fifty thousand dollars ($50,000).

SEC. 2. Section 14107.2 of the Welfare and Institutions Code is amended to read:

14107.2. (a) Any person who solicits or receives any remuneration, including, but not restricted to, any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in valuable consideration of any kind either:

(1) In return for the referral, or promised referral, of any individual to a person for the furnishing or arranging for the furnishing of any service or merchandise for which payment may be made in whole or in part under this chapter or Chapter 8 (commencing with Section 14200); or

(2) In return for the purchasing, leasing, ordering, or arranging for or recommending the purchasing, leasing, or ordering of any goods, facility, service or merchandise for which payment may be made, in whole or in part, under this chapter or Chapter 8 (commencing with Section 14200) of this part,

is punishable upon a first conviction by imprisonment in the county jail for not longer than one year or state prison, or by a fine not exceeding ten thousand dollars ($10,000), or by both the imprisonment and fine. A second or subsequent conviction shall be punishable by imprisonment in the state prison.

(b) Any person who offers or pays any remuneration, including, but not restricted to, any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in valuable consideration of any kind either:

(1) To refer any individual to a person for the furnishing or arranging for furnishing of any service or merchandise for which payment may be made, in whole or in part, under this chapter or Chapter 8 (commencing with Section 14200); or

(2) To purchase, lease, order, or arrange for or recommend the purchasing, leasing, or ordering of any goods, facility, service, or

merchandise for which payment may be made in whole or in part under this chapter or Chapter 8 (commencing with Section 14200), is punishable upon a first conviction by imprisonment in the county jail for not longer than one year or state prison, or by a fine not exceeding ten thousand dollars ($10,000), or by both the imprisonment and fine. A second or subsequent conviction shall be punishable by imprisonment in the state prison.

(c) Subdivisions (a) and (b) shall not apply to the following:

(1) Any amount paid by an employer to an employee, who has a bona fide employment relationship with that employer, for employment with provision of covered items or services.

(2) A discount or other reduction in price obtained by a provider of services or other entity under this chapter or Chapter 8 (commencing with Section 14200), if the reduction in price is properly disclosed and reflected in the costs claimed or charges made by the provider or entity under this chapter or Chapter 8 (commencing with Section 14200). This paragraph shall not apply to consultant pharmaceutical services rendered to nursing facilities nor to all categories of intermediate care facilities for the developmentally disabled.

(3) The practices or transactions between a federally-qualified health center, as defined in Section 1396d(*l*)(2)(B) of Title 42 of the United States Code, and any individual or entity shall be permitted only to the extent sanctioned or permitted by federal law.

(d) For purposes of this section "kickback" means a rebate or anything of value or advantage, present or prospective, or any promise or undertaking to give any such rebate or thing of value or advantage, with a corrupt intent to unlawfully influence the person to whom it is given in actions undertaken by that person in his or her public, professional, or official capacity.

(e) The enforcement remedies provided under this section are not exclusive and shall not preclude the use of any other criminal or civil remedy.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 650 of the Business and Professions Code proposed by both this bill and AB 225. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2007, (2) each bill amends Section 650 of the Business and Professions Code, and (3) this bill is enacted after AB 225, in which case Section 1 of this bill shall not become operative.